

**REASONED ANALYSIS OF HORTIFRUT S.A.'S  
CONSOLIDATED FINANCIAL STATEMENTS**

**As of June 30, 2025**  
**(In thousands of United States dollars)**

The current reasoned analysis has been prepared for the period ending June 30, 2025, compared with the financial statements as of June 30, 2024 (Jun25 and Jun24, respectively).

*Since the Company administers its operations with an agricultural season (July 01 to June 30) point of view, which is the relevant criteria for this type of business, in this analysis we also include the twelve-month comparison of the 24/25 and 23/24 seasons ("S24/25" and "S23/24", respectively).*

**1. HIGHLIGHTS OF THE PERIOD AND SUBSEQUENT FACTS**

**Ordinary Shareholders Meeting**

Dated April 25, 2025, at Hortifrut S.A.'s Ordinary Shareholders Meeting, it was approved to distribute, for the concept of definite dividend, the total amount of US\$4,257,000,000. Also, the Annual Report, Balance and Financial Statements corresponding to 2024, as well as the corresponding report from the External Auditing Company were approved; the Dividends Policy was approved; the Board's remuneration for 2025 was established and the expenses report for 2024 was approved; and Deloitte was designated as the External Auditing Company, and ICR and Humphreys as Risk Classifiers for 2025. Finally, information was provided regarding operations with related parties realized during 2024.

## 2. SUMMARY OF THE PERIOD

The calculation of the EBITDA is detailed below:

	CALENDAR YEAR (6 months)		SEASON (12 months)	
	Jan25 - Jun25	Jan24 - Jun24	Jul24 - Jun25	Jul23 - Jun24
<b>EBITDA DETERMINING</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Income from operating activities	635.712	629.781	1.160.549	1.143.693
Other income, per function	5.933	6.393	9.822	12.345
<b>Total Income</b>	<b>641.645</b>	<b>636.174</b>	<b>1.170.371</b>	<b>1.156.038</b>
Cost of sales	(555.352)	(533.534)	(998.934)	(970.201)
Administration expenses	(40.004)	(39.473)	(80.084)	(75.564)
Other expenses, per function *	(7.415)	(5.934)	(10.414)	(8.988)
<b>Total Costs and Expenses</b>	<b>(602.771)</b>	<b>(578.941)</b>	<b>(1.089.432)</b>	<b>(1.054.753)</b>
<b>Operating Result</b>	<b>38.874</b>	<b>57.233</b>	<b>80.939</b>	<b>101.285</b>
Depreciation and amortization	55.288	44.301	103.956	91.259
<b>EBITDA</b>	<b>94.162</b>	<b>101.534</b>	<b>184.895</b>	<b>192.544</b>
<b>EBITDA without Fair Value</b>	<b>97.307</b>	<b>104.411</b>	<b>184.751</b>	<b>192.818</b>

\*Excluding impairment in the value of assets.

### Accumulated analysis as of June 2025

EBITDA as of Jun25 reached US\$94.16 million, which represents a 7.26% reduction compared with the US\$101.53 million recorded as of Jun24. This reduction is mainly explained because income increased in a lower proportion (+0.87%) compared to the increase in volume and sales costs (+4.09%), due to lower average blueberry prices (as of Jun24 we managed to obtain very good prices due to the lack of fruit in the industry as a result of the El niño phenomenon), cherries from Chile and value added products.

Accumulated EBITDA as of Jun25 without the fruit fair value effect reached US\$97.31 million, which represents a 6.80% reduction, compared with the US\$104.41 million obtained in the same period of 2024. The net fair value impact as of Jun25 was US\$-3.15 million, while as of Jun24 it was US\$-2.88 million.

### Analysis of the July 2024 – June 2025 season

The S24/25 EBITDA reached US\$184.90 million, representing a 3.97% reduction compared with the S23/24 EBITDA. The same as of Jun25, the reduction in the EBITDA is explained by an increase in income (+1.24%) lower than the increase in volumes and sales costs (+2.96%), also due to lower average prices of blueberries, cherries from Chile and value added products, mainly impacted by high prices in S23/24 (explained by lower volumes due to the El niño phenomenon).

Profit (loss) attributable to parent company shareholders recorded a US\$132.96 million loss in S24/25, compared to the US\$5.48 million profit recorded in S23/24. This higher loss is mainly explained by higher expenses due to impairment, which reached US\$-134.22 million associated to the closing of agricultural operations in Mexico, that were not having the expected results, and varietal turnover in Peru and China, and which is compared with the expense due to impairment in S23/24, which reached US\$-34.01 million (US\$-100.21 million). This impairment is explained because the Company, as part of its strategy, constantly evaluates the performance of its fields,

reducing non-profitable surfaces and plantations, in line with its varietal turnover program to maintain its variety portfolio updated.

<b>Determination of Net Financial Debt</b>	<b>30-Jun-25</b>	<b>31-dec-24</b>
<b>Items</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Other current financial liabilities	236.502	396.508
Current lease liabilities*	20.874	11.742
Other non-current financial liabilities	425.455	323.405
Non-current lease liabilities*	106.099	110.852
<b>Total financial liability</b>	<b>788.930</b>	<b>842.507</b>
<b>Minus:</b>		
Cash and cash equivalents	67.548	67.876
<b>Total net financial debt</b>	<b>721.382</b>	<b>774.631</b>

*\*Operating Leases are considered, which as of 2019 must be recognized as assets and liabilities in it (IFRS 16).*

The Company's net financial debt decreased from US\$774.63 million as of December 31, 2024 to US\$721.38 million as of June 30, 2025. As of June 30, 2025, the lease liability reached US\$126.97 million, of which US\$126.44 million correspond to lease liabilities under IFRS16 and US\$0.54 million which were associated to leasing recorded liabilities. Also, as of December 31, 2024, the leasing liability reached US\$122.59 million, of which US\$121.96 million correspond to lease liabilities under IFRS16 and US\$0.63 million were associated to leasing liabilities.

### **3. INCOME STATEMENT ANALYSIS**

During the 6 months ending Jun25, a loss attributable to parent company shareholders of US\$-75.44 million was recorded, which represents a reduction compared to parent company profit recorded as of Jun24 of US\$12.06 million (US\$-87.50 million).

This lower result as of Jun25 is explained by:

- Higher expense due to impairment in the value of assets as of Jun25, which reached US\$-67.49 million due to the closing of agricultural operations in Mexico which were not providing the expected results and due to varietal turnover in Peru and China, and which is compared with the US\$-4.88 million impairment recorded as of Jun24 (US\$-62.61 million).
- Higher expense due to depreciation of assets and amortization of intangibles, which reached US\$-55.29 million as of Jun25, compared with the US\$-44.30 million as of Jun24 (US\$-10.99 million), in line with higher produced volumes.
- Higher gains tax expense as of Jun25 reached US\$-14.41 million, compared with the US\$-10.58 million recorded as of Jun24 (US\$-3.84 million). This higher tax as of Jun25 is explained by the negative tax loss and deferred tax effect which reached US\$-6.73 million as of Jun25, compared with US\$-3.57 million as of Jun24.
- Reduction in EBITDA from US\$101.53 million as of Jun24 to US\$94.16 million as of Jun25 (US\$-7.37 million), which, as previously explained, is associated to lower average prices that negatively impacted the EBITDA, despite higher volumes.
- Lower participation in the profit of associated companies, which reached US\$ 1.51 million as of Jun25, compared with US\$2.45 million as of Jun24 (US\$-0.94 million) mainly explained by the lower result of the associated companies Naturipe Farms LLC and Naturipe Value Added Fresh.

## a) Main Components of Income

	Jan25 - Jun25	Jan24 - Jun24	Variation	Jul24 - Jun25	Jul23 - Jun24	Variation
Total Operating Income	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Income from operating activities	635.712	629.781	0,94%	1.160.549	1.143.693	1,47%
Other income, per function	5.933	6.393	-7,20%	9.822	12.345	-20,44%
<b>Total Operating Income</b>	<b>641.645</b>	<b>636.174</b>	<b>0,86%</b>	<b>1.170.371</b>	<b>1.156.038</b>	<b>1,24%</b>

	Jan25 - Jun25	Jan24 - Jun24	Variation	Jul24 - Jun25	Jul23 - Jun24	Variation
Income per Segment	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Fresh Fruit	581.343	561.268	3,58%	1.033.296	1.013.590	1,94%
Value Added Products	60.302	74.906	-19,50%	137.075	142.448	-3,77%
<b>Total Operating Income</b>	<b>641.645</b>	<b>636.174</b>	<b>0,86%</b>	<b>1.170.371</b>	<b>1.156.038</b>	<b>1,24%</b>

### Income Analysis – Calendar Year

Income from operating activities reached US\$635.71 million as of Jun25, representing a 0.94% increase compared to Jun24, due to the 14.33% increase in sales volume that was partially offset by lower average prices.

Sales in the Fresh Fruit segment as of Jun25 increased 3.58% compared to the previous period, explained by a growth in commercialized volumes of 10.36%, due to higher volumes in all the species. The aforementioned was offset by lower average prices since in the previous period high prices were obtained because of the lack of volumes in the industry due to the El niño phenomenon.

Value added products recorded a decrease in sales income as of Jun25 of 19.50% compared to income recorded in the same period as of Jun24, due to lower average prices, that offset the increase in volumes by 25.61%. Income from the value added segment represented 9.40% of income as of Jun25 (11.77% as of Jun24).

### Income Analysis - Season

Income from operating activities reached US\$1.170,37 billion in S24/25, representing a 1.47% increase compared to S23/24, because of the 16.72% increase in sales volumes, which is partially offset by lower average prices.

Sales from the Fresh Fruit segment in S24/25 increased 1.94% compared to the previous season, due to a 21.28% growth in commercialized volumes because of the increase in volumes of all the species. This increase in volumes was offset by lower average prices, since in the previous seasons high prices were obtained due to the lack of volumes in the industry because of the El niño phenomenon.

Also, the value added products segment recorded a 3.77% reduction in income during S24/25, compared with S23/24 due to lower average prices. Furthermore, sales volumes of this segment increased 5.67%. This segment represented 11.71% of income in S24/25, compared with 12.32% represented in S23/24.

## **b) Main Components of Costs and Expenses**

Costs and Expenses	Jan25 - Jun25 ThUS\$	Jan24 - Jun24 ThUS\$	Variation %	Jul24 - Jun25 ThUS\$	Jul23 - Jun24 ThUS\$	Variation %
<b>Cost of sales</b>	<b>(555.352)</b>	<b>(533.534)</b>	<b>4.09%</b>	<b>(998.934)</b>	<b>(970.201)</b>	<b>2.96%</b>
Administration expenses	(40.004)	(39.473)	1.35%	(80.084)	(75.564)	5.98%
Other expenses, per function, excluding impairment of value of assets	(7.415)	(5.934)	24.96%	(10.414)	(8.988)	15.87%
<b>Other operating costs and expenses</b>	<b>(47.419)</b>	<b>(45.407)</b>	<b>4.43%</b>	<b>(90.498)</b>	<b>(84.552)</b>	<b>7.03%</b>
<b>Impairment of value of assets</b>	<b>(67.490)</b>	<b>(4.878)</b>	<b>1283.56%</b>	<b>(134.224)</b>	<b>(34.011)</b>	<b>294.65%</b>
<b>Total Costs and Expenses</b>	<b>(670.261)</b>	<b>(583.819)</b>	<b>14.81%</b>	<b>(1.223.656)</b>	<b>(1.088.764)</b>	<b>12.39%</b>

### **Main Components of Sales Costs**

Sales costs as of Jun25 reached US\$555.35 million, presenting a 4.09% increase compared to the US\$533.53 million recorded as of Jun24, that is mainly explained by higher sales volumes. Sales costs represented 87.36% of income from operating activities as of Jun25, while as of Jun24 they reached 84.72%. This higher proportion is because income has not increased in the same proportion as volumes and sales costs because of lower average prices compared to the previous period.

Sales costs in S24/25 reached US\$998.93 million, representing a 2.96% increase compared to the US\$970.20 million recorded in S23/24, also explained by higher commercialized volumes. Sales costs represented 86.07% of income from operating activities in S24/25, compared to 84.83% in S23/24, higher because of lower growth in income due to lower average prices compared to S23/24.

### **Main Components of Administrative Expenses**

Administrative expenses as of Jun25 reached US\$40.00 million, representing a slight 1.35% increase compared to Jun24.

### **Main Components of Other Expenses, per function**

Other expenses, per function (excluding impairment in the value of assets) increased US\$1.48 million, reaching US\$7.42 million as of Jun25. The difference is mainly explained by a higher impairment in accounts receivable (US\$+1.10 million), and higher fair value adjustment of biological assets (US\$+0.41 million), among others.

### **Impairment in the value of assets**

As of Jun25, expense due to impairment in the value of assets was US\$67.49 million, compared with US\$4.88 million as of Jun24, explained by impairment associated to the closing of operations in Mexico that were not providing the expected results, and due to varietal turnover in Peru and China, with the objective of substituting less profitable plantations with more market productive and desired varieties.

### c) Other Components of Income Statement

	Jan25 - Jun25	Jan24 - Jun24	Variation	Jul24 - Jun25	Jul23 - Jun24	Variation
Other Income (expenses)	ThUS\$	ThUS\$	%	ThUS\$	ThUS\$	%
Other profit (loss)	(1.350)	(1.141)	18,32%	(3.052)	(11.526)	-73,52%
Financial income	881	1.128	-21,90%	1.795	2.470	-27,33%
Financial expenses	(22.306)	(22.694)	-1,71%	(48.461)	(48.813)	-0,72%
Interest in profit (loss) of associated companies	1.505	2.454	-38,67%	1.883	3.417	-44,89%
Exchange rate fluctuations	(1.601)	(1.303)	22,87%	(14.624)	(774)	1789,41%
<b>Other Income (expenses)</b>	<b>(22.871)</b>	<b>(21.556)</b>	<b>6,10%</b>	<b>(62.459)</b>	<b>(55.226)</b>	<b>13,10%</b>

The other components of income statement recorded a US\$22.87 million loss as of Jun25, compared with a US\$21.56 million loss as of Jun24. The main variations are presented in the following items:

- Lower participation in the profits of associated companies, which reached US\$1.51 million as of Jun25, compared with US\$2.45 million as of Jun24 (US\$-0.95 million).
- Negative exchange rate fluctuation of US\$1.60 million as of Jun25, compared with a negative exchange rate difference of US\$1.20 million as of Jun24 (US\$-0.30 million).

### d) Gains tax expense

As of Jun25, a higher gains tax expense was recorded, reaching US\$-14.42 million, compared with the US\$-10.58 million recorded as of Jun24 (US\$-3.84 million). This higher tax as of Jun25 is explained by the negative tax loss and deferred tax effect which reached US\$-6.73 million as of Jun25, compared with US\$-3.57 million as of Jun24.

### e) Other Result Indicators

#### Activity Indicators:

Indicator	Unit	Jan25 - Jun25	Jan24 - Jun24
<b>Activity</b>			
<b>Rotation of Assets</b>	Times	0,35	0,34
<i>Operating revenue / Total average assets of the period</i>			
<b>Rotation of Inventory</b>	Times	3,72	3,99
<i>Cost of sales / Average inventory</i>			
<b>Permanence of inventory (days)</b>	Days	48	45
<i>Inventory / Annual cost of sale (360 day base)</i>			

Rotation of assets between the periods ending June 30, 2025 and 2024 increased slightly since income increased 0.94%, while total average assets decreased -1.42%. The reduction in average total assets is explained by realized impairments.

Likewise, the inventory rotation ratio decreased from 3.99 times as of Jun24 to 3.72 times as of Jun25, mainly due to the increase in average inventories of 11.46%, while sales costs only increased 4.19%.

#### 4. COMPARATIVE ANALYSIS OF MAIN TENDENCIES

The evolution of the main financial indicators is as follows:

Indicator	Unit	30-Jun-25	31-Dec-23	Variations %
Current Liquidity <i>Current Asset / Current Liability</i>	Times	1,08	0,97	11,52%
Acid Ratio <i>Current assets (-) Other non-financial assets, inventories and current biological assets / Current liability</i>	Times	0,62	0,56	11,72%
Debt Ratio <i>Total liabilities / Equity attributable to Parent Company</i>	Times	2,27	2,13	6,60%
Short term debt <i>Total current liabilities / Total liabilities</i>		36,29%	47,85%	-24,14%
Long term debt <i>Total non-current liabilities / Total liabilities</i>		63,71%	52,15%	22,15%
Book value of the share (US\$) <i>Equity attributable to parent company / N° shares</i>	Dollars per share	0,000008	0,000010	-11,98%

- Current liquidity was 1.08 times as of Jun25, which represents an 11.39% increase compared to Dec24 (0.97 times) due to a -27.64% reduction in current liabilities, while current assets decreased in lower proportion (-19.40%). Reduction in current liabilities is explained by the refinancing of current financial liabilities to long term financial liabilities.
- In the meantime, the acid ratio reached 0.62 times experiencing a 11.72% increase in relation to Dec24, which is explained by the same reasons as the increase in the current liquidity.
- The debt ratio increased 6.60% compared to Dec24, reaching 2.27 times, explained by a reduction in the controlling equity of 11.96% (associated to loss in the period), while total liabilities were reduced less (-6.15%), associated to lower financial liabilities.
- During this period, the company refinanced to long term part of its current financial liabilities. Also, the percentage of current liabilities as of Jun25 was 36.29% compared to total liabilities, lower than the 47.85% recorded as of December 31, 2024. Due to this, the proportion of long term liabilities to total liabilities increased from 52.15% to 63.71%.
- The book value of the share decreased 11.98%, passing from 0.0000096 US\$/share in Dec24 to 0.0000085 US\$/share as of Jun25, explained by the aforementioned reduction in Controlling Equity.

Indicator	Unit	Jan25 - Jun25	Jan24 - Jun24	Variations %
Financial expense coverage <i>(Before tax profit+Financial costs)/Financial costs</i>	Times	(1,31)	2,36	-155,50%
Profitability of parent company equity <i>Parent company gains/Parent company equity</i>		-15,39%	1,95%	-888,11%
Profitability of equity <i>Profit of the period/Total equity</i>		-10,76%	2,73%	-493,29%

- The financial expense hedging index is at -1.31 times due to negative profit before tax because of the previously explained impairment tax. Also, financial expenses as of Jun25 presented a slight reduction compared to Jun24 (-1.71%).
- The profitability of parent company equity was reduced from 1.95% as of Jun24 to -15.39% as of Jun25, explained by a controlling loss as of Jun25 of US\$-75.44 million mainly because of an impairment in the period of US\$-67.49 million.
- Also, the profitability of total equity as of Jun25 reached -10.76%, compared with the 2.73% profitability as of Jun24, explained by the US\$-65.90 loss in the period.

## 5. ANALYSIS OF STATEMENT OF FINANCIAL POSITION

### Main items of the Consolidated Statement of Financial Position

Statement of Financial Position	30-Jun-25	31-Dec-23	Variation	
	ThUS\$	ThUS\$	ThUS\$	%
Total current assets	435.644	548.690	(113.046)	-20,60%
Total non-current assets	1.291.831	1.309.677	(17.846)	-1,36%
<b>Total assets</b>	<b>1.727.475</b>	<b>1.858.367</b>	<b>(130.892)</b>	<b>-7,04%</b>
Total current liabilities	404.588	568.286	(163.698)	-28,81%
Total non-current liabilities	710.150	619.456	90.694	14,64%
<b>Total liabilities</b>	<b>1.114.738</b>	<b>1.187.742</b>	<b>(73.004)</b>	<b>-6,15%</b>
Equity attributable to parent company equity holders	490.092	556.675	(66.583)	-11,96%
Non-controlling interest	122.645	113.950	8.695	7,63%
<b>Total equity</b>	<b>612.737</b>	<b>670.625</b>	<b>(57.888)</b>	<b>-8,63%</b>

As of June 30, 2025, total assets were reduced by US\$130.89 million (-7.04%) compared to those existing as of December 31, 2024, mainly explained by the reduction in current assets of US\$113.04 million due to the reduction in Accounts Receivable with related entities (US\$-56.86 million), in Inventories (US\$-40.69 million), and in Biological assets (-US\$ 16.17 million), due to the seasonality of the company. Also, non-current assets decreased US\$17.85 million mainly due to the reduction in Property, Plant and Equipment (US\$-19.97 million) associated to realized impairments, and partially offset by investments in the period.

Total liabilities were reduced by US\$ 73.00 million, mainly explained by the reduction in short and long term financial liabilities (US\$-57.96 million), and short and long term accounts payable (US\$-15.32 million), also associated to the seasonality of the company.





The company's total equity was reduced by US\$57.89 million compared to December 31, 2024, reaching US\$612.74 million, mainly explained by the -US\$65,90 million loss in the period.

## **MAIN COMPONENTS OF NET OPERATING INVESTMENT AND FINANCING CASH FLOWS**

<b>Main sources and uses of funds in the period (US\$ million)</b>	<b>January-March 2025</b>	<b>January-March 2024</b>	<b>Comments</b>
Charges from the sale of goods and providing of services	704	717	Lower collections associated with lower sales.
Payment to suppliers for supplying of goods and services	(416)	(408)	
Payment for and on behalf of employees	(104)	(116)	
Net interests	(24)	(20)	
Taxes	(4)	(1)	
<b>(1) Total Cash Flow for Operating Activities</b>	<b>153</b>	<b>176</b>	
Sale and purchase of property, plant and equipment	(73)	(63)	
Purchases of intangible assets	(1)	(1)	
Dividends received	1	0	
<b>(2) Total Cash Flow for Investment Activities</b>	<b>(73)</b>	<b>(64)</b>	
Income from financing	180	43	Income and payments of loans related to refinancing during the period
Payment of loans	(251)	(150)	
Payments of lease liabilities	(3)	(5)	
<b>(3) Total Cash Flow for Financing Activities</b>	<b>(80)</b>	<b>(117)</b>	
<b>Net Increase of Cash and Cash Equivalents (1) + (2) + (3)</b>	<b>0</b>	<b>(5)</b>	
Effect of exchange rate fluctuation	(1)	0	
Cash and Cash Equivalent at the start of the period	68	64	
<b>Cash and Cash Equivalent at the End of the Period</b>	<b>68</b>	<b>59</b>	

## **7. RISK FACTOR ANALYSIS**

The Company's business intrinsically involves a series of risk factors which, in one way or another, could affect the performance of the business. Within these factors, we can mention the following:

### **7.1 Financial Risks**

#### **7.1.1 Credit Risk**

Credit risk is the risk of financial loss that Hortifrut and subsidiaries face if a customer or counterparty in a financial instrument does not comply with its contractual obligations and is mainly originated from customers' accounts receivable.

##### **a) Investment risk of cash surpluses:**

The financial institutions with whom Hortifrut S.A. and its subsidiaries operate and the type of financial products where they materialize said cash surplus investments, are considered low risk for the Company.

The Company's policy regulates investment and debt, trying to limit the impact of currency valuation and interest rate changes over the Company's net results, through cash surplus investments and signing of forwards contracts and other instruments in order to maintain a balanced rate and exchange rate position.

Within the authorized instruments, are those whose maturity terms do not exceed 90 days and have high liquidity.

- Cash at hand
- Term deposits
- Investments in mutual funds
- Other short-term and high liquidity investments

The financial entities where the investments are placed have a high creditworthiness.

##### **b) Risk from sales operations**

Hortifrut S.A. sells fresh fruit and others, diversified in several countries with an important presence in the North American, European and Asian markets.

The accounts receivable portfolio is mainly made up of large retail chains, its main customers are supermarkets in the United States, where the fresh fruit business is subject to PACA law, which protects fresh fruit and vegetable suppliers in the USA.

To mitigate the risks of international fresh fruit sales and considering the behavior of trade relationships with its customers, Hortifrut S.A. can administer other credit management instruments, such as advanced payments, guarantees or letters of credit obtained on behalf of the customers to assure the exporting of the products to the different destinations where the fruit is commercialized. Commercial reality indicates that these mechanisms are specifically used for sales to some markets and that, in general, the Company performs credit management with control over the sending of fruit overseas, considering that a non-payment behavior on behalf of customers, results in the immediate suspension of new overseas deliveries.

Although to date Hortifrut has not had any significant problems in relation to credit risk, it is important to bear in mind that this fact does not guarantee that in the future the Company may be exposed to this risk. To mitigate this risk, the Company has contracted credit insurance for the parent company and subsidiaries.

To mitigate this risk, the Company has contracted credit insurance for the parent company and subsidiaries. These insurances operate in case of customer's bad debt and allow them to mitigate the probability of the Company's loss due to non-collectability, reducing the determined impact by applying the expected credit loss model.

### **7.1.2 Liquidity and Financing Risk**

This risk is associated to the probability that Hortifrut S.A. and its subsidiaries cannot comply with their obligations, as a result of insufficient liquidity or the impossibility to obtain credits.

Additionally, there is the risk that, due to an impairment in its operations or other circumstances, certain financial ratios could reach levels higher than the limits established in the credit contracts, which could limit the debt capacity or accelerate the maturity of the Company's valid financial liabilities.

To mitigate this risk, the Company continuously monitors its financial ratios and other affirmative and negative covenants stipulated in its credit contracts, in order to be able to take opportune actions to avoid the potential negative effects associated to this risk.

Although to date Hortifrut has not had any problems in relation to exceeding the financial ratios stipulated in the financing contracts, it is important to bear in mind that this fact does not guarantee that in the future, Hortifrut may be exposed to this risk.

The Hortifrut Group centrally administers these risks from the parent company through an appropriate distribution, extension of terms and by limiting the amount of its debt, as well as the maintenance of an adequate liquidity reserve, constantly monitoring the debt of the Subsidiaries and Associated Companies. Specifically in the case of subsidiaries such as Honghe Jiayu Agriculture Ltd. in China, and associated companies such as HFE Berries Perú S.A.C. in Peru, credit decisions are made at these business units in coordination with Hortifrut S.A. Debts are incurred through bank credits in Chile and overseas, aiming to optimize credit conditions based on the financing needs to face investment plans and requirements for work capital.

The application of IFRS16 means an increase in the company's financial liabilities when recognizing the lease obligation. The company, considering financial safeguards, has agreed with the corresponding financial institutions to not include obligations due to lease in the related calculation formula.

Although to date Hortifrut has not had any problems in relation to liquidity risk, it is important to bear in mind that this fact does not guarantee that in the future Hortifrut may be exposed to this risk.

Hortifrut has available short-term credit lines, approved and valid for work capital, which as of June 30, 2025 reach the amount of US\$458.5 million and EUR17.5 million (US\$487.40 million and EUR17.0 million as of December 31, 2024) distributed among 20 banks. The used amount reaches US\$64.92 million and EUR6.10 million, with an available balance of US\$393.58 million and EUR11.40 million. Credit lines in dollars are distributed among the following companies: Hortifrut Perú S.A.C. with US\$199.50 million, Hortifrut Chile S.A. with US\$153.00 million, Hortifrut Limited with US\$ 91.00 million, Mexico with US\$10.0 million and Hortifrut Import Inc., with US\$5.0 million. Credit lines in Euros are distributed among the following companies: Hortifrut Marketing EMEA S.A.



with EUR10.5 million, Atlantic Blue with EUR4.5 million, Hortifrut España Southern Sun S.L.U. with EUR2.0 million, and Atlantic Green S.L. with EURO.5 million.

Based on the current operational performance and its liquidity position, the Company estimates that cash flows from operating activities and available cash will be enough to finance work capital and interest payments, for the next 12 months and the foreseeable future. To administer short-term liquidity, the Company uses as a base its cash flows forecasted for a mobile period of twelve months and maintains cash and cash equivalents which are available to comply with its future obligations.

Below we summarize the maturity of the Company's bank loans and financial leasing as of June 30, 2025:

	Capital	Interests	Cash Flows				Total
			From 0 to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	
<b>Creditor Bank</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Banco Rabobank	133.230	331	8.340	12.888	112.333	-	133.561
BTG Pactual	54.250	345	295	3.801	50.500	-	54.596
Communications Bank Yunnan Branch	48.800	-	-	20.637	28.163	-	48.800
BCI Miami	39.000	414	334	4.080	35.000	-	39.414
Banco Scotiabank	35.736	612	11.348	-	25.000	-	36.348
Banco ITAU	30.000	668	668	-	30.000	-	30.668
Banco De Credito Del Peru Sa.	28.306	60	-	28.366	-	-	28.366
Banco de Chile	21.642	189	20.189	843	799	-	21.831
Banco Bladex	20.000	446	446	-	20.000	-	20.446
Banco Bilbao Vizcaya Argentaria	16.360	58	72	2.699	13.647	-	16.418
Banco Santander Chile	15.282	127	4.889	1.520	9.000	-	15.409
Banco HSBC	15.000	334	334	-	15.000	-	15.334
Megabank	14.000	182	156	1.026	13.000	-	14.182
Bank of China	12.224	-	-	1.725	10.500	-	12.225
Cooperatieve Rabobank U.A., New York Branch	10.714	94	-	7.237	3.571	-	10.808
Banco Bice	10.000	30	10.030	-	-	-	10.030
HSBC México SA, Institución de Banca Múltiple	10.000	30	30	10.000	-	-	10.030
Banco Bbva Peru	9.615	260	1.750	1.530	6.595	-	9.875
BHD International	8.750	38	1	1.287	7.500	-	8.788
Banco de Occidente S.A.	8.618	1	1	1.118	7.500	-	8.619
Banco Santander Central Hispano S.A.	7.724	357	2.942	4.652	260	227	8.081
Postal Savings Bank of China	5.533	-	-	5.533	-	-	5.533
Banco Credito del Peru	5.000	28	5.028	-	-	-	5.028
Agricultural Bank of China	4.522	-	-	4.522	-	-	4.522
Bankinter	4.375	12	-	636	3.751	-	4.387
Banco Internacional Del Peru S.A.A.	4.000	102	-	4.102	-	-	4.102
CaixaBank, S.A.	3.380	-	33	1.880	1.467	-	3.380
Banco de la Producción S.A.	3.000	213	-	214	1.328	1.671	3.213
Scotiabank Peru Saa.	3.000	2	-	3.002	-	-	3.002
Banco Estado	2.065	5	2.005	65	-	-	2.070
Banco Credito e Inversiones	2.000	7	2.007	-	-	-	2.007
Caja Rural del Sur	1.827	1	58	632	1.138	-	1.828
Banco Citibank	1.370	-	1.370	-	-	-	1.370
Bancolombia S.A.	1.329	17	-	203	1.143	-	1.346
Banco Pichincha C.A.	1.000	91	-	1.091	-	-	1.091
Compañía de Leasing Tattersall S.A.	320	-	32	94	194	-	320
Industrial and Commercial Bank of China	223	1	-	224	-	-	224
Arrendadora de vehiculos S.A	195	-	22	67	106	-	195
GC Rent Chile SpA.	11	-	1	5	5	-	11
Mercedes-Benz Financial Services Portugal -Sociedade fin	11	-	-	3	8	-	11
<b>Total as of June 30th, 2025</b>	<b>592.412</b>	<b>5.055</b>	<b>72.381</b>	<b>125.682</b>	<b>397.508</b>	<b>1.898</b>	<b>597.469</b>

Below is a summary of the maturities of total financial liabilities as of June 30, 2025:

	Capital	Fair Value	Cash Flows				Total
			From 0 to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	
<b>Detail</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Bank loans	591.875	596.930	72.326	125.513	397.195	1.898	596.932
Bonds - obligations with the publich	64.329	65.027	-	8.284	58.585	-	66.869
Leasing Liabilities	537	537	55	169	313	-	537
Operating Lease Liabilities	115.232	126.436	2.784	7.111	30.274	118.285	158.454
Trade accounts and other accounts payable	212.443	212.443	105.400	7.460	99.583	-	212.443
Accounts payable to related companies	17.852	17.852	-	12.713	5.139	-	17.852

### 7.1.3. Exchange Rate Risk

The international character of its business and its operations in different countries expose Hortifrut to risks due to exchange rate fluctuations. The main exposures refer to exchange rate fluctuations in US Dollar versus Chilean Pesos, Euros, Mexican Pesos, Peruvian Nuevo Sol, Indian Rupee, Moroccan Dirham, Yuan and others.

#### a) Exposure to Chilean Pesos

The source of exposure to Chilean Pesos comes from the costs of the Chilean companies denominated in said currency, trade accounts receivable with national customers and liquid funds held in financial instruments and bank obligations.

Hortifrut performs actions to mitigate the exposure to costs of Chilean companies by contracting derivative instruments. Likewise, in Chilean companies, Cross Currency Swap instruments are used to mitigate the exchange rate risk in bank obligations denominated in Chilean Pesos.

#### b) Exposure to Mexican Pesos

The source of exposure to Mexican Pesos mainly comes from agricultural operating costs in Mexico which are mostly denominated in said currency and, at a lower scale, trade accounts receivable with Mexican customers.

Hortifrut performs mitigation measures over the exposure to costs of Mexican companies, through the contracting of derivative instruments.

#### c) Exposure to Euros

The source of exposure to Euros comes from sales performed in said currency, costs of the agricultural operation in Continental Europe, bank obligations and liquid funds held in financial instruments. Hortifrut constantly evaluates the need to perform actions to mitigate this risk.

#### d) Exposure to Peruvian Soles

The source of exposure to Peruvian Soles mainly comes from agricultural operating costs in Peru, which are mainly denominated in said currency, and, at a lower measure, customer's receivable trade accounts. Hortifrut constantly evaluates the need to realize risk mitigation actions.

#### e) Exposure to Moroccan Dirhams

The source of exposure to Moroccan Dirhams mainly comes from agricultural operating costs in Morocco, which are mostly denominated in said currency and, at a lower measure, from liquid funds held in financial instruments. Hortifrut constantly evaluates the need to realize risk mitigation actions.

Regardless of the fact that to date Hortifrut has not had any problems in relation to exchange rate risk, it is important to bear in mind that this fact does not guarantee that in the future Hortifrut may be exposed to this risk.

### Exposure in currencies different to the functional currency

The following table shows exposure in currencies different to the dollar, over the Company's financial assets and liabilities as of June 30, 2025:



BERRIES FOR THE WORLD EVERY DAY

	<u>Chilean</u>						<u>Indian</u>	
	<u>Pesos</u>	<u>Nuevo Sol</u>	<u>Euro</u>	<u>Mexican Pesos</u>	<u>Yuan</u>	<u>Dirham</u>	<u>Rupee</u>	<u>Others</u>
	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>
<b>Financial Assets</b>								
Cash and Cash Equivalents	4.580	719	15.971	5.213	24.209	1.555	2.184	797
Current trade debtors and other accounts receivable	7.084	5.172	41.806	4.313	220	5.569	599	4.255
Current accounts receivable with related entities	2.178	9	-	-	680	-	-	-
Non-current fees receivable	32	-	173	-	-	-	-	76
<b>Total Financial Assets</b>	<b>13.874</b>	<b>5.900</b>	<b>57.950</b>	<b>9.526</b>	<b>25.109</b>	<b>7.124</b>	<b>2.783</b>	<b>5.128</b>
<b>Financial Liabilities</b>								
Other current financial liabilities	-	33.441	9.522	-	30.916	1.513	-	203
Current lease liabilities	84	-	1.289	1.280	13.936	160	-	174
Current trade accounts and other accounts payable	14.007	4.665	39.053	11.173	12.249	4.855	1.158	3.179
Current accounts payable to related entities	53	48	3.417	-	5.376	-	-	-
Other current provisions	310	575	1.005	-	-	-	-	-
Current provisions for employee benefits	1.406	2.154	597	1.381	-	-	62	523
Other non-current financial liabilities	-	6.595	5.011	-	28.163	478	-	1.143
Non-current lease liabilities	776	-	4.718	2.409	77.466	4.990	-	916
Other non-current accounts payable	-	-	99.583	-	-	-	-	-
Non-current accounts payable to related entities	5.139	-	-	-	-	-	-	-
Other current provisions	-	-	-	45	-	-	-	-
<b>Total Financial Liabilities</b>	<b>21.775</b>	<b>47.478</b>	<b>164.195</b>	<b>16.288</b>	<b>168.106</b>	<b>11.996</b>	<b>1.220</b>	<b>6.138</b>
<b>Net exposure as of June 30th, 2025</b>	<b>(7.901)</b>	<b>(41.578)</b>	<b>(106.245)</b>	<b>(6.762)</b>	<b>(142.997)</b>	<b>(4.872)</b>	<b>1.563</b>	<b>(1.010)</b>

## Sensitivity analysis

The potential net effect on financial assets and liabilities of a 10% devaluation of the United States dollar against all the other relevant currencies to which the Company is exposed, would be approximately ThUS\$30,980 (ThUS\$26,702 as of December 31, 2024), the aforementioned maintaining all the other variables constant. The calculation considers the Company's exposure to financial assets and liabilities denominated in currency different to the dollar.

	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>	<b>Net (10% Devaluation)</b>	<b>Variation</b>
<u>Currencies</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>
Chilean Peso	13.874	21.775	(7.901)	(7.111)	790
Nuevo Sol	5.900	47.478	(41.578)	(37.420)	4.158
Euro	57.950	164.195	(106.245)	(95.621)	10.624
Mexican Peso	9.526	16.288	(6.762)	(6.086)	676
Yuan	25.109	168.106	(142.997)	(128.697)	14.300
Dirham	7.124	11.996	(4.872)	(4.385)	487
Indian Rupee	2.783	1.220	1.563	1.407	(156)
Others	5.128	6.138	(1.010)	(909)	101
<b>Total as of March 31th, 2025</b>	<b>127.394</b>	<b>437.196</b>	<b>(309.802)</b>	<b>(278.822)</b>	<b>30.980</b>

### 7.1.4. Interest Rate Risk

The Hortifrut Group has its long-term financial liabilities linked to long-term investments.

Long-term liabilities are both at fixed and variable rates and mostly in dollars to avoid cost variations and to be aligned with the Company's functional currency. Even though short-term financial liabilities linked to temporary work capital are at a fixed rate, exposure to fluctuations in the market rates at the moment of its contracting and/or renewal is experienced.

As of June 30, 2025 the debt at variable rate that Hortifrut maintained was ThUS\$306,070 (ThUS\$619,044 as of December 31, 2024), if this debt level is maintained for a one-year term and today the rate increased 10%, the impact on the annual financial cost would be ThUS\$1,846 (ThUS\$2,131 as of December 31, 2024).



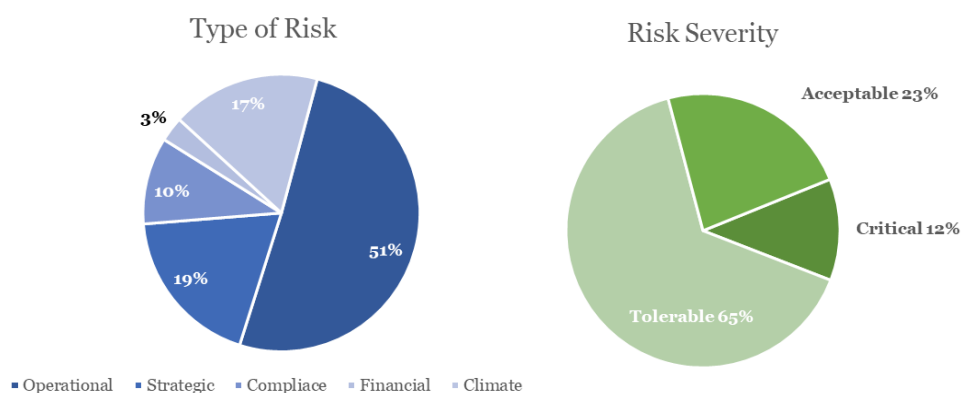
### 7.1.5. Operating Risks

Risk management forms part of Hortifrut's normal activities, from an analysis that considers the Company's internal and external context, the interaction with interest groups, analysis of operations and their continuity, to identify and mitigate the most relevant and significant risks. At Hortifrut there is a quarterly follow up of the action plans associated to all the risks, and a monthly follow up of the action plans associated to critical risks, which is reported with the same regularity to the Board.

Hortifrut's Risk Matrix contains the risks which it faces, classified into 5 large groups: Strategic, Financial, Operational, Compliance and Climatic. Also, each risk is classified as per its impact in case it is materialized and the probability of occurrence. Implemented controls and action plans in process for its mitigation are identified.

As stated beforehand, as of June 30, 2025, risks identified by Hortifrut are distributed in the following manner:

Type of Risk	Identified Risks	Strategic	Operational	Financial	Compliance	Climate
<b>Risk Matrix</b>	69	13	35	2	7	12
<b>%</b>	<b>100%</b>	<b>19%</b>	<b>51%</b>	<b>3%</b>	<b>10%</b>	<b>17%</b>



Critical risks faced as of June 30, 2025 are the following:

Type of Risk	Name of the Risk	Description of the Risk	Corporate Controls Implemented
Climatic	Climate change, natural disasters, accidents or pandemics	Natural disasters (e.g. earthquakes and landslides), unfavorable climatic conditions (e.g. storms) or unexpected events (e.g. fires, floods or attacks) that damage fields and/or installations, thus affecting production.	<p>The Organization has plantations and operations at different geographic locations, which allow it to partially mitigate this risk. Also, the genetic diversification implemented by Hortifrut helps mitigate the effects of climate change.</p> <p>The different subsidiaries have developed different mitigation plans to fight this risk. For example, in Peru fire-fighting systems have been installed and firewalls built at the packings, dividing the process line, the finished product chamber and the security doors to isolate the materials warehouse. It also counts with protection works at the waterways and critical points have been reinforced to protect plantations from the el Niño phenomenon.</p> <p>In Mexico, to mitigate the climatic contingencies, different actions have been implemented, for example, drains, nets and purchase of an electric energy plant, among others.</p>
Operational	Water supply, availability and quality	To not count with the necessary water to irrigate plantations, because of droughts and/or groundwater that could dry up.	<p>The different subsidiaries develop their strategy to follow up this risk and implement mitigation measures. For example, our plantations in Peru count with reservoirs in different areas, which allows to assure water for an average 25 days, with a reserve of 2.5 million m3. In Mexico, reservoirs have also been built at the different fields. In Chile, dams are maintained to store water, which allows to irrigate for a prudent time, and water is purchased from neighboring owners that count with duly accredited shares.</p> <p>Furthermore, in certain geographic areas, soil plantations are complemented with plantations in pots, which use approximately 30% less water than soil plantations.</p>
Compliance	Third party Producers that do not comply with Hortifrut's ethical standards.	Third party Producers that do not comply with Hortifrut's ethical standards, risking Hortifrut's reputation and thereby its trade programs.	<p>The Organization's commitment to ethical compliance matters is informed through ethical standards. Also, the Ethics Codes of the 24/25 season were revised and informed to all the producers in a global manner. Furthermore, graphics have been included for better understanding, which have been shared by our corporate communications area.</p> <p>In 2024 the Business Ethics policy was published, where we establish our commitment and transparency with the compliance of valid laws and/or standards to protect the Company's interests and those of our interest groups.</p> <p>All the collaborators are trained in labor, social, prevention and environmental ethics matters, to ensure Hortifrut's correct communication with third parties.</p>
Compliance	Food Safety	Non-compliance of MRL (Maximum Residue Limit) of pesticides and/or use of non-allowed products.	<p>At Hortifrut we count with varied mitigation measures such as: (1) analysis of pesticides before beginning the commercial harvest, as per program at the start of the campaign; subsequently, a routine fortnightly analysis will take place to evaluate subsequent applications; (2) the Food Safety web platform available for customers will be used, which includes a record of the valid certifications and results of the analysis of several producers; (3) count with a restriction software, which allows to block producers in case of any non-compliance; (4) count with a Product Approval Corporate Protocol as per sanitary programs previously approved by the Food Safety area in relation with the corresponding record and other requirements; (5) before beginning the season, producers are given a list of phytosanitary products that are allowed at the destination countries and authorized at origin for their use, with the dose, objective plague, application method, and safety and harvest intervals.</p>
Operational	Cybersecurity attacks	Impact on the technological platforms and/or information networks that support the key business processes. Theft or exposure of information or sensitive company information.	<p>If due to a cybersecurity incident, corporate platforms are affected, contingency procedures have been defined to support critical processes in a manual manner.</p> <p>Corporate IT Management performs an annual cybersecurity revision and exercise at a corporate level, for which a specialized external company is hired. The annual revision considers Ethical Hacking, Ethical Phishing and the finding of critical platform vulnerabilities exposed to internet. Also, segmented cybersecurity exercises are performed per area every month.</p>

## 7.2. Insurance

The Hortifrut Group has contracted insurance policies to cover exposure to the main financial and operational risks, considering that the coverage of these policies is adequate.

The main insurances contracted as of June 30, 2025 and December 31, 2024 are the following:

<u>COUNTRY</u>	<u>TYPE OF INSURANCE</u>	<u>CURRENCY</u>	<u>31-Mar-25 COVERED AMOUNT</u>	<u>31-Dec-24 COVERED AMOUNT</u>
Chile	Infrastructure fire	UF	2.122.758	1.118.950
Chile	Mobile Agricultural Equipment	UF	20.161	20.161
Chile	Motor Vehicles	UF	Valor Comercial	Valor Comercial
Chile	General and Product Civil Liability	USD	5.000.000	5.000.000
Chile	Maritime Transport	USD	7.000.000	7.000.000
Chile	Credit Insurance	USD	50.000.000	50.000.000
Chile	Fruit and Materials Insurance	USD	8.500.000	8.500.000
Chile	Terrorism	UF	1.973.950	1.973.950
Chile	Business Interruption	UF	855.000	855.000
USA	Product Civil Liability	USD	15.000.000	15.000.000
Mexico	Transporting of Load	USD	200,000/shipment	200,000/shipment
Mexico	Infrastructure Fire, Theft and Civil Liability	USD	110.555	110.555
Mexico	Motor Vehicles	USD	Commercial Value	Commercial Value
Spain	Motor Vehicles	USD	Between 10.000 and 30.000	Between 10.000 and 30.000
Spain	Installations	USD	350,000 per event	350,000 per event
Spain	Goods	EUR	50,000 per event	50,000 per event
Spain	Civil Liability	EUR	8.536.502	8.536.502
Spain	Credit Insurance	EUR	90% unpaid	90% unpaid
Spain	Infrastructure Fire	EUR	38.150.000	38.150.000
Spain	Motor Vehicles	EUR	90% impago	90% impago
Spain	General and Product Civil Liability	USD	5.000.000	5.000.000
Spain	Fruit and Materials Insurance	USD	800.000	800.000
Peru	Civil Liability	USD	292.227.822	292.227.822
Peru	Dishonesty, Disappearance and Destruction	USD	Valor Comercial	Valor Comercial
Peru	Patrimonial: Fire, Riesgo of Nature, Political Risk	USD	900.000	900.000
Peru	Fire	COP	20.000.000.000	20.000.000.000
Peru	Motor Vehicles	COP	500.000.000	500.000.000
Colombia	Transport - National and Exports	COP	6.235.257.462	6.235.257.462
Morocco	Fixed Assets	DAM	2.000.000	2.000.000
China	Fixed Assets and Inventory	CNY	723.291.710	524.707.230
China	Vehicles	CNY	260.661	186.995

## 7.3. Risk in the Estimations

### Effects of the valuation of fruit that grows on “bearer plants” due to changes in volume and price

As per what is established in IAS 41, agricultural products that grow on fruit bearer plants will remain within the scope of this standard, which must be measured at their fair value minus sale costs, recording the changes in valuation in result as the product grows.

Since this valuation corresponds to an estimation, it could vary when fruit sales are perfected, the moment that said result is realized.

As of June 30, 2025, the expected margin of the Company's bearer plants was recognized, for an amount that reaches ThUS\$1,183 (ThUS\$4,328 as of December 31, 2024), which in results is presented in the item Other income, per function.

Below is the detail of the effect that a 10% reduction in price and volume would have had on the adjustment as of June 30, 2025:

<b>Company</b>	<b>Fair Value adjustment as of 31-Mar-25 (ThUS\$)</b>	<b>10% Reduction Volume (ThUS\$)</b>	<b>10% Reduction Price (ThUS\$)</b>	<b>10% Reduction Volume and Price (ThUS\$)</b>
Hortifrut Perú S.A.C.	896	806	555	500
Hortifrut ABA S.A. de C.V.	118	107	26	24
HF Sarbanand S. de R.L. de CV.	169	152	115	104
<b>Total</b>	<b>1.183</b>	<b>1.065</b>	<b>696</b>	<b>628</b>

As of June 30, 2025, the other agricultural companies did not present relevant amounts for this calculation, remaining outside the adjustment as per what is established in Hortifrut's policy.

#### **7.4. Risk Associated to Merger and Acquisition Process**

Due to the global character of the business and the Company's intention to remain within the main global participants in the production and commercialization of berries and other fruits, Hortifrut has materialized different purchase and/or merger processes in the past and could materialize other similar transactions in the future. Both the Company and the acquired companies or assets are exposed to the potential financial, operational, and other previously described risks.

To mitigate these risks, the Company continuously monitors the potential effects that the merger and/or acquisition processes could have on the financial ratios, both at an income statement and balance level, in order to take opportune actions to remain within the scopes allowed by its financing contracts.

Even though to date Hortifrut has not had any problems associated to the merger and acquisition processes, it must keep in mind that this fact does not guarantee that in the future Hortifrut will not be exposed to this risk.