# EARNINGS RELEASE

For the period ended September 30, 2022

# AGROSUPER S.A. AND SUBSIDIARIES

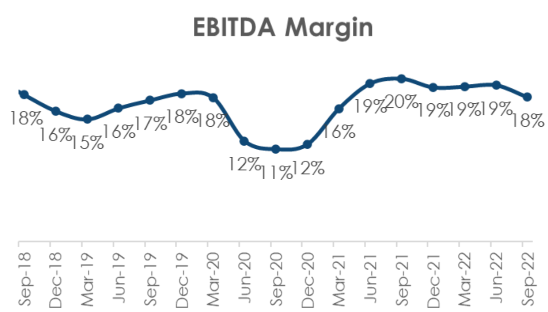
## 1. FINANCIAL POSITION ANALYSIS

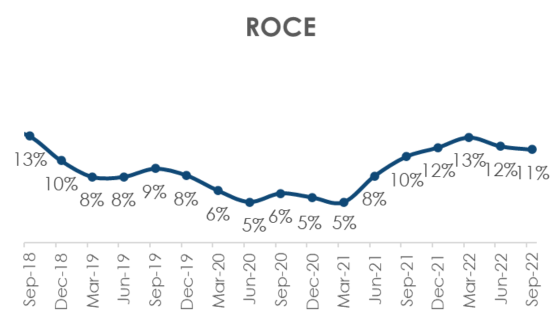
During the period from January to September 2022, Agrosuper S.A. recorded an operating revenue of US$3,150 million, which was 6.3% higher than the figure of the same period in 2021, while net income was US$183.5 million, which decreased 55.3% from the same period of last year. Consolidated EBITDA before *fair value* adjustments was US$557.9 million, which dropped 5.8% in comparison of 2021, resulting in a consolidated EBITDA margin before *fair value* adjustments of 17.7%.

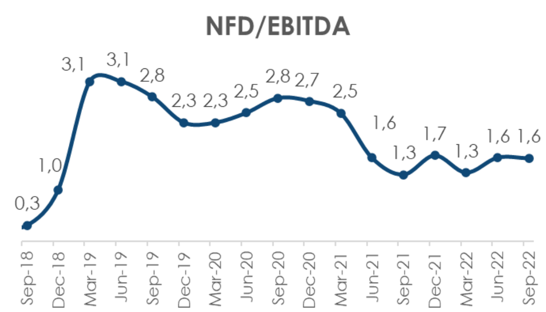
The EBITDA margin for January to September 2022 for the Meat segment was 15.0%, which was lower than the margin of 25.2% for the same period last year, mainly explained by higher cost of sales due to an increase in raw material prices and higher distribution costs, driven by higher freight rates, partially offset by a slight increase in average prices.

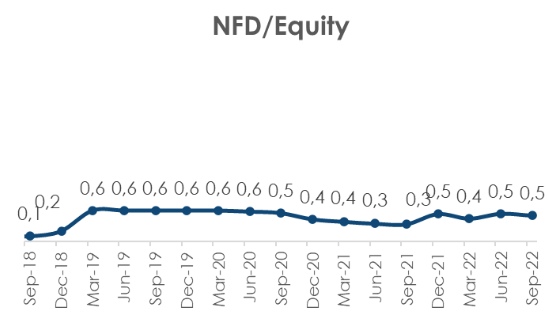
In the case of the Aquaculture segment, it achieved an EBITDA margin before *fair value* adjustments of 23.2%, versus 8.8% for the same period in 2021. This improved performance is mainly explained by the correct execution of the commercial strategy, together with an increase in international prices driven by solid demand from our main export markets in the USA, Brazil and Asia.

The following graphs show the movements in our quarterly financial parameters before fair value adjustments:




**(*) ROCE**: Return on capital employed: Net operating income before *fair value* adjustments (last twelve months) * (1 - Tax Rate) / (PP&E + Receivables + Intangible Assets + Goodwill + Inventories - Payables) Last Quarter
**NFD:** Net financial debt: Total debt minus cash.

## 2. MOVEMENTS IN THE FINANCIAL STATEMENTS

### 2.1. Financial Position

Assets and liabilities figur as of each period end were as follows:

| | **09-30-2022**<br>ThUS$ | **12-31-2021**<br>ThUS$ |
|---|---|---|
| Total current assets | 2,188,315 | 2,199,461 |
| Total non-current assets | 2,386,993 | 2,437,571 |
| **Total assets** | **4,575,308** | **4,637,032** |
| | | |
| Total current liabilities | 640,614 | 863,802 |
| Total non-current liabilities | 1,582,207 | 1,443,693 |
| Non-controlling interests | 3,018 | 3,091 |
| Total equity | 2,352,487 | 2,329,537 |
| **Total liabilities and equity** | **4,575,308** | **4,637,032** |

Total assets decreased by US$61.7 million compared to December 2021, mainly explained as follows:

1. Increase of US$65.6 million in current inventories, due to higher stocks of raw material and finished product in the meat segment.

2. Decrease of US$36.6 million in current biological assets, mainly due to *fair value* adjustments.

3. Decrease of US$25.5 million in property, plant and equipment, due to depreciation of the period.

4. Decrease of US$19.8 million in cash.

5. Decrease of US$17.9 million in deferred tax assets, due to the utilization of tax losses of the aquaculture segment.

6. Decrease of US$13.4 million in current trade and other receivables.

7. Decrease of US$10.9 million in non-current tax assets, due to the utilization of Austral Law credits.

Total liabilities decreased by US$84.7 million compared to December 2021, mainly explained as follows:

1. Decrease of US$300.4 million in other current financial liabilities, due to the repayment of financial loans with funds from the US$500-million-bond issued in the USA.

2. Increase of US$191.7 million in other non-current financial liabilities, explained by the issuance of a US$500-million-bond in the USA.

3. Decrease of US$44.7 million in deferred tax liabilities*,* mainly due to the negative effect of *fair value* adjustments in biological assets.

4. Increase of US$43.2 million in current intercompany payables for dividends payable from earnings of 2022.

5. Increase of US$26.6 million in trade and other payables.

### 2.2. Main financial and operating ratios

The liquidity ratio increased to 3.4x from 2.5x compared to December 2021, while the acid ratio increased to 1.0x from 0.8x. The gross and net debt ratios decreased slightly, while the net debt to EBITDA ratio decreased from 1.7x to 1.6x. The interest coverage ratio decreased to 12.6 from 14.3 times.

The total inventory turnover increased to 2.0x from 1.9x, while inventory turnover excluding biological assets decreased to 5.3x from 5.7x.

| **Liquidity ratios** | **09-30-2022** times | **12-31-2021** times |
|---|---|---|
| Current liquidity (a) | 3.4 | 2.5 |
| Acid ratio (b) | 1.0 | 0.8 |
| **Debt ratios** | **09-30-2022** times | **12-31-2021** times |
| Debt ratio (c) | 0.9 | 1.0 |
| Net debt ratio (d) | 0.5 | 0.5 |
| Net debt / EBITDA (e) | 1.6 | 1.7 |
| Short-term debt / total debt (f) | 0.3 | 0.4 |
| Long-term debt / total debt (g) | 0.7 | 0.6 |
| Interest coverage ratio (h) | 12.6 | 14.3 |
| **Activity ratios** | **09-30-2022** times | **12-31-2021** times |
| Inventory turnover (i) | 2.0 | 1.9 |
| Inventory turnover (j) (excluding biological assets) | 5.3 | 5.7 |

(a) Current liquidity = (Total current assets) / (Total current liabilities)
(b) Acid Ratio = (Total current assets - Inventories - Current biological assets) / (Total current liabilities)
(c) Debt ratio = (Total liabilities) / (Total equity)
(d) Net debt ratio = (Other current and non-current liabilities - Cash and cash equivalents - Asset portion of current and non-current hedging derivative instruments - Margin calls) / Equity
(e) Net debt / EBITDA = Other current and non-current liabilities - Cash and cash equivalents - Asset portion of current and non-current hedging derivative instruments / EBITDA before fair value adjustments (last twelve months)
(f) Short-term debt / Total debt = (Total current liabilities / Total liabilities)
(g) Long-term debt / Total debt = (Total non-current liabilities / Total liabilities)

(h) Interest coverage ratio = EBITDA before fair value adjustments (last twelve months) / Interest expense (last twelve months)
(i) Inventory turnover = Cost of sales (last twelve months) / (Inventories + Current biological assets)
(j) Inventory turnover (excluding biological assets) = Cost of sales (last twelve months) / Inventories

As of September 30, 2022, the Company has fully complied with the financial obligations in its agreements with bondholders and in recently signed bilateral loan agreements.

## 2.3. Income Statement

Net income by segment is as follows:

| **Income Statement By segment** | **09-30-2022 ThUS$** | | | | |
|---|---|---|---|---|---|
| | **Meat** | **Aquaculture** | **Others** | **Eliminations** | **Total** |
| Operating revenue | 2,001,623 | 1,105,043 | 64,493 | (21,226) | 3,149,933 |
| Cost of sales | (1,485,046) | (737,355) | (53,897) | 21,226 | (2,255,072) |
| *Fair Value* adjustments and NRV | 0 | (124,869) | 0 | 0 | (124,869) |
| Gross margin (*) | 516,577 | 242,819 | 10,596 | 0 | 769,992 |
| Net income before taxes (**) | 188,056 | 61,546 | 1,726 | 0 | 251,328 |
| Net income | 137,281 | 44,929 | 1,260 | 0 | 183,470 |

| **Income Statement By segment** | **09-30-2021 ThUS$** | | | | |
|---|---|---|---|---|---|
| | **Meat** | **Aquaculture** | **Others** | **Eliminations** | **Total** |
| Operating revenue | 2,031,994 | 891,785 | 53,557 | (14,546) | 2,962,790 |
| Cost of sales | (1,358,262) | (732,225) | (40,760) | 14,412 | (2,116,835) |
| *Fair Value* adjustments and NRV | 0 | 177,157 | 0 | 0 | 177,157 |
| Gross margin (*) | 673,732 | 336,717 | 12,797 | (134) | 1,023,112 |
| Net income before taxes (**) | 389,527 | 168,778 | 3,208 | 0 | 561,513 |
| Net income | 284,800 | 123,202 | 2,342 | 0 | 410,344 |

(*) Includes *fair value* adjustments
(**) Includes net income (losses) attributable to non-controlling interests

| | **09-30-2022** ThUS$ | **09-30-2021** ThUS$ |
|---|---|---|
| Earnings per share | 0.0078 | 0.0175 |
| Distributable net income per share[1] | 0.000012 | 0.000012 |
| EBITDA (before fair value adjustments) | 557,889 | 592,461 |
| EBITDA | 433,020 | 769,618 |
| Net financial costs | (41,078) | (36,562) |

Net income before taxes for January to September 2022 was US$251.3 million, which was US$310.2 million lower than net income before taxes of the same period in 2021. The Meat segment achieved pre-tax net income of US$188.1 million, which was US$201.5 million lower than the figure obtained in same period in 2021. The Aquaculture segment achieved

[1] Distributable net income was US$274.6 million and was calculated as follows:
**Distributable net income per share** = Net income (loss) attributable to owners of the parent company before profit sharing - Fair value and NRV adjustments + Deferred tax on unrealized gains and losses.
A shareholders' meeting held on April 29, 2020 approved this distributable net income per share calculation policy, as described in Note 25.3 to the Company's financial statements.

a pre-tax net income of US$61.5 million, which was US$107.2 million lower than for the same period in 2021. The latter was explained by a negative *fair value* adjustment of US$124.9 million.

The consolidated EBITDA margin (before *fair value* adjustments) for the third quarter of 2022 was 14.9%, explained by a decline in the EBITDA margin in the Meat segment, partially offset by a stable EBITDA margin in the Aquaculture segment.

| EBITDA margin | 2018 | 2019 | 2020 | 1Q21 | 2Q21 | 3Q21 | 2021 | 1Q22 | 2Q22 | 3Q22 |
|---|---|---|---|---|---|---|---|---|---|---|
| EBITDA margin, Total (*) | 16.4% | 18.2% | 11.9% | 16.3% | 19.4% | 20.0% | 18.9% | 19.0% | 19.2% | 17.7% |
| EBITDA margin, Meat segment | 14.7% | 18.9% | 22.6% | 26.0% | 26.5% | 25.2% | 22.6% | 17.3% | 17.1% | 15.0% |
| EBITDA margin, Aquaculture segment (*) | 26.7% | 16.7% | -10.9% | -2.0% | 4.8% | 8.8% | 11.1% | 22.3% | 23.4% | 23.2% |

| Quarterly EBITDA | 1Q21 | 2Q21 | 3Q21 | 1Q22 | 2Q22 | 3Q22 |
|---|---|---|---|---|---|---|
| EBITDA margin, Total (*) | 16.3% | 22.4% | 21.1% | 19.0% | 19.4% | 14.9% |
| EBITDA margin, Meat segment | 26.0% | 26.9% | 22.8% | 17.3% | 16.9% | 11.4% |
| EBITDA margin, Aquaculture segment (*) | -2.0% | 12.3% | 17.7% | 22.3% | 24.6% | 22.7% |

(*) before fair value adjustments

### 2.4. Profitability Ratios

Profitability ratios decreased compared to 2021, mainly explained by lower performance from the Aquaculture segment due to negative *fair value* adjustments for the period from January to September 2022.

| Profitability Ratios (Last 12 months) | 09-30-2022 | 12-31-2021 |
|---|---|---|
| Return on equity (a) | 7.7% | 17.5% |
| Return on assets (b) | 3.9% | 8.8% |

(a) Return on equity September = Net income for the last 12 months / Equity
(b) Return on assets September = Net income for the last 12 months / Assets
(*) Includes net income (loss) attributable to non-controlling interests

## 3. CASH FLOW ANALYSIS

The following table describes the main components of net cash flow for each period:

| | 09-30-2022<br>ThUS$ | 09-30-2021<br>ThUS$ |
|---|---|---|
| Net cash flow from (used in) operating activities | 323,064 | 376,168 |
| Net cash flows from (used in) investing activities | (53,571) | (52,514) |
| Net cash flows from (used in) financing activities | (285,502) | (436,193) |
| Net increase (decrease) in cash and cash equivalents (*) | (19,772) | (113,067) |
| Cash and cash equivalents at the beginning of the period | 121,535 | 384,665 |
| **Cash and cash equivalents at the end of the period** | 101,763 | 271,598 |

(*) Includes the effect of exchange rate effects on cash and cash equivalents.

Net cash flow from operating activities decreased by 14.1% compared to the period from January to September 2021, mainly explained by higher payables.

Net cash flow from financing activities was -US$285.5 million, due to loan repayments to financial institutions and dividend payments.

## 4. FINANCIAL RISK ANALYSIS

The factors that could negatively affect the financial performance of Agrosuper S.A. include the following:

### 4.1. Credit and liquidity risk

Customer credit risk is minimized by contracting credit insurance (confirmed letters of credit with Chilean banks) and selling on a cash-on-delivery basis, or when the customer pays part or all of the purchase price in advance. As a result, coverage of the total receivables portfolio is above 99%.

The Company has a suitable liquidity policy based on long-term credit facilities and short-term financial investments. As of September 30, 2022, the current liquidity ratio is 3.4 times, while the net debt to equity ratio is 0.5 times. The short-term debt to total debt ratio is 0.3 times. The interest coverage ratio is 12.6 times, which is a sufficient cushion to meet interest payments on financial obligations.

### 4.2. Dividend payments

Agrosuper S.A.'s earnings, together with its ability to meet its obligations and pay dividends, depend mainly on the dividends it receives from its subsidiaries, related companies and equity investments. Dividend payments may be subject to restrictions and contingencies.

The Company’s Board of Directors have provided for dividends every quarter at the equivalent of 30% of distributable net income for the period.

## 5. MARKET RISK

### 5.1. Global or local economic conditions

The Chilean and global economy have been exposed to increases in inflation since the start of 2021. In Chile this is due to increases in internal liquidity caused by early withdrawals from pension funds, financial support provided by the Chilean Government, and the US dollar strengthening worldwide. Western Central Banks have raised interest rates, as a mitigation measure to inflation, which is slowing down the economy.

This slowdown has reduced people’s purchasing power, which has reduced demand for some of the Company’s products. This could affect the eating habits of consumers, who may switch to other foods or partially substitute their protein consumption.

The Company is mitigating the deterioration of local and global economic conditions by significantly investing in strong brands and high quality products, which has built customer loyalty and minimizes potential variations in demand. It has also developed a broad product portfolio, in particular various "counter-cyclical” presentations of chicken, which will compensate for changes in consumer’s income and preferences. Furthermore, its products are qualified, or becoming qualified, to be received by the world's main markets. These markets contain over 4.2 billion people and represent over 85% of global GDP. Accordingly, the Company is now highly flexible and can switch to alternates if any of these markets significantly change.

### 5.2. Cyclical trends in the protein industry

The protein industry and the Company's performance follow a cyclical trend, largely driven by international *commodity* prices.

Accordingly, its performance is affected by volatile *commodity* prices, especially international grain prices. This occurred during 2021 and is recurring in 2022 with the price of corn and other raw materials that represent a high percentage of its operating costs.

Other significant supplies and services that suffer from significant price fluctuations are electricity, fuel and transportation. Chilean electricity prices are affected by climatic and hydrological factors, the price of fuels used to generate electricity, and fluctuations in the US dollar/Chilean peso exchange rate.

The Company mitigates this risk by being committed to sustainability and continually searching for new sources of renewable energy, continually increasing its energy consumption efficiency, reducing its environmental footprint by controlling its processes and equipment, and promoting clean fuels.

### 5.3. Exchange rate fluctuations

The Company adopted the US dollar as its functional and presentation currency in January 2021, since most of its operating revenue and costs are indexed to the US dollar. Its products are consumed in many countries and most of them are sold in Chile at international prices.

The remaining risk associated with exchange rate volatility is managed using hedging instruments that minimize exposure to the currencies used by the Company.

## 6. OPERATIONAL RISK ANALYSIS

### 6.1. Diseases

The Company is exposed to the risk of infection by animal or human diseases, such as avian influenza, AH1N1 virus, ISA virus, Algal *Blooms*, SRS and IPN, African Swine Fever, COVID-19 and other diseases. The FDA and the USDA[3] have emphasized that current epidemiological and scientific information indicates that COVID-19 is not transmitted through food or its packaging material. There is a risk that infection or contamination by other Chilean industry participants could have an adverse effect on the Company, which would require the temporary closure of some of its production facilities, processing plants or distribution centers, or any export market for all Chilean industry participants.

The Company is vertically integrated, so it can implement the strictest sanitary controls at each stage of production, which reduces the impact of situations such as those described above and ensures the safety and quality of its products.

### 6.2. Changes in the public health and environmental regulatory framework

Changes in public health, environmental or concession regulations may significantly affect the operation, development and performance of one or more businesses. Therefore, the Company continually implements best practices and technologies at all its facilities, to ensure that they comply with both current legislation and the strictest voluntary environmental standards.

### 6.3. Contamination, product recall and civil liability risk

The Company's vertical integration involves controlling its processes, from manufacturing animal feed and breeding animals through to their slaughter and distribution, which reduces the incidence of diseases, such as Listeria Monocytogenes, Salmonella and Escherichia Coli.

These diseases are generally found in the environment and can be controlled, but not completely eliminated, so may affect its products. Accordingly, the Company has introduced

[3] FDA: The Food and Drug Administration is the U.S. government agency responsible for regulating human and animal food, human and veterinary drugs, cosmetics, human and animal medical devices, biological products and blood derivatives. The USDA is the United States Department of Agriculture and it is responsible for developing and executing livestock, agriculture and food policies, and for ensuring food safety.

strict internal quality controls based on best production practices to achieve quality certificates issued by international organizations.

Furthermore, if defective, contaminated, altered or mislabeled products are detected, then the Company may be requested to recall such products from the market. A widespread recall could result in significant losses, due to the associated costs, subsequent product destruction, and loss of sales due to temporary product unavailability.

Despite such situations being mitigated by strict quality controls and insurance policies, they may still result in adverse publicity, reputational damage and lost consumer confidence, which would negatively affect the Company's financial performance and the value of its brands.

Therefore, understanding consumer’s opinions and providing them with appropriate solutions is very important, so the Company’s Customer Service and Loyalty Department has created several direct communication channels.

Similarly, the Company has built close relationships with its local communities to foster trust in the Company and mitigate any potential damage to its reputation. This has required developing dialogs with social organizations to discover their concerns, generate trust and promote local development.

### 6.4. Supplier risk

Failures by any of the Company's key suppliers may affect its production and have an adverse effect on its performance. Failure to deliver grain, whether due to supplier shortages, port of entry stoppages or other factors, could compromise production. The Company also depends on genetics suppliers for its poultry and swine breeding stock. Therefore, any failures by these supplier could affect production and performance.

The Company mitigates these risks by using 7,000 domestic and international suppliers, although it prefers local ones with the objective of generating shared value.

It optimizes its online channels to manage suppliers’ contact information, invoices and payments, through various mechanisms, such as the Supplier Portal. The Company has also launched the Product Exchange, an initiative that provides suppliers with financing at lower interest rates than those available in the market. Both instruments facilitate direct contact with our suppliers, encouraging new suppliers to work with the Company.

### 6.5. Natural disasters

The Company's businesses may be affected by natural disasters such as earthquakes, tsunamis or fires, which may also damage its property, plant and equipment. All these major risks are covered by insurance policies, which only exclude chicken, swine and turkey feedlots, due to their wide geographical dispersion.

### 6.6. Operational risk

The Company strives to use state-of-the-art technology, standardize its processes, avoid failures and train its employees, in order to minimize this risk. Operational failures that affect its local communities or the environment could paralyze the Company's business and affect its performance.

### 6.7. Occupational risk

The Company had 19,002 employees as of September 30, 2022. Any stoppages by groups of employees could affect production and consequently performance.

However, it has many highly experienced and long-standing employees. The accumulated knowledge and expertise of these people is not easily replaceable, so the Company depends on its employees in key positions to a certain extent. The implementation of the best people management practices, such as employee satisfaction surveys, collective negotiation agreements, training programs, and support and compensation policies for employees' families, mitigate risks of strikes and employees rotation.

### 6.8. Climate change

Climate change may negatively affect the Company's business and supply chain. The main risks involve rainfall variations, such as droughts, floods and storms, and high temperatures at Company’s facilities.

These changes might affect global supply and demand for agricultural commodities, such as grains, the availability of raw materials and natural resources, and reduce the security and continuity of electricity supply, which could impact operating costs and animal welfare.

Similarly, critical business risks include water scarcity and key energy supplies. Such resource supply problems may reduce the Company's profitability and efficiency and/or restrict the execution of projects and investments.

Water is a fundamental resource for production, mainly during the animal breeding and industrial stages. Water shortages can directly affect the business. Therefore, the Company has implemented initiatives aimed to use water more efficiently, encouraging reductions in its consumption and recycling for internal processes and projects with local communities.

The Company is also highly dependent on electricity, being electricity-related expenses among its most significant costs. An interruption or significant loss of power to any of its facilities may affect production and the delivery of products to customers. Accordingly, the Company encourages rational and efficient electricity usage, continuously incorporating clean and renewable sources into its matrix.

It has also integrated the potential effects of climate change into its business management and its supply chain, while recognizing the vulnerability of the natural resources and agricultural supplies that are essential to its business, and striving to a more efficient use of them.

The Company has implemented a plan to reduce its greenhouse gas (GHG) emissions, and has measured the carbon footprint of both segments since 2018, aiming to mitigate the effects of climate change and reinforcing its commitment with the environment.

Lastly, it has also increased the proportion of recyclable materials in its containers and packaging, and is progressing towards a more environmentally sustainable business.

## 7. OUTLOOK

Inflation has been rising in several countries worldwide during 2022, which is reducing the purchasing power of our consumers. Meanwhile, the high raw material prices, adjustments in global logistics chains and the conflict between Russia and Ukraine have affected our business.

Pork production in Asia has returned to normal levels, which has had a downward impact on prices for our Meat segment, especially in China. We have also begun to see a drop in international chicken prices, which has negatively impacted our performance. This is expected to be a short-term situation, as margins are expected to return to historical levels over the medium term.

Our Aquaculture segment has experienced high demand within significant markets, such as the USA, Brazil and Japan, with prices currently above historical averages which are expected to remain at those levels throughout the last quarter of this year.

Finally, the company has sufficient liquidity to ensure the operational continuity of its business and to meet its financial obligations.