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Antonio E.S. Ungson

+65 6324 6822

Company Telephone Number

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Annual Meeting

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Total Amount of Borrowings

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER**

1. For the quarterly period ended **July 31, 2022**
2. Commission identification number. **N/A**
3. BIR Tax Identification No. **N/A**
4. Exact name of issuer as specified in its charter **Del Monte Pacific Limited**
5. **British Virgin Islands**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. c/o Philippine Resident Agent,
Craigmuir Chambers, PO Box 71 Road Town,
Tortola, British Virgin Islands Postal Code
8. **+65 6324 6822**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	1,943,960,024
Preference Shares	10,000,000

11. Are any or all of the securities listed on a Stock Exchange?

Yes [/] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Singapore Exchange Securities Trading Limited - Ordinary Shares
Philippine Stock Exchange - Ordinary and Preference Shares

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [/] No []

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes [/] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the Financial Statements (FS) section of this report, FS to FS48

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Please refer to the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this report.

PART II--OTHER INFORMATION

Not Applicable

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer **Del Monte Pacific Limited**

Signature and Title

P. Sachdev

Parag Sachdeva
Chief Financial Officer and Duly Authorized Officer

Date Sept 1, , 2022

Del Monte Pacific Limited and its Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements

As at 31 July 2022

and for the Periods Ended 31 July 2022 and 2021
(With Comparative Audited Consolidated Statement of
Financial Position as at 30 April 2022)

Del Monte Pacific Limited and its Subsidiaries
Unaudited Interim Condensed Consolidated Financial Statements
As at 31 July 2022 and for the periods ended 31 July 2022 and 2021

Unaudited Interim Consolidated Statements of Financial Position

(With Comparative Audited Figures as at 30 April 2022)

	Note	As at 31 July 2022 US\$'000 (Unaudited)	As at 30 April 2022 US\$'000 (Audited)
Noncurrent assets			
Property, plant and equipment – net	6	562,872	577,647
Right-of-use assets	30	115,243	123,539
Investments in joint ventures	8	18,808	17,172
Intangible assets and goodwill	7	686,384	688,047
Deferred tax assets – net	22	132,483	116,745
Biological assets	10	2,645	2,735
Pension assets		8,995	9,799
Other noncurrent assets	9	27,196	30,411
		1,554,626	1,566,095
Current assets			
Biological assets	10	42,915	47,346
Inventories	11	868,256	685,958
Trade and other receivables	12, 24	198,900	214,553
Prepaid expenses and other current assets	13	51,360	49,052
Cash and cash equivalents	14, 24	24,468	21,853
		1,185,899	1,018,762
Total assets		2,740,525	2,584,857
Equity			
Share capital	28	29,449	29,449
Share premium		298,339	298,339
Retained earnings		76,546	140,320
Reserves	15	(51,028)	(42,541)
Equity attributable to owners of the Company		353,306	425,567
Non-controlling interests		62,095	69,138
Total equity		415,401	494,705
Noncurrent liabilities			
Loans and borrowings	16, 24	1,080,646	1,088,012
Lease liabilities	30	88,769	91,771
Employee benefits		24,587	24,342
Environmental remediation liabilities	19	203	203
Deferred tax liabilities – net	22	6,762	12,421
Other noncurrent liabilities	17	22,565	23,023
		1,223,532	1,239,772
Current liabilities			
Loans and borrowings	16, 24	673,974	479,354
Lease liabilities	30	21,474	29,549
Employee benefits		29,969	36,958
Trade and other current liabilities	20, 24	371,265	302,833
Current tax liabilities		4,910	1,686
		1,101,592	850,380
Total liabilities		2,325,124	2,090,152
Total equity and liabilities		2,740,525	2,584,857

Unaudited Interim Consolidated Statements of Income

		Three months ended	
		31 July	
	Note	2022 US\$'000	2021 US\$'000
Revenue	4, 21	456,587	462,134
Cost of sales		(324,851)	(328,714)
Gross profit	4	131,736	133,420
Distribution and selling expenses		(49,645)	(42,818)
General and administrative expenses	27	(34,098)	(32,148)
Other income (expense) – net		2,437	(1,681)
Results from operating activities		50,430	56,773
Finance income	33	2,323	1,726
Finance expense	33	(95,116)	(26,444)
Net finance expense		(92,793)	(24,718)
Share in net loss of joint ventures	4	668	(1,042)
Profit (loss) before taxation	4	(41,695)	31,013
Tax expense – current	22	(9,068)	(6,583)
Tax benefit (expense) – deferred	22	20,013	(2,350)
	22	10,945	(8,933)
Profit (loss) for the period		(30,750)	22,080
Profit (loss) attributable to:			
Non-controlling interest		(227)	3,758
Owners of the Company		(30,523)	18,322
		(30,750)	22,080
Earnings (loss) per share			
Basic earnings (loss) per share (U.S. cents)	29	(1.65)	0.69
Diluted earnings (loss) per share (U.S. cents)	29	(1.65)	0.69

Unaudited Interim Consolidated Statements of Comprehensive Income

	Three months ended	
	31 July	
	2022	2021
	US\$'000	US\$'000
Profit (loss) for the period	(30,750)	22,080
Other comprehensive income (loss)		
Items that will not be reclassified subsequently to profit or loss		
Share in remeasurement of retirement plans	32	24
Tax impact on share in remeasurement of retirement plans	(4)	(3)
	<u>28</u>	<u>21</u>
Items that may be reclassified subsequently to profit or loss		
Share in currency translation differences	(9,796)	(7,022)
Share in effective portion of changes in fair value of cash flow hedges of a subsidiary	35	1,498
Tax impact on share in cash flow hedges	(9)	(367)
	<u>(9,770)</u>	<u>(5,891)</u>
Other comprehensive income (loss) for the period, net of tax	<u>(9,742)</u>	<u>(5,870)</u>
Total comprehensive income (loss) for the period	<u><u>(40,492)</u></u>	<u><u>16,210</u></u>
Total comprehensive income (loss) attributable to:		
Owners of the Company	(39,010)	13,285
Non-controlling interests	(1,482)	2,925
	<u><u>(40,492)</u></u>	<u><u>16,210</u></u>

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Consolidated Statements of Changes in Equity
Three months ended 31 July 2022 and 2021

	<----- Attributable to owners of the Company ----->											
	Share capital US\$'000 (Note 28)	Share premium US\$'000 (Note 28)	Translation reserve US\$'000	Revalua- tion reserve US\$'000	Remeasure- ment of retirement plans US\$'000	Hedging reserve US\$'000	Share option reserve US\$'000	Reserve for own shares US\$'000	Retained earnings US\$'000	Total US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
Fiscal Year 2023												
At 1 May 2022	29,449	298,339	(95,322)	14,278	43,752	(4,963)	—	(286)	140,320	425,567	69,138	494,705
Total comprehensive income (loss) for the period												
Loss for the period (Note 29)	—	—	—	—	—	—	—	—	(30,523)	(30,523)	(227)	(30,750)
Other comprehensive income (loss)												
Currency translation differences	—	—	(8,535)	—	—	—	—	—	—	(8,535)	(1,261)	(9,796)
Remeasurement of retirement plans	—	—	—	—	24	—	—	—	—	24	4	28
Effective portion of changes in fair value of cash flow hedges	—	—	—	—	—	24	—	—	—	24	2	26
Total other comprehensive income (loss)	—	—	(8,535)	—	24	24	—	—	—	(8,487)	(1,255)	(9,742)
Total comprehensive income (loss) for the period	—	—	(8,535)	—	24	24	—	—	(30,523)	(39,010)	(1,482)	(40,492)
Transactions with owners of the Company recognized directly in equity												
Contributions by and distributions to owners of the Company												
Payment of dividends	—	—	—	—	—	—	—	—	(33,251)	(33,251)	(5,561)	(38,812)
At 31 July 2022	29,449	298,339	(103,857)	14,278	43,776	(4,939)	—	(286)	76,546	353,306	62,095	415,401

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Unaudited Interim Consolidated Statements of Changes in Equity
Three months ended 31 July 2022 and 2021

	Attributable to owners of the Company											
	Share capital US\$'000 (Note 28)	Share premium US\$'000 (Note 28)	Translation reserve US\$'000	Revalua- -tion reserve US\$'000	Remeasure- ment of retirement plans US\$'000	Hedging reserve US\$'000	Share option reserve US\$'000	Reserve for own shares US\$'000	Retained earnings US\$'000	Total US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
Fiscal Year 2022												
At 1 May 2021	49,449	478,339	(81,971)	14,278	35,049	1,224	1,753	(286)	83,349	581,184	61,312	642,496
Total comprehensive income (loss) for the period												
Profit for the period (Note 23)	—	—	—	—	—	—	—	—	18,322	18,322	3,758	22,080
Other comprehensive income												
Currency translation differences	—	—	(6,115)	—	—	—	—	—	—	(6,115)	(907)	(7,022)
Remeasurement of retirement plans	—	—	—	—	20	—	—	—	—	20	1	21
Effective portion of changes in fair value of cash flow hedges	—	—	—	—	—	1,058	—	—	—	1,058	73	1,131
Total other comprehensive income (loss)	—	—	(6,115)	—	20	1,058	—	—	—	(5,037)	(833)	(5,870)
Total comprehensive income (loss) for the period	—	—	(6,115)	—	20	1,058	—	—	18,322	13,285	2,925	16,210
Transactions with owners of the Company recognized directly in equity												
Contributions by and distributions to owners of the Company												
Payment of dividends	—	—	—	—	—	—	—	—	(23,310)	(23,310)	(2,540)	(25,850)
Total contributions by and distributions to owners	—	—	—	—	—	—	—	—	(23,310)	(23,310)	(2,540)	(25,850)
At 31 July 2021	49,449	478,339	(88,086)	14,278	35,069	2,282	1,753	(286)	78,361	571,159	61,697	632,856

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Unaudited Interim Consolidated Statements of Cash Flows

		Three months ended	
		31 July	
	Note	2022	2021
		US\$'000	US\$'000
Cash flows from operating activities			
Profit (loss) for the period		(30,750)	22,080
Adjustments for:			
Depreciation of property, plant and equipment	26	40,118	38,856
Amortization of right-of-use assets		8,047	8,088
Amortization of intangible assets	7, 26	1,663	1,663
Impairment loss (reversal) on property, plant and equipment	6	–	47
Loss on disposal of property, plant and equipment		–	(102)
Share in net loss (profit) of joint ventures	4	(668)	1,042
Net gain on derivative financial instrument		–	(208)
Finance income*	33	(2,323)	(1,726)
Finance expense*	33	24,245	26,444
Redemption fee on Senior Secured Loans	33	44,530	–
Write-off of deferred financing costs	33	26,341	–
Tax expense – current	22	9,069	6,583
Tax expense – deferred	22	(20,014)	2,350
		100,258	105,117
Changes in:			
Other assets		1,557	78
Inventories		(183,083)	(125,981)
Biological assets		1,816	(309)
Trade and other receivables		10,548	(4,804)
Prepaid expenses and other current assets		(3,350)	(1,387)
Trade and other payables		91,753	86,152
Employee benefits		(7,697)	(7,517)
Operating cash flows		11,802	51,349
Taxes paid		(5,799)	(2,858)
Net cash flows provided by operating activities		6,003	48,491
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(43,026)	(42,432)
Proceeds from disposal of property, plant and equipment		58	148
Interest received		400	225
Investment in new joint venture	8	(968)	(189)
Net cash flows used in investing activities		(43,536)	(42,248)

(continued on next page)

*Includes foreign exchange gains and losses

Unaudited Interim Consolidated Statements of Cash Flows (continued)

		Three months ended	
		31 July	
	Note	2022	2022
		US\$'000	US\$'000
Cash flows from financing activities			
Proceeds from borrowings		905,969	677,990
Repayment of borrowings		(713,585)	(628,374)
Interest paid		(45,583)	(39,392)
Payments of lease liabilities		(13,550)	(12,134)
Dividends paid		(38,811)	(11,492)
Redemption fee on Senior Secured Loans	33	(44,530)	–
Payment of debt related costs		(13,915)	–
Net cash flows provided by (used in) financing activities		35,995	(13,402)
Net decrease in cash and cash equivalents		(1,538)	(7,159)
Cash and cash equivalents at beginning of period		21,853	29,435
Effect of exchange rate changes on balances held in foreign currency		4,153	(2,694)
Cash and cash equivalents at end of period	14	24,468	19,582

Selected Notes to the Unaudited Interim Condensed Consolidated Financial Statements

These notes form an integral part of the unaudited interim condensed consolidated financial statements.

1. Domicile and activities

Del Monte Pacific Limited (the “Company”) was incorporated as an international business company in the British Virgin Islands on 27 May 1999 under the International Business Companies Act (Cap. 291) of the British Virgin Islands. It was automatically re-registered as a company on 1 January 2007 when the International Business Companies Act was repealed and replaced by the Business Companies Act 2004 of the British Virgin Islands.

The registered office of the Company is located at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands.

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in growing, processing, and selling packaged fruits, vegetable and tomato, fresh pineapples, sauces, condiments, pasta, broth and juices, mainly under the brand names of “Del Monte”, “S&W”, “Today’s”, “Contadina”, “College Inn” and other brands. The Company’s subsidiaries also produce and distribute private label food products.

The immediate holding company is NutriAsia Pacific Limited (“NAPL”), and the indirect shareholders of which are NutriAsia Inc. (“NAI”) and Well Grounded Limited (“WGL”), which at 31 July 2022 and 30 April 2022, each held 57.8% and 42.2% interests in NAPL, respectively, through their intermediary company, NutriAsia Holdings Limited. NAPL, NAI and WGL were incorporated in the British Virgin Islands. The ultimate holding company is HSBC International Trustee Limited.

On 2 August 1999, the Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Ordinary Shares of the Company were also listed on the Philippine Stock Exchange Inc. (“PSE”) on 10 June 2013. The first tranche of the Company’s Preference Shares (Series A-1) was listed on 7 April 2017 and the second tranche (Series A-2) on 15 December 2017. On 7 April 2022, the Company redeemed all of the outstanding 20,000,000 Series A-1 Preference Shares (see Note 16).

On 6 August 2010, the Company established DM Pacific Limited-ROHQ (“ROHQ”), the regional operating headquarters of the Company in the Philippines. The ROHQ is registered with and licensed by the Securities and Exchange Commission (“SEC”) to engage in general administration and planning, business planning and coordination, sourcing and procurement of raw materials and components, corporate financial advisory, marketing control and sales promotion, training and personnel management, logistics services, research and product development, technical support and maintenance, data processing and communication, and business development. The ROHQ commenced its operations in October 2015.

The consolidated financial statements of the Group as at and for the periods ended 31 July 2022 and 2021 comprise the Company and its subsidiaries (together referred to as the “Group”, and individually as “Group entities”), and the Group’s interests in joint ventures.

2. Basis of preparation

2.1 Statement of compliance

The accompanying unaudited interim condensed consolidated financial statements as at 31 July 2022 and for the three months ended 31 July 2022 and 2021 have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the 2022 annual audited consolidated financial statements, comprising the consolidated statements of financial position as at 30 April 2022 and 2021 and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 30 April 2022, 2021, and 2020.

2.2 Basis of measurement

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis except as otherwise described in the succeeding notes below.

2.3 Functional and presentation currency

These unaudited interim condensed consolidated financial statements are presented in United States dollars (US\$), which is the Company’s functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the unaudited interim condensed consolidated financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the unaudited interim condensed consolidated financial statements are included in the following notes:

Note 7 – Assessment of useful life of intangible assets with indefinite useful life

Note 30 – Determination of lease term of contracts with renewal options

Note 31 – Contingencies

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. There are no changes in significant judgment and estimate since 30 April 2022.

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment within the next financial year are included in the following notes:

- Note 6 – Useful lives of property, plant and equipment, revaluation of freehold land, estimate of harvest for bearer plant's depreciation
- Note 6 – Impairment of property, plant and equipment
- Note 7 – Useful lives of intangible assets and impairment of goodwill and intangible assets with infinite life
- Note 8 – Recoverability of investments in joint ventures
- Note 10 – Future cost of growing crops and fair value of livestock, harvested crops, and produce prior to harvest and future volume of harvest
- Note 11 – Allowance for inventory obsolescence and net realizable value
- Note 12 – Impairment of trade and nontrade receivables
- Note 18 – Measurement of employee benefit obligations
- Note 19 – Estimation of environmental remediation liabilities
- Note 20 – Estimation of trade promotion accruals
- Note 22 – Measurement of income tax
- Note 22 – Realizability of deferred tax assets
- Note 25 – Determination of fair values
- Note 30 – Determination of incremental borrowing rate for lease liabilities
- Note 31 – Contingencies

3. Significant accounting policies

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's 2022 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2022, which did not have any significant impact on the Group's financial position or performance, unless otherwise indicated:

Effective beginning on or after 1 May 2022

- Amendments to IFRS 3, *Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of IFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after 1 May 2022 and apply prospectively.

- Amendments to IAS 16, *Plant and Equipment: Proceeds before Intended Use*. The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the

location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 May 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to IAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 May 2022. The Group will apply these amendments to contracts for which it has yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to IFRSs 2018-2020 Cycle*
 - Amendments to IFRS 1, *First-time Adoption of Philippines Financial Reporting Standards*, Subsidiary as a first-time adopter. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D15(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 May 2022 with earlier adoption permitted.

- Amendments to IFRS 9, *Financial Instruments*, Fees in the “10 per cent” test for derecognition of financial liabilities. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 May 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to IAS 41, *Agriculture*, Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude

cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 May 2022 with earlier adoption permitted.

4. Operating segments

The Group has two types of operating segments: geographical and product. In identifying these operating segments, management generally considers geographical as its primary operating segment.

Geographical segments

Americas

Reported under the Americas segment are sales and profit on sales in USA, Canada and Mexico. Majority of this segment's sales are principally sold under the Del Monte brand but also includes products under the Contadina, S&W, College Inn and other brands. This segment also includes sales of private label food products. Sales in the Americas are distributed across the United States, in all channels serving retail markets, as well as to the US military, certain export markets, the foodservice industry and other food processors.

Asia Pacific

Reported under Asia Pacific are sales and profit on sales in the Philippines, comprising of Del Monte branded packaged products, including Del Monte traded goods, and Today's brand; S&W products in Asia and the Middle East both fresh and packaged; and Del Monte packaged products from the Philippines into Indian subcontinent as well as unbranded fresh and packaged goods.

Europe

Included in this segment are sales of S&W co-branded, buyers' own label and unbranded products in Europe.

Product segments

Packaged fruit and vegetable

The packaged fruit and vegetable segment includes sales and profit of processed fruit and vegetable products under the Del Monte, S&W and Today's brands, as well as buyer's labels, that are packaged in different formats such as can, plastic cup, pouch and aseptic bag. Key products under this segment are canned beans, peaches and corn sold in the United States and canned pineapple and tropical mixed fruit in Asia Pacific.

Beverage

Beverage includes sales and profit of 100% pineapple juice in can, juice drinks in various flavors in can, tetra and PET packaging, and pineapple juice concentrate.

Culinary

Culinary includes sales and profit of packaged tomato-based products such as ketchup, tomato sauce, pasta sauce, recipe sauce, pizza sauce, pasta, broth and condiments under four brands, namely Del Monte, S&W, College Inn and Contadina.

Fresh fruit and others

Fresh fruit and others include sales and profit of S&W branded fresh pineapples in Asia Pacific and buyer's label or non-branded fresh pineapples in Asia, and sales and profit of cattle in the Philippines. The cattle operation helps in the disposal of pineapple pulp, a residue of pineapple processing which is fed to the animals. This also include non-branded sales to South America as well as various product innovations such as Mr. Milk, a new fruit yoghurt milk drink introduced in July 2020.

The Group allocated certain overhead and corporate costs to the various product segments based on sales for each segment relative to the entire Group.

Information about reportable segments

	Americas Three months ended 31 July		Asia Pacific Three months ended 31 July		Europe Three months ended 31 July		Total Three months ended 31 July	
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue								
Packaged fruit and vegetable	246,496	247,070	25,204	30,305	4,335	4,891	276,035	282,266
Beverage	11,475	6,222	33,149	37,485	3,246	1,466	47,870	45,173
Culinary	44,467	45,172	31,063	34,331	56	56	75,586	79,559
Fresh fruit and others	901	1,412	56,195	53,724	–	–	57,096	55,136
Total	303,339	299,876	145,611	155,845	7,637	6,413	456,587	462,134
Gross profit (loss)								
Packaged fruit and vegetable	69,814	69,632	7,263	9,594	1,244	1,580	78,321	80,806
Beverage	4,459	1,260	10,280	11,442	1,061	309	15,800	13,011
Culinary	8,689	8,986	12,461	14,302	29	18	21,179	23,216
Fresh fruit and others	(328)	(172)	16,764	16,559	–	–	16,436	16,387
Total	82,634	79,616	46,768	51,897	2,334	1,907	131,736	133,420

(continued to next page)

Del Monte Pacific Limited and its Subsidiaries
Unaudited Interim Condensed Consolidated Financial Statements
As at 31 July 2022 and for the periods ended 31 July 2022 and 2021

	Americas		Asia Pacific		Europe		Total	
	Three months ended		Three months ended		Three months ended		Three months ended	
	31 July		31 July		31 July		31 July	
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Share in net profit (loss) of joint ventures								
Packaged fruit and vegetable	–	–	66	(388)	–	–	66	(388)
Beverage	–	–	52	(50)	–	–	52	(50)
Culinary	–	–	497	(531)	–	–	497	(531)
Fresh fruit and others	–	–	53	(73)	–	–	53	(73)
Total	–	–	668	(1,042)	–	–	668	(1,042)
Profit (loss) before taxation								
Packaged fruit and vegetable	(46,987)	9,442	3,637	5,891	463	529	(42,887)	15,862
Beverage	(1,491)	(503)	4,687	6,438	874	90	4,070	6,025
Culinary	(12,647)	(1,081)	9,246	9,463	26	9	(3,375)	8,391
Fresh fruit and others	(940)	(2,579)	1,437	3,314	–	–	497	735
Total	(62,065)	5,279	19,007	25,106	1,363	628	(41,695)	31,013
Other information								
Capital expenditure	6,134	5,700	36,892	36,732	–	–	43,026	42,432

Major customer

Revenues from a major customer of the Americas segment for the three months ended 31 July 2022 amounted to US\$116.8 million (31 July 2021: US\$118.8million) representing 38.5% (31 July 2021: 39.6%) of the total Americas segment's net revenue.

5. Seasonality of operations

The Group's business is subject to seasonal fluctuations as a result of increased demand during the end of year festive season. For Americas, products are sold heavily during the Thanksgiving and Christmas seasons. As such, the Group's sales are usually highest during the five months from August to December.

The Group operates 11 production facilities in the USA, Mexico, and the Philippines as at 31 July 2022 and 30 April 2022. Fruit plants are located in California and Washington in the United States and in the Philippines. Most of its vegetable plants are located in the U.S. Midwest and its tomato plant are located in California.

The US Consumer Food Business has a seasonal production cycle that generally runs between the months of June and October. This seasonal production primarily relates to the majority of processed fruit, vegetable and tomato products, while some of its processed fruit and tomato products and its *College Inn* broth products are produced throughout the year. Additionally, the Consumer Food Business has contracts to co-pack certain processed fruit and vegetable products for other companies.

6. Property, plant and equipment

Group Cost/Valuation	<----- At cost ----->					At appraised value
	Buildings, land improvements and leasehold improvements US\$'000	Machineries and equipment US\$'000	Construction- in-progress US\$'000	Bearer Plants US\$'000	Freehold land US\$'000	Total US\$'000
At 1 May 2022	229,900	602,399	57,384	382,782	61,878	1,334,343
Additions	1,816	182	10,432	32,619	—	45,049
Disposals	—	(1,921)	—	—	—	(1,921)
Write off - closed fields	—	—	—	(26,827)	—	(26,827)
Reclassifications from CIP	1,085	6,925	(8,010)	—	—	—
Currency realignment	(3,993)	(12,490)	(1,303)	(20,642)	(791)	(39,219)
At 31 July 2022	228,808	595,095	58,503	367,932	61,087	1,311,425
At 1 May 2021	227,519	593,896	34,953	374,803	63,145	1,294,316
Additions	6,596	17,429	47,509	133,622	—	205,156
Disposals	(167)	(12,106)	—	—	—	(12,273)
Write off - closed fields	—	—	—	(95,754)	—	(95,754)
Reclassifications from CIP	1,942	21,871	(23,813)	—	—	—
Currency realignment	(5,990)	(18,691)	(1,265)	(29,889)	(1,267)	(57,102)
At 30 April 2022	229,900	602,399	57,384	382,782	61,878	1,334,343
Accumulated depreciation and impairment losses						
At 1 May 2022	117,622	424,819	—	205,719	8,536	756,696
Charge for the period	2,546	8,380	—	31,123	—	42,049
Write off - closed fields	—	—	—	(26,827)	—	(26,827)
Disposals	—	(402)	—	—	—	(402)
Currency realignment	(2,022)	(9,738)	—	(11,203)	—	(22,963)
At 31 July 2022	118,146	423,059	—	198,812	8,536	748,553
At 1 May 2021	110,782	415,584	—	214,638	8,536	749,540
Charge for the year	10,163	35,201	—	104,753	—	150,117
Write off - closed fields	—	—	—	(95,754)	—	(95,754)
Disposals	(138)	(11,098)	—	—	—	(11,236)
Other adjustments	—	62	—	—	—	62
Currency realignment	(3,185)	(14,930)	—	(17,918)	—	(36,033)
At 30 April 2022	117,622	424,819	—	205,719	8,536	756,696
Carrying amounts						
At 31 July 2022	110,662	172,036	58,503	169,120	52,551	562,872
At 30 April 2022	112,278	177,580	57,384	177,063	53,342	577,647

Depreciation recognized in the consolidated statements of cash flows is net of the amount capitalized in inventories.

The Group has property, plant and equipment acquisitions of US\$2.0 million as at 31 July 2022 (30 April 2022: US\$3.0 million) presented under “Accrued operating expenses” in “Trade and other current liabilities”. Down payments made by the Group for the acquisition of property, plant and equipment amounted to US\$3.5 million as at 31 July 2022 (30 April 2022: US\$4.2 million) recorded under “Advances to suppliers” in “Other noncurrent assets”. The cost of fields closed and written off amounted to US\$26.8 million for the three months ended 31 July 2022 (30 April 2022: US\$95.8 million).

7. Intangible assets and goodwill

	Goodwill	Indefinite life	Amortizable	Customer	Total
	US\$'000	trademarks	trademarks	relationship	US\$'000
		US\$'000	US\$'000	US\$'000	
Cost					
At 1 May 2022/ 31 July 2022	203,432	408,043	24,180	107,000	742,655
At 1 May 2021/ 30 April 2022	203,432	408,043	24,180	107,000	742,655
Accumulated amortization					
At 1 May 2022	–	–	10,819	43,789	54,608
Amortization	–	–	325	1,338	1,663
At 31 July 2022	–	–	11,144	45,127	56,271
At 1 May 2021	–	–	9,519	38,439	47,958
Amortization	–	–	1,300	5,350	6,650
At 30 April 2022	–	–	10,819	43,789	54,608
Carrying amounts					
At 31 July 2022	203,432	408,043	13,036	61,873	686,384
At 30 April 2022	203,432	408,043	13,361	63,211	688,047

Amortization expense amounted to US\$1.7 million for the three months ended 31 July 2022 and 2021.

Goodwill

Goodwill arising from the acquisition of Consumer Food Business was allocated to Del Monte Foods, Inc. (DMFI) and its subsidiaries, which is considered as one cash generating unit (“CGU”).

Indefinite life trademarks

Management has assessed the following trademarks as having indefinite useful lives as the Group has exclusive access to the use of these trademarks. These trademarks are expected to be used indefinitely by the Group as they relate to continuing businesses that have a proven track record with stable cash flows.

America trademarks

The indefinite life trademarks of US\$394.0 million arising from the acquisition of Consumer Food Business relate to those of DMFI for the use of the “Del Monte” trademarks in the United States and South America market, and the “College Inn” trademark in the United States, Australia, Canada and Mexico.

The Philippines trademarks

On 1 May 2020, Dewey Sdn Bhd., assigned to Philippine Packing Management Services Corporation, various trademarks which include the “Del Monte” and “Today’s” trademarks for use in connection with processed foods in the Philippines (“The Philippines trademarks”) with carrying value amounting to US\$1.8 million.

Indian sub-continent trademark

In November 1996, a subsidiary, Del Monte Pacific Resources Limited (DMPRL), entered into an agreement with an affiliated company to acquire the exclusive right to use the “Del Monte” trademarks in the Indian sub-continent territories and Myanmar in connection with the production, manufacture, sale and distribution of food products and the right to grant sub-licenses to others (“Indian sub-continent trademark”). In 2007, the Company acquired shares in Del Monte Foods Private Limited (DMFPL) (formerly FieldFresh Foods Private Limited (FFPL)) and caused the licensing of trademarks to DMFPL to market its products under the “Del Monte” brand in India. These trademarks have a carrying value of US\$4.1 million.

Asia S&W trademark

In November 2007, a subsidiary, S&W Fine Foods International Limited (S&W), entered into an agreement with Del Monte Corporation to acquire the “S&W” trademarks in certain countries in Asia (excluding Australia and New Zealand and including the Middle East), Western Europe and Eastern Europe for a total consideration of US\$10.0 million. The trademark has a carrying value of US\$8.2 million.

Impairment test

Management performs an annual impairment testing for all indefinite life trademarks every end of the year. There were no impairment indicators identified.

Amortizable trademarks and customer relationships

	Net Carrying amount		Remaining amortization period (years)	
	31 July 2022 US\$'000	30 April 2022 US\$'000	31 July 2022	30 April 2022
Asia S&W Trademark	—	—	—	—
America S&W trademark	313	363	1.6	1.8
America Contadina trademark	12,723	12,998	11.6	11.8
	<u>13,036</u>	<u>13,361</u>		

Asia S&W trademark

The amortizable trademark pertains to “Label Development” trademark. The trademark was fully amortized on 31 July 2019.

America trademarks

The amortizable trademarks relate to the exclusive right to use of the “S&W” trademark in the United States, Canada, Mexico and certain countries in Central and South America and “Contadina” trademark in the United States, Canada, Mexico, South Africa and certain countries in Asia Pacific, Central America, Europe, Middle East and South America market.

Customer relationships

Customer relationships relate to the network of customers where DMFI has established relationships with the customers, particularly in the United States market, through contracts.

	31 July 2022 US\$'000	30 April 2022 US\$'000
Net carrying amount	61,873	63,211
Remaining amortization period	11.6	11.8

Source of estimation uncertainty

The Group estimates the useful lives of its amortizable trademarks and customer relationships based on the period over which the assets are expected to be available for use. The estimated useful lives of the trademarks and customer relationships are reviewed periodically and are updated if expectations differ from previous estimates due to legal or other limits on the use of the assets. A reduction in the estimated useful lives of amortizable trademarks and customer relationships would increase recorded amortization expense and decrease noncurrent assets.

8. Investments in joint ventures

Name of joint venture	Principal activities	Place of Incorporation and Business	Effective Equity Held by the Group	
			As at 31 Jul 2022 %	As at 30 Apr 2022 %
Del Monte Foods Private Limited (DMFPL) (formerly FieldFresh Foods Private Limited (FFPL)) *	Production and sale of fresh and processed fruits and vegetable food products	India	47.63	47.56
Nice Fruit Hong Kong Limited (NFHKL)	Production and sale of frozen fruits and vegetable food products	Hong Kong	35.00	35.00
Del Monte - Vinamilk Dairy Philippines, Inc. (DVDPI)	Distribution of milk and dairy products	Philippines	43.50	43.50

* In July 2022, DMPL India Pte Ltd invested an additional US\$1.0 million in DMPL India Limited, who invested the same in DMFPL.

The summarized financial information of a material joint venture, DMFPL, not adjusted for the percentage ownership held by the Group, is as follows:

	31 July 2022 US\$'000	30 April 2022 US\$'000
Assets		
Current assets	24,748	23,686
Noncurrent assets	11,489	11,600
Total assets	<u>36,237</u>	<u>35,286</u>
Liabilities		
Current liabilities	(12,824)	(12,879)
Noncurrent liabilities	(20,967)	(21,890)
Total liabilities	<u>(33,791)</u>	<u>(34,769)</u>
Net assets (liabilities)	<u>2,446</u>	<u>517</u>

	31 July 2022 US\$'000	30 April 2022 US\$'000
Results		
Revenue	870	66,871
Profit (loss) from continuing operations	1,346	(6,810)
Other comprehensive income	—	—
Total comprehensive profit (loss)	<u>1,346</u>	<u>(6,810)</u>

	31 July 2022 US\$'000	30 April 2022 US\$'000
Carrying amount of interest in DMFPL at beginning of the period	14,336	19,741
Capital injection during the year	968	—
Impairment loss	—	(2,000)
Group's share of:		
- Profit (loss) from continuing operations	674	(3,405)
- Other comprehensive income	—	—
Total comprehensive profit (loss)	674	(3,405)
Carrying amount of interest at end of the period/year	<u>15,978</u>	<u>14,336</u>

The interest in the net assets of an immaterial joint venture, NFHKL, is as follows:

	31 July 2022 US\$'000	30 April 2022 US\$'000
Carrying amount of interest in NFHKL at beginning of the period/year	2,836	2,789
Additional advances during the year	—	595
Group's share of:		
- Loss from continuing operations	(6)	(548)
- Other comprehensive income	—	—
Total comprehensive loss	(6)	(548)
Carrying amount of interest at end of the period/year	<u>2,830</u>	<u>2,836</u>

The interest in the net assets of an immaterial joint venture, DVDPI, is as follows:

	31 July 2022 US\$'000	30 April 2022 US\$'000
Carrying amount of interest in DVDPI at beginning of the period/year	–	–
Capital injection	–	1,001
Group's share of:		
- Loss from continuing operations	–	(1,001)
- Other comprehensive income	–	–
Total comprehensive loss	–	(1,001)
Carrying amount of interest at end of the period/year	–	–

Share in losses exceeding the carrying amount of investment are not recognized. Unrecognized accumulated share in losses of DVDPI amounted to US\$0.8 million as at 31 July 2022 (30 April 2022: US\$0.6 million).

The summarized interest in joint ventures of the Group is as follows:

	31 July 2022 US\$'000	30 April 2022 US\$'000
Group's interest in joint ventures		
DMFPL	15,978	14,336
NFHKL	2,830	2,836
DVDPI	–	–
Carrying amount of investment in joint ventures	18,808	17,172

Determination of Joint Control and the Type of Joint Arrangement

Joint control is presumed to exist when the investors contractually agreed sharing of control on an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management has assessed that it has joint control in all joint arrangements.

The Group determines the classification of a joint venture depending upon the parties' rights and obligations arising from the arrangement in the normal course of business. When making an assessment, the Group considers the following:

- (a) the structure of the joint arrangement.
- (b) when the joint arrangement is structured through a separate vehicle:
 - i. the legal form of the separate vehicle;
 - ii. the terms of the contractual arrangement; and
 - iii. when relevant, other facts and circumstances.

The Group determined that the arrangements in DMFPL, NFHKL and DVDPI are joint ventures

as these were structured in separate legal vehicles that have rights to the net assets of the arrangements. The terms of the contractual arrangements do not specify that the parties have rights to the assets and obligations for the liabilities relating to the arrangements.

Source of Estimation Uncertainty

In the event a joint venture has suffered recurring operating losses, a test is made to assess whether the investment in joint venture has suffered any impairment by determining the recoverable amount. This determination requires significant judgement and estimation. An estimate is made on the future profitability, cash flow, financial health and near-term business outlook of the joint venture, including factors such as market demand and performance. The recoverable amount will differ from these estimates as a result of differences between assumptions used and actual operations.

From the time the investment in DMFPL was made, the Indian sub-continent trademark (Note 7) and such investment were allocated to the Indian sub-continent cash-generating unit (“Indian sub-continent CGU”). The recoverable amount of Indian sub-continent CGU was estimated using the discounted cash flows based on five-year cash flow projections.

9. Other noncurrent assets

	31 July 2022 US\$'000	30 April 2022 US\$'000
Advance rentals and deposits	16,378	16,679
Advances to suppliers	2,173	4,212
Excess insurance	3,762	3,762
Receivable from sale and leaseback	2,665	2,818
Note receivables	–	1,000
Lease receivable	184	194
Others	2,034	1,746
	27,196	30,411

Advance rentals and deposits consist of noninterest-bearing cash and other advances to growers and landowners which are collected against delivery of fruits or minimum guaranteed profits of the growers or against payment of rentals to landowners.

Receivable from sale and leaseback is the noncurrent portion of receivable relating to certain assets sold to DMPI Employees Agrarian Reform Beneficiaries Cooperation (“DEARBC”) and subsequently leased back to the Group in fiscal year 2021. The current portion of US\$0.1 million is presented under “Trade and other receivables”.

As at 30 April 2022, notes receivable of US\$1.0 million relates to the sale by DMFI of certain assets at Plymouth in fiscal year 2019. This receivable will be due on 2 July 2023 and was reclassified to “Trade and other receivables” as at 31 July 2022 since it is already current.

10. Biological assets

	31 July 2022 US\$'000	30 April 2022 US\$'000
Livestock		
At beginning of the period/year	2,735	2,655
Purchases of livestock	288	895
Sales of livestock	(230)	(601)
Currency realignment	(148)	(214)
At end of the period/year	<u>2,645</u>	<u>2,735</u>
	31 July 2022 US\$'000	30 April 2022 US\$'000
Agricultural produce		
At beginning of the period/year	13,768	10,878
Additions	4,783	16,177
Harvested	(3,733)	(12,016)
Currency realignment	(3,609)	(1,271)
At end of the period/year	<u>11,209</u>	<u>13,768</u>
Fair value gain on produce prior to harvest	<u>31,706</u>	<u>33,578</u>
At end of the period/year	<u>42,915</u>	<u>47,346</u>
	31 July 2022 US\$'000	30 April 2022 US\$'000
Current	42,915	47,346
Noncurrent	2,645	2,735
Totals	<u>45,560</u>	<u>50,081</u>

11. Inventories

	31 July 2022 US\$'000	30 April 2022 US\$'000
Finished goods		
- at cost	484,892	430,070
- at net realizable value	39,096	20,380
Semi-finished goods		
- at cost	163,867	94,966
- at net realizable value	11,069	8,182
Raw materials and packaging supplies		
- at cost	107,598	75,165
- at net realizable value	61,734	57,195
	<u>868,256</u>	<u>685,958</u>

Total cost of inventories carried at net realizable value amounted to US\$119.1 million as at 31 July 2022 (30 April 2022: US\$92.2 million).

Inventories are stated after allowance for inventory obsolescence. Movements in the allowance for inventory obsolescence during the period/year are as follows:

	Note	31 July 2022 US\$'000	30 April 2022 US\$'000
At beginning of the period/year		6,464	13,254
Allowance for the period/year	26	179	4,135
Write-off against allowance		607	(10,157)
Currency realignment		(50)	(768)
At end of the period/year		7,200	6,464

The allowance for inventory obsolescence recognized during the period is included in “Cost of sales”.

Source of estimation uncertainty

The Group recognizes allowance on inventory obsolescence when inventory items are identified as obsolete. Obsolescence is based on the physical and internal condition of inventory items. Obsolescence is also established when inventory items are no longer marketable. Obsolete goods when identified are charged to the consolidated statements of income and are written off. In addition to an allowance for a specifically identified obsolete inventory, estimation is made on a group basis based on the age of the inventory items. The Group believes such estimates represent a fair charge of the level of inventory obsolescence in a given period. The Group reviews on a monthly basis the condition of its inventory. The assessment of the condition of the inventory either increases or decreases the expenses or total inventory.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at the reporting date.

The Group reviews on a continuous basis the product movement, changes in customer demands and introductions of new products to identify inventories which are to be written down to its net realizable values. The write-down of inventories is reviewed periodically to reflect the accurate valuation in the financial records. An increase in write-down of inventories would increase the recorded cost of sales and decrease current assets.

12. Trade and other receivables

	31 July 2022 US\$'000	30 April 2022 US\$'000
Trade receivables	171,787	189,839
Nontrade receivables	36,938	34,881
Allowance for expected credit loss – trade	(5,507)	(5,850)
Allowance for expected credit loss – nontrade	(4,318)	(4,317)
Trade and other receivables	<u>198,900</u>	<u>214,553</u>

Set out below is the expected credit risk exposure on the Group's trade receivables using simplified approach (provision matrix):

	31 July 2022					
	Days past due					
	Current	<30 days	30-60 days	61-120 days	Over 120 days	Total
	US'000s	US'000s	US'000s	US'000s	US'000s	US'000s
Trade receivables	108,414	40,366	5,441	1,567	15,999	171,787
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	34.42%	—
Expected credit loss	—	—	—	—	5,507	5,507

	30 April 2022					
	Days past due					
	Current	<30 days	30-60 days	61-120 days	Over 120 days	Total
	US'000s	US'000s	US'000s	US'000s	US'000s	US'000s
Trade receivables	121,769	42,343	5,565	1,948	18,214	189,839
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	32.12%	—
Expected credit loss	—	—	—	—	5,850	5,850

The recorded allowance for expected credit loss falls within the Group's historical experience in the collection of trade and other receivables. Therefore, Management believes that there is no significant additional credit risk beyond what has been recorded.

Source of estimation uncertainty

The Group maintains an allowance for impairment of accounts receivable at a level considered adequate to provide for potential uncollectible receivables based on the applicable expected credit loss (ECL) methodology. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. Additionally, allowance is also determined, through a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The amount and timing of recorded expenses for any period would differ if the

Group made different judgement or utilized different estimates. An increase in the Group's allowance for impairment would increase the Group's recorded operating expenses and decrease current assets.

13. Prepaid expenses and other current assets

	31 July 2022 US\$'000	30 April 2022 US\$'000
Prepaid expenses	32,131	32,622
Down payment to contractors and suppliers	16,769	12,737
Short-term placements	1,267	1,288
Derivative asset	686	1,486
Others	507	919
	<u>51,360</u>	<u>49,052</u>

Prepaid expenses consist of advance payments for insurance, advertising, rent and taxes, among others.

Down payment to contractors and suppliers pertains to advance payments for the purchase of materials and supplies that will be used for operations.

Short-term placements have maturities of five months to nine months and earn interest at 0.75%-1.00% per annum.

Derivative

The Group uses interest rate caps, commodity swaps and foreign currency forward contracts to hedge market risks relating to possible adverse changes in interest rates, commodity costs and foreign currency exchange rates. The Group continually monitors its positions and the credit rating of the counterparties involved to mitigate credit exposure to any one party.

As at 31 July 2022 and 30 April 2022, the Group designated each of its derivative contracts, as a hedge of a highly probable forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge").

The following fair value of cash flow hedges were outstanding for the Group:

	31 July 2022 US\$'000	30 April 2022 US\$'000
Note		
Commodity contracts	308	685
Foreign currency forward contracts	378	801
Interest rate cap	(7,896)	(7,896)
Total	(7,210)	(6,410)
Included in:		
Prepaid expenses and other current assets	686	1,486
Other noncurrent liabilities	(7,896)	(7,896)
	(7,210)	(6,410)

The notional amounts of the Group's commodity contracts were as follows as of 31 July 2022 and 30 April 2022:

	31 July 2022 US\$'000	30 April 2022 US\$'000
Natural gas – Metric Million British Thermal Unit (MMBTU)	1,672	1,329
Diesel (gallons)	3,110	1,029

Foreign Currency

From time to time, the Group manages its exposure to fluctuations in foreign currency exchange rates by entering into forward contracts to cover a portion of its projected expenditures paid in local currency. These contracts may have a term of up to 24 months. The Group accounted for these contracts as cash flow hedges.

	31 July 2022 US\$'000	30 April 2022 US\$'000
Mexican pesos	132,330	221,199

Amounts Relating to Hedged Items

The amounts at the reporting date relating to items designated as hedged items are as follows:

31 July 2022			
	Change in value used for calculating hedge effectiveness US\$'000	Cash flow hedge reserve US\$'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied US\$'000
Commodity price risk			
Inventory purchases	132	(5,304)	—
Foreign exchange risk			
Inventory purchases	371	(64)	—
30 April 2022			
	Change in value used for calculating hedge effectiveness US\$'000	Cash flow hedge reserve US\$'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied US\$'000
Interest rate risk			
Variable rate instruments	7,896	(5,922)	—
Commodity price risk			
Inventory purchases	5,986	116	—
Foreign exchange risk			
Inventory purchases	165	413	—

Amounts Relating to Hedging Instruments (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows:

	31 July 2022			During the first three months of fiscal 2023			
	Notional amount	Carrying amount		Line item in the statement of financial position where the hedged instrument is included	Change in the value of hedge instrument recognized in OCI	Amount reclassified from hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
		Assets	Liabilities				
		US\$'000					
Interest rate risk							
Interest rate swaps	575,000	–	(7,896)	Derivative liabilities	–	–	Net finance expense
				Non-Current Liabilities			
Commodity price risk							
Commodity contracts							
Natural gas	1,672	265	–	Prepaid and Other	346	53	Cost of sales
(MMBTU)				Current Assets			
Diesel (gallons)	3,110	43	–	Prepaid and Other	(478)	(305)	Cost of sales
				Current Assets			
Foreign exchange risk							
Foreign currency	132,330	378	–	Prepaid and Other	(371)	(286)	Cost of sales
forwards				Current Assets			

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	30 April 2022			During fiscal 2022			
	Notional amount	Carrying amount		Line item in the statement of financial position where the hedged instrument is included	Change in the value of hedge instrument recognized in OCI	Amount reclassified from hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
		Assets	Liabilities				
US\$'000							
Interest rate risk							
Interest rate swaps	575,000	–	(7,896)	Derivative liabilities	(7,896)	–	Net finance expense
				Non-Current Liabilities			
Commodity price risk							
Commodity contracts							
Natural gas (MMBTU)	1,329	24	–	Prepaid and Other Current Assets	(1,872)	(1,701)	Cost of sales
Diesel (gallons)	1,029	661	–	Prepaid and Other Current Assets	(4,114)	(2,830)	Cost of sales
Foreign exchange risk							
Foreign currency forwards	221,199	801	–	Prepaid and Other Current Assets	(165)	(710)	Cost of sales

Hedging Reserves

The following table provides a reconciliation by risk category of the hedging reserve and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

	Group	
	31 July 2022	30 April 2022
	US\$'000	US\$'000
Balance at beginning of year	(5,395)	1,218
Changes in fair value:		
- Commodity risk	(132)	(5,986)
- Foreign exchange risk	(371)	(165)
- Interest rate risk	–	(7,896)
Amount reclassified to profit or loss		
- Interest rate risk	–	–
Amount included in cost of non-financial items		
- Commodity risk	252	4,531
- Foreign exchange risk	286	710
Tax movements on reserves during the year	(9)	2,193
Balance at end of year	(5,369)	(5,395)

14. Cash and cash equivalents

	31 July 2022	30 April 2022
	US\$'000	US\$'000
Cash on hand	75	67
Cash in banks	23,926	20,902
Cash equivalents	467	884
Cash and cash equivalents	24,468	21,853

Certain cash in bank accounts earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 0.50% per annum for the period (30 April 2022: 0.01% to 0.50% per annum). Cash equivalents are short-term placements which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest rate of 1.00% per annum in fiscal year 2023 (30 April 2022: 0.75% to 1.00% per annum).

15. Reserves

	31 July 2022 US\$'000	30 April 2022 US\$'000
Translation reserve	(103,857)	(95,322)
Remeasurement of retirement plan	43,776	43,752
Revaluation reserve	14,278	14,278
Hedging reserve	(4,939)	(4,963)
Reserve for own shares	(286)	(286)
	<u>(51,028)</u>	<u>(42,541)</u>

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of subsidiaries and joint ventures with functional currencies other than US dollar.

The remeasurement of retirement plan relates to actuarial gains and losses for the defined benefit plans and return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

The revaluation reserve relates to surplus on the revaluation of freehold land of the Group.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect the consolidated statements of income of the Group.

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. As at 31 July 2022 and 30 April 2022, the Group held 975,802 of the Company's shares.

16. Loans and borrowings

	31 July 2022 US\$'000	30 April 2022 US\$'000
Current liabilities		
Unsecured bank loans	364,495	327,794
Secured bank loans	309,479	151,560
	<u>673,974</u>	<u>479,354</u>
Non-current liabilities		
Unsecured bank loans	365,670	384,524
Secured bank loans	714,976	703,488
	<u>1,080,646</u>	<u>1,088,012</u>
	<u>1,754,620</u>	<u>1,567,366</u>

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate % p. a.	Year of maturity	31 July 2022		30 April 2022	
				Face value US\$'000	Carrying amount US\$'000	Face value US\$'000	Carrying amount US\$'000
Group							
Secured bank loans	PHP	4.125%	2025	27,114	27,004	28,662	28,532
Unsecured bank loans	PHP	2.75%-3.75%	2022-2025	145,874	145,748	141,015	140,870
Unsecured 3Y bonds	PHP	3.4840%	2023	105,430	104,694	111,446	110,519
Unsecured 5Y bonds	PHP	3.7563%	2025	11,675	11,550	12,342	12,198
Unsecured bank loans	USD	1.95%-4.31%	2022-2025	380,005	380,000	360,760	360,755
Secured bank loans	USD	5.285%-5.61%	2023-2025	145,000	144,470	145,000	144,309
Secured bridging loan	USD	3.0585%	2023	67,500	67,491	67,500	67,488
Unsecured bonds	USD	3.75%	2024	90,000	88,173	90,000	87,986
Term Loans	USD	6.45%	2029	600,000	586,511		
Secured senior notes	USD	11.875%	2025	–	–	500,000	473,659
Secured bank loan under ABL Credit Agreement	USD	Swingline B – 4.25% ABL Base B – 4.25% Higher of Libor or 1% + 2.875% or total of 3.5625%	2021-2023	203,500	198,979	146,000	141,060
				1,776,098	1,754,620	1,602,725	1,567,366

The balance of unamortized debt issuance cost follows:

	Three months ended 31 July 2022 US\$'000	Year ended 30 April 2022 US\$'000
At beginning of the period/year	35,359	44,702
Additions	13,915	2,915
Amortization	(1,455)	(12,258)
Write-off	(26,341)	–
At end of the period/year	21,478	35,359

Long Term Borrowings

Long-term Borrowings	Original Principal (In '000)	Outstanding Balance as of 31 July 2022 (In '000)	Interest Rate % p.a.	Year of Maturity	Payment Terms (e.g., annually, quarterly, etc.)	Interest paid 1 May 2022 to 31 July 2022 (In '000)
Term Loans	USD 600,000	USD 600,000	6.45%	2029	Monthly interest payments and quarterly installment payments of US\$1.5 million beginning January 2023 and balance on maturity date.	USD 5,683
Unsecured Bonds	PHP 6,478,460	PHP 6,478,460	3Y 3.4840% 5Y 3.7563%	2023/2025	Quarterly interest payments and principal on maturity date.	PHP 45,985
Secured Bridging Loan	USD 75,000	USD 67,500	3.0585%	2023	Quarterly interest payment and principal 10% on August 2021, 10% on August 2022 and 80% on maturity date.	USD 11
Unsecured Loan	USD 75,000	USD 71,932	3.98%	2024	Quarterly interest payment and principal 15% on 11 equal quarterly installments starting July 2022 and 85% on maturity date.	USD 473
Secured Loan	USD 45,000	USD 45,000	5.61%	2025	Quarterly interest payment and principal 5% on April 2023, 5% on April 2024 and 90% on maturity date.	USD 474
Unsecured Loan	USD 30,000	USD 30,000	4.20%	2025	Quarterly interest payment and principal 20% on four equal semi-annual installments starting October 2022 and 80% on maturity date.	USD 323
Secured Loan	USD 100,000	USD 100,000	5.285%	2023	Semi-annual interest payments and principal on maturity date.	USD 1,768
Unsecured Loan	PHP 1,500,000	PHP 1,500,000	3.00%	2025	Quarterly interest payment; and principal on eight quarterly installments starting February 2024	PHP 11,000
Secured Loan	PHP 1,500,000	PHP 1,500,000	4.125%	2023	Quarterly interest payment; and principal on nine quarterly installments starting August 2023	PHP 15,297
Unsecured Loan	USD 57,300	USD 53,003	4.31%	2024	Quarterly interest payment and principal 5%, 10% and 85% in fiscal year 2022, 2023 and 2024, respectively.	USD 378

Unsecured Bonds	USD 90,000	USD 90,000	3.75%	2024	Semi-annual interest payments and principal on maturity date.	USD 1,688
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DMFI Term Loan B

On 16 May 2022, Del Monte Foods, Inc. (DMFI) issued US\$600.0 million of Term Loans (“Notes”). The Notes bear interest equal to a 1-month secured overnight financing rate (SOFR), plus a spread adjustment of 0.10%, plus a margin of 4.25%. As of 31 July 2022, the interest rate for the Notes is 6.54% per annum.

Interest is initially payable monthly and can be paid quarterly at DMFI’s option. The Notes will mature on 16 May 2029. Proceeds of US\$600.0 million from the issuance were used to pay the existing US\$500.0 million Senior Secured Notes and the remainder was used for original issue discount, interest, and fees. The Group paid redemption fee of US\$44.5 million and wrote-off the unamortized debt issuance costs of US\$26.3 million on the Senior Secured Notes (see note 33).

The Notes include restrictive covenants limiting the Group’s ability, and the ability of the Group’s restricted subsidiaries, to incur additional indebtedness, create liens, engage in mergers or consolidations, sell or transfer assets, pay dividends and distributions or repurchase the Group’s capital stock, make investments, loans or advances, prepay certain indebtedness, engage in certain transactions with affiliates, amend agreements governing certain subordinated indebtedness adverse to the lenders, and change the Group’s lines of business.

ABL Credit Agreement

On 15 May 2020, Del Monte Foods Holdings Limited (DMFHL) entered into an agreement to refinance the ABL Credit Agreement with JP Morgan Chase as the administrative agent, and other lenders and agents parties thereto, to provide for senior secured financing of up to \$450.0 million, subject to availability under the borrowing base, with a term of three years until 15 May 2023. On 15 May 2020, \$100.2 million was drawn on this facility. Loans under the ABL Credit Agreement bear interest based on either the Eurodollar rate or the alternative base rate, plus an applicable margin.

On 29 April 2021, the ABL Credit Agreement was extended to five years to the earliest of (a) 29 April 2026 and (b) 91 days prior to the maturity of the Senior Secured Notes or any Refinancing Indebtedness in respect thereof.

As at 31 July 2022, there were US\$203.5 million (30 April 2022: US\$146.0 million) of loans outstanding and US\$24.3 million of letters of credit issued (30 April 2022: US\$24.3 million). The net availability to DMFHL Group under the ABL Credit Agreement was US\$222.2 million as at 31 July 2022 (30 April 2022: US\$279.7 million). The weighted average interest rate was approximately 4.71% on 31 July 2022 (30 April 2022: 4.31%). The ABL Credit Agreement provided for a sub limit for letters of credit and for borrowings on same day notice, referred to as “swingline loans.”

Security interests

Restrictive and Financial Covenants. The ABL Credit Agreement includes restrictive covenants limiting the DMFHL Group’s ability, and the ability of the DMFHL Group’s restricted subsidiaries, to incur additional indebtedness, create liens, engage in mergers or

consolidations, sell or transfer assets, pay dividends and distributions or repurchase the DMFHL Group's capital stock, make investments, loans or advances, prepay certain indebtedness, engage in certain transactions with affiliates, amend agreements governing certain subordinated indebtedness adverse to the lenders, and change the Group's lines of business.

Financial Maintenance Covenants. The ABL Credit Agreement generally does not require that the DMFHL Group including DMFI comply with financial maintenance covenants.

Unsecured Bank Loans

Certain unsecured bank loan agreements contain various affirmative and negative covenants that are typical of these types of facilities such as financial covenants relating to required debt-to-equity ratio, interest cover and maximum annual capital expenditure restrictions. These covenants include requirements for delivery of periodic financial information and restrictions and limitations on indebtedness, investments, acquisitions, guarantees, liens, asset sales, disposals, mergers, changes in business, dividends and other transfers.

17. Other noncurrent liabilities

	31 July 2022 US\$'000	30 April 2022 US\$'000
Workers' compensation	14,042	14,639
Accrued vendors liabilities	627	488
Derivative liabilities	7,896	7,896
	<u>22,565</u>	<u>23,023</u>

Workers' compensation would cover liabilities for wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for tort or negligence.

The current portion of workers' compensation is included in "Trade and other current liabilities" in the consolidated statement of financial position (see note 20).

18. Employee Benefits

Certain Group companies contribute to the post-employment defined benefit plans such as the following:

The DMPI Plan

DMPI has both funded defined benefit and defined contribution retirement plans (collectively the "Plan") which cover all of its regular employees. Contributions and costs are determined in accordance with the actuarial study made for the Plan. Annual cost is determined using the projected unit credit method. DMPI's latest actuarial valuation date was 30 April 2022. Valuations are obtained on a periodic basis.

Starting on the date of membership of an employee in the Plan, DMPI shall contribute to the retirement fund 7.00% of the member's salary as defined every month. In addition, DMPI shall contribute periodically to the fund the amounts which may be required to meet the guaranteed minimum benefit provision of the plan. Such contributions shall not be allocated nor credited to the individual accounts of the members, but shall be retained in a separate account to be used in cases where the guaranteed minimum benefit applies.

Benefits are based on the total amount of contributions and earnings credited to the personal retirement account of the plan member at the time of separation or the 125% of the final basis salary multiplied by the number of credited years of service under the plan, whichever is higher. The manner of payment is lump sum, payable immediately.

The retirement plan meets the minimum retirement benefit specified under Republic Act (RA) No. 7641, The Philippine Retirement Pay Law.

The fund is administered by a trustee bank under the supervision of the Board of Trustees of the Plan which is responsible for the Plan's investment strategy.

DMPI does not expect to make contributions to the plan in fiscal year 2023.

The ROHQ Plan

The ROHQ has a funded defined benefit plan wherein starting on the date of membership of an employee in the ROHQ Plan, the ROHQ contributes to the retirement fund 7.00% of the member's salary every month. In addition, the ROHQ contributes periodically to the fund the amounts which may be required to meet the plan's guaranteed minimum benefit provision. Such contributions shall not be allocated nor credited to the individual accounts of the members, but shall be retained in a separate account to be used in cases where guaranteed minimum benefit applies.

Benefits are based on the total amount of contributions and earnings credited to the personal retirement account of the plan member at the time of separation or 125% of the final basis salary multiplied by the number of credited years of service under the plan, whichever is higher. The manner of payment is lump sum, payable on retirement. The ROHQ's annual contribution to the pension plan consists of payments covering the current service cost for the year plus payments towards funding the actuarial accrued liability, if any.

The ROHQ does not expect to make contributions to the plan in fiscal year 2023.

The DMFI Plan

DMFI sponsors a qualified defined benefit pension plan (the "DMFI Plan") and several unfunded defined benefit post-retirement plans providing certain medical, dental, and life insurance benefits to eligible retired, salaried, non-union hourly and union employees. The DMFI Plan comprises of two parts:

- The first part is a cash balance plan (“Part B”) which provides benefits for eligible salaried employees and provides that a participant’s benefit derives from the accumulation of monthly compensation and interest credits. Compensation credits are calculated based upon the participant’s eligible compensation and age each month. Interest credits are calculated each month by applying an interest factor to the previous month’s ending balance. Participants may elect to receive their benefit in the form of an annuity or a lump sum. Part B of the plan was frozen to new participants effective 31 December 2016, which the active participation of certain participants was grandfathered subject to meeting participation requirements.
- The second part is an arrangement which provides for grandfathered and suspended hourly participants a traditional pension benefit based upon service, final average compensation and age at termination. This plan was frozen since 31 December 1995, which the active participation of certain participants was grandfathered and the active participation of other participants was suspended.

DMFI currently meets and plans to continue to meet the minimum funding levels required under local legislation, which imposes certain consequences on DMFI’s defined benefit plan if it does not meet the minimum funding levels. DMFI has not made any contributions during the three months ended 31 July 2022 and fiscal year 2023.

In fiscal year 2020, there were amendments to the DMFI Plan and the post-retirement benefit plan. Under these DMFI Plan amendments, certain benefits were eliminated effective 31 December 2019 and 30 April 2022 and the plan obligations associated with these amendments decreased by US\$9.1 million. Under the post-retirement amendments, certain benefits will be eliminated effective 30 April 2022 and the plan obligations associated with this amendment would be decreased by US\$5.9 million. Both amendments were recognized immediately in “General and administrative expenses” in the fiscal year 2020 consolidated statements of income.

DMFI does not expect to make contributions to the plan in fiscal year 2023.

19. Environmental remediation liabilities

	31 July 2022	30 April 2022
Note	US\$’000	US\$’000
At beginning of the period/year	203	7,429
Provisions used during the period/year	–	(7,164)
Provisions released during the period/year	–	(62)
At end of the period/year	<u>203</u>	<u>203</u>

The current portion of environmental liabilities of US\$0.1 million is included in “Trade and other current liabilities” in the consolidated statements of financial position (see note 20).

20. Trade and other current liabilities

	Note	31 July 2022 US\$'000	30 April 2022 US\$'000
Trade payables		275,902	196,833
Accrued operating expenses:			
Freight and warehousing		17,120	8,898
Taxes and insurance		9,334	9,044
Interest		6,594	34,122
Professional fees		8,054	6,762
Advertising		7,452	8,825
Tinplate and consigned stocks		6,808	2,569
Trade promotions		5,323	8,607
Salaries, bonuses and other employee benefits		3,209	3,042
Utilities		2,572	3,704
Miscellaneous		10,228	5,541
Overdrafts		11,492	5,655
Accrued payroll expenses		2,940	5,304
Withheld from employees (taxes and social security cost)		1,980	1,466
Deferred revenue		1,795	2,091
Advances from customers		280	241
VAT payables		182	129
		371,265	302,833

Accrued miscellaneous include management fees and other outside services, land and other rental, credit card payable and other importation incidental costs.

21. Revenue

Disaggregation of revenue is presented in Note 4.

Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	Note	31 July 2022 US\$'000	30 April 2022 US\$'000
Receivables, included in Trade and other receivables			
- Gross of ECL allowance	12	171,787	189,839
Contract liabilities	20	1,795	2,091

Contract liabilities pertain to advances from customers which are generally expected to be recognized as revenue within periods of less than one year. Accordingly, opening contract liabilities are recognized within each reporting period. The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose the aggregate amount of the transaction price of unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period because its contracts have original expected durations of one year or less.

22. Income taxes

	Three months ended	
	31 July	
	2022	2021
	US\$'000	US\$'000
Current tax expense		
- Current year	9,068	6,583
Deferred tax expense		
- Origination and reversal of temporary differences	(20,013)	2,350
	(10,945)	8,933
	Three months ended	
	31 July	
	2022	2021
	US\$'000	US\$'000
Reconciliation of effective tax rate		
Profit (loss) before taxation	(41,695)	31,013
Taxation on profit at applicable tax rates	(12,453)	5,337
Final tax on dividend	1,139	2,985
Non-deductible expenses	737	593
Non-taxable income	(2)	(2)
Others	(366)	20
	(10,945)	8,933

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	31 July 2022 US\$'000	30 April 2022 US\$'000	31 July 2022 US\$'000	30 April 2022 US\$'000
Group				
Provisions	6,933	6,532	—	—
Employee benefits	14,565	13,954	—	—
Property, plant and equipment - net	—	—	(14,785)	(14,959)
Intangible assets and goodwill	—	—	(94,786)	(92,089)
Effective portion of changes in fair value of cash flow hedges	1,594	1,603	—	—
Tax loss carry-forwards	158,682	155,391	—	—
Inventories	1,409	1,409	—	—
Biological assets	—	—	(1,751)	(1,916)
Interest	45,208	29,234	—	—
Undistributed profits from subsidiaries	—	—	(1,287)	(5,730)
Charitable contributions	3,321	3,321	—	—
Others	6,618	7,574	—	—
Deferred tax assets (liabilities)	238,330	219,018	(112,609)	(114,694)
Set off of tax	(105,847)	(102,273)	105,847	102,273
Deferred Taxes	132,483	116,745	(6,762)	(12,421)

	Three months ended 31 July	
	2022 US\$'000	2021 US\$'000
Applicable tax rates		
- Philippines (non-PEZA)	25.0%	25.0%
- Philippines (PEZA)*	5.0%	5.0%
- India	31.2%	31.2%
- Singapore	17.0%	17.0%
- United States of America	25.0%	24.5%
- Mexico	30.0%	30.0%
<i>*based on gross profit for the year</i>		

Sources of estimation uncertainty

The Group has exposure to income taxes in several foreign jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

23. Stock option and incentive plans

The Company adopted the Del Monte Pacific Executive Share Option Plan 2016 (“ESOP 2016”), which was approved by the shareholders at the general meeting held on 30 August 2016. The purpose of the ESOP 2016 is to provide an opportunity for Group executives and directors to participate in the equity of the Company in order to motivate them to excel in their performance. The ESOP 2016 shall be valid for a period of 10 years; however, it has yet to be implemented, and no options had been granted to date.

The ESOP 2016 is administered by the Remuneration Share Option Committee (RSOC).

Fair value of share options/awards and assumptions

Date of grant of options/awards	7 March 2008	30 April 2013	1 July 2015	12 May 2009	29 April 2011	30 April 2013	22 August 2013	1 July 2015
	<-----ESOP----->			<----- Del Monte Pacific RSP ----->				
Fair value at measurement date	US\$0.12	US\$0.18	US\$0.29	US\$0.37	US\$0.40	US\$0.18	US\$0.65	US\$0.29
Share price (Singapore Dollars) at grant date	0.615	0.810	0.385	0.540	0.485	0.810	0.840	0.385
Exercise price (Singapore Dollars)	0.627	0.627	0.578	—	—	—	—	—
Expected volatility	5.00%	2.00%	2.00%	—	—	—	—	—
Time to maturity	2 years	2 years	2 years	—	—	—	—	—
Risk-free interest rate	3.31%	1.51%	2.51%	—	—	—	—	—

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

Del Monte Foods Holding Equity Compensation Plan

During the second quarter of fiscal year 2016, Del Monte Foods Holdings, Inc. (DMFHI) established a new plan, the 2015 Executive Long-Term Incentive Plan (“LTIP”), which intends to provide key executives with the opportunity to receive grants of stock options, cash-based awards and other stock-based awards. 9,000,000 shares of common stock of DMFHI were reserved for grant under the plan. In fiscal year 2016, DMFHL granted nonqualified stock options and cash incentive awards under the plan.

In September 2016, the authorized shares reserved for grant under the plan was increased from 9,000,000 to 15,000,000. The plan was already retired in fiscal year 2022.

The fair value for stock options granted was estimated at the date of grant using a Black-Scholes option pricing model. This model estimates the fair value of the options based on a number of assumptions, such as expected option life, interest rates, the current fair market value and expected volatility of common stock and expected dividends. The expected term of options granted was based on the “simplified” method. Expected stock price volatility was determined based on the historical volatilities of comparable companies over a historical period that matches the expected life of the options. The risk-free interest rate was based on the expected U.S. Treasury rate over the expected life. The dividend yield was based on the expectation that no dividends will be paid.

The following table presents the weighted-average assumptions for performance-based stock options granted for the periods indicated:

	3 November 2015
Expected life (in years)	5.5
Expected volatility	38.49%
Risk-free interest rate	1.64%

Stock option activity and related information during the periods indicated are as follows:

	30 April 2022	
	Number of options	Weighted average exercise price
Outstanding at beginning of year	223,500	5
Cancelled	(223,500)	5
Outstanding at end of year	—	—
Exercisable at end of year	—	—

The remaining 223,500 options were cancelled in fiscal year 2022 through a “buy-out” as a means of retiring the plan. Each holder was offered US\$1 per share with a total cost of US\$0.2 million.

24. Accounting classification and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Financial assets at amortized cost US\$'000	Derivatives US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
31 July 2022						
Cash and cash equivalents	14	24,468	—	—	24,468	24,468
Trade and other receivables*	12	201,749	—	—	201,749	201,749
Short-term placements		1,267	—	—	1,267	1,267
Refundable deposits**	9	1,735	—	—	1,735	1,735
Derivative assets	13	—	686	—	686	686
		<u>229,219</u>	<u>686</u>	<u>—</u>	<u>229,905</u>	<u>229,905</u>
Loans and borrowings	15	—	—	1,754,620	1,754,620	1,826,066
Trade and other current liabilities****	17	—	—	367,028	367,028	367,028
Derivative liabilities	16,17	—	7,896	—	7,896	7,896
		<u>—</u>	<u>7,896</u>	<u>2,121,648</u>	<u>2,129,544</u>	<u>2,200,990</u>

* includes noncurrent portion of receivables from sale and leaseback and lease receivables

** included under advance rentals and deposits

*** excludes derivative liabilities, advances from customers, contract liabilities, withheld from employees (taxes and social security cost) and VAT payables

	Note	Financial assets at amortized cost US\$'000	Derivatives US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
30 April 2022						
Cash and cash equivalents	14	21,853	—	—	21,853	21,853
Trade and other receivables*	12	217,565	—	—	217,565	217,565
Short-term placements	13	1,288	—	—	1,288	1,288
Notes receivables	9	1,000	—	—	1,000	1,000
Refundable deposits**	9	2,136	—	—	2,136	2,136
Derivative assets	13	—	1,486	—	1,486	1,486
		<u>243,842</u>	<u>1,486</u>	<u>—</u>	<u>245,328</u>	<u>245,328</u>
Loans and borrowings	15	—	—	1,567,366	1,567,366	1,642,995
Trade and other current liabilities***	17	—	—	298,906	298,906	298,906
Derivative liabilities	16, 17	—	7,896	—	7,896	7,896
		<u>—</u>	<u>7,896</u>	<u>1,866,272</u>	<u>1,874,168</u>	<u>1,949,797</u>

* includes noncurrent portion of receivables from sale and leaseback and lease receivables

** included under advance rentals and deposits

*** excludes derivative liabilities, advances from customers, contract liabilities, withheld from employees (taxes and social security cost) and VAT payables

25. Determination of fair values

Fair value hierarchy

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

	Note	31 July 2022			Totals
		Level 1	Level 2	Level 3	
Financial assets					
Derivative assets	13	–	686	–	686
Non-financial assets					
Fair value of agricultural produce harvested under inventories		–	–	5,343	5,343
Fair value of agricultural produce	10	–	–	42,915	42,915
Freehold land	6	–	–	52,551	52,551
Financial liabilities					
Derivative liabilities	13, 20	–	7,896	–	7,896
Lease liabilities		–	–	110,243	110,243
Loans and borrowings		–	1,200,765	625,301	1,826,066
	Note	30 April 2022			Totals
		Level 1	Level 2	Level 3	
Financial assets					
Derivative assets	13	–	1,486	–	1,486
Notes receivable	9	–	–	1,000	1,000
Non-financial assets					
Fair value of agricultural produce harvested under inventories		–	–	3,375	3,375
Fair value of agricultural produce	10	–	–	47,346	47,346
Freehold land	6	–	–	53,342	53,342
Financial liabilities					
Derivative liabilities	13, 20	–	7,896	–	7,896
Lease liabilities		–	–	131,723	131,723
Loans and borrowings		–	858,253	784,742	1,642,995

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Financial instruments measured at fair value

Type	Valuation technique
Commodities contracts	Market comparison technique: The commodities are traded over-the-counter and are valued based on the Chicago Board of Trade quoted prices for similar instruments in active markets or corroborated by observable market data available from the Energy Information Administration. The values of these contracts are based on the daily settlement prices published by the exchanges on which the contracts are traded.
Derivative liabilities	The estimated fair value of the additional Redeemable and Controllable Preference Shares (RCPS) and call option as at 31 July 2022, is based on the Cox-Ross-Rubinstein (CRR) binomial tree model of valuing derivatives. The value of these derivatives is driven primarily by DMPI's forecasted net income which is not based on observable market data.

Financial instruments not measured at fair value

Type	Valuation technique
Financial liabilities, note receivable and refundable deposits	The fair value of the secured senior notes, first lien term loans, second lien term loans, note receivable and refundable deposits are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2).
Other financial assets and liabilities	The notional amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are, because of the short period to maturity, assumed to approximate their fair values.

Other non-financial assets

Assets	Valuation technique	Significant unobservable inputs
Freehold land	<p>The fair value of freehold land is determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued.</p> <p>The valuation method used is sales comparison approach. This is a comparative approach that considers the sales of similar or substitute properties and related market data and establish a value estimate by involving comparison (Level 3).</p>	<p>The unobservable inputs used to determine market value are the net selling prices, sizes, property location and market values. Other factors considered to determine market value are the desirability, neighborhood, utility, terrain, and the time element involved.</p> <p>The market value per square meter ranges from US\$75.4 to US\$79.3. The market value per acre ranges from US\$4,252 to US\$94,556.</p>
Livestock (cattle for slaughter and cut meat)	Sales Comparison Approach: the valuation model is based on selling price of livestock of similar age, weight, breed and genetic make-up (Level 3).	The unobservable inputs are age, average weight and breed.

Assets	Valuation technique	Significant unobservable inputs
Harvested crops – sold as fresh fruits	The fair values of harvested crops are based on the most reliable estimate of selling prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the fresh fruit reduced by costs to sell (Level 3).	The unobservable input is the estimated pineapple selling price per ton specific for fresh products.
Harvested crops – used in processed products	The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the processed product reduced by costs to sell (concentrates, pineapple beverages, sliced pineapples, etc.) and adjusted for margin associated to further processing (Level 3).	The unobservable input is the estimated pineapple selling price and gross margin per ton specific for processed products.
Unharvested crops – fruits growing on the bearer plants	The growing produce are measured at fair value from the time of maturity of the bearer plant until harvest. Management used future selling prices and gross margin of finished goods, adjusted to remove the margin associated to further processing, less future growing costs applied to the estimated volume of harvest as the basis of fair value.	The unobservable inputs are estimated pineapple selling price and gross margin per ton for fresh and processed products, estimated volume of harvest and future growing costs.

26. Profit for the period

The following non-cash items have been included in arriving at profit for the period:

	Note	Three months ended	
		31 July	
		2022	2021
		US\$'000	US\$'000
Provision for inventory obsolescence		179	499
Provision of allowance for ECL (trade and nontrade)		–	(24)
Amortization of intangible assets	7	1,663	1,663
Amortization of right-of-use assets	30	6,576	7,290
Depreciation of property, plant and equipment		40,118	38,856

27. General and administrative expenses

This account consists of the following:

	Three months ended	
	31 July	
	2022	2021
	US\$'000	US\$'000
Personnel costs	20,266	18,077
Professional and contracted services	5,012	5,944
Computer costs	2,814	3,380
Facilities expense	2,033	2,085
Employee-related expenses	928	646
Postage and telephone	257	290
Research and development projects	163	147
Travelling and business meals	400	138
Utilities	152	142
Materials and supplies	74	128
Auto operating and maintenance costs	74	68
Machinery and equipment maintenance	118	71
Miscellaneous overhead	1,807	1,032
	34,098	32,148

Miscellaneous overhead consists of donation, corporate initiatives, and other expenses.

28. Share capital

	31 July 2022		30 April 2022	
	No. of shares		No. of shares	
	('000)	US\$'000	('000)	US\$'000
Authorized:				
Ordinary shares of US\$0.01 each	3,000,000	30,000	3,000,000	30,000
Preference shares of US\$1.00 each	600,000	600,000	600,000	600,000
	3,600,000	630,000	3,600,000	630,000
Issued and fully paid:				
Ordinary shares of US\$0.01 each	1,944,936	19,449	1,944,936	19,449
Preference shares of US\$1.00 each	10,000	10,000	10,000	10,000
	1,954,936	29,449	1,954,936	29,449

The details of the Company's preference shares are as follows:

Preference Shares	Par Value	Share Capital	Share Premium	Contributed Capital
		US\$'000	US\$'000	US\$'000
Series A-1	US\$1.00	—	—	—
Series A-2	US\$1.00	10,000	90,000	100,000
		10,000	90,000	100,000

The Series A-1 Preference shares were redeemed on 7 April 2022. The Series A-2 Preference shares are non-convertible, have no maturity date and are redeemable on the option of the Company on the fifth anniversary from the issue date (the “Step Up Date”) or on any dividend payment date thereafter. The preference shares bear a cumulative non-participating cash dividend at an initial dividend rate of 6.50% per annum, applicable from the issue date up to the Step Up Date. The dividends are payable semi-annually every 7 April and 7 October of each year, being the last day of each 6-month period following the issue date. If the preference shares have not been redeemed on the Step Up Date, the dividend rate shall be adjusted on the Step Up Date to the sum of the 10-year U.S. Treasury Bond rate (prevailing as of the Step Up Date) plus initial spread plus margin of 2.50% per annum (the “Step Up Rate”). The initial spread shall be 4.44% per annum. However, if the initial dividend rate is higher than the applicable Step Up Rate, there shall be no adjustment to the dividend rate, and the initial dividend rate shall continue to be the dividend rate. The preference shares rank ahead of the ordinary shares in the event of a liquidation.

Dividends

On 23 June 2022, the Company declared dividends of US\$0.0170 per share to ordinary shareholders on record as at 13 July 2022. The special dividend was paid on 27 July 2022.

The Group does not declare dividends based on first quarter and third quarter results. Undeclared preference dividends as at 31 July 2022 amounted to US\$2.1 million.

Capital management

The Board of Directors’ policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group’s capital comprises its share capital, retained earnings and total reserves as presented in the consolidated statements of financial position. The Board monitors the return on capital, which the Group defines as profit or loss for the year divided by total shareholders’ equity. The Board also monitors the level of dividends paid to ordinary shareholders.

The bank loans of the Group contain various covenants with respect to capital maintenance and ability to incur additional indebtedness. The Board ensures that loan covenants are considered as part of its capital management through constant monitoring of covenant results through interim and full year results.

There were no changes in the Group’s approach to capital management during the fiscal year.

29. Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Three months ended	
	31 July	
	2022	2021
Earnings per share is based on:		
Profit (loss) attributable to owners of the Company (US\$'000)	(30,523)	18,322
Cumulative preference share dividends (US\$'000)	(1,625)	(4,938)
	<u>(32,148)</u>	<u>13,384</u>
Weighted average number of ordinary shares ('000):		
Outstanding ordinary shares at 1 Nov /1 May	1,943,960	1,943,960
Effect of shares awards granted	—	—
Weighted average number of ordinary shares at end of period (basic)	<u>1,943,960</u>	<u>1,943,960</u>
Basic/diluted earnings (loss) per share (in U.S. cents)	<u>(1.65)</u>	<u>0.69</u>

30. Leases

Group as a lessee

Set out below are the carrying amount of right-of-use assets recognized and the movements during the period:

	Buildings, land improvements and leasehold improvements	Land	Machineries and equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Cost/Valuation				
At 1 May 2022	137,477	57,076	40,918	235,471
Additions	2,475	1,679	38	4,192
Disposals	(4)	(185)	(67)	(256)
Currency realignment	(1,992)	(3,081)	—	(5,073)
At 31 July 2022	<u>137,956</u>	<u>55,489</u>	<u>40,889</u>	<u>234,334</u>
At 1 May 2021	128,492	50,166	37,384	216,042
Additions	16,131	12,174	3,534	31,839
Disposals	(4,249)	(1,258)	—	(5,507)
Currency realignment	(2,897)	(4,006)	—	(6,903)
At 30 April 2022	<u>137,477</u>	<u>57,076</u>	<u>40,918</u>	<u>235,471</u>

Del Monte Pacific Limited and its Subsidiaries
Unaudited Interim Condensed Consolidated Financial Statements
As at 31 July 2022 and for the periods ended 31 July 2022 and 2021

	Buildings, land improvements and leasehold improvements	Land	Machineries and equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Accumulated amortization				
At 1 May 2022	59,933	20,312	31,687	111,932
Amortization	4,834	2,195	2,070	9,099
Disposals	—	(185)	(67)	(252)
Currency realignment	(509)	(1,179)	—	(1,688)
At 31 July 2022	64,258	21,143	33,690	119,091
At 1 May 2021	43,632	14,521	22,681	80,834
Amortization	21,452	8,645	9,006	39,103
Disposals	(4,222)	(1,258)	—	(5,480)
Currency realignment	(929)	(1,596)	—	(2,525)
At 30 April 2022	59,933	20,312	31,687	111,932
Carrying amounts				
At 31 July 2022	73,698	34,346	7,199	115,243
At 30 April 2022	77,544	36,764	9,231	123,539

The following are the amounts recognized in consolidated statements of income for three months ended 31 July:

	Three months ended 31 July	
	2022	2021
	US\$'000	US\$'000
Amortization expense of right-of-use assets	6,576	7,290
Interest expense on lease liabilities	1,505	1,701
Expenses relating to short-term leases	2,906	2,141
Variable lease payments	36	—
Total amount recognized in consolidated statement of income	11,023	11,132

Amortization expense is net of amount capitalized to inventory amounting to US\$1.5 million and US\$0.8 million for the three months ended 31 July 2022 and 2021, respectively.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	31 July 2022 US\$'000	30 April 2022 US\$'000
At the beginning of period/year	121,320	128,803
Additions	3,931	28,075
Accretion of interest	1,843	7,534
Payments of principal	(13,550)	(38,870)
Adjustments	–	(10)
Terminations	(323)	(151)
Currency realignment	(2,978)	(4,061)
At the end of period/year	110,243	121,320
Current	21,474	29,549
Non-current	88,769	91,771
	110,243	121,320

31. Commitments and contingencies

Purchase commitments

The Group had entered into non-cancellable agreements with growers, co-packers, packaging suppliers and other service providers with commitments generally ranging from one year to ten years, to purchase certain quantities of raw products, including fruit, vegetables, tomatoes and packaging services. As at the reporting date, the Group has commitments for future minimum payments under non-cancellable agreements at approximately US\$1,064.2 million.

Contingencies

As at 31 July 2022, the Group is involved in various legal proceedings and regulatory assessments, and management believes that these proceedings will not have a material effect on the consolidated financial statements.

The Group, in consultation with its external and internal legal and tax counsels, believe that its position on these assessments are consistent with relevant laws and believe that these proceedings will not have a material adverse effect on the consolidated financial statements. However, it is possible that future results of operations could be materially affected by changes in the estimates or the effectiveness of management's strategies relating to these proceedings. As at 31 July 2022, management has assessed that the probable cash outflow to settle these assessments is not material.

32. Related parties

Related party transactions

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the consolidated financial statements, transactions with related parties are as follows:

Category/ Transaction	Period	Amount of the transaction US\$'000	Outstanding balance – receivables/ (payables) US\$'000	Terms	Conditions
Under Common Control					
Shared IT services	July 2022	25	57	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2022	112	41		
Sale of raw materials	July 2022	14	29	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2022	48	(68)		
Sale of apple juice concentrate/materials	July 2022	3	4	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2022	12	–		
Purchases	July 2022	24	(16)	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2022	122	(6)		
Tollpack fees	July 2022	–	18	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2022	12	58		
Security deposit and other charges	July 2022	1	1	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2022	7	–		
Cash advances	July 2022	–	–	Short-term; non-interest bearing	Unsecured; no impairment
	April 2022	1,261	1,261		
Other Related Party					
Management fees from DMPI Retirement fund	July 2022	13	(1)	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2022	53	9		
Rental to DMPI Retirement	July 2022	440	(158)	Due and demandable; non-interest bearing	Unsecured
	April 2022	1,837	(362)		
Rental to NAI Retirement	July 2022	154	(53)	Due and demandable; non-interest bearing	Unsecured
	April 2022	652	(121)		
Rental to DMPI Provident Fund	July 2022	–	–	Short-term; non-interest bearing	Unsecured; no impairment
	April 2022	7	–		
July 2022		674	(119)		
April 2022		4,123	812		

The transactions with related parties are carried out on an arms-length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favorable to the related parties than those extended to unrelated parties. Pricing for the sales of products is market driven, less certain allowances in accordance with applicable business norms. For purchases, the Group's policy is governed by the same internal control procedures which detail matters such as the constitution of internal approving authorities, their monetary jurisdictions, the number of vendors from whom bids are to be obtained and the review procedures. The guiding principle is to objectively obtain the best products and/or services on the best possible terms.

All outstanding balances at financial reporting date are unsecured, interest-free, to be settled in cash, and are collectible or payable on demand. As at 31 July 2022 and 30 April 2022, the Group has not made any provision for ECL relating to amounts owed by related parties.

33. Net Finance Expense

	Three months ended	
	31 July	
	2022	2021
	US\$'000	US\$'000
Finance income		
Foreign exchange gain	2,083	1,556
Interest income from:		
Bank deposits	10	15
Others	230	155
	<u>2,323</u>	<u>1,726</u>
Finance expense		
Interest expenses on:		
Bank loans	(20,915)	(21,624)
Redemption costs related to refinancing	(44,530)	–
Written off portion of debt discount/deferred financing fee	(26,341)	–
Amortization of debt issue cost, discount	(1,455)	(3,024)
Leases	(1,505)	(1,701)
Foreign exchange loss	(370)	(95)
	<u>(95,116)</u>	<u>(26,444)</u>
Net finance expense	<u>(92,793)</u>	<u>(24,718)</u>

34. Share Purchase Agreement and Shareholders' Agreement with Sea Diner Holdings (S) Pte. Ltd.

On 24 July 2020, the Company, CARI, DMPI and SEA Diner, a company incorporated in Singapore, entered into a Share Purchase Agreement and Shareholders' Agreement whereby CARI will sell 335,678,400 existing common shares equivalent to 12% ownership interest in DMPI to SEA Diner for a consideration of US\$120.0 million, subject to fulfilment of certain conditions precedent. These common shares are convertible to voting, convertible, participating and RCPS of DMPI.

The Board and the stockholders of DMPI approved the conversion of the convertible common shares to RCPS subject to the completion of the transaction and the Enabling Resolutions which further defined the terms of the RCPS on 3 March 2020. As at 30 April 2020, the Company, CARI and DMPI had fulfilled the conditions precedent under the Share Purchase Agreement. The closing date of the agreement is on 20 May 2020.

Terms of the RCPS

The terms of the RCPS are as follow:

- The RCPS holders participate in the dividends on an as-converted basis, that is, if common shareholders are entitled to dividends, then the RCPS holders will correspondingly be entitled to dividends on an as-converted basis.
- The investor as an RCPS holder will have proportional shareholder voting rights in DMPI on an as-converted basis. There will also be certain reserved matters (for example, matters not in the ordinary course of business) which the investor will have the right to approve.
- SEA Diner, as long as it holds RCPS, may, at any time, exercise its right to convert the RCPS into common shares of DMPI at a ratio of one (1) RCPS to one (1) common share of DMPI. The RCPS is automatically converted into common share in the event of IPO of DMPI.
- Upon the occurrence of any of certain agreed “RCPS Default Events”, SEA Diner may require the Company, CARI or DMPI to redeem all of the RCPS at the agreed redemption price, which is the amount of RCPS consideration plus the agreed rate of return (compounded on a per annum basis) calculated from 20 May 2020 up to the date of redemption.
- In case of “Other Redemption Events”, redemption shall be subject to the mutual agreement of the parties. If DMPI does not consent to the RCPS holder’s written redemption request, the internal rate of return would be increased annually by 3%, and this increased rate of return shall apply for each year that the RCPS remain outstanding and shall be compounded on a per annum basis.

On 3 August 2020, the SEC approved the amendment of DMPI’s Articles of Incorporation to reflect the conversion of 335,678,400 convertible common shares to RCPS and the removal of the conversion feature of the remaining convertible common shares.

On 16 December 2020, CARI sold additional 27,973,200 common shares of DMPI to SEA Diner for US\$10 million, which increased the ownership of SEA Diner in DMPI to 13%.

As at 30 April 2020 up to the time the RCPS were converted back to common shares on 2 March 2021, the Group is in compliance with the terms set out for the RCPS.

On 1 March 2021, the SEC approved the amendment of DMPI’s Articles of Incorporation to change DMPI’s Php 3 billion authorized capital stock to common shares with a par value of Php 1 per share. Consequently, the 335,678,400 RCPS issued to SEA Diner were converted to 335,678,400 common shares.

Call Option Agreement

On 24 July 2020, the Company, CARI, DMPI and SEA Diner entered into a call option agreement wherein SEA Diner would be entitled to a call option or the right to buy from CARI additional DMPI shares (“Option Shares”). The exercise price for each Option Share is US\$0.357 (computed based on the DMPI equity valuation of US\$1 billion / existing total issued share capital of the DMPI shares of 2,797,320,003 as at the date of the Agreement).

The call option is exercisable within the Option Period which means:

(A) commencing on:

- (i) in the event where an IPO of DMPI is consummated on or before 30 April 2022, and:
 - (a) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalization of US\$2,000,000,000 or lower, the date on which such IPO of DMPI is consummated; or
 - (b) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalisation of more than US\$2,000,000,000 and following such IPO, the SEA Diner sells any DMPI shares at a price per DMPI share which implies that DMPI’s valuation is at or lower than an IPO pre-money market capitalisation of US\$2,000,000,000, the date on which the SEA Diner makes such sale of DMPI shares; or
- (ii) 30 April 2022, if DMPI does not consummate an IPO on or before 30 April 2022; and

(B) ending on the earliest of:

- (i) the date falling ten (10) years after the date of completion of the closing date;
- (ii) the date falling five (5) years after the consummation of an IPO of DMPI; and
- (iii) the date on which the SEA Diner receives an amount in respect of a redemption of its DMPI shares pursuant to the Agreement that provides the SEA Diner with a rate of return of no less than eight (8) per cent.

Source of estimation uncertainty

The Call Option Agreement may give rise to an obligation on the part of CARI to sell additional shares to SEA Diner at the stipulated price subject to certain conditions stated therein. Management assessed that the Group’s derivative liability to sell additional shares to SEA Diner is immaterial as at 31 July 2022 and 30 April 2022 as the estimated pre-money market capitalisation has been established to be higher than the threshold in the Agreement, and the exercise of the call option is subject to mutual consent of both parties.

The fair value of the derivative liability related to the call option is measured using CRR binomial tree model. The inputs to this model are taken from a combination of observable markets and unobservable market data. Changes in inputs about these factors could affect the reported fair value of the derivative liabilities and impact profit or loss.

35. Subsequent Events

On 3 August 2022, DMFI acquired certain assets associated with the Kitchen Basics brand of ready-to-use stock and broth from McCormick & Company. Kitchen Basics products are distributed nationally in the United States and include a range of conventional and organic stock and broth offerings. The Kitchen Basics brand was founded in 1996 as the pioneer in liquid stock and remains an industry leader in the U.S. today, with net sales of approximately US\$45 million. The acquisition is consistent with DMFI's overall growth strategy, as it focuses on innovation, renovation and customization of its iconic brand portfolio. Kitchen Basics will join Del Monte's brand portfolio as the company expands its retail presence in the category.

36. Other Matters

- a. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity.
- b. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- c. Other than those disclosed in other notes, there were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual consolidated statements of financial position date
- d. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.
- e. The effects of seasonality or cyclicity on the interim operations of the Group's businesses are explained in Note 5, Seasonality of operations.
- f. The Group's material commitments for capital expenditure projects have been approved but are still ongoing and not yet completed as of end of 31 July 2022 These consist of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business. The said projects will be carried forward to the next quarter until its completion. The fund to be used for these projects will come from available cash, short-term loans and long-term loans.
- g. The Group is the subject of, or a party to, various suits and pending or threatened litigations. While it is not feasible to predict or determine the ultimate outcome of these matters, the Group believes that none of these legal proceedings will have a material adverse effect on its consolidated financial position.
- h. The retained earnings is restricted for the payment of dividends to the extent representing the accumulated equity in net earnings of the subsidiaries and unrealized asset revaluation reserve. The accumulated equity in net earnings of the subsidiaries is not available for dividend distribution until such time that the Company receives the dividends from the subsidiaries.

i. Deferment of DMPI IPO Due to Volatile Market Conditions

In light of increased market volatility, on 4 August 2021, the Board of the Company, in consultation with its advisors, had decided to delay the IPO of DMPI on the PSE. The Board believed that it is in the best interests of the Company, its shareholders and potential investors to defer the listing until conditions improve.

The Board remains committed to listing DMPI and continues to believe strongly in the growth and resilience of its business.

Annex A

Key Performance Indicators

The following sets forth the explanation why certain performance ratios (i.e., current ratio, debt to equity ratio, net profit margin, return on asset, and return on equity) do not fall within the benchmarks indicated by SEC.

A. Current Ratio

	31-Jul-22	31-Jul-21	30-Apr-22	Benchmark
Current Ratio	1.0765	1.2417	1.1980	Minimum of 1.20

Lower current ratio driven by increase in short-term loans and trade payables in the US for working capital requirements in the coming peak season.

B. Debt to Equity*

	31-Jul-22	31-Jul-21	30-Apr-22	Benchmark
Debt to Equity	4.2239	2.0909	3.1683	Maximum of 2.50

Increase in debt to equity from 30 April 2022 was driven by higher borrowings for the coming peak season and also lower equity due to net loss incurred from refinancing costs.

C. Net Profit Margin

	31-Jul-22	31-Jul-21	30-Apr-22	Benchmark
Net Profit Margin attributable to owners of the company	-6.69%	3.96%	4.27%	Minimum of 3%

Negative margin resulting from net loss from the incurred refinancing costs.

D. Return on Asset**

	31-Jul-22	31-Jul-21	30-Apr-22	Benchmark
Return on Asset	2.29%	4.01%	4.47%	Minimum of 1.21

Lower return driven by net loss in the first quarter of fiscal year 2023 from the incurred refinancing costs.

E. Return on Equity*

	31-Jul-22	31-Jul-21	30-Apr-22	Benchmark
Return on Equity	15.09%	15.89%	23.35%	Minimum of 8%

Lower return driven by net loss in the first quarter of fiscal year 2023 from the incurred refinancing costs.

* *Debt refers to total loans and borrowings.*

** *Based on last twelve months returns*

Material Changes in Accounts

A. Trade and other receivables

Mainly due to timing of collection of revenue.

B. Inventories

Higher inventories in the US driven by higher production ready for peak season

C. Deferred tax asset

Driven by deferred tax on carry forward benefit on interest, in excess of taxable profit, for DMFI.

D. Deferred tax liability

Reversal of deferred tax liability related to DMPI's distribution of profit this quarter.

E. Loans and borrowings

Driven by loan drawdowns of DMFI for working capital requirements and higher long-term loans from refinancing.

F. Trade and other current liabilities

Higher trade payables in the US due to inventory builds in preparation of the pack season.

Liquidity and Covenant Compliance

Certain unsecured bank loan agreements contain various covenants that are typical of these types of facilities such as financial covenants relating to required debt-to-equity ratio, interest cover, and maximum annual capital expenditure restrictions.

The following financial covenants apply to the Company and its subsidiaries, as Borrower.

- For the US\$90.0 million senior notes, the fixed charge coverage ratio shall not fall below 2.25 times.

The following financial covenants apply to the Company and its subsidiaries, as Borrower, excluding DMFHL and its subsidiaries.

- For the US\$57.3 million loan and US\$75.0 million loan from Development Bank of the Philippines (DBP), the debt shall not exceed 3 times the equity.
- For the Php1.5 billion loan from DBP, and DMPI bonds, DMPI's debt service coverage ratio shall not fall below 1.2x and its debt shall not exceed 2.5 times the equity.

The Group monitors its liquidity risk to ensure that it has sufficient resources to meet its liabilities as they become due, under both normal and stressed circumstances without incurring unacceptable losses or risk to the Group's reputation. The Group maintains a balance between continuity of cash inflows and flexibility in the use of available and collateral free credit lines from local and international banks and constantly maintains good relations with its banks, such that additional facilities, whether for short or long term requirements, may be made available.

Annex B

DEL MONTE PACIFIC, LTD.

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

		Three months ended 31 July	
Ratio	Formula	2022	2021
(i) Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	1.1	1.2
Quick Ratio	(Current Assets - Inventory - Prepaid expense - Biological assets) / Current Liabilities	0.2	0.3
(ii) Solvency Ratio	Total Assets / Total Debt*	1.2	1.3
Financial Leverage Ratios:			
Debt Ratio	Total Debt*/Total Assets	0.8	0.7
Debt-to-Equity Ratio	Total Debt*/Total Stockholders' Equity	5.6	3.0
(iii) Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	6.6	4.0
(iv) Interest Coverage	Earnings Before Interest and Taxes (EBIT)** / Interest Charges	-18.8	1.1
(v) Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	28.85%	28.87%
Net Profit Margin attributable to owners of the company	Net Profit attributable to owners / Sales	-6.69%	3.96%
Net Profit Margin	Net Profit / Sales	-6.73%	4.78%
Return on Assets	Net Income*** / Total Assets	2.29%	4.01%
Return on Equity	Net Income*** / Total Stockholders' Equity	15.09%	15.89%

* Total Debt refers to total loans and borrowings.

** EBIT = Profit before tax plus finance expenses excluding foreign exchange gain/loss

*** Last twelve months net income



DEL MONTE PACIFIC LIMITED

Management Discussion and Analysis of Unaudited Financial Condition and Results of Operations for the First Quarter Ended 31 July 2022

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AUDIT

First Quarter FY2023 results covering the period from 1 May to 31 July 2022 have neither been audited nor reviewed by the Group's auditors.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's FY2022 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2022. Adoption of these new standards did not have any significant impact on the Group's consolidated financial statements.

- Amendments to IFRS 3, Reference to the Conceptual Framework.
- Amendments to IAS 16, Plant and Equipment: Proceeds before Intended Use.
- Amendments to IAS 37, Onerous Contracts – Costs of Fulfilling a Contract.
- Annual Improvements to IFRSs 2018-2020 Cycle

DISCLAIMER

This announcement may contain statements regarding the business of Del Monte Pacific Limited and its subsidiaries (the "Group") that are of a forward-looking nature and are therefore based on management's assumptions about future developments. Such forward looking statements are typically identified by words such as 'believe', 'estimate', 'intend', 'may', 'expect', and 'project' and similar expressions as they relate to the Group. Forward looking statements involve certain risks and uncertainties as they relate to future events. Actual results may vary materially from those targeted, expected or projected due to various factors.

Representative examples of these factors include (without limitation) general economic and business conditions, change in business strategy or development plans, weather conditions, crop yields, service providers' performance, production efficiencies, input costs and availability, competition, shifts in customer demands and preferences, market acceptance of new products, industry trends, and changes in government and environmental regulations. Such factors that may affect the Group's future financial results are detailed in the Annual Report. The reader is cautioned to not unduly rely on these forward-looking statements.

Neither the Group nor its advisers and representatives shall have any liability whatsoever for any loss arising, whether directly or indirectly, from any use or distribution of this announcement or its contents.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe to shares in Del Monte Pacific.

SIGNED UNDERTAKING FROM DIRECTORS AND EXECUTIVE OFFICERS

The Company confirms that the undertakings from all its Directors and Executive Officers as required in the format as set out in Appendix 7.7 under Rule 720(1) have been procured.

DIRECTORS' ASSURANCE

Confirmation by Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST.

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Del Monte Pacific Limited which may render these interim financial statements to be false or misleading in any material aspect.

For and on behalf of the Board of Directors of Del Monte Pacific Limited

(Signed)
Rolando C. Gapud
Executive Chairman

(Signed)
Joselito D. Campos, Jr.
Executive Director

8 September 2022

NOTES ON THE 1Q FY2023 DMPL RESULTS

- On 30 April 2020, the Group recognized the sale of a 12% stake in Del Monte Philippines, Inc. (DMPI) and started recognizing this as non-controlling interest (NCI) on 1 May 2020. On 16 December 2020, the Group recognized an additional sale of 1% stake in DMPI thereby increasing the NCI share to 13%. In addition, DMPL's effective stake in Del Monte Foods, Inc. (DMFI) increased to 93.6% starting 15 May 2020 and had henceforth recognized a 6.4% NCI. These two comprise the NCI line in the P&L. Net profit/(loss) is net of NCI. Please refer also to profit and loss summary of DMFI and DMPI on page 19 (gross of NCI).
- FY means Fiscal Year for the purposes of this MD&A.
- The Group adopted the amendments to IAS 16 and IAS 41 (Agriculture: Bearer Plants) in April 2017. The change in accounting standard was applied retrospectively. This involved reclassifying a portion of biological assets to plant, property and equipment leading to much higher depreciation expense. However, for EBITDA calculation, the Group retained the old calculation using the lower depreciation.

FINANCIAL HIGHLIGHTS – FIRST QUARTER ENDED 31 JULY 2022

	For the quarter ended 31 July		
	Fiscal Year 2023	Fiscal Year 2022	% Change
<i>in US\$'000 unless otherwise stated¹</i>			
Turnover	456,587	462,134	(1.2)
Gross profit	131,736	133,420	(1.3)
Gross margin (%)	28.9	28.9	0.0
EBITDA	70,045	74,983	(6.6)
Operating profit	50,430	56,773	(11.2)
Operating margin (%)	11.0	12.3	(1.3)
Net profit attributable to owners of the Company	(30,523)	18,322	(266.6)
Net margin (%)	(6.7)	4.0	(10.7)
EPS (US cents)	(1.65)	0.69	(339.1)
EPS before preference dividends (US cents)	(1.57)	0.94	(267.0)
Net profit attributable to owners of the Company (Without one-off items ²)	19,639	18,322	7.2
Net debt	1,730,152	1,303,688	32.7
Gearing (%) ³	416.5	206.0	210.5
Net debt to adjusted EBITDA ⁴	5.0	3.8	1.2
Cash flow from operations	6,003	48,491	(87.6)
Capital expenditure	43,026	42,432	1.4
Inventory (days)	215	170	45
Receivables (days)	36	33	3
Account Payables (days)	69	61	8

¹ The Company's reporting currency is US dollars. For conversion to S\$, the following exchange rates can be used: 1.38 in July 2022 and 1.33 in July 2021. For conversion to PhP, these exchange rates can be used: 52.87 in July 2022 and 48.87 in July 2021.

² Please refer to the last page of this MD&A for a schedule of the one-off items

³ Gearing = Net Debt / Equity

⁴ Adjusted EBITDA = Last twelve months without one-off items

REVIEW OF OPERATING PERFORMANCE

The Group generated sales of US\$456.6 million for the first quarter of FY2023, lower by 1.2% versus the prior year quarter driven by lower sales in the Philippines partly offset by higher sales in the US as well as higher exports of fresh and packaged pineapples and other products.

The Group's US subsidiary, Del Monte Foods, Inc. (DMFI) generated US\$302.4 million or 66.2% of Group sales. DMFI's sales increased by US\$4.3 million or 1.5% driven by branded retail in the US and growth in Latin America. Revenue growth was mainly driven by pricing taken across categories in line with inflation offsetting impact from inventory de-loading by key customers and supply constraints mainly in Plastic Fruit Cup and Produce segments.

DMFI continues to pursue its innovation efforts and expand on new product offerings in the recent years. New products launched in the past three years contributed 6.8% to DMFI's total sales in the first quarter.

The higher sales performance in the first quarter more than offset cost increases driven by inflation and logistics headwinds resulted in DMFI generating a gross profit of US\$78.4 million, higher by 1.5% versus prior year quarter's US\$77.3 million. Gross margin at 25.9% was in line with prior year.

DMPL ex-DMFI generated sales of US\$173.7 million (inclusive of the US\$19.5 million sales by DMPL to DMFI which were netted out during consolidation) which were 5.3% lower than the US\$183.4 million sales in the prior year quarter. The higher exports sales of S&W fresh and processed pineapples and other products were offset by lower sales and unfavorable forex impact from the Philippines.

DMPL ex-DMFI delivered a lower gross margin of 30.3% from 30.8% in the same period last year as overall pricing improvement was offset by higher product costs brought about by increase in prices of raw and packaging materials particularly tinsplate, sugar, tomato paste as well as fuel and related inputs.

The Group's second largest subsidiary, DMPI, achieved sales of US\$168.5 million, up 3.6% in peso terms versus the prior year period driven by increased sales of S&W branded processed and fresh pineapples. However, net profit of US\$19.7 million was down 16.9% in peso terms, as higher sales were offset by higher product and distribution costs attributed to inflation. About half of DMPI's sales are in the Philippines, with the balance in the international market and others.

In the Philippines, sales were lower by 18.2% in US dollar terms and 9.7% in peso terms driven by the decline in volume across core categories as consumers continued to adjust to high inflationary environment. Packaged mixed fruits and beverage sales were down as consumers shifted priorities in the face of high food prices, and are spending more on necessities and products offering improved value. Del Monte Philippines capitalized by highlighting the superior value and post-pandemic relevance of multi-flavored juice drinks in large packs, which grew by 12%. Value promotions also encouraged higher purchases among the current households, especially with tomato sauce. The first quarter also saw the temporary impact of transitions to new distributors which are expected to deliver increased reach and downline availability across categories.

Furthermore, we also de-loaded inventory in the trade by three weeks. Our offtake in General Trade grew by 7% versus prior year and with reduced inventory across categories, we are poised for a stronger festive season. Del Monte's volume and market share of packaged pineapples in the Philippines increased from sustained marketing programs. New innovations in dairy and snacking are gaining traction, now accounting for 8.2% of Philippine market sales. Foodservice sales rose 19.8% with increased consumer traffic and dining out. Convenience stores also started to fully re-open, with first quarter sales up by 38.5%.

Sales of packaged products in the international markets grew by 12.3% on the back of robust sales of S&W canned pineapple and mixed fruit in North Asia, canned Del Monte Deluxe Gold premium pineapple in USA and pineapple juice concentrate in Europe and North Asia.

In FY2022, the Company launched the naturally-ripened extra sweet S&W Deluxe Premium fresh pineapple in China, Japan and South Korea with favorable market feedback, which has continued to gain traction in China's retail segment. The fresh business performed strongly, up 19.8%, driven by additional sales from this premium pineapple variety along with improved supply of S&W Sweet 16 pineapple.

DMPL's share in Del Monte Foods Private Limited (formerly FieldFresh), the joint venture in India, was a US\$0.6 million profit which is a significant improvement from prior year quarter's share in losses of US\$0.7 million. B2B business delivered solid performance with a 66% sales increase supported by growth in foodservice, key accounts and exports. B2C sales also grew double digit at 19% coming from increases in core categories both in modern and general trade channels.

DMFI delivered an EBITDA of US\$36.0 million, down 4.1% versus the US\$37.5 million in the prior year quarter driven by higher logistics and operating costs which more than offset the favorable impact of higher sales.

In May 2022, DMFI raised US\$600 million through a 7-year Term Loan B facility maturing in 2029 at Adjusted Secured Overnight Financing Rate (SOFR), with a floor of 0.5%, plus 4.25% p.a. Proceeds were used to primarily redeem the US\$500 million Senior Secured Notes plus redemption fees and accrued interest. The said Notes had an interest rate of 11.875% p.a. and were due to mature in 2025. The much lower interest rate, currently at 6.45% p.a., from the Term Loan B is expected to result in about US\$20-30 million interest savings per year. The redemption of the Notes incurred a one-off cost of US\$71.9 million or US\$50.2 million post tax and NCI. US\$26.3 million of the US\$71.9 million was non-cash. Please refer to page 23 for the details of the one-off cost.

As a result of this one-off cost, DMFI generated a net loss of US\$42.2 million. Excluding one-off cost, DMFI delivered a net income of US\$8.0 million, 66.8% higher versus prior year quarter which was mainly driven by savings from lower interest as a result of the refinancing.

DMPL ex-DMFI generated an EBITDA of US\$33.1 million, lower by 12.4%, and a net profit of US\$17.1 million lower by 17.1% versus the US\$20.6 million in the same quarter last year driven by lower margins as discussed above.

The Group generated an EBITDA of US\$70.0 million which was lower versus prior year's US\$75.0 million and a net loss of US\$30.5 million versus prior year quarter's net income of US\$18.3 million, mainly driven by the one-off redemption cost of DMFI. On a recurring basis, the Group generated a net income of US\$19.6 million which was 7.2% higher versus prior year quarter mainly driven by savings from interest and improved results from joint ventures Del Monte Foods Private Limited and Nice Fruit.

The Group's net debt/adjusted EBITDA increased to 5.0x from 3.8x last year and gearing to 4.2x from 2.1x due to higher loans from DMPL's US\$200 million Series A-1 Preference Shares redemption in April 2022, DMFI's Senior Secured Notes refinancing in May 2022, increase in DMFI's ABL (working capital) loans, and lower equity due to net losses arising from refinancing costs. The impact of the one-off redemption cost on leverage was about 0.5x and will be diluted as we expect to have higher profitability in the coming quarters.

The Group's cash flow from operations in the first quarter was US\$6.0 million which was lower versus last year's US\$48.5 million mainly due to higher inventories.

SUBSEQUENT EVENT

On 3 August 2022, DMFI acquired certain assets associated with the Kitchen Basics brand of ready-to-use stock and broth from McCormick & Company. Kitchen Basics products are distributed nationally in the United States and include a range of conventional and organic stock and broth offerings. The Kitchen Basics brand was founded in 1996 as the pioneer in liquid stock and remains an industry leader in the U.S. today, with net sales of approximately US\$45 million. The acquisition is consistent with DMFI's overall growth strategy, as it focuses on innovation, renovation and customization of its iconic brand portfolio. Kitchen Basics will join Del Monte's brand portfolio as the company expands its retail presence in the category.

VARIANCE FROM PROSPECT STATEMENT

The Group expects to generate profits for the balance of the year. It is on track to achieving a net profit after the one-off redemption cost.

BUSINESS OUTLOOK

In an environment with increased emphasis on health and wellness, the Del Monte Pacific Group is well-positioned to respond to consumer trends given its nutritious and long shelf-life products which enable consumers to prepare meals at home and build their immunity. This trend has been supported with campaigns highlighting the functional health benefits of its products. The Group's iconic brands, Del Monte, S&W, Contadina and College Inn, are trusted names with over a century-long heritage of quality.

Our operating subsidiaries will continue to be one of the leading CPG companies in the markets we serve. We will strive to maintain all our operating metrics at the highest possible levels. Our strong portfolio of branded health and wellness products, together with our entry into adjacent and new categories, will allow us to maintain our revenue and income growth over the years to come. We also expect a new growth stream from our recent acquisition of Kitchen Basics, as well as from new e-commerce infrastructure.

Amidst an inflationary environment, we remain vigilant in managing our operating expenses and have embarked on a number of cost optimization and revenue enhancing initiatives, mindful that the road ahead still holds many challenges. DMPL is proactively addressing inflationary impact from commodity headwinds and increased transportation costs through revenue and cost drivers including driving efficiencies and productivity across operation. DMFI has embarked on a number of cost optimization initiatives including distribution center consolidation and increased use of rail instead of trucks to save on fuel cost.

Barring unforeseen circumstances, the Group expects to generate a net profit after the one-off redemption cost in FY2023.

REVIEW OF TURNOVER, GROSS PROFIT AND OPERATING PROFIT

AMERICAS

For the quarter ended 31 July

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2023	FY2022	% Chg	FY2023	FY2022	% Chg	FY2023	FY2022	% Chg
Packaged vegetable	115,090	114,925	0.1	48,899	44,297	10.4	29,288	27,135	7.9
Packaged fruit	131,406	132,145	(0.6)	20,915	25,335	(17.4)	(1,855)	952	(294.9)
Beverage	11,475	6,222	84.4	4,459	1,260	253.9	1,849	15	nm
Culinary	44,467	45,172	(1.6)	8,689	8,896	(2.3)	752	2,313	(67.5)
Others	901	1,412	(36.2)	(328)	(172)	(90.7)	(668)	(2,473)	73.0
Total	303,339	299,876	1.2	82,634	79,616	3.8	29,366	27,942	5.1

Reported under the Americas segment are sales and profit on sales in USA, Canada and Mexico. Majority of this segment's sales are principally sold under the Del Monte brand but also includes products under the Contadina, S&W, College Inn and other brands. This segment also includes sales of private label food products. Sales in the Americas are distributed across the United States, in all channels serving retail markets, as well as to the US military, certain export markets, the foodservice industry and other food processors.

Sales in the Americas increased by 1.2% to US\$303.3 million, driven by branded retail in the US and growth in Latin America. Revenue growth was mainly driven by pricing taken across categories in line with inflation offsetting impact from inventory de-loading by key customers and supply constraints mainly in Plastic Fruit Cup and Produce segments.

Gross profit was higher by 3.8% this quarter driven by higher net sales.

Americas reported an operating profit for the quarter of US\$29.4 million versus prior year quarter's US\$27.9 million mainly due to improved margins as discussed above.

ASIA PACIFIC

For the quarter ended 31 July

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2023	FY2022	% Chg	FY2023	FY2022	% Chg	FY2023	FY2022	% Chg
Packaged vegetable	521	517	0.8	104	111	(6.3)	86	90	(4.4)
Packaged fruit	24,683	29,788	(17.1)	7,159	9,483	(24.5)	3,708	6,572	(43.6)
Beverage	33,149	37,485	(11.6)	10,280	11,442	(10.2)	4,930	6,963	(29.2)
Culinary	31,063	34,331	(9.5)	12,461	14,302	(12.9)	9,024	10,428	(13.5)
Others	56,195	53,724	4.6	16,764	16,559	1.2	1,885	4,069	(53.7)
Total	145,611	155,845	(6.6)	46,768	51,897	(9.9)	19,633	28,122	(30.2)

Reported under this segment are sales and profit on sales in the Philippines, comprising of Del Monte branded packaged products, including Del Monte traded goods, and Today's brand; S&W products in Asia and the Middle East both fresh and packaged; and Del Monte packaged products from the Philippines into Indian subcontinent as well as unbranded Fresh and packaged goods.

Asia Pacific's sales in the first quarter declined by 6.6% to US\$145.6 million from US\$155.8 million driven by lower sales and unfavorable forex impact from the Philippines.

In the Philippines, sales declined by 18.2% in US dollar terms and by 9.7% in peso terms driven by the decline in volume across core categories as consumers continued to adjust to high inflationary environment.

However, sales of S&W fresh and packaged products grew strongly by 27.0%.

EUROPE

For the quarter ended 31 July

In US\$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2023	FY2022	% Chg	FY2023	FY2022	% Chg	FY2023	FY2022	% Chg
Packaged fruit	4,335	4,891	(11.4)	1,244	1,580	(21.3)	501	591	(15.2)
Beverage	3,246	1,466	121.4	1,061	309	243.4	903	109	728.4
Culinary	56	56	-	29	18	61.1	27	9	200.0
Total	7,637	6,413	19.1	2,334	1,907	22.4	1,431	709	101.8

Included in this segment are sales of co-branded and unbranded products in Europe.

For the first quarter, Europe's sales increased by 19.1% to US\$7.6 million from US\$6.4 million on higher pineapple juice concentrate sales. Gross profit also rose 22.4%, and Europe generated an operating income of US\$1.4 million, an increase from prior year period's operating income of US\$0.7 million driven by higher PJC sales.

REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

% of Turnover	For the quarter ended 31 July		
	FY2023	FY2022	Explanatory Notes
Cost of Goods Sold	71.1	71.1	Flat against last year. Increase in product costs was offset by pricing actions.
Distribution and Selling Expenses	10.9	9.3	Higher ocean freight cost in DMFI and DMPI
G&A Expenses	7.5	7.0	Driven by higher personnel cost in DMFI
Other Operating Expenses (Income)	(0.5)	0.4	Loss last year in DMFI driven by Hanford

REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

In US\$'000	For the quarter ended 31 July			
	FY2023	FY2022	%	Explanatory Notes
Depreciation and amortization	(49,828)	(48,607)	(2.5)	Higher depreciation of bearer plants from DMPI due to higher harvested tons
Reversal/ (Provision) of asset impairment	-	(47)	nm	Impairment losses last year in DMFI driven by Hanford
Reversal/ (Provision) for inventory obsolescence	(72)	236	(130.5)	Driven by obsolescence on DMPI's finished goods
Reversal/ (Provision) for doubtful debts	-	11	(100.0)	nm
Net gain/(loss) on disposal of fixed assets	-	102	(100.0)	Gain last year in DMFI from disposal of a pea harvester.
Foreign exchange gain/(loss)- net	1,713	1,461	17.2	Higher forex gain in DMPI
Interest income	240	170	41.2	Driven by DMPI for interest charges on unpaid warehousing fees.
Interest expense	(94,746)	(26,349)	(259.6)	Driven by redemption cost and write-off of deferred financing cost related to refinancing
Share in net loss of JV	668	(1,042)	164.1	Improvement in results for the FieldFresh joint venture from higher sales and margins.
Taxation benefit (expense)	10,945	(8,933)	222.5	Tax benefit driven by net loss in DMFI due to one-off refinancing costs.

REVIEW OF GROUP ASSETS AND LIABILITIES

Balance Sheet	31 July 2022 (Unaudited)	31 July 2021 (Unaudited)	30 April 2022 (Audited)	% Variance vs April FY22	Explanatory Notes
In US\$'000					
ASSETS					
Property, plant and equipment - net	562,872	535,557	577,647	(2.6)	nm
Right-of-use (ROU) assets	115,243	125,650	123,539	(6.7)	Mainly due to amortizations on ROU assets
Investment in joint ventures	18,808	21,677	17,172	9.5	Increase driven by additional investment in joint venture and share in profits of FieldFresh
Intangible assets and goodwill	686,384	693,034	688,047	(0.2)	nm
Other noncurrent assets	27,196	22,243	30,411	(10.6)	Reclass of notes receivable to current, and lower downpayments for capital expenditures
Deferred tax assets - net	132,483	128,089	116,745	13.5	Driven by deferred tax on carry forward benefit on interest, in excess of taxable profit, for DMFI
Pension assets	8,995	7,147	9,799	(8.2)	Driven by accrual of retirement expense in DMPI
Biological assets	45,560	45,919	50,081	(9.0)	Decrease due to harvest and lower valuation on produce prior to harvest
Inventories	868,256	681,878	685,958	26.6	Higher inventories in the US driven by higher production ready for peak season
Trade and other receivables	198,900	184,953	214,553	(7.3)	Timing of collection of sales
Prepaid expenses and other current assets	51,360	42,840	49,052	4.7	nm
Cash and cash equivalents	24,468	19,582	21,853	12.0	Increase driven by additional loans
EQUITY					
Share capital	29,449	49,449	29,449	0.0	nm
Share premium	298,339	478,339	298,339	0.0	nm
Retained earnings	76,546	78,361	140,320	(45.4)	Net loss and dividend distribution
Reserves	(51,028)	(34,990)	(42,541)	(20.0)	Driven by translation adjustment
Non-controlling interest	62,095	61,697	69,138	(10.2)	Share in net loss and dividends received
LIABILITIES					
Loans and borrowings	1,754,620	1,323,270	1,567,366	11.9	Driven by DMFI refinancing and higher short term loans for working capital requirements
Lease liabilities	110,243	116,064	121,320	(9.1)	Driven by lease payments
Other noncurrent liabilities	22,565	18,864	23,023	(2.0)	nm
Employee benefits	54,556	62,214	61,300	(11.0)	Driven by DMFI due to payout of benefits in July
Environmental remediation liabilities	203	265	203	0.0	nm
Deferred tax liabilities - net	6,762	6,805	12,421	(45.6)	Reversal of deferred tax liability related to DMPI's distribution of profit this quarter.
Trade and other current liabilities	371,265	341,977	302,833	22.6	Higher trade payables in the US due to inventory builds in preparation of the pack season
Current tax liabilities	4,910	6,254	1,686	191.2	Timing of tax payment for DMPI

SHARE CAPITAL

Total shares outstanding were 1,953,960,024 (common shares 1,943,960,024 and preference shares 10,000,000) as of 31 July 2022. On 7 April 2022, the Company redeemed all of the outstanding 20,000,000 Series A-1 Preference Shares. Share capital was US\$29.5 million as of 31 July 2022 and 30 April 2022. Market price options and share awards were granted pursuant to the Company's Executive Stock Option Plan and Restricted Share Plan as set out in the table below. No options or share awards were granted since 2015.

Date of Grant	Options	Share Awards	Recipient(s)
7 March 2008	1,550,000	1,725,000	Key Executives
20 May 2008	–	1,611,000	CEO
12 May 2009	–	3,749,000	Key Executives
29 April 2011	–	2,643,000	CEO
21 November 2011	–	67,700	Non-Executive Director
30 April 2013	150,000	486,880	Key Executives
22 August 2013	–	688,000	Executive/Non-Executive Directors
1 July 2015	75,765	57,918	Executive/Non-Executive Directors

The number of shares outstanding excludes 975,802 shares held by the Company as treasury shares as at 31 July 2022 and 30 April 2022. There was no sale, disposal and cancellation of treasury shares during the quarter and as at 31 July 2022.

BORROWINGS AND NET DEBT

<i>Liquidity in US\$'000</i>	31 July 2022 (Unaudited)	31 July 2021 (Unaudited)	30 April 2022 (Audited)
Gross borrowings	(1,754,620)	(1,323,270)	(1,567,366)
Current	(673,974)	(378,036)	(479,354)
Secured	(309,479)	(113,481)	(151,560)
Unsecured	(364,495)	(264,555)	(327,794)
Non-current	(1,080,646)	(945,234)	(1,088,012)
Secured	(714,976)	(663,235)	(703,488)
Unsecured	(365,670)	(281,999)	(384,524)
Less: Cash and bank balances	24,468	19,582	21,853
Net debt	(1,730,152)	(1,303,688)	(1,545,513)

The Group's net debt (borrowings less cash and bank balances) amounted to US\$1.73 billion as at 31 July 2022, higher than the US\$1.54 billion as at 30 April 2022 due to higher loans from DMPL's US\$200 million Series A-1 Preference Shares redemption in April 2022, DMFI's Senior Secured Notes refinancing in May 2022, and increase in DMFI's ABL (working capital) loans.

DIVIDENDS

No dividends were declared for this quarter and the prior year quarter. The Group does not declare dividends based on first quarter, third quarter or nine months results. The last dividend declaration was in June 2022 based on FY2022 results, and paid on 27 July 2022.

INTERESTED PERSON TRANSACTIONS

The aggregate value of IPT conducted pursuant to shareholders' mandate obtained in accordance with Chapter 9 of the Singapore Exchange's Listing Manual was as follows:

In US\$'000		Aggregate value of all IPTs (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
For the quarter ended 31 July	Nature of Relationship	FY2023	FY2022	FY2023	FY2022
NutriAsia, Inc	Affiliate of the Company		-	79	69
DMPI Retirement Fund	Retirement Fund of Subsidiary's Employees		-	441	461
NutriAsia, Inc Retirement Fund	Retirement Fund of Affiliate's Employees		-	154	162
Aggregate Value		-	-	674	692

DEL MONTE PACIFIC LIMITED
UNAUDITED CONSOLIDATED INCOME STATEMENT

Amounts in US\$'000	For the quarter ended 31 July		
	FY2023 (Unaudited)	FY2022 (Unaudited)	%
Turnover	456,587	462,134	(1.2)
Cost of sales	(324,851)	(328,714)	1.2
Gross profit	131,736	133,420	(1.3)
Distribution and selling expenses	(49,645)	(42,818)	(15.9)
General and administration expenses	(34,098)	(32,148)	(6.1)
Other operating income/(loss)	2,437	(1,681)	245.0
Profit from operations	50,430	56,773	(11.2)
Financial income*	2,323	1,726	34.6
Financial expense**	(95,116)	(26,444)	(259.7)
Share in net loss of joint venture	668	(1,042)	164.1
Profit before taxation	(41,695)	31,013	(234.4)
Taxation	10,945	(8,933)	222.5
Profit after taxation	(30,750)	22,080	(239.3)
Profit attributable to:			
Owners of the Company	(30,523)	18,322	(266.6)
Non-controlling interest***	(227)	3,758	(106.0)
Profit for the period	(30,750)	22,080	(239.3)
Notes:			
Depreciation and amortization	(49,828)	(48,607)	(2.5)
Reversal of (provision for) asset impairment	-	(47)	nm
Reversal of (provision for) inventory obsolescence	(72)	236	(130.5)
Provision for doubtful debts	-	11	(100.0)
Gain (loss) on disposal of fixed assets	-	102	(100.0)
*Financial income comprise:			
Interest income	240	170	41.2
Foreign exchange gain	2,083	1,556	33.9
	2,323	1,726	34.6
**Financial expense comprise:			
Interest expense	(94,746)	(26,349)	(259.6)
Foreign exchange loss	(370)	(95)	(289.5)
	(95,116)	(26,444)	(259.7)

nm – not meaningful

Earnings per ordinary share in US cents	For the quarter ended 31 July	
	FY2023	FY2022
Earnings per ordinary share based on net profit attributable to shareholders:		
(i) Based on weighted average no. of ordinary shares	(1.65)	0.69
(ii) On a fully diluted basis	(1.65)	0.69

***Includes (US\$2,897m) for DMFI, US\$2,611m for DMPI and US\$59m for Del Monte Foods Private Limited (previously FieldFresh) in first quarter ended 31 July of FY2023 and US\$330m for DMFI, US\$3,463m for DMPI and (US\$34m) for Del Monte Foods Private Limited (previously FieldFresh) for the first quarter ended 31 July of FY2022.

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

Amounts in US\$'000	For the quarter ended 31 July		
	FY2023 (Unaudited)	FY2022 (Unaudited)	%
Profit for the period	(30,750)	22,080	(239.3)
Other comprehensive income (after reclassification adjustment):			
<i>Items that will or may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating of foreign operations	(9,796)	(7,022)	(39.5)
Effective portion of changes in fair value of cash flow hedges	35	1,498	(97.7)
Income tax expense on cash flow hedge	(9)	(367)	97.5
	(9,770)	(5,891)	(65.8)
<i>Items that will not be classified to profit or loss</i>			
Remeasurement of retirement benefit	32	24	33.3
Income tax expense on retirement benefit	(4)	(3)	(33.3)
	28	21	33.3
Other comprehensive income/(loss) for the period	(9,742)	(5,870)	(66.0)
Total comprehensive income for the period	(40,492)	16,210	(349.8)
Attributable to:			
Owners of the Company	(39,010)	13,285	(393.6)
Non-controlling interests	(1,482)	2,925	(150.7)
Total comprehensive income for the period	(40,492)	16,210	(349.8)

Please refer to page 3 for the Notes

DEL MONTE PACIFIC LIMITED **UNAUDITED STATEMENT OF FINANCIAL POSITION**

<i>Amounts in US\$'000</i>	Group			Company		
	31 July 2022 (Unaudited)	31 July 2021 (Unaudited)	30 April 2022 (Audited)	31 July 2022 (Unaudited)	31 July 2021 (Unaudited)	30 April 2022 (Audited)
Non-Current Assets						
Property, plant and equipment - net	562,872	535,557	577,647	-	-	-
Right-of-use (ROU) assets	115,243	125,650	123,539	101	58	132
Investment in subsidiaries	-	-	-	917,053	905,799	980,008
Investment in joint ventures	18,808	21,677	17,172	2,830	2,446	2,836
Intangible assets and goodwill	686,384	693,034	688,047	-	-	-
Other noncurrent assets	27,196	22,243	30,411	47	-	49
Deferred tax assets - net	132,483	128,089	116,745	24	145	-
Pension assets	8,995	7,147	9,799	-	-	-
Biological assets	2,645	2,634	2,735	-	-	-
	1,554,626	1,536,031	1,566,095	920,055	908,448	983,025
Current Assets						
Inventories	868,256	681,878	685,958	-	-	-
Biological assets	42,915	43,285	47,346	-	-	-
Trade and other receivables	198,900	184,953	214,553	37,898	99,096	84,832
Prepaid expenses and other current assets	51,360	42,840	49,052	902	997	931
Cash and cash equivalents	24,468	19,582	21,853	1,773	1,471	2,129
	1,185,899	972,538	1,018,762	40,573	101,564	87,892
Total Assets	2,740,525	2,508,569	2,584,857	960,628	1,010,012	1,070,917
	-	-	-	-	-	-
Equity attributable to equity holders of the Company						
Share capital	29,449	49,449	29,449	29,449	49,449	29,449
Share premium	298,339	478,339	298,339	298,478	478,478	298,478
Retained earnings	76,546	78,361	140,320	76,546	78,361	140,320
Reserves	(51,028)	(34,990)	(42,541)	(51,028)	(34,990)	(42,541)
Equity attributable to owners of the Company	353,306	571,159	425,567	353,445	571,298	425,706
Non-controlling interest	62,095	61,697	69,138	-	-	-
Total Equity	415,401	632,856	494,705	353,445	571,298	425,706
Non-Current Liabilities						
Loans and borrowings	1,080,646	945,234	1,088,012	323,898	291,268	434,587
Lease liabilities	88,769	89,484	91,771	-	54	-
Other noncurrent liabilities	22,565	18,864	23,023	-	-	-
Employee benefits	24,587	31,861	24,342	38	397	12
Environmental remediation liabilities	203	265	203	-	-	-
Deferred tax liabilities - net	6,762	6,805	12,421	-	-	8
	1,223,532	1,092,513	1,239,772	323,936	291,719	434,607
Current Liabilities						
Trade and other current liabilities	371,265	341,977	302,833	39,025	42,946	40,029
Loans and borrowings	673,974	378,036	479,354	244,166	104,049	170,571
Lease liabilities	21,474	26,580	29,549	-	-	-
Current tax liabilities	4,910	6,254	1,686	56	-	4
Employee benefits	29,969	30,353	36,958	-	-	-
	1,101,592	783,200	850,380	283,247	146,995	210,604
Total Liabilities	2,325,124	1,875,713	2,090,152	607,183	438,714	645,211
Total Equity and Liabilities	2,740,525	2,508,569	2,584,857	960,628	1,010,012	1,070,917
NAV per ordinary share (US cents)	13.03	13.95	16.75	13.04	13.96	16.75
NATV per ordinary share (US cents)	(22.28)	(21.70)	(18.65)	13.04	13.96	16.75

DEL MONTE PACIFIC LIMITED **UNAUDITED STATEMENTS OF CHANGES IN EQUITY**

<i>Amounts in US\$'000</i>	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure- ment of retirement plan	Hedging Reserve	Reserve for own shares	Retained earnings	Totals	Non- controlling interest	Total equity
Group											
Fiscal Year 2023											
At 1 May 2022	29,449	298,339	(95,322)	14,278	43,752	(4,963)	(286)	140,320	425,567	69,138	494,705
Total comprehensive income for the period											
Profits for the period								(30,523)	(30,523)	(227)	(30,750)
Other comprehensive income											
Currency translation differences recognized directly in equity	-	-	(8,535)	-	-	-	-	-	(8,535)	(1,261)	(9,796)
Remeasurement of retirement plan, net of tax	-	-	-	-	24	-	-	-	24	4	28
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	24	-	-	24	2	26
Total other comprehensive income/(loss)	-	-	(8,535)	-	24	24	-	-	(8,487)	(1,255)	(9,742)
Total comprehensive (loss)/income for the period	-	-	(8,535)	-	24	24	-	(30,523)	(39,010)	(1,482)	(40,492)
Transactions with owners recorded directly in equity											
Contributions by and distributions to owners											
Payment of Dividends	-	-	-	-	-	-	-	(33,251)	(33,251)	(5,561)	(38,812)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	(33,251)	(33,251)	(5,561)	(38,812)
At 31 July 2022	29,449	298,339	(103,857)	14,278	43,776	(4,939)	(286)	76,546	353,306	62,095	415,401

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

<i>Amounts in US\$'000</i>	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure- ment of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Totals	Non- controlling interest	Total equity
Group												
Fiscal Year 2022												
At 1 May 2021	49,449	478,339	(81,971)	14,278	35,049	1,224	1,753	(286)	83,349	581,184	61,312	642,496
Total comprehensive income for the period												
Profits for the period	-	-	-	-	-	-	-	-	18,322	18,322	3,758	22,080
Other comprehensive income												
Currency translation differences recognized directly in equity	-	-	(6,115)	-	-	-	-	-	-	(6,115)	(907)	(7,022)
Remeasurement of retirement plan, net of tax	-	-	-	-	20	-	-	-	-	20	1	21
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	1,058	-	-	-	1,058	73	1,131
Total other comprehensive income/(loss)	-	-	(6,115)	-	20	1,058	-	-	-	(5,037)	(833)	(5,870)
Total comprehensive (loss)/income for the period	-	-	(6,115)	-	20	1,058	-	-	18,322	13,285	2,925	16,210
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Payment of Dividends	-	-	-	-	-	-	-	-	(23,310)	(23,310)	(2,540)	(25,850)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(23,310)	(23,310)	(2,540)	(25,850)
At 31 July 2021	49,449	478,339	(88,086)	14,278	35,069	2,282	1,753	(286)	78,361	571,159	61,697	632,856

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

<i>Amounts in US\$'000</i>									
	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure- ment of retirement plan	Hedging Reserve	Reserve for own shares	Retained earnings	Total equity
Company									
Fiscal Year 2023									
At 1 May 2022	29,449	298,478	(95,322)	14,278	43,752	(4,963)	(286)	140,320	425,706
Total comprehensive income for the period									
Profits for the period								(30,523)	(30,523)
Other comprehensive income									
Currency translation differences recognized directly in equity	-	-	(8,535)	-	-	-	-	-	(8,535)
Remeasurement of retirement plan, net of tax	-	-	-	-	24	-	-	-	24
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	24	-	-	24
Total other comprehensive income/(loss)	-	-	(8,535)	-	24	24	-	-	(8,487)
Total comprehensive (loss)/income for the period	-	-	(8,535)	-	24	24	-	(30,523)	(39,010)
Transactions with owners recorded directly in equity									
Contributions by and distributions to owners									
Payment of Dividends	-	-	-	-	-	-	-	(33,251)	(33,251)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	(33,251)	(33,251)
At 31 July 2022	29,449	298,478	(103,857)	14,278	43,776	(4,939)	(286)	76,546	353,445

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

<i>Amounts in US\$'000</i>	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure- ment of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Total equity
Company										
Fiscal Year 2022										
At 1 May 2021	49,449	478,478	(81,971)	14,278	35,049	1,224	1,753	(286)	83,349	581,323
Total comprehensive income for the period										
Profits for the period	-	-	-	-	-	-	-	-	18,322	18,322
Other comprehensive income										
Currency translation differences recognized directly in equity	-	-	(6,115)	-	-	-	-	-	-	(6,115)
Remeasurement of retirement plan, net of tax	-	-	-	-	20	-	-	-	-	20
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	1,058	-	-	-	1,058
Total other comprehensive income/(loss)	-	-	(6,115)	-	20	1,058	-	-	-	(5,037)
Total comprehensive (loss)/income for the period	-	-	(6,115)	-	20	1,058	-	-	18,322	13,285
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners										
Payment of Dividends	-	-	-	-	-	-	-	-	(23,310)	(23,310)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(23,310)	(23,310)
At 31 July 2021	49,449	478,478	(88,086)	14,278	35,069	2,282	1,753	(286)	78,361	571,298

DEL MONTE PACIFIC LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in US\$'000	For the quarter ended 31 July	
	FY2023 (Unaudited)	FY2022 (Unaudited)
Cash flows from operating activities		
Profit for the period	(30,750)	22,080
Adjustments for:		
Depreciation of property, plant and equipment	40,118	38,856
Amortization of right-of-use assets	8,047	8,088
Amortization of intangible assets	1,663	1,663
Impairment loss on property, plant and equipment	-	47
Gain on disposal of property, plant and equipment	-	(102)
Share in net (profit) loss of joint venture	(668)	1,042
Finance income	(2,323)	(1,726)
Finance expense	24,245	26,444
Redemption fee on Senior Secured Loans	44,530	-
Write-off of deferred financing costs	26,341	-
Tax expense - current	9,069	6,583
Tax expense (deferred)	(20,014)	2,350
Net loss (gain) on derivative financial instrument	-	(208)
Operating profit before working capital changes	100,258	105,117
Changes in:		
Other assets	1,557	78
Inventories	(183,083)	(125,981)
Biological assets	1,816	(309)
Trade and other receivables	10,548	(4,804)
Prepaid and other current assets	(3,350)	(1,387)
Trade and other payables	91,753	86,152
Employee Benefit	(7,697)	(7,517)
Operating cash flow	11,802	51,349
Income taxes paid	(5,799)	(2,858)
Net cash flows provided by operating activities	6,003	48,491
Cash flows from investing activities		
Interest received	400	225
Proceeds from disposal of property, plant and equipment	58	148
Purchase of property, plant and equipment	(43,026)	(42,432)
Additional investment in joint venture	(968)	(189)
Net cash flows used in investing activities	(43,536)	(42,248)
Cash flows from financing activities		
Interest paid	(45,583)	(39,392)
Proceeds of borrowings	905,969	677,990
Repayment of borrowings	(713,585)	(628,374)
Payments of lease liability	(13,550)	(12,134)
Dividends paid	(38,811)	(11,492)
Redemption fee on Senior Secured Loans	(44,530)	-
Payments of debt related costs	(13,915)	-
Net cash flows provided by (used in) financing activities	35,995	(13,402)
Net increase (decrease) in cash and cash equivalents	(1,538)	(7,159)
Cash and cash equivalents, beginning	21,853	29,435
Effect of exchange rate fluctuations on cash held in foreign currency	4,153	(2,694)
Cash and cash equivalents at end of period	24,468	19,582

PROFIT AND LOSS SUMMARY OF MAJOR SUBSIDIARIES

DEL MONTE FOODS HOLDINGS LIMITED AND SUBSIDIARIES UNAUDITED CONSOLIDATED INCOME STATEMENT

Amounts in US\$'000	For the quarter ended 31 July		
	FY2023 (Unaudited)	FY2022 (Unaudited)	%
Turnover	302,445	298,100	1.5
Cost of sales	(224,030)	(220,822)	(1.5)
Gross profit	78,415	77,278	1.5
Distribution and selling expenses	(29,866)	(26,267)	(13.7)
General and administration expenses	(24,708)	(22,751)	(8.6)
Other operating income/(loss)	1,490	(1,597)	193.3
Profit from operations	25,331	26,663	(5.0)
Interest income	10	10	0.0
Interest expense	(85,551)	(19,863)	(330.7)
Forex exchange gain (loss)	(356)	8	(4,550.0)
Profit before taxation	(60,566)	6,818	(988.3)
Taxation	15,505	(1,690)	1,017.5
Profit after taxation	(45,061)	5,128	(978.7)

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES UNAUDITED CONSOLIDATED INCOME STATEMENT

	FY2023 (Unaudited)	FY2022 (Unaudited)	%	FY2023 (Unaudited)	FY2022 (Unaudited)	%
	In PHP'000			In US\$'000		
Turnover	8,911,107	8,599,669	3.6	168,548	175,970	(4.2)
Cost of sales	(6,338,025)	(6,010,713)	(5.4)	(119,879)	(122,994)	2.5
Gross profit	2,573,082	2,588,956	(0.6)	48,669	52,976	(8.1)
Distribution and selling expenses	(994,001)	(735,849)	(35.1)	(18,801)	(15,057)	(24.9)
General and administration expenses	(272,296)	(260,577)	(4.5)	(5,150)	(5,332)	3.4
Other operating loss	(54,598)	(45,590)	(19.8)	(1,033)	(933)	(10.7)
Profit from operations	1,252,187	1,546,940	(19.1)	23,685	31,654	(25.2)
Interest income	19,466	11,129	74.9	368	228	61.4
Interest expense	(180,160)	(167,103)	(7.8)	(3,408)	(3,419)	0.3
Forex exchange gain	101,461	70,172	44.6	1,919	1,436	33.6
Profit before taxation	1,192,954	1,461,138	(18.4)	22,564	29,899	(24.5)
Taxation	(153,272)	(210,312)	27.1	(2,899)	(4,303)	32.6
Profit after taxation	1,039,682	1,250,826	(16.9)	19,665	25,596	(23.2)

Forex translation used: 52.87 in July 2022 and 48.87 in July 2021

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
OPERATING SEGMENT BY PRODUCT

	For the quarter ended 31 July					
	FY23	FY22	% Chg	FY23	FY22	% Chg
	(In PHP'000)			(In US\$'000)		
Revenues						
Convenience Cooking and Desert	2,308,878	2,748,406	(16.0)	43,671	56,239	(22.3)
Healthy Beverages and Snacks	1,705,924	1,695,049	0.6	32,266	34,685	(7.0)
Premium Fresh Fruit	2,080,095	1,572,802	32.3	39,069	32,601	19.8
Packaged fruit and Beverages - Export	2,124,918	1,729,180	22.9	40,191	35,383	13.6
Others	21,287	17,493	21.7	678	(60)	nm
Changes in fair value – PAS 41	670,005	836,739	(19.9)	12,673	17,122	(26.0)
Total	8,911,107	8,599,669	3.6	168,548	175,970	(4.2)
Gross income						
Convenience Cooking and Desert	898,483	1,068,200	(15.9)	16,994	21,858	(22.3)
Healthy Beverages and Snacks	525,224	537,488	(2.3)	9,934	10,998	(9.7)
Premium Fresh Fruit	856,340	717,617	19.3	16,197	14,684	10.3
Packaged fruit and Beverages - Export	329,392	212,457	55.0	6,230	4,347	43.3
Others	10,027	7,498	33.7	191	154	24.0
Changes in fair value - PAS 41	(46,384)	45,696	(201.5)	(877)	935	(193.8)
Total	2,573,082	2,588,956	(0.6)	48,669	52,976	(8.1)
Earnings before interest and tax						
Convenience Cooking and Desert	544,402	716,113	(24.0)	10,297	14,653	(29.7)
Healthy Beverages and Snacks	213,236	286,802	(25.7)	4,033	5,869	(31.3)
Premium Fresh Fruit	467,718	466,253	0.3	8,847	9,541	(7.3)
Packaged fruit and Beverages - Export	169,171	97,318	73.8	3,200	1,991	60.7
Others	5,505	4,908	12.2	104	100	4.0
Changes in fair value - PAS 41	(46,384)	45,718	(201.5)	(877)	936	(193.7)
Total	1,353,648	1,617,112	(16.3)	25,604	33,090	(22.6)

Forex translation used: 52.87 in July 2022 and 48.87 in July 2021

DMPI's Product segments

Convenience Cooking and Dessert

This segment includes sales of packaged tomato-based and non-tomato-based products, such as tomato sauce and paste, spaghetti sauce, ketchup, pasta sauce, recipe sauce, pizza sauce, pasta, broth and condiments, sold under the *Del Monte* and *Contadina* brands and soy sauces under the *Kikkoman* brand as part of an exclusive distributorship arrangement for the Philippines. This category also includes packaged pineapple solids and tropical mixed fruit products sold within the Philippines under the *Del Monte*, *Fiesta* and *Today's* brands.

Healthy Beverages and Snacks

Healthy beverages which are sold in the Philippines under the *Del Monte* brand include ready-to-drink juices, fruit and vegetable juice drinks, and pineapple juice concentrate in various packaging formats, including Tetra Pak and PET. DMPI's hallmark product in the beverage segment is *100% Pineapple Juice*, including derivations thereof, such as *100% Pineapple Juice* that is enriched with additional vitamins, fiber or calcium or that is specifically developed to help manage cholesterol. In addition, the beverage segment covers juice drinks made from other fruits, vegetables, herbs and botanicals, such as *Tipco* juice, and DMPI's *Fit 'n Right* products, which are drinks fortified with green coffee extract (an antioxidant-containing supplement derived from unroasted raw coffee beans, which is believed to improve blood pressure and cholesterol levels) to help reduce sugar absorption from food and L-carnitine (a chemical compound similar to an amino acid that is produced by the body and which helps the body to metabolize fat into energy) to assist in fat metabolism.

Packaged Fruits and Beverages – Export

This segment includes packaged fruit and beverages products sold internationally.

Packaged Fruit

Packaged fruit includes sales of fruit products that are packaged in different formats such as can, plastic cup, pouch and aseptic bag, and which are sold under the *S&W* brand and the *Del Monte* brand for parties who have the license rights to *Del Monte* in other markets, as well as under the private labels of non-affiliated parties. A portion of MD2 pineapples that are not exported as fresh fruit are used to produce *Nice Fruit* frozen pineapple products and not-from concentrate juices or packaged as a premium version of DMPI's *Del Monte*-branded packaged pineapples, *Deluxe Gold*. *Deluxe Gold* products, which were launched in May 2020, are exported primarily to the United States through an affiliate.

Beverages

Beverages includes sales of *100% Pineapple Juice* and juice drinks in various flavors in can and Tetra Pak packaging and pineapple juice concentrate. In addition, this segment also covers not-from-concentrate juices. Not-from concentrate juice is prepared solely from the juice of whole pineapple at DMPI's Not-From-Concentrate juicing plant and contains no additional ingredients. DMPI produces 100% MD2 Not-From-Concentrate pineapple juice for export to certain countries within Asia for industrial use and for resale to consumers under buyer's own labels.

Premium Fresh Fruit

Premium Fresh Fruit category include sales of *S&W*-branded premium fresh pineapples in Asia Pacific and private label or non-branded MD2 and C74 fresh pineapples in Asia. DMPI's key product in the Premium Fresh Fruit segment is the MD2 pineapple variant, which is the main export product and sold under the "S&W Sweet 16" brand.

Others

The cattle operation helps in the disposal of pineapple pulp, a residue of pineapple processing which is fed to the animals. This also includes culinary products sold internationally.

ONE-OFF EXPENSES IN 1Q FY2023

DMFI one-off expenses:	in US\$m
Redemption fee	44.5
Write-off of Deferred Financing Cost (non-cash)	26.3
Ticking fee	1.0
Total (pre-tax basis)	71.9
Tax impact	(18.3)
Non-controlling interest	(3.4)
Total DMFI one-off expenses (post tax, post NCI basis)	50.2