COVER SHEET

SEC Registration Number

P	W	0	0	0	0	0	0	1	1	2

COMPANY NAME

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

JY CAMPOS CENTRE, 9TH AVENUE CORNER 30TH STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY, PHILIPPINES

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.delmontephil.com	(02) 8- 8562888	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
9	Any day of August	April 30

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Antonio E.S. Ungson	UngsonAES@delmonte-phil.com	+65 2 856 2556	N/A

CONTACT PERSON's ADDRESS

JY Campos Center, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City, Philippines

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended **April 30, 2021**

2. SEC Identification Number **112**

3. BIR Tax Identification No. **000-291-799-000**

4. Exact name of issuer as specified in its charter: **DEL MONTE PHILIPPINES, INC.**

5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification Code:_________ (SEC Use Only)

7. Address of principal office and Postal Code: **JY Campos Centre, 9th Avenue corner 30th Street Bonifacio Global City, Taguig City**

8. Issuer's telephone number, including area code: **(088) 855-4312**

9. Former name, former address, and former fiscal year, if changed since last report **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares issued and outstanding
Common shares	**2,797,320,004 shares**

Amount of debt outstanding
PHP 6,478,460,000

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

Yes [ ]   No [X]

If yes, state the name of such stock exchange and the classes of securities listed therein: **N/A**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that the registrant was required to file such reports);

Yes [X]   No [ ]

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

Yes [X]   No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days

prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

    Yes [ ]   No [ ]   **N/A**

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

    a) Any annual report to security holders; **none**

    b) Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1 (b); **none**

    c) Any prospectus filed pursuant to SRC Rule 8.1-1; **Information reported in Part I to IV of this report has been lifted from the latest prospectus filed with SEC**

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on 29 June 2021

By:

Joselito D. Campos, Jr.
Chief Executive Officer

Parag Sachdeva
Chief Financial Officer

Luis F. Alejandro
Chief Operating Officer

Antonio E. S. Ungson
Company Secretary

SUBSCRIBED AND SWORN to before me this 6/29/21 affiant(s) exhibiting to me his/their Residence Certificate, as follows:

NAMES	PASSPORT NO.	DATE/PLACE OF ISSUE
Joselito D. Campos, Jr.	PO033661A	24 Aug 2016 / DFA-Manila
Luis F. Alejandro	P4710982A	13 Oct 2017 / DFA-Manila
Parag Sachdeva	Z4816522	16 May 2018 / Manila
Antonio E. S. Ungson	P2425790B	3 July 2019 / DFA-NCR East

Doc No. 365
Page No. 74
Book No. 35
Series of 2021

JUANITO H. VINCULADO
NOTARY PUBLIC Until Dec. 31, 2022
PTR 12097796 J, Las Pinas, 1/18/21
IBP 153201, 1/15/21 for 2021, PPLM
Roll No. 41092, MCLE VI-0019646, 4/14 22
Appointment No. M-49, 1/17/20, Makati
No. 7, Ipil Road, Forbes Park, Makati City
CP No. 0916-420-3253

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Part I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Overview

DMPI is a market-leading food and beverage producer in the Philippines and internationally, with a dominant position across a range of products. DMPI has been in operation in the Philippines for 95 years and caters to the needs of today's consumers for premium quality, healthy and convenient fresh and packaged products. DMPI produces, markets and distributes its products worldwide under a variety of brand names, including Del Monte, a brand in existence since 1886, S&W, which has been in existence since 1896, and Contadina, which has been in existence since 1918. The Del Monte brand is the number one locally-owned brand in the Philippines in 2020, according to Campaign Asia.

The Company's four main product segments are (i) Convenience Cooking and Dessert, (ii) Healthy Beverages and Snacks, (iii) Premium Fresh Fruit, and (iv) Packaged Fruit and Beverages – Export. The Company's key products include: ketchup, tomato sauce, spaghetti sauce, pasta and packaged pineapple and mixed fruit in the Convenience Cooking and Dessert segment; pineapple or other fruit juices and juice drinks in the Healthy Beverages and Snacks segment; S&W Sweet 16 pineapples in the Premium Fresh Fruit segment; and various pineapple and mixed fruit products and pineapple juice concentrate in the Packaged Fruit and Beverages – Export segment. For the year ended April 30, 2021, the Company's Convenience Cooking and Dessert, Healthy Beverages and Snacks, Premium Fresh Fruit, and Packaged Fruit and Beverages – Export segments contributed 39%, 22%, 18% and 21%, respectively, to the Company's revenues.

According to Nielsen, DMPI is among the market leaders in the Philippines for a number of its products, such as, packaged pineapples and packaged mixed fruits, ready-to-drink juices (excluding doy/foil packs), and tomato sauce and spaghetti sauce, with market shares ranging from 39% to 88% for the year ended December 31, 2020. In the international market, DMPI had an approximately 43.7% share of the market by volume for imported fresh pineapples in China for the year ended December 31, 2020, according to GlobalData.

DMPI manages one of the world's largest pineapple growing operations, including an approximately 26,000-hectare plantation in Mindanao in the southern Philippines, which is situated in an area outside the typhoon belt and at elevations and climate conditions suitable for pineapple cultivation year-round. The Company's processing facility in Bugo, Cagayan de Oro (the "**Bugo Processing and Production Facility**"), situated an hour's drive from the plantation, has an annual capacity to process approximately 700,000 tons of pineapples. The Bugo Processing and Production Facility is complemented by a state-of-the-art fresh cold storage and fresh packing facilities, a freezing facility, a not-from-concentrate juicing plant, and an adjacent dock. These fully integrated operations in Mindanao ensure an efficient supply chain from production to market and the delivery of premium quality products. DMPI also has a beverage plant in Cabuyao, Laguna (the "**Cabuyao PET Plant**"), which is about a 1.5-hour drive from Manila.

As a result of its extensive distribution network in the Philippines selling into general trade, modern trade, food service, and convenience and other emerging channels, DMPI's products are available in every major city in the Philippines. In addition, through its culinary community, Del Monte Kitchenomics, which evolved from a direct mail-based customer relationship management program established in 1984, the Company engages with more than 3.2 million followers as of April 30, 2021 on Facebook through regular posts on recipes and culinary tips. Further, in 2020, DMPI also launched its Del Monte Kitchenomics mobile application.

Internationally, DMPI sells S&W-branded and private label premium fresh fruit products directly to customers in the Asia Pacific region and the Middle East, and other S&W-branded and private label packaged products to its affiliate S&W Fine Foods for sale in the Asia Pacific region and the Middle East. Moreover, DMPI sells packaged fruit and beverage products to its affiliates DMFI for sale in the United States and South America, and FieldFresh for distribution in India, in each case, under the Del Monte brand, and various packaged fruit and beverage products to third-party customers that sell Del Monte-branded products in other parts of the world.

The Company has been able to sustain consistent growth over the past several years. In the year ended April 30, 2021, the Company recorded consolidated revenues of ₱34,464.6 million (U.S.$712.2 million), an increase by 8.0% from ₱31,916.3 million in the year ended April 30, 2020. The Company's net income increased by 32.9% from ₱3,473.6 million in the year ended April 30, 2020 to ₱4,616.2 million (U.S.$95.4 million) in the year ended April 30, 2021. The Company's EBITDA (before depreciation for bearer plants) for the year ended April 30, 2021 was ₱11,686.6 million (U.S.$241.1 million), an increase of 16.7% from ₱10,011.4 million in the year ended April 30, 2020.

<u>Risk Factors affecting operations</u>

Demand for and Pricing of the Company's Products

The price at which the Company sells its products affects demand and is a key driver of revenue and profitability. The Company considers various factors including, among others, inflation, sales channels, increases in prices of raw materials, packaging materials, and competitors' pricing to determine the prices for its products. To the extent that the Company cannot sufficiently pass on price increases, or cannot adjust prices or address changes in factors affecting demand, its profitability and results of operations would be affected.

The Company believes that many of its products are staple products positioned in premium segments of the market, and are thus relatively inelastic to changes in price. As such, through its pricing strategy, the Company seeks to achieve a balance between profit and market share. For example, the Company has historically been able to pass on the effect of regular price increases for selected products in its Healthy Beverages and Snacks segment to consumers, such as for its 100% Pineapple Juice product. For this product, the Company has been able to record sales volume growth despite price increases, due to its premium positioning and health benefits for consumers. In the Company's export markets, the Company has also been able to grow demand in its Premium Fresh Fruits segments while maintaining its premium pricing.

On the other hand, despite the Company's products being positioned in the premium end of the market, demand in the Philippines for the Company's Convenience Cooking and Desserts products are influenced by the competing products in adjacent categories, more affordable products in the same category and various food service options available to consumers. Consumers tend to adjust their buying choices according to shifts in the perceived value-for-money propositions for these products, in addition to convenience and taste. To address this, the Company has implemented various strategies such as offering a wider selection of packaging sizes for products in this segment such as ketchup and offering Today's as a mid-tier brand option for spaghetti sauce, which has resulted in the Company being able to capture demand from more price sensitive consumers.

Adaptation to Changes in Consumer Tastes and Preferences

The Company's future business and financial performance depend, in part, on its ability to successfully evolve its current product portfolio within existing segments to continuously strengthen its relevance, as well as on its ability to increase consumption of its products among a broader customer base. The Company's future success is also dependent, to a certain extent, on its ability to maintain the competitive positioning of its products, adopt relevant new technologies to meet changes in consumer demand and continue to introduce innovative products in a timely manner. To achieve these objectives, the Company must anticipate and respond to changes in consumer tastes and preferences by introducing new products or improving its existing products (such as in terms of flavor, texture, formats, or packaging) to address changing consumption habits and preferences (including emerging dietary and health concerns). Consumer preferences may evolve due to a number of factors, including changes in economic conditions and income levels, shifts in demographic and social trends, changes in lifestyle and leisure activity patterns, regulatory factors and developments, and actions and strategies of competitors – any of which may affect consumers' perception of and willingness to purchase the Company's products.

As a result of the recent trend both within the Philippines and internationally towards healthier eating, the Company has developed products that target the more health-conscious consumer, such as *Fit 'n Right* juice drinks, which are fortified with green coffee extract to help reduce sugar absorption from food and L-carnitine to assist in fat metabolism, and a new range of *100% Pineapple Juice* enriched with fiber or calcium or which have cholesterol-reducing properties. *100% Pineapple Juice* Fiber-enriched is fortified with acacia gum, a natural dietary fiber to aid in digestion and may help reduce risk of heart disease. *100% Pineapple Juice* Heart Smart is fortified with a blend of plant sterols and stanols and is clinically proven to help reduce cholesterols while *100% Pineapple Juice* Bone Smart is fortified with calcium that helps build strong bones and vitamin D3 that helps boosts calcium absorption. The ability of the Company to maintain or grow its market share going forward will be influenced by its ability to continue to enhance its existing products and develop new products in response to the healthier eating trend or any other trends that may develop in the future. In the first half of fiscal year 2022, the Company expects to relaunch its *Fit 'n Right* brand with a new range of differentiated products with enhanced packaging and a refreshed market positioning to cater to a broader consumer base with varying health, fitness and weight-management goals. The Company's future revenues from sales of its repositioned or enhanced products, such as *Fit 'n Right*, will depend on the Company's success in the relaunch and marketing of such products.

Beyond its existing core categories, the Company's innovation programs provide the Company with an ability to expand into adjacent categories or incorporate new technologies that may require a different route-to-market strategy. The Company typically incurs development and marketing costs in connection with the introduction of new products both within existing and adjacent categories. The successful launch and sale of new products utilizes the Company's sales and marketing resources and typically requires incurrence of new product launch expenses. An unsuccessful introduction of a new product may result in a reduction of the Company's operating income as introduction costs, including slotting fees, can exceed revenues during the year the product is launched. The ability of the Company to successfully introduce new products in the market in the future, as it has done in recent years, will affect the Company's financial position and results of operations.

Product Mix

The Company's profit margins and operational performance are affected by changes in the combination of products that the Company sells. The Company's business can be broadly divided into the following product segments: (i) Convenience Cooking and Dessert, (ii) Healthy Beverages and Snacks, (iii) Premium Fresh Fruit and (iv) Packaged Fruit and Beverages – Export. Revenues from the Philippines are derived primarily from the Convenience Cooking and Dessert and the Healthy Beverages and Snacks segments. The Convenience Cooking and Desserts segment includes products such as pineapple solids, mixed tropical fruit, tomato-based sauces, pasta sauces, condiments and pasta; while the Healthy Beverages and Snacks segment includes products such as juices, dairy drinks and biscuits. On the other hand, revenues from the international market are derived primarily from sales in the Premium Fresh Fruit segment (comprising sales of premium fresh MD2 pineapples), as well as in the Packaged Fruit and Beverages – Export segment (which includes sales of not-from-concentrate juice and *Deluxe Gold* packaged pineapples). Typically, different products vary in product pricing, revenue growth rate and gross profit margin. Each of the Company's products and brands has its own unique positioning with different marketing strategies and product promotion costs. As a result, the Company's revenue and profitability are significantly affected by its product mix.

While product mix is determined by multiple factors, the Company is focused on developing and growing its more profitable and higher margin business segments, particularly Convenience Cooking and Dessert, Healthy Beverages and Snacks, and Premium Fresh Fruit. For example, in August 2020 and February 2021, the Company entered into the dairy and snacks subsegments with the launch its new products *Mr. Milk* and *Del Monte* potato crisp biscuits. Further, in respect of the international market, sales volumes from the Company's Premium Fresh Fruit segment have grown faster than sales volumes from Packaged Fruit and Beverages – Export. Accordingly, due to the higher profit margins and faster volume growth of this segment, the Company has increased the production of premium fresh MD2 pineapples and recorded a corresponding increase in profitability in its international business.

The Company continues to invest in the development of new and innovative products and technologies to reduce wastage and generate additional revenue from MD2 pineapples that are not used for the Premium Fresh Fruit segment. Nice Frozen Dry technology utilizes MD2 pineapples that are not exportable and converts them into a branded packaged frozen pineapple product that is able to maintain all the characteristics of the fruit despite freezing and defrosting, without the use of chemicals. The Company's not-from-concentrate juice process helps it maximize the use of all parts of MD2 pineapples which do not qualify for exports. The ability of the Company to continuously develop new products and utilize new technologies to expand its product mix and diversify its revenue streams while maximizing the usage of its raw materials will affect its revenues and results of operations.

Sales Channels

The Company sells its products through multiple channels, including generally: (i) directly to modern trade channels such as large supermarket chains, (ii) through wholesale distributors who then sell the Company's to modern trade and general trade outlets; (iii) to food service channels, and (iv) to industrial customers, in both the Philippine market and the international market. Sales to retail outlets generally result in the highest margin; retail sales generally comprise sales where products can be bought through modern trade and general trade channels (such as supermarkets, groceries, sari-sari stores and public market stalls), convenience stores, and e-commerce channels. Food service channels comprise quick service restaurants and other food service restaurants, while industrial channels consist of mostly bulk sales to manufacturers. Each channel is influenced by competitive dynamics, consolidation and channel competition trends that may influence the Company's results of operations. For example, consolidation in retail channels may increase the negotiating power of large retailers against product manufacturers like the Company and its distributors. The financial health or operational issues of certain wholesale distributors may influence the amount of goods that such distributor is willing to buy from the Company. On the other hand, for the industrial channel, consumer demand for such manufacturers' products will influence the amount of goods that the manufacturer is willing to buy from the Company. Lastly, events such as the COVID-19 pandemic has had a negative effect on the food service channel in the Philippines as a whole as a result of lockdowns and related dining restrictions. Apart from affecting its margins and results of operations, the Company's sales channels mix help to diversify its revenue base and make it less susceptible to fluctuations from any single market or customer.

Raw Materials Costs

The primary inputs, ingredients and other raw materials that are required by the Company include energy (including natural gas), fuel, packaging materials, fruits, vegetables, tomatoes, grains (including corn), sugar, spices, meats, meat by-products, soybean meal, water, fats, oils and chemicals. These inputs are primarily sourced locally and internationally, and to the extent that these raw materials are not manufactured or grown by the Company, prices for these and other items being used may fluctuate and the Company might experience shortages in these items due to factors beyond its control. Examples of events beyond the Company's control include as commodity market fluctuations, inflation, availability of supply, weather conditions, natural disasters, currency fluctuations, governmental regulations (including import restrictions, agricultural programs and energy programs), labor strikes and the financial health of the Company's suppliers. These events may result in higher costs for the Company or interruptions to the Company's production schedules, each of which could have a material adverse effect on its results of operations. Production delays could lead to reduced sales volumes and profitability as well as loss of market share. Conversely, favorable movements of raw materials costs and other items would improve the Company's margins and results of operations.

Competition

The Company is subject to a number of competitive factors in both the Philippine and international markets, including in respect of price, product quality and availability, production efficiency, brand awareness and loyalty, distribution coverage, security of raw material supply, customer service, the ability to respond effectively to changes in the regulatory environment, and shifting consumer tastes and preferences. Changes in the competitive landscape, including new entrants to the market, consolidation of existing competitors, and other factors affecting the competitive environment could have a material impact on the Company's financials and results of operations.

Philippines

In the Philippines, the Company faces competition from other domestic producers as well as from imported products and foreign brands. The Company's primary competition in its main business segments comprises: Dole Philippines, Inc., RAM Foods Corporation, NutriAsia and RFM Corporation in respect of Convenience Cooking and Dessert segment products such as pineapple solids, mixed tropical fruit, tomato-based sauces, condiments and pasta; and Dole Philippines, Inc., Coca-Cola and PepsiCo in respect of products in its Healthy Beverages and Snacks segment, such as juices in Tetra Pak, PET and single-serve cans. Although a number of the Company's products hold market-leading positions in their respective categories in the Philippines, the Company expects to face new competition as it expands its product offering in the Philippines to categories where it does not have clear market presence or leadership. To protect the Company's market-leading positions and increase brand awareness, the Company continues to invest in its marketing, advertising and promotional activities as well as in new product development and innovation. For example, the Company's "*Iba ang Sarap*" (meaning "the difference is the taste") campaign in respect of its ready-to-eat packaged spaghetti products increased the Company's spaghetti sauce market share to 41.1% in November 2020 (following the first three months of campaign launch), improving by 3.5% from the start of the year (37.6% in January 2020), according to Nielsen.

International

In the international market, the Company faces competition from other Philippine producers as well as multinational and other foreign companies who sell products under different brands, and in certain instances, under the same brand as the Company's products. In order to remain competitive, the Company continually aims to improve the quality and efficiency of its pineapple production processes and to develop new and innovative pineapple-based products for export.

In respect of the Premium Fresh Fruit segment, the Company faces competition from a few players that have large-scale operations and offer products of similar quality. The Company's primary competitors are Dole Philippines, Inc., which exports Dole-branded fresh pineapple out of the Philippines for sale internationally, and Fresh Del Monte Produce Inc., which sells Del Monte-branded fresh pineapples out of the Philippines in the international market. In addition, the Company faces competition from pineapple producers in Taiwan, though, due to the climate conditions in Taiwan, the pineapple growing period is restricted to specific months, as opposed to being year-round like the Philippines. Costa Rica is also a significant producer of pineapples globally, although logistical considerations prevent it from being a major supplier to Asia and the Middle East. In respect of the Packaged Fruit and Beverages – Export segment, the Company's key competitors in the Asia Pacific region are Dole Asia Company Limited, which sells Dole-branded packaged fruit products in the region, and Fresh Del Monte Produce Inc., which also sells Del Monte-branded packaged fruit products around the region. The Company also faces competition from Thailand and Indonesia particularly for commoditized products such as pineapple juice concentrate. Depending on supply levels from these competing producers and countries, which from time to time can experience fluctuations due to various factors, the Company's sales volumes may be affected over specific periods.

Effectiveness of Sales and Marketing Activities

The effectiveness of the Company's sales and marketing activities is critical to its market share expansion and revenue growth. In the Philippines, the Company communicates with consumers through various channels and customer touchpoints, including advertisement on television and social media platforms (such as YouTube, Facebook, Instagram and Twitter) and its *Del Monte Kitchenomics* website and mobile application. Customer touchpoints at the purchase stage include in-store promotions and loyalty programs. In addition, the Company partners with celebrities and other key influencers for media or online collaborations and events in the Philippines and internationally.

As a result of increased sales and marketing activities internationally (oftentimes in collaboration with its distributors), the Company has seen a significant increase in sales in its Premium Fresh Fruit segment. In China, the Company has partnered with distributors who have enabled the expansion of the availability of the Company's products beyond tier 1 cities, to include a number of tier 2 and 3 cities, such as Chengdu, Chongqing, Zhengzhou and Changsha. The recent shift to online sales through e-commerce sites, such as JD.com and Alibaba's Hema, has resulted in an additional increase in the Premium Fresh fruit sales. As the Company continues to expand the geographic distribution of its products into new tier 2, 3 and 4 cities, the success and profitability of such expansion may be affected by the effectiveness of the Company's sales and marketing activities, such as in-store promotions and sampling, and promotions on social media and e-commerce platforms.

Advertising affects consumer awareness of the Company's products and brands, which in turn, affects purchase decisions and consequently, sales volumes. The Company believes that customer loyalty for its brands is the cumulative result of the Company's marketing and brand-building efforts to build consumers' awareness of and affinity for the Company's products. As the effect of the Company's sales and marketing activities on the sales and revenues may be delayed, the benefit of such activities may not be fully reflected in the Company's financial performance in the period in which such sales and marketing activities took place.

Economic, Social and Political Conditions

The majority of the Company's assets and revenues are located in or derived from its operations in the Philippines; as a result, the Company's financial performance and results of operation are substantially influenced by the economic, social and political conditions within the Philippines. Although prior to the COVID-19 pandemic the Philippine economy has experienced stable growth in recent years, the Philippine economy has in the past been affected by or subject to periods of slow or negative growth, high inflation, rising interest rates, changes in energy prices and other costs of doing business, significant fluctuations in the Peso, weak economic conditions and volatility in the global or regional economies.

Sales of many of the Company's products in the Philippines are influenced to a certain extent by the general state of the Philippine economy as well as the stability of economic, social and political conditions in the country. As an example, while demand for certain of the Company's products, such as juice drinks, tend to be susceptible to changes in income levels or nominal price increases due to inflation, the Company also sells a number of other products, such as packaged pineapple, *100% Pineapple Juice* and spaghetti sauces, sales of which are less sensitive to changes in income and other economic and social conditions due to the perception of such goods as staple household items.

In addition to sales in the Philippine market, a significant portion of the Company's revenues are derived from exports of premium fresh pineapples and packaged fruit and beverage products internationally. As such, the Company's revenues from international operations are influenced by the economic, social and political conditions of its export markets, particularly in China, which is the Company's primary export market for the Premium Fresh Fruit segment. Changes in the international trade policies and relations of China and other countries to which the Company exports its products, such as capital controls or tariffs, may adversely affect demand for the Company's products or prevent the Company from exporting its products to the affected country. The imposition of any such capital controls or tariffs, particularly in China, would have a significant impact on the Company's international export operations and revenues from international sales. On the other hand, in recent years, the trade tension between the United States and China has resulted in closer trade relations between China and the rest of Asia, resulting in volume growth in the Company's export volumes to China.

Taxes and Regulatory Environment

The Company operates in a highly-regulated environment and is subject to various taxes. As a result, the Company's results of operations can be significantly affected by the introduction of new taxes, such as excise taxes on sweetened beverages, or changes to existing tax laws which change the way the Company's production inputs or final products are treated for tax purposes or the rate of tax to which they are subject. For example, for the years ended April 30, 2019, the implementation of the excise tax on sweetened beverages resulted in an increase in costs of ₱249.5 million. In addition, as a PEZA-registered Ecozone Export Enterprise, the Company can enjoy certain fiscal and tax incentives, including a reduced tax rate of 5% on gross income earned, in lieu of all national and local taxes, provided that it complies with the requirement to sell 70% of its production volume to the export market in order to benefit. During certain periods in the past, DMPI has not been able to meet this export requirement, and the Company may continue to have difficulty complying with the export requirement in the future. During those periods in the past, if the Company failed to comply with the 70% export requirement (i.e., exceeded the maximum allowable local sales of 30%), the Company was subject to (a) the corporate income tax at the regular rate of 25% (with retroactive application from July 1, 2020, pursuant to CREATE, which became effective on April 11, 2021) and the applicable local business tax on the excess local sales, (b) duties and taxes on the annual depreciation value of imported production machinery and equipment in an amount proportionate to the excess local sales, and (c) real property tax on the assessed value of machinery and equipment in an amount proportionate to the excess local sales. For the year ended April 30, 2021, the effective tax rate of the Company was 16.3% of income before income tax. This range can vary depending on the mix of export and local volume. For the year ended April 30, 2021, 68.8% of the Company's total sales volume was subject to a tax rate of 5% on gross income earned and 31.2% of such volume was subject to the normal corporate income tax rate.

In general, the Company passes on tax increases to consumers by raising the prices of products, although the timing and size of such increases can be influenced by factors such as inflation and other economic conditions in the Philippines and the Company's international markets, such as China. Price changes that the Company makes in response to changes in tax rates can affect demand for the Company's products as well as its revenues, profit margin and net income.

The Company is also subject to a number of local, national and international laws and regulations in the Philippines and other countries in which it operates. Such laws and regulations primarily relate to, among other things, environmental protection, employee health and safety, food safety and product labeling requirements. While the Company has internal processes and procedures in place to comply with applicable laws and regulations, changes in such laws and regulations may result in substantial compliance costs and have a material adverse effect on the Company's business and results of operations.

Pineapple Output

The Company's results are affected by the volume and quality of pineapples it is able to successfully produce from its plantation, from where it sources the majority of its pineapple requirements. Pineapple cultivation in open fields and the resulting harvest tonnage is affected by weather conditions which can influence the crop yield, quality and timing of harvest, as well as require an increase in and optimization of the Company's plantation area for its main crop. For example, incidence of abnormally low rainfall for significantly long periods of time, resulting in poor growth and nutritional content and delay in pineapple harvests. Drought also results in pineapples become exposed to intense solar radiation causing high incidence of severe sunburn thereby reducing the volume for export market and increasing rejection for production.

Conversely, abnormally high and frequent rainfall for significantly long periods of time may affect harvest tonnage, as such extended rainfall may affect internal fruit quality and cause fruit translucency characterized by water-soaked flesh that reduces fruit recovery.

The adverse weather conditions above can cause significant impact on profitability by reducing the volume of pineapples at the same or even higher cost of cultivation. Moreover, the ability of the Company to increase its land bank to support demand and expansion plans, as well as optimizing the acreage of its plantation used for growing different pineapple variants, will both affect the Company's results and profitability. In particular, given the success of its Premium Fresh Fruit segment in recent years which relies on the MD2 pineapple variant, the Company's growth and results in international markets will be influenced by the availability of supply of MD2 pineapples from its plantation to support its expansion targets.

In light of the above factors and through the implementation of various measures, the Company has been able to generate a steadily growing supply of quality pineapples.

COVID-19 Pandemic

Despite the challenges brought on at the outset of the COVID-19 pandemic, the Company was able to continue operating throughout the community quarantine period since its products are considered to be essential goods and its farming and manufacturing activities are based in Mindanao, where the quarantine measures allowed the Company to continue operations while adhering to the minimum health standards set by the Government. During the first few weeks of the implementation of the ECQ in Metro Manila in March 2020, the Company experienced increased delivery lead times due to controls in the movement of vehicles by cities, municipalities and provinces and a reduction in its workforce since there was no public transportation, which hampered the receiving operations of the Company's customers and distributors. However, overall, the Company did not experience any significant disruption in its internal operational interruptions or in the supply of raw materials required for production. By working closely with customers and suppliers, the Company was able to manage disruptions caused by external factors, such as restrictions to movement of materials, equipment and goods, as well as the resulting reduction in economic activity, to ensure the unhampered flow of goods and prevent stock shortages in stores. The Company also increased the number of hauling and transportation units to ensure physical distancing of workers while in transit.

Moreover, to mitigate the transmission of the virus, the Company implemented robust health and safety protocols across its sites and facilities, including physical distancing, the wearing of face masks and shields, frequent disinfection and sanitation, thermal scanning and contact mapping. Compliance with the Company's internal protocols is audited by the human resources department on a daily basis. These initiatives have contributed significantly to the Company being able to maintain smooth flow operations, and have resulted in an aggregate of less than 3% of the Company's full-time employees having contracted COVID-19, most of whom contracted the virus in September and October 2020 and have since recovered.

In the year ended April 30, 2021, the Company experienced an increase in sales volume in the Philippines of its Convenience Cooking and Dessert and Healthy Beverages and Snacks segments, particularly in sales to retail channels, which grew by 18.7% and 13.5%, respectively, in such period as compared to the year ended April 30, 2020, as the incidence of home cooking increased along with increased demand for products that boost immunity. The aggregate sales volume of the Company's brands sold to retail channels grew by 15.3% in the year ended April 30, 2021 as compared to the year ended April 30, 2020. This growth in retail sales was partially offset by a 32.7% decline in sales to food service channels experienced during the year ended April 30, 2021 as compared to the year ended April 30, 2020 due to the lockdowns imposed across the Philippines. This in turn led to a 31.0% reduction in the contribution of sales to food service channels to the Company's total sales for the period from 13.4% in the year ended April 30, 2020 to 8.3% in the year ended April 30, 2021. Aside from supporting the Company's total sales, the increase in the Company's retail business in the Philippines also provided an additional uplift to the Company's profit margins in the year ended April 30, 2021 as food service customers typically enjoy higher discounts from the Company. Total sales volume for exports of branded premium fresh pineapples experienced an improvement in the fourth quarter of the year ended April 30, 2021, offsetting the decline during the first half of the year ended April 30, 2021, while branded sales of premium fresh pineapples were relatively flat as compared to the year ended April 30, 2020. Sales prices also recovered in the fourth quarter of the year ended April 30, 2021 to partially offset the price reductions on premium fresh pineapple products in the previous three quarters of the year.

The Company's results will continue to be affected by COVID-19 and its possible effects both on production of and demand for the Company's products. The Company's ability to adapt to any production issues from infections or logistical difficulties or disruptions, or its ability to respond and address changing demand and consumption patterns arising from COVID 19-related factors such as lockdowns and other restrictions, will continue to affect its results of operations and profitability moving forward.

Seasonality

The Company's business is subject to seasonal fluctuations as a result of increased demand during the end of year festive season. The Company's sales, particularly in Philippines, are usually highest during the three months from October to December. This seasonal production primarily relates to the majority of packaged fruits and toll manufactured goods. As a result, seasonality could affect the Company's financial condition and results of operations from one quarter to another, particularly in relation to the third quarter of each year. To counter the seasonality of certain of the Company's products sold in the Philippines, such as packaged fruit, the Company has implemented a number of marketing and advertising initiatives to encourage the sustained consumption of such products throughout the year, rather than for one-off consumption at festive occasions.

Item 2. Properties

DMPI operates a Bugo Processing and Production Facility in Bugo, Cagayan de Oro City which occupies approximately 27 hectares of land, of which approximately 16 hectares of freehold land are owned by DMPI. DMPI leases the remaining approximately 11 hectares of land from the NDC and the Bank of the Philippine Islands as Trustee of the DMPI Retirement and Provident Plans pursuant to 25-year lease agreements, which are due to expire on February 29, 2032 and January 28, 2038, respectively. DMPI acquired the 16-hectare freehold land on March 30, 1931. The constitutional restriction on foreign ownership of land only took effect in 1935 and has no effect on such land owned by DMPI. The Company also owns approximately 135 square meters of land with a building in Singapore, which is partly leased to an affiliate company that is domiciled in Singapore and partly leased to a third party. There are no mortgages, liens, or encumbrances on the land owned by the Company. However, 2,629 square meters of the land owned by DMPI in Bugo, Cagayan de Oro City is subject to a road right of way.

DMPI also enters into lease agreements or other arrangements with various persons and entities for its pineapple growing operations, which cover approximately 26,000 hectares of land in Mindanao, Philippines. DMPI has an existing long-term lease agreement with DEARBC for approximately 8,271 hectares of land; an existing long-term lease agreement with the NDC for approximately 983 hectares less an estimated area of 14.2 hectares of foreshore land; and growership agreements with several owners for approximately 16,300 hectares of agricultural land. None of the Company's material lease agreements are due to expire in the next 12 months. Generally, the leased properties are required to be devoted to their present actual use or the purposes stated in the relevant agreements. The Company is looking to acquire more land dedicated to planting MD2 pineapples by entering into lease and growership agreements with landowners, to be funded using internally generated funds.

The Company's owned and leased properties are in good condition, save for ordinary wear and tear.

Description	**Location/Address**	**Condition**	**Book Value (₱ in millions)**
Bugo Processing and Production Facility			**2,082.80**
Administrative (Main) Office	Bugo, Cagayan de Oro City	Good	87.03
Can Plant	Bugo, Cagayan de Oro City	Good	129.89
Cannery Clothes and Shoes Changing	Bugo, Cagayan de Oro City	Good	2.67
Central Maintenance	Bugo, Cagayan de Oro City	Good	17.63
Coal-Fired Boiler Plant	Bugo, Cagayan de Oro City	Good	86.66
Compound and Yard	Bugo, Cagayan de Oro City	Good	659.08
Concentrate Plant	Bugo, Cagayan de Oro City	Good	33.84
DM Bugo Clinic	Bugo, Cagayan de Oro City	Good	3.64
Engineering and Design	Bugo, Cagayan de Oro City	Good	0.86
Factory Offices	Bugo, Cagayan de Oro City	Good	4.68
General Products Plant	Bugo, Cagayan de Oro City	Good	0.00
GPSL/PCL/GL Plant	Bugo, Cagayan de Oro City	Good	13.30
Labeling and Warehousing	Bugo, Cagayan de Oro City	Good	162.62
Machine Shop	Bugo, Cagayan de Oro City	Good	0.57
Mixed Fruit Plant	Bugo, Cagayan de Oro City	Good	42.76
Preparation Plant	Bugo, Cagayan de Oro City	Good	92.80
Processing Plant	Bugo, Cagayan de Oro City	Good	218.48
Quality Control	Bugo, Cagayan de Oro City	Good	6.63
Steam and Power Plant	Bugo, Cagayan de Oro City	Good	51.81
Sugar Recovery Plant	Bugo, Cagayan de Oro City	Good	14.55
Tetra Plant	Bugo, Cagayan de Oro City	Good	139.51
Waste Water Treatment Plant	Bugo, Cagayan de Oro City	Good	313.81
Others			**486.70**
Customers Area	Various locations	Good	44.85
Forwarding Warehouses	Various locations	Good	12.40
Kalawaan Office	Pasig City	Good	2.66
Las Piñas Warehouse	Las Piñas City	Good	1.33
NutriAsia Plant	Cabuyao, Laguna	Good	1.38
PET Plant	Cabuyao, Laguna	Good	221.95
Taguig Office	Taguig City	Good	166.83
Tollpacker – Dairy Zest	Valenzuela City	Good	0.00
Tollpacker - Innovative Packaging	Valenzuela City	Good	6.70
Tropical Asset Fruit Corp.	Malolos, Bulacan	Good	3.02
FG Warehouse - MITIMCO		Good	0.00

Mindanao Distribution Center......................	Tagoloan, Misamis Oriental	Good	22.94
Iloilo Warehouse..	Iloilo City	Good	2.65
Plantation Operations			**1,779.07**
Baungon..	Baungon, Bukidnon	Good	13.57
Camp 1 (JMC)..	Manolo Fortich, Bukidnon	Good	310.36
Camp 14..	Manolo Fortich, Bukidnon	Good	12.83
Camp 9..	Manolo Fortich, Bukidnon	Good	33.64
Camp Fabia	Manolo Fortich, Bukidnon	Good	1.84
Camp Phillips..	Manolo Fortich, Bukidnon	Good	490.51
Cawayanon..	Manolo Fortich, Bukidnon	Good	11.96
Claveria...	Claveria, Misamis Oriental	Good	4.10
Dalwangan	Malaybalay City, Bukidnon	Good	4.09
Damilag...	Manolo Fortich, Bukidnon	Good	0.86
Dehydro Freezing Plant	Manolo Fortich, Bukidnon	Good	662.43
El Salvador..	El Salvador, Misamis Oriental	Good	0.43
FF Packing Shed	Manolo Fortich, Bukidnon	Good	86.45
Harvester Shop..	Manolo Fortich, Bukidnon	Good	0.00
Hospital...	Manolo Fortich, Bukidnon	Good	8.44
Impasug-ong	Impasug-ong, Bukidnon	Good	12.64
Kiantig Quezon	Quezon, Bukidnon	Good	7.98
Livestock and Cut-meat	Manolo Fortich, Bukidnon	Good	0.00
Montemar Industries	Manolo Fortich, Bukidnon	Good	6.31
Phillips Social Hall......................................	Manolo Fortich, Bukidnon	Good	0.19
South Bukidnon	Quezon, Bukidnon	Good	0.00
Sumilao	Sumilao, Bukidnon	Good	99.14
Taliwan	Taliwan, Misamis Oriental	Good	9.91
Total			**4,348.57**

Item 3. Legal Proceedings

The Group is the subject of, or a party to, other various suits and pending or threatened litigation. 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 financial position.

Item 4. Submission of Matters to a Vote of Security Holders

In the special meeting of the stockholders held last April 19, 2021, the stockholders unanimously approved and authorized the initial public offering of the Corporation's common shares subject to the registration requirements of SEC and the listing requirements of The Philippine Stock Exchange ("**PSE**").

Part II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Common Shares have not been publicly traded in the Philippines as of April 30, 2021, and the relative volatility and illiquidity of the Philippine securities market may substantially limit the holder's ability to sell the Common Shares at a suitable price or at a time they desire.

On March 1, 2021, the Philippine SEC approved the Company's application for the amendment of its Articles of Incorporation, including amendment of Article Seventh to convert all of its preferred shares to Common Shares. The amendment was approved by DMPI's Board of Directors and shareholders on February 5, 2021. Following such conversion on a one-to-one ratio and issuance of one share to an independent director, the Company's total issued shares consist of 2,797,320,004 Common Shares. Previously, there were 335,678,400 issued preferred shares and 2,461,641,603 issued Common Shares.

The following table sets forth the shareholders of the Company, their respective shareholdings and the corresponding percentage of ownership as of April 30, 2021:

Name	Type of Shares	Number of Shares	% of Ownership
Central American Resources, Inc.	Common	2,433,668,397	87%
SEA Diner Holdings (S) Pte. Ltd.	Common	363,651,600	13%
Rolando C. Gapud	Common	1	0%
Joselito D. Campos, Jr.	Common	1	0%
Edgardo M. Cruz, Jr.	Common	1	0%
Emil Q. Javier	Common	1	0%
Corazon S. De La Paz-Bernardo..................	Common	1	0%
Jose T. Pardo	Common	1	0%
Godfrey E. Scotchbrook	Common	1	0%
Total		2,797,320,004	100%

Dividends and Dividend Policy

Limitations and Requirements

Under Philippine law, dividends may be declared out of a corporation's unrestricted retained earnings which shall be payable in cash, property or stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the Philippine SEC.

Unless otherwise required by law, the Board, at its sole discretion, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

- the level of the Company's earnings, cash flow, return on equity and retained earnings;
- its results for and its financial condition at the end of the year in respect of which the dividend is to be paid and its expected financial performance;
- the projected levels of capital expenditures and other investment programs;
- restrictions on payments of dividends that may be imposed on it by any of its financing arrangements and current or prospective debt service requirements; and
- such other factors as the Board deems appropriate.

The approval of the Board is generally sufficient to authorize the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing at least two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose.

The Revised Philippine Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board, or when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividend without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP.

Record Date and Payment Date

Pursuant to existing Philippine SEC rules, cash dividends declared by corporations whose securities are registered or whose shares are listed in the stock exchange must have a record date not less than 10 days nor more than 30 days from the date of declaration. For stock dividends, the record date should not be less than 10 days nor more than 30 days from the date of the stockholders' approval, provided however, that the set record date should not be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the same shall be approved by, and the corresponding record date shall be fixed by, the Philippine SEC. Disclosure of the record date for both cash and stock dividends must be made not less than 10 trading days from the said record date.

Pursuant to the Philippine SEC and PSE rules, all cash dividends and stock dividends declared by a company shall be remitted to PDTC for immediate distribution to participants not later than 18 trading days after the record date (the "**Payment Date**"); provided that in the case of stock dividends, the credit of the stock dividend shall be on the Payment Date which in no case shall be later than the stock dividends' listing date. If the stock dividend shall come from an increase in capital stock, all stock shall be credited to PDTC for immediate distribution to its participants not later than 20 trading days from the record date set by the Philippine SEC, which in no case shall be later than the stock dividends' listing date.

Dividend History

Cash dividends declared by the Company for the three most recent fiscal years are as follows:

In respect of the year ended April 30,	Declaration date	Dividend per share (₱)	Total dividend amount (₱)	Record date	Payment date
2021	May 27, 2021[(1)]	0.34	940.9 million	June 11, 2021	June 14, 2021
2021	March 3, 2021[(2)]	0.9013	2.5 billion	March 15, 2021	March 16, 2021
2020	June 29, 2020	0.9235	2.6 billion	July 6, 2020	July 29, 2020
2019	June 14, 2019	4.93	13.8 billion	June 21, 2019	—[(3)]

Notes:

(1) On May 27, 2021, the Board approved the cash dividend declaration of ₱0.34 dividend per Common Share. The amount of dividends payable to SEA Diner is ₱122.3 million (gross of withholding tax), while the amount of dividends payable to CARI is ₱818.6 million (gross of withholding tax). The Company and CARI are expected to enter into an offsetting agreement whereby the dividends due to CARI, amounting to ₱695.8 million (net of withholding tax), will be offset against the receivables due to the Company from S&W Fine Foods.

(2) On March 3, 2021, the Company declared a dividend amounting to ₱2.5 billion, or ₱0.9013 per Common Share. Of the total ₱2.5 billion dividend, ₱327.8 million was distributed in cash to CARI on March 16, 2021 and ₱278.6 million (net of withholding tax) was distributed to SEA Diner, while the balance of ₱1,864.4 million was offset, pursuant to an offsetting agreement between the Company and CARI, against ₱1,559.0 million of receivables due to the Company from DMPL in connection with the extension of interest-bearing advances by the Company and ₱305.4 million of receivables due to the Company from S&W Fine Foods. As of April 30, 2021, ₱467.6 million (U.S.$9.7 million) of advances remained outstanding and not yet repaid by DMPL. During the year ended April 30, 2021, these advances were repaid by DMPL through the trademark acquisition by PPMSC, repayments by DMPL and SEA Diner's acquisition of shares in DMPI.

(3) The dividend payment was set off against the Company's receivables from GTL Limited, DMPL and S&W Fine Foods International Ltd. on July 31, 2019 through a restructuring agreement between CARI, DMPL, GTL Limited, S&W Fine Foods International Ltd., and Dewey SDN BHD.

Dividend Policy

On January 22, 2018, the Company's Board of Directors approved the adoption of a new cash dividend policy. The Company intends to maintain an annual cash dividend payout ratio of at least 33.0% of its consolidated net income for the preceding fiscal year, subject to compliance with applicable laws and regulations, and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, major corporate projects and undertakings. Further, on March 3, 2020, the Board approved a policy limiting the total dividend that may be declared in any fiscal year to a maximum of 75.0% of the Company's consolidated net income for the preceding fiscal year, except as may be otherwise decided by the Board. The Board may, at any time, modify such dividend payout ratio and any dividend policy depending on the Company's results of operations and future projects.

The Company's subsidiaries, which are not significant businesses as of April 30, 2021, do not have defined dividend policies. Dividend declaration is discretionary to the Board and subject to the respective companies' board approval. On September 30, 2020, the Company's subsidiary, PPMSC, declared a cash dividend of ₱36.0 million, or ₱360.00 per share, to be paid to the holders of its common shares as of October 7, 2020. The dividend was paid in February 2021.

Item 6. Management's Discussion and Analysis or Plan of Operation

The following discussion pertaining to the financial condition and results of operations of the Company should be read in conjunction with the Company's audited consolidated financial statements as of and for the years ended April 30, 2019, 2020 and 2021 and the notes thereto set forth elsewhere in this report. The Company's audited consolidated financial statements as of and for the years ended April 30, 2019, 2020 and 2021, included in this report were prepared in compliance with the PFRS.

This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in Item 1 of this report and elsewhere in this report.

The translation of Peso amounts into U.S. dollars as of and for the year ended April 30, 2021 are provided for convenience only and is unaudited. For readers' convenience only, amounts in Pesos as of and for the year ended April 30, 2021 were converted to U.S. dollars using the BSP Reference Rate quoted on in the BSP's Reference Exchange Rate Bulletin on April 30, 2021 of ₱48.39= U.S.$1.00.

Results of Operations

Year Ended April 30, 2021 Compared to Year Ended April 30, 2020

	For the year ended April 30,					
	2020		2021			
	(audited)	(unaudited)	(audited)	(unaudited)		
			(in millions, except %)			
	₱	**% of total**	**₱**	**U.S.$**	**% of total**	**% change**
Revenues	31,916.3	100.0	34,464.6	712.2	100.0	8.0
Cost of sales	(23,384.2)	(73.3)	(24,101.9)	(498.1)	(69.9)	3.1
Gross income	8,532.1	26.7	10,362.7	214.2	30.1	21.5
Distribution and selling expenses	(3,208.3)	(10.1)	(3,288.3)	(68.0)	(9.5)	2.5
General and administrative expenses	(817.4)	(2.6)	(902.3)	(18.6)	(2.6)	10.4
Finance cost	(695.2)	(2.2)	(762.6)	(15.8)	(2.2)	9.7
Foreign exchange gain – net	163.3	0.5	68.7	1.4	(0.2)	(57.9)
Interest income	19.2	0.1	24.1	0.5	0.1	25.5
Other income	226.8	0.7	204.3	4.2	0.6	(9.9)
Other expense	(122.3)	(0.4)	(188.4)	(3.9)	(0.5)	54.0
Income before income tax	**4,098.2**	**12.8**	**5,518.3**	**114.0**	**16.0**	**34.6**
Income tax expense						
Current	(656.0)	(2.1)	(917.8)	(19.0)	(2.7)	39.9
Deferred	31.4	(0.1)	15.6	0.3	0.0	(50.3)
Net income	**3,473.6**	**10.9**	**4,616.2**	**95.4**	**13.4**	**32.9**

Revenues

The Company's consolidated revenues increased by ₱2,548.3 million, or 8.0%, from ₱31,916.3 million in the year ended April 30, 2020 to ₱34,464.6 million (U.S.$712.2 million) in the year ended April 30, 2021, as the Company recorded growth in revenues from the Convenience Cooking and Dessert, Healthy Beverages and Snacks, Premium Fresh Fruit and Packaged Fruit and Beverages – Export segments.

The following table sets forth the Company's consolidated revenues by operating segment for the periods indicated:

	For the year ended April 30,					
	2020		2021			
	(audited)	(unaudited)	(audited)	(unaudited)		
			(in millions, except %)			
	₱	% of total	₱	U.S.$	% of total	% change
Convenience Cooking and Dessert	10,710.8	33.6	12,257.6	253.3	35.6	14.4
Healthy Beverages and Snacks	6,686.9	21.0	6,937.5	143.4	20.1	3.7
Premium Fresh Fruit	5,740.8	18.0	5,803.5	119.9	16.8	1.1
Packaged Fruit and Beverages – Export	5,767.4	18.1	6,614.8	136.7	19.2	14.7
Others	87.4	0.3	118.0	2.4	0.3	35.1
Changes in Fair Value – PAS 41	2,923.1	9.2	2,733.1	56.5	7.9	(6.5)
Total	**31,916.3**	**100.0**	**34,464.6**	**712.2**	**100.0**	**8.0**

Convenience Cooking and Dessert

Revenues from the Convenience Cooking and Dessert segment increased by ₱1,546.8 million, or 14.4%, from ₱10,710.8 million for the year ended April 30, 2020 to ₱12,257.6 million (U.S.$253.3 million) for the year ended April 30, 2021. The increase was mainly due to higher sales volumes in the Philippines attributable to products such as spaghetti sauce, pasta, ketchup and packaged fruits as a result of an increase in home cooking, and supported by an increase in the Company's consumer advertising campaigns. Revenues from sales to customers in retail channels grew during the period as a result of the Company's improved distribution capabilities (such as real-time tracking and expansion into e-commerce), offsetting the decline in revenues from sales to food service channels. Food service remains challenged due to COVID-19 related lockdowns in the Philippines as customers opted to dine at home instead of at restaurants. The growth in revenues during the year ended April 30, 2021 was also driven by higher sales prices for selected products in Convenience Cooking and Dessert segment, which contributed ₱143.4 million to segment revenues as compared to the previous year.

Healthy Beverages and Snacks

Revenues from the Healthy Beverages and Snacks segment increased by ₱250.6 million, or 3.7%, from ₱6,686.9 million for the year ended April 30, 2020 to ₱6,937.5 million (U.S.$143.4 million) for the year ended April 30, 2021. The increase was mainly due to the higher sales volumes for the Company's *Del Monte* branded beverages in the Philippines, which benefitted from an increased preference by customers for healthier beverages with vitamins and other health benefits given the pandemic situation. The Company's entry into the dairy and snacks subsegments in August 2020 and February 2021, respectively, also contributed incremental growth in revenues to the Healthy Beverages and Snacks segment as compared to the year ended April 30, 2020. In addition, the growth in revenues was driven by higher sales prices for selected products in the Healthy Beverages and Snacks segment, which contributed ₱120.7 million to segment revenue growth as compared to the year ended April 30, 2020. These improvements in revenue were partially offset by a decrease in revenues from beverage dispensers due to COVID-19 related lockdowns in the Philippines, as well as higher trade support expenses, such as listing and slotting fees, particularly on new product launches.

Premium Fresh Fruit

Revenues from the Premium Fresh Fruit segment increased by ₱62.7 million, or 1.1%, from ₱5,740.8 million for the year ended April 30, 2020 to ₱5,803.5 million (U.S.$119.9 million) for the year ended April 30, 2021. The increase was mainly due to higher sales volume to export markets and the higher prices of premium fresh pineapples in China and Japan, particularly in the fourth quarter of the year ended April 30, 2021. Revenues from the Premium Fresh Fruit segment steadily recovered in the second half of the year ended April 30, 2021, with the segment recording sales growth of approximately 24% during such six-month period compared to the corresponding period in the previous year, as logistics and retail restrictions in China and other North Asian markets eased, allowing demand for premium fresh pineapples to recover and the Company to incrementally increase prices. The increase in revenues from the Premium Fresh Fruit segment was partially offset by the strengthening of the Peso against the U.S. dollar during the period, which also had an unfavorable impact of ₱275.6 million on segment revenues as compared to the previous year.

Packaged Fruit and Beverages – Export

Revenues from the Packaged Fruit and Beverages – Export segment increased by ₱847.4 million, or 14.7%, from ₱5,767.4 million for the year ended April 30, 2020 to ₱6,614.8 million (U.S.$136.7 million) for the year ended April 30, 2021 as sales in the Americas, North Asia and Southeast Asia improved. These increases in sales were driven by the launch of Deluxe Gold pineapple in the U.S. market by the Company's affiliate and customer DMFI, reduced supply of competing packaged fruit products from suppliers in Thailand, and the general increase in at-home consumption internationally brought about by the onset of lockdowns and other related restrictions as a result of the COVID-19 pandemic, which in turn caused the Company's customers to increase their order volumes. These increases were partially offset by the effects of the strengthening of the Peso against the U.S. dollar for the period, which had a unfavorable impact of ₱299.0 million to segment revenues for the period compared to the same period in the previous year.

Cost of Sales

Cost of sales increased by ₱717.7 million, or 3.1%, from ₱23,384.2 million in the year ended April 30, 2020 to ₱24,101.9 million (U.S.$498.1 million) in the year ended April 30, 2021. As a percentage of revenue, cost of sales was lower at 69.9% of revenues in the year ended April 30, 2021 as compared to 73.3% of revenues in the previous year. The improvement was primarily the result of lower wastage and obsolescence. The improvement in the cost of sales as a percentage of revenue was also attributable to the lower product cost driven by pineapple, lower cost of purchased raw and packaging materials, such as tomato paste, sugar and tinplate, due to the favorable foreign exchange rate for the period, and reduced royalty expense as a result of the assignment of a number of trademarks to PPMSC from an affiliate entity on May 1, 2020.

Gross Income

As a result of the foregoing, gross income increased by ₱1,830.6 million, or 21.5%, from ₱8,532.1 million in the year ended April 30, 2020 to ₱10,362.7 million (U.S.$214.2 million) in the year ended April 30, 2021. The Company's gross margin in the year ended April 30, 2021 was 30.1%, 3.4% higher than the 26.7% gross margin it recorded in the year ended April 30, 2020.

Distribution and Selling Expenses

Distribution and selling expenses increased by ₱80.0 million, or 2.5%, from ₱3,208.3 million in the year ended April 30, 2020 to ₱3,288.3 million (U.S.$68.0 million) in the year ended April 30, 2021. This increase was the result of higher freight and storage cost, research and development and personnel costs for the period. The increase in distribution and selling expenses was partially offset by lower advertising, promotions, merchandiser salaries and selling overhead for the year. Advertising was lower due to decreased production costs as the Company primarily focused on building on the prior year's campaigns. Merchandiser salaries, which relate to payments to agencies deploying merchandisers in various retail stores for managing and stock the shelves with the Company's products, were also lower due to the streamlining of resources as well as the lower need for merchandisers at the start of the year due to pandemic-related lockdowns. As a percentage of revenues, distribution and selling expenses were slightly lower at 9.5% of revenues in the year ended April 30, 2021 compared to 10.1% in the previous period.

General and Administrative Expenses

General and administrative expenses increased by ₱84.9 million, or 10.4%, from ₱817.4 million in the year ended April 30, 2020 to ₱902.3 million (U.S.$18.6 million) in the year ended April 30, 2021 mainly driven by higher personnel cost on salaries and incentives, and increased spending on COVID-19 related expenses and professional services. The increases were partially offset by a reduction in employee activities, training and travel expenses due to COVID-19 related lockdowns and restrictions.

Finance Cost

Finance cost, which primarily consists of interest expenses and miscellaneous financial charges increased by ₱67.4 million, or 9.7%, from ₱695.2 million in the year ended April 30, 2020 to ₱762.6 million (U.S.$15.8 million) in the year ended April 30, 2021 due to an increase in long-term debt to support sales growth.

Foreign Exchange Gain – net

Foreign exchange gain – net decreased by ₱94.6 million, or 57.9%, from ₱163.3 million in the year ended April 30, 2020 to ₱68.7 million (U.S.$1.4 million) in the year ended April 30, 2021 due to a strengthening of the Peso against the U.S. dollar which resulted in lower translation of export sales and receivables. The Company's foreign exchange gain consists of unrealized translation of balance sheet items (primarily foreign currency-denominated receivables and foreign currency loan) and realized foreign exchange gains as a result of changes in exchange rate.

Interest Income

Interest income increased by ₱4.9 million, or 25.5%, from ₱19.2 million in the year ended April 30, 2020 to ₱24.1 million (U.S.$0.5 million) in the year ended April 30, 2021, primarily due to interest income charged on the overdue balance of S&W Fine Foods and recognition of interest income on the sublease of a portion of the Company's corporate office in line with PFRS 16.

Other Income

Other income decreased by ₱22.5 million, or 9.9%, from ₱226.8 million in the year ended April 30, 2020 to ₱204.3 million (U.S.$4.2 million) in the year ended April 30, 2021, primarily due to lower reversal of long outstanding payables and forfeited personal retirement account amounts, which offset higher scrap sales, rental income and reversal of employee incentives.

Other Expense

Other expense increased by ₱66.1 million, or 54.0%, from ₱122.3 million in the year ended April 30, 2020 to ₱188.4 million (U.S.$3.9 million) in the year ended April 30, 2021, primarily due to the recognition of management fees paid pursuant to the Commercial Assistance Services Agreement entered into with S&W Fine Foods as other expenses, whereas such management fees were recognized as royalty expenses prior to May 1, 2020.

Income before Income Tax

As a result of the foregoing, income before income tax increased by ₱1,420.0 million, or 34.6%, from ₱4,098.2 million in the year ended April 30, 2020 to ₱5,518.3 million (U.S.$114.0 million) in the year ended April 30, 2021.

Income Tax Expense

Income tax expense increased by ₱277.6 million, or 44.4%, from ₱624.6 million in the year ended April 30, 2020 to ₱902.2 million (U.S.$18.6 million) in the year ended April 30, 2021, mainly attributable to higher income before income tax.

Net Income

As a result of the forgoing, net income increased by ₱1,142.6 million, or 32.9%, from ₱3,473.6 million in the year ended April 30, 2020 to ₱4,616.2 million (U.S.$95.4 million) in the year ended April 30, 2021. The Company's net income margin in the year ended April 30, 2021 was 13.4%, an improvement from the 10.9% net income margin it recorded in the year ended April 30, 2020, mainly as a result of improvement in gross margin from 30.1% to 26.7% due to lower purchase costs, favorable foreign exchange rates and lower general and administrative expenses.

EBIT

The following table sets forth the Company's consolidated EBIT by operating segment for the periods indicated:

	For the year ended April 30,					
	2020		2021			
	(audited)	(unaudited)	(audited)	(unaudited)		
	(in millions, except %)					
	₱	% of total	₱	U.S.$	% of total	% change
Convenience Cooking and Dessert	1,779.4	38.1	3,024.0	62.5	49.2	69.9
Healthy Beverages and Snacks	716.1	15.3	1,129.5	23.3	18.4	57.7
Premium Fresh Fruit	1,714.8	36.7	1,674.3	34.6	27.3	(2.4)
Packaged Fruit and Beverages – Export	139.3	3.0	387.9	8.0	6.3	178.5
Others	20.0	0.4	(5.4)	(0.1)	(0.1)	(126.9)
Changes in Fair Value – PAS 41	299.1	6.4	(68.3)	(1.4)	(0.9)	(122.8)
Total	**4,668.7**	**100.0**	**6,142.0**	**126.9**	**100.0**	**31.6**

Convenience Cooking and Dessert

EBIT from the Convenience Cooking and Dessert segment increased by ₱1,244.6 million, or 69.9%, from ₱1,779.4 million for the year ended April 30, 2020 to ₱3,024.0 million (U.S.$62.5 million) for the year ended April 30, 2021. The increase was mainly due to higher sales volumes and favorable product mix coupled with higher pricing, in aggregate, amounting to ₱831.6 million. These increases were also attributable to increased home cooking supported by consumer campaigns promoting regular cooking with Del Monte packaged pineapples, mixed fruits, spaghetti sauce, pasta, tomato sauce, and Quick 'n Easy meal sauces. The increase in EBIT was also attributable to lower product cost (primarily due to pineapple, tomato paste and tinplate) which resulted in a ₱225.2 million reduction in costs for the period, in addition to reduced spending on advertising, selling and administrative overhead expenses. Further, the assignment of a number of trademarks from an affiliate to PPMSC resulted in a favorable impact of ₱289.2 million due to the intra-Group elimination of royalty payments in respect of such trademarks.

Healthy Beverages and Snacks

EBIT from the Healthy Beverages and Snacks segment increased by ₱413.4 million, or 57.7%, from ₱716.1 million for the year ended April 30, 2020 to ₱1,129.5 million (U.S.$23.3 million) for the year ended April 30, 2021. The increase was mainly due to higher sales volume of Del Monte-branded beverages in the Philippines, which led to a net gain of ₱391.7 million, as a result of the increased preference of customers for healthier beverages with vitamins and other health benefits in light of the pandemic. The Company's entry into the dairy and snacks subsegments also provided incremental sales volumes amounting to ₱21.7 million in EBIT during the year. EBIT growth during the period was also driven by higher sales prices for selected products in the segment, which amounted to an increase of ₱120.7 million, and lower product costs of ₱138.1 million (primarily as a result of lower pineapple and tinplate costs), as well as reduced spending on advertising, selling and administrative overhead expenses. Further, the assignment of a number of trademarks from an affiliate to PPMSC resulted in a favorable impact of ₱186.1 million due to the intra-Group elimination of royalty payments in respect of such trademarks.

Premium Fresh Fruit

EBIT from the Premium Fresh Fruit segment decreased by ₱40.5 million, or 2.4%, from ₱1,714.8 million for the year ended April 30, 2020 to ₱1,674.3 million (U.S.$34.6 million) for the year ended April 30, 2021, primarily as a result of the strengthening of the Peso against the U.S. dollar for the period, which had an unfavorable impact of ₱275.6 million on the segment's EBIT for the year. The decrease in EBIT was also attributable to the weaker demand for fresh pineapple in the first half of the year ended April 30, 2021 due to the impact of the COVID-19 pandemic in China and other key export markets. In addition, to compensate for the reduction in demand, the Company was required to increase discounts in order to move the excess supply of fresh fruit products, which resulted in unfavorable pricing and led to an overall unfavorable impact on segment EBIT of ₱58.3 million for the year. The decrease in EBIT in the year ended April 30, 2021 was partially offset by higher productivity and efficiency at the plantation, which lowered overall costs.

Packaged Fruit and Beverages – Export

EBIT from the Packaged Fruit and Beverages – Export segment increased by ₱248.6 million, or 178.5%, from ₱139.3 million for the year ended April 30, 2020 to ₱387.9 million (U.S.$8.0 million) for the year ended April 30, 2021 as sales in the Americas, North Asia and Southeast Asia improved. The growth in EBIT in this segment was also attributable to favorable pricing of pineapple juice concentrate and pineapple solids, which resulted in a ₱147.8 million increase in EBIT, favorable product costs during the period, and higher productivity and efficiency at the plantation, which lowered overall costs. These increases were partially offset by the effects of the strengthening of the Peso against the U.S. dollar for the period that had an unfavorable impact on segment revenues of ₱299.0 million.

Year Ended April 30, 2020 Compared to Year Ended April 30, 2019

	For the year ended April 30,				
	2019		2020		
	(audited)	(unaudited)	(audited)	(unaudited)	
	(in millions, except %)				
	₱	**% of total**	**₱**	**% of total**	**% change**
Revenues	28,761.6	100.0	31,916.3	100.0	11.0
Cost of sales	(22,010.2)	(76.5)	(23,384.2)	(73.3)	6.2
Gross income	6,751.4	23.5	8,532.1	26.7	26.4
Distribution and selling expenses	(2,706.6)	(9.4)	(3,208.3)	(10.1)	18.5
General and administrative expenses	(778.7)	(2.7)	(817.4)	(2.6)	5.0
Finance cost	(498.0)	(1.7)	(695.2)	(2.2)	39.6
Foreign exchange gain – net	45.5	0.2	163.3	0.5	258.9
Interest income	29.9	0.1	19.2	0.1	(35.8)
Other income	298.4	1.0	226.8	0.7	(24.0)
Other expense	(82.2)	(0.3)	(122.3)	(0.4)	48.6
Income before income tax	**3,059.6**	**10.6**	**4,098.2**	**12.8**	**33.9**
Income tax expense					
Current	(466.3)	(1.6)	(656.0)	(2.1)	40.7
Deferred	(14.5)	(0.1)	31.4	0.9	(316.6)
Net income	**2,578.7**	**9.0**	**3,473.6**	**10.9**	**34.7**

Revenues

The Company's consolidated revenues increased by ₱3,154.7 million, or 11.0%, from ₱28,761.6 million in the year ended April 30, 2019 to ₱31,916.3 million in the year ended April 30, 2020, as all of the Company's product segments recorded growth for the year as a result of price increases generally across all product categories in line with inflation in the Philippines, as well as volume growth. In the year ended April 30, 2020, the Company's revenues from modern trade and general trade in the Philippines increased by 14.7% and 9.1%, respectively, compared to the previous year, as all categories delivered growth.

The following table sets forth the Company's consolidated revenues by operating segment for the periods indicated:

	For the year ended April 30,				
	2019		2020		
	(audited)	(unaudited)	(audited)	(unaudited)	
	(in millions, except %)				
	₱	% of total	₱	% of total	% change
Convenience Cooking and Dessert	10,039.6	34.9	10,710.8	33.6	6.7
Healthy Beverages and Snacks	6,257.7	21.8	6,686.9	21.0	6.9
Premium Fresh Fruit	4,246.6	14.8	5,740.8	18.0	35.2
Packaged Fruit and Beverages – Export	5,349.0	18.6	5,767.4	18.1	7.8
Others	105.4	0.4	87.4	0.3	(17.1)
Changes in Fair Value – PAS 41	2,763.2	9.6	2,923.1	9.2	5.8
Total	**28,761.6**	**100.0**	**31,916.3**	**100.0**	**11.0**

Convenience Cooking and Dessert

Revenues from the Convenience Cooking and Dessert segment increased by ₱671.2 million, or 6.7%, from ₱10,039.6 million for the year ended April 30, 2019 to ₱10,710.8 million for the year ended April 30, 2020. This increase was driven by an improvement of the Company's distribution network, which led to stronger sales across both modern and general trade in the year ended April 30, 2020, as well as strong retail channel sales in the fourth quarter of the year ended April 30, 2020 as consumer behavior shifted towards purchases of healthy, shelf-stable products in response to COVID-19 related lockdowns. Growth was recorded generally across all categories, but was particularly high for the Company's flagship Del Monte brands of spaghetti sauce and tomato sauce.

Healthy Beverages and Snacks

Revenues from the Healthy Beverages and Snacks segment increased by ₱429.2 million, or 6.9%, from ₱6,257.7 million for the year ended April 30, 2019 to ₱6,686.9 million for the year ended April 30, 2020. The increase was mainly attributable to a surge in sales volumes in the fourth quarter of the year ended April 30, 2020 resulting from higher consumer demand for healthy beverages at the onset of the COVID-19 pandemic, particularly the Company's Del Monte 100% Pineapple Juice. These volume increases were partially offset by lower sales volumes from food service channels, primarily due to the impact of COVID-19 related lockdowns on food service operations in the fourth quarter of the year ended April 30, 2020, as well as a large food service customer, which previously sourced supply solely from the Company, shifting to a two-supplier strategy for its beverage dispensers at the beginning of the year ended April 30, 2020, which led to a 1.4% decrease in segment revenues for the period as compared to the year ended April 30, 2019.

Premium Fresh Fruit

Revenues from the Premium Fresh Fruit segment increased by ₱1,494.2 million, or 35.2%, from ₱4,246.6 million for the year ended April 30, 2019 to ₱5,740.8 million for the year ended April 30, 2020. The significant increase was primarily a result of the effect of the change in the Company's commercial structure of its Premium Fresh Fruit business to sell directly to the customers instead of selling through trading affiliates. This change became effective from April 1, 2019 for fresh fruits, and for the sale of Del Monte-branded and packaged food and beverage products to affiliates and other customers from May 1, 2019. The change in the Company's commercial structure resulted in an effective increase in revenues in Premium Fresh Fruit of ₱1,330.8 million for the year ended April 30, 2020. Without such change in structure, revenues from the Premium Fresh Fruit segment would have recorded growth of 2.9% for the year ended April 30, 2020, mainly due to growth in overall sales volumes driven by a 13.3% increase in S&W-branded revenue in North Asia (i.e. China, Japan, and Korea) in the year ended April 30, 2020. The change in sales price (excluding impact from reorganization) and the strengthening of the Peso against the U.S. dollar in the year resulted in a 6.5% increase and 3.8% decrease in segment revenues for the period, respectively. The volume of sales in the Premium Fresh Fruit segment in the fourth quarter of the year ended April 30, 2020 declined by more than 20%, with the majority of the impact in the month of February, due to the outbreak of the COVID-19 pandemic and resulting logistics disruptions and retail restrictions in China.

Packaged Fruit and Beverages – Export

Revenues from the Packaged Fruit and Beverages – Export segment increased by ₱418.4 million, or 7.8%, from ₱5,349.0 million for the year ended April 30, 2019 to ₱5,767.4 million for the year ended April 30, 2020. The increase was primarily driven by strong performance in the second half of the year ended April 30, 2020, as demand for packaged food and beverage products rebounded due to significantly lower supply from producers in Thailand. In the fourth quarter, volume increased by 27.9% as compared to the prior year. Impact from change in sales price and the strengthening of the Peso against the U.S. dollar was a 2.3% increase and 3.0% decrease, respectively. The change in the Company's commercial structure resulted in an effective decrease in revenues of ₱38.7 million for the year ended April 30, 2020; without such change in structure, segment revenues would have recorded growth of 8.5% for the year compared to the previous year.

Cost of Sales

Cost of sales increased by ₱1,374.0 million, or 6.2%, from ₱22,010.2 million in the year ended April 30, 2019 to ₱23,384.2 million in the year ended April 30, 2020. The increase was primarily the result of increased sales volume and higher costs at the Company's production facility driven by the higher cost of pineapple, direct labor, higher cost of tinplate, stand-up pouches and bottles, as well as higher fixed manufacturing cost primarily due to lower production volume of packaged pineapples resulting in unfavorable cost absorption. Higher inventories and costs at the Company's production facilities was partly offset by lower costs on packaging materials due to lower prices and favorable U.S. dollar exchange rate as a result of the strengthening of the Peso.

Gross Income

As a result of the foregoing, gross income increased by ₱1,780.7 million, or 26.4%, from ₱6,751.4 million in the year ended April 30, 2019 to ₱8,532.1 million in the year ended April 30, 2020. The Company's gross margin in the year ended April 30, 2020 was 26.7%, an improvement from the 23.5% gross margin it recorded in the year ended April 30, 2019, mainly as a result of lower purchase prices of packaging materials such as easy open ends and copper wire, as the favorable U.S. dollar exchange rates for the year. Margin improvement was also brought about by the full year impact of price increases in line with inflation, which began to be implemented in year ended April 30, 2020. The change in the Company's commercial structure for the Premium Fresh Fruit segment resulted in an effective increase in gross income of ₱1,039.3 million for the year ended April 30, 2020; without such change, gross income would have increased 9.5% in the year ended April 30, 2020.

Distribution and Selling Expenses

Distribution and selling expenses increased by ₱501.7 million, or 18.5%, from ₱2,706.6 million in the year ended April 30, 2019 to ₱3,208.3 million in the year ended April 30, 2020, in line with the overall growth of the business. This increase was also attributable in part to higher freight and storage costs, which are borne by the Company following the restructuring of the Premium Fresh Fruit segment. The Company also recorded higher selling overhead spending for the year as a result of higher salaries and fringe benefits. The increases were partially offset by lower advertising and promotion and taxes and licenses. As a percentage of revenue, distribution and selling expenses were slightly higher at 10.1% of revenues in the year ended April 30, 2020 compared to 9.4% in the previous period. The change in the Company's commercial structure for the Premium Fresh Fruit segment resulted in an effective increase in distribution and selling expenses of ₱272.2 million, or 0.9% of revenues, for the year ended April 30, 2020; without such change, distribution and selling expenses would have increased by 8.5% in the year ended April 30, 2020.

General and Administrative Expenses

General and administrative expenses increased by ₱38.7 million, or 5.0%, from ₱778.7 million in the year ended April 30, 2019 to ₱817.4 million in the year ended April 30, 2020 due to higher personnel costs in line with inflation, as well as increased technology costs as a result of various IT automation projects and enhancements. This increase was partly offset by lower local business taxes and insurance, as well as lower costs for training and employee activities.

Finance Cost

Finance cost, which primarily consists of interest expenses and miscellaneous financial charges increased by ₱197.2 million, or 39.6%, from ₱498.0 million in the year ended April 30, 2019 to ₱695.2 million in the year ended April 30, 2020 due to an increase in short-term notes payable incurred to pay tax on the dividend declared by the Company in 2019 and as a result of the recognition of interest expense related to the adoption of PFRS 16.

Foreign Exchange Gain – net

Foreign exchange gain – net increased by ₱117.8 million, or 258.9%, from ₱45.5 million in the year ended April 30, 2019 to ₱163.3 million in the year ended April 30, 2020 due to the strengthening of the Peso against the U.S. dollar, which resulted in lower foreign translation of export sales and receivables. The Company's foreign exchange gain basically consists of unrealized translation of balance sheet items (primarily foreign currency-denominated receivables, foreign currency loan and realized foreign exchange gain) as a result of changes in exchange rate.

Interest Income

Interest income decreased by ₱10.7 million, or 35.8%, from ₱29.9 million in the year ended April 30, 2019 to ₱19.2 million in the year ended April 30, 2020, primarily due to lower interest income due to the Company's preference to offset borrowings and minimize cash in overnight or short-term deposits.

Other Income

Other income decreased by ₱71.6 million, or 24.0%, from ₱298.4 million in the year ended April 30, 2019 to ₱226.8 million in the year ended April 30, 2020 as the Company recognized lower management income, lower reversal of employee incentives, and lower scrap and other sales. These were partially offset by the reversal of long-outstanding payables, and forfeited personal retirement account amounts.

Other Expense

Other expense increased by ₱40.1 million, or 48.7%, from ₱82.2 million in the year ended April 30, 2019 to ₱122.3 million in the year ended April 30, 2020, primarily due to higher management fees, which doubled during the year as a result of the change in the commercial structure of the Premium Fresh Fruit and Packaged Fruit and Beverages – Export segments, which became effective in April 2019 and May 2019, respectively. As a result of the change in commercial structure, the Company began paying management fees to S&W Fine Foods in respect of the Company's Premium Fresh Fruit products pursuant to a Commercial Assistance Services Agreement entered into between the Company and S&W Fine Foods.

Income before Income Tax

As a result of the foregoing, income before income tax increased by ₱1,038.6 million, or 33.9%, from ₱3,059.6 million in the year ended April 30, 2019 to ₱4,098.2 million in the year ended April 30, 2020. The change in the Company's commercial structure resulted in an effective increase in income before income tax of ₱768.8 million for the year ended April 30, 2020; without such change, income before income tax would have increased 7.0% in the year ended April 30, 2020.

Income Tax Expense

Income tax expense increased by ₱143.7 million, or 29.9%, from ₱480.9 million in the year ended April 30, 2019 to ₱624.6 million in the year ended April 30, 2020, mainly attributable to higher income before income tax.

Net Income

As a result of the forgoing, net income increased by ₱894.9 million, or 34.7%, from ₱2,578.7 million in the year ended April 30, 2019 to ₱3,473.6 million in the year ended April 30, 2020. The Company's net income margin in the year ended April 30, 2020 was 10.9%, an improvement from the 9.0% net income margin it recorded in the year ended April 30, 2019, mainly as a result of improvement in gross margin from 23.5% to 26.7% due to the factors described above.

EBIT

The following table sets forth the Company's consolidated EBIT by operating segment for the periods indicated:

	For the year ended April 30,				
	2019		2020		
	(audited)	(unaudited)	(audited)	(unaudited)	
	(in millions, except %)				
	₱	% of total	₱	% of total	% change
Convenience Cooking and Dessert	1,708.4	49.8	1,779.4	38.1	4.2
Healthy Beverages and Snacks	162.6	4.7	716.1	15.3	340.4
Premium Fresh Fruit	796.3	23.2	1,714.8	36.7	115.3
Packaged Fruit and Beverages – Export	500.5	14.6	139.3	3.0	(72.2)
Others	17.8	0.5	20.0	0.4	11.0
Changes in Fair Value – PAS 41	244.1	7.1	299.1	6.4	22.5
Total	**3,429.9**	**100.0**	**4,668.7**	**100.0**	**36.1**

Convenience Cooking and Dessert

EBIT from the Convenience Cooking and Dessert segment increased by ₱71.0 million, or 4.2%, from ₱1,708.4 million for the year ended April 30, 2019 to ₱1,779.4 million for the year ended April 30, 2020. This increase was driven by an improvement of the Company's distribution network, which led to stronger sales across both modern and general trade in the year ended April 30, 2020, as well as strong retail channel sales in the fourth quarter of the year ended April 30, 2020 as consumer behavior shifted towards purchases of healthy, shelf-stable products in response to COVID-19 related lockdowns. The increase in EBIT from this segment was also driven by higher pricing, which contributed to a 1.2% increase in gross margin for the year ended April 30, 2020, a decrease in the cost of raw materials, particularly sugar, which mitigated the higher pineapple and fixed manufacturing overhead costs.

Healthy Beverages and Snacks

EBIT from the Healthy Beverages and Snacks segment increased by ₱553.5 million, or 340.4%, from ₱162.6 million for the year ended April 30, 2019 to ₱716.1 million for the year ended April 30, 2020. The strong growth was mainly attributable to higher sales volumes, particularly in respect of 100% Pineapple Juice, as demand throughout the year was strong and further accelerated in the fourth quarter amidst the COVID-19 related lockdowns, resulting in a favorable impact of ₱201.1 million. The increase in EBIT from this segment was also attributable to higher pricing and lower discounts on promotion packs, which contributing to a 1.2% increase in gross margin for the year ended April 30, 2020, as well as lower costs relating to packaging materials and fixed manufacturing overheads and warehousing.

Premium Fresh Fruit

EBIT from the Premium Fresh Fruit segment increased by ₱918.5 million, or 115.3%, from ₱796.3 million for the year ended April 30, 2019 to ₱1,714.8 million for the year ended April 30, 2020, primarily as a result of the change in the Company's commercial structure of its Premium Fresh Fruit business to sell directly to customers instead of selling through trading affiliates, which resulted in a ₱1,065.7 million increase in EBIT from this segment. The increase in EBIT for the year ended April 30, 2020 was partially offset by the strengthening of the Peso against the U.S. dollar for the period that had an unfavorable impact of ₱160.6 million.

Packaged Fruit and Beverages – Export

EBIT from the Packaged Fruit and Beverages – Export segment decreased by ₱361.1 million, or 72.2%, from ₱500.5 million for the year ended April 30, 2019 to ₱139.3 million for the year ended April 30, 2020. The decrease was primarily driven by higher product costs as well as the negative effect on segment EBIT from the strengthening of the Philippine Peso against the U.S. dollar, which had an unfavorable impact of ₱158.6 million on revenues for the period. In addition, the change in the Company's commercial structure resulted in an effective decrease in EBIT of ₱38.7 million for the year ended April 30, 2020.

Financial Condition

As of April 30, 2021 Compared to as of April 30, 2020

The following is a discussion of DMPI's current and noncurrent assets and liabilities as of April 30, 2021 compared to April 30, 2020.

Assets

DMPI's assets increased by ₱2,475.4 million, or 7.4%, from ₱33,537.7 million as of April 30, 2020 to ₱36,013.1 million (U.S.$744.2 million) as of April 30, 2021, primarily as a result of increases in property, plant and equipment, intangible assets, inventories, prepaid expenses and other current assets, as discussed below.

	As of April 30,		
	2020	**2021**	**2021**
	(audited)		**(unaudited)**
	(₱)	**(₱)**	**(U.S.$)**
	(in millions)		
ASSETS			
Current assets			
Cash and cash equivalents	1,170.9	1,004.8	20.8
Receivables	7,298.2	6,057.5	125.2
Inventories	4,645.3	5,121.4	105.8
Biological assets	3,076.2	2,158.3	44.6
Prepaid expenses and other current assets	436.6	625.6	12.9
Total current assets	**16,627.2**	**14,967.7**	**309.3**
Noncurrent assets			
Biological assets	107.3	129.5	2.7
Financial assets at fair value through other comprehensive income	13.1	12.6	0.3
Investment properties	206.2	177.9	3.7
Property, plant and equipment	15,340.1	16,498.8	341.0
Intangible assets	—	2,987.4	61.7
Receivable – net of current portion	3.1	188.1	3.9
Net retirement benefits asset	336.7	379.9	7.9
Deferred tax assets – net	0.3	0.2	0.0
Other noncurrent assets	**903.7**	**671.0**	**13.9**
Total noncurrent assets	**16,910.4**	**21,045.4**	**434.9**
Total assets	**33,537.7**	**36,013.1**	**744.2**

Current Assets

DMPI's current assets decreased by ₱1,659.6 million, or 10.0%, from ₱16,627.2 million as of April 30, 2020 to ₱14,967.7 million (U.S.$309.3 million) as of April 30, 2021 due to the decrease in receivables and biological assets, as discussed below.

Cash and cash equivalents

Cash and cash equivalents decreased by ₱166.1 million, or 14.2%, from ₱1,170.9 million as of April 30, 2020 to ₱1,004.8 million (U.S.$20.8 million) as of April 30, 2021, primarily as a result of decrease in cash in bank from operations.

Receivables

Receivables decreased by ₱1,240.7 million, or 17.0%, from ₱7,298.2 million as of April 30, 2020 to ₱6,057.5 million (U.S.$125.2 million) as of April 30, 2021, primarily as a result of a decrease in related party receivables. The related party receivables, amounting to ₱2,987.4 million, were offset as the consideration for the assignment of trademarks acquired by the Company's wholly owned subsidiary, PPMSC, from an affiliated entity during the period. For more information, see Note 6 to the audited consolidated financial statements included elsewhere in this report. In addition, the Company and CARI entered into an offsetting agreement wherein the dividend payable amounting to ₱1,864.4 million, net of applicable final tax, to CARI was offset against the receivables from DMPL and S&W Fine Foods amounting to ₱1,559.0 million and ₱305.4 million, respectively.

Inventories

Inventories increased by ₱476.1 million, or 10.2%, from ₱4,645.3 million as of April 30, 2020 to ₱5,121.4 million (U.S.$105.8 million) as of April 30, 2021, primarily as a result of the increase in materials used for cans and introduction of new beverage products in line with sales growth. Average days in inventory (calculated as the past four quarters of average inventory over daily total delivered cost for the past 12 months) for the period was 83 days, which was lower by 14 days from average days in inventory of 97 days in the year ended April 30, 2020 as result of an increase in sales in the Philippines and in the international market as well as lower supply of pineapple in the first half of the year ended April 30, 2021.

Biological assets

The current portion of biological assets decreased by ₱917.9 million, or 29.8%, from ₱3,076.2 million as of April 30, 2020 to ₱2,158.3 million (U.S.$44.6 million) as of April 30, 2021, primarily as a result of an increase in harvested agricultural produce to support increased sales volumes.

Prepaid expenses and other current assets

Prepaid expenses and other current assets increased by ₱189.0 million, or 43.3%, from ₱436.6 million as of April 30, 2020 to ₱625.6 million (U.S.$12.9 million) as of April 30, 2021, primarily as a result of the increase in prepaid expenses associated with the initial public offering which will be recharged to CARI, prepaid input VAT and short-term deposits.

Noncurrent Assets

DMPI's noncurrent assets increased by ₱4,135.0 million, or 24.5%, from ₱16,910.4 million as of April 30, 2020 to ₱21,045.4 million (U.S.$434.9 million) as of April 30, 2021 mainly due to the increase of property, plant and equipment and intangible assets, as discussed below.

Biological assets

The noncurrent portion of biological assets increased by ₱22.2 million, or 20.7%, from ₱107.3 million as of April 30, 2020 to ₱129.5 million (U.S.$2.7 million) as of April 30, 2021, primarily as a result of the decrease of live cattle sales and increased cattle births.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income decreased by ₱0.5 million, or 3.8%, from ₱13.1 million as of April 30, 2020 to ₱12.6 million (U.S.$0.3 million) as of April 30, 2021, primarily as a result of lower fair values.

Investment properties

Investment properties decreased by ₱28.3 million, or 13.7%, from ₱206.2 million as of April 30, 2020 to ₱177.9 million (U.S.$3.7 million) as of April 30, 2021 due to depreciation of property and de-recognition of right-of-use assets pertaining to the sublease of a portion of the Company's corporate office in line with PFRS 16.

Property, plant and equipment

Property, plant and equipment increased by ₱1,158.8 million, or 7.6%, from ₱15,340.1 million as of April 30, 2020 to ₱16,498.8 million (U.S.$341.0 million) as of April 30, 2021, primarily as a result of the additions to the bearer plants at cost resulting from higher hectares used for standing crops.

Intangible Assets

Intangible assets increased by ₱2,987.4 million as of April 30, 2021. On May 1, 2020, a DMPI affiliate, Dewey Sdn. Bhd., assigned to DMPI's wholly-owned subsidiary, PPMSC, various trademarks which include the "*Del Monte*" and "*Today's*" trademarks for use in connection with packaged foods in the Philippines.

Receivable – net of current portion

Receivable – net of current portion increased by ₱185.0 million, or 5,952.1%, from ₱3.1 million as of April 30, 2020 to ₱188.1 million (U.S.$3.9 million) as of April 30, 2021, primarily as a result of the sale of buildings, warehouses and equipment which is payable in installment.

Net retirement benefits asset

Net retirement benefits asset increased by ₱43.2 million, or 12.8%, from ₱336.7 million as of April 30, 2020 to ₱379.9 million (U.S.$7.9 million) as of April 30, 2021, primarily as a result of decrease in present value of defined benefit retirement obligation due to higher actuarial gains and benefit payments.

Deferred tax assets – net

Deferred tax assets – net decreased by ₱0.1 million, or 33.3%, from ₱0.3 million as of April 30, 2020 to ₱0.2 million (U.S.$4.8 thousand) as of April 30, 2021, primarily as a result of lower timing differences particularly on allowances for expected credit losses.

Other noncurrent assets

Other noncurrent assets decreased by ₱232.7 million, or 25.7%, from ₱903.7 million as of April 30, 2020 to ₱671.0 million (U.S.$13.9 million) as of April 30, 2021 due to the security deposit that was returned by NutriAsia to the company in August 2020.

Liabilities

DMPI's liabilities increased by ₱2,816.7 million, or 12.5%, from ₱22,489.5 million as of April 30, 2020 to ₱25,306.3 million (U.S.$523.0 million) as of April 30, 2021 primarily as a result of the increase in long-term debt and issuance of bonds payable, as discussed below.

	As of April 30,		
	2020	2021	2021
	(audited)		(unaudited)
	(₱)		(U.S.$)
	(in millions)		
LIABILITIES			
Current liabilities			
Short-term notes payable	11,442.8	7,888.7	163.0
Accounts payable and accrued expenses	5,042.1	5,414.9	111.9
Current portion of:			
Long-term debt	3,000.0	—	—
Lease liabilities	289.2	291.2	6.0
Income tax payable	226.4	92.4	1.9
Total current liabilities	**20,000.4**	**13,687.3**	282.9
Noncurrent liabilities			
Long-term debt – net of current portion	—	2,980.1	61.6
Bonds payable	—	6,389.8	132.0
Deferred tax liabilities – net	142.0	135.4	2.8
Lease liabilities – net of current portion	2,347.2	2,113.7	43.7
Other noncurrent liabilities	—	—	—
Total noncurrent liabilities	**2,489.1**	**11,619.0**	**240.1**
Total liabilities	**22,489.5**	**25,306.3**	**523.0**

Current Liabilities

DMPI's current liabilities decreased by ₱6,313.1 million, or 31.6%, from ₱20,000.4 million as of April 30, 2020 to ₱13,687.3 million (U.S.$282.9 million) as of April 30, 2021, primarily as a result of the decrease in short-term notes payable, as discussed below.

Short-term notes payable

Short-term notes payable decreased by ₱3,554.1 million, or 31.1%, from ₱11,442.8 million as of April 30, 2020 to ₱7,888.7 million (U.S.$163.0 million) as of April 30, 2021, primarily as a result of repayment of short-term loans from proceeds of the Company's bond issuance.

Accounts payable and accrued expenses

Accounts payable and accrued expenses increased by ₱372.9 million, or 7.4%, from ₱5,042.1 million as of April 30, 2020 to ₱5,414.9 million (U.S.$111.9 million) as of April 30, 2021, primarily as a result of the increase in trade payables and accrued advertising and promotions expenses.

Current portion of long-term debt

Current portion of long-term debt as of April 30, 2021 was nil as compared to ₱3,000.0 million (U.S.$62.0 million) as of April 30, 2020 as a result of the refinancing of the Company's long-term credit loan due in August 2020. Of the ₱3,000.0 million aggregate principal amount of the loan, the Company refinanced ₱1,500.0 million over nine equal quarterly installments with the first repayment date on August 3, 2023 and last repayment date on August 3, 2025. The remaining ₱1,500.0 million was refinanced over eight quarterly installments with the first repayment date on February 6, 2024 and last repayment date on November 6, 2025.

Current portion of lease liabilities

Current portion of lease liabilities decreased by ₱2 million, or 0.7%, from ₱289.2 million as of April 30, 2020 to ₱291.2 million (U.S.$6.0 million) as of April 30, 2021, primarily as a result of lease payments of the remaining period covered by lease contracts.

Income tax payable

Income tax payable decreased by ₱134.0 million, or 59.2%, from ₱226.4 million as of April 30, 2020 to ₱92.4 million (U.S.$1.9 million) as of April 30, 2021 due to the effectivity and partial effects from the implementation of CREATE.

Noncurrent Liabilities

DMPI's noncurrent liabilities increased by ₱9,129.9 million, or 366.8%, from ₱2,489.1 million as of April 30, 2020 to ₱11,619.0 million (U.S.$240.1 million) as of April 30, 2021, primarily as a result of the increase in long-term debt and issuance of bonds payable.

Long-term debt – net of current portion

Long-term debt – net of current portion increased to ₱2,980.1 million as of April 30, 2021 from nil as of April 30, 2020, primarily as a result of the Company's availment of a long-term credit facility amounting to ₱3,000.0 million to replace the Company's previous long-term loan, which was due to mature in August 3, 2020.

Bonds payable

Bonds payable increased by ₱6,389.8 million, or 100%, from nil as of April 30, 2020 to ₱6,389.8 million as of April 30, 2021 as a result of the issuance in October of 3.484% and 3.7563% Peso-denominated fixed-rate bonds due in 2023 and 2025, respectively. The bonds were assigned a rating of PRS Aaa with a stable outlook, the highest issue credit rating, by PhilRatings.

Deferred tax liabilities – net

Deferred tax liabilities – net decreased by ₱6.6 million, or 4.6%, from ₱142.0 million as of April 30, 2020 to ₱135.4 million (U.S.$2.8 million) as of April 30, 2021, primarily as a result of lower timing differences on accrued expenses.

Lease liabilities – net of current portion

Lease liabilities – net of current portion decreased by ₱233.4 million, or 9.9%, from ₱2,347.2 million as of April 30, 2020 to ₱2,113.7 million (U.S.$43.7 million) as of April 30, 2021, primarily as a result of payments during the lease term. Lease liabilities increased from April 30, 2019 to April 2020 due to adoption of PFRS 16, a new standard on accounting for leases.

As of April 30, 2020 Compared to as of April 30, 2019

The following is a discussion of DMPI's current and noncurrent assets and liabilities as of April 30, 2020 compared to April 30, 2019.

Assets

DMPI's assets decreased by ₱5,109.6 million, or 13.2%, from ₱38,647.3 million as of April 30, 2019 to ₱33,537.7 million as of April 30, 2020, primarily as a result of a decrease in receivables and inventories, as discussed below.

	As of April 30,	
	2019	**2020**
	(audited)	
	(₱)	
	(in millions)	
ASSETS		
Current assets		
Cash and cash equivalents	563.9	1,170.9
Receivables	15,563.1	7,298.2
Inventories	5,953.4	4,645.3
Biological assets	2,717.3	3,076.2

	As of April 30,	
	2019	2020
	(audited)	
	(₱)	
	(in millions)	
Prepaid expenses and other current assets	838.3	436.6
Total current assets	**25,636.1**	**16,627.2**
Noncurrent assets		
Biological assets	87.6	107.3
Financial assets at fair value through other comprehensive income	12.1	13.1
Investment properties	194.7	206.2
Property, plant and equipment	11,141.2	15,340.1
Receivable – net of current portion	–	3.1
Net retirement benefits asset	429.3	336.7
Deferred tax assets – net	1.9	0.3
Other noncurrent assets	1,144.5	903.7
Total noncurrent assets	**13,011.2**	16,910.4
Total assets	**38,647.3**	**33,537.7**

Current Assets

DMPI's current assets decreased by ₱9,008.8 million, or 35.1%, from ₱25,636.1 million as of April 30, 2019 to ₱16,627.2 million as of April 30, 2020, mainly due to a decrease in receivables and inventories, as discussed below.

Cash and cash equivalents

Cash and cash equivalents increased by ₱607.0 million, or 107.6%, from ₱563.9 million as of April 30, 2019 to ₱1,170.9 million as of April 30, 2020, primarily as a result of higher cash collection of export sales.

Receivables

Receivables decreased by ₱8,264.9 million, or 53.1%, from ₱15,563.1 million as of April 30, 2019 to ₱7,298.2 million as of April 30, 2020, primarily as a result of advances extended to holding company and overdue trade receivables from the sale of products to affiliates offset by dividends declared. In July 2019, the Company declared dividends amounting to ₱13,796.1 million. The Company and CARI, subsequently entered into an offsetting agreement wherein the dividend payable amounting to ₱11,726.7 million, net of applicable final tax, to CARI was offset against the receivables from GTL Limited, DMPL and S&W Fine Foods amounting to ₱9,155.1 million, ₱1,762.7 million, and ₱808.9 million, respectively.

Inventories

Inventories decreased by ₱1,308.1 million, or 22.0%, from ₱5,953.4 million as of April 30, 2019 to ₱4,645.3 million as of April 30, 2020, primarily as a result of lower inventory for tropical, pineapple solids, and pineapple juice concentrate. Days in inventory improved to 97 days from 122 days driven by improved sales in the Packaged Fruit and Beverages – Export segment and also a deliberate attempt to lower production volume and carried inventory of semi-finished goods in the year ended April 30, 2020.

Biological assets

The current portion of biological assets increased by ₱358.9 million, or 13.2%, from ₱2,717.3 million as of April 30, 2019 to ₱3,076.2 million as of April 30, 2020, primarily as a result of higher fair value attributable to higher production of MD2 pineapples resulting from a greater number of hectares allocated to MD2 and higher yield. The improvement of gross margin of packaged products also contributed to the increase in fair value of biological assets.

Prepaid expenses and other current assets

Prepaid expenses and other current assets decreased by ₱401.7 million, or 47.9%, from ₱838.3 million as of April 30, 2019 to ₱436.6 million as of April 30, 2020, primarily as a result of reclassification of prepaid rent to right-of-use asset related to adoption of PFRS 16.

Noncurrent Assets

DMPI's noncurrent assets increased by ₱3,899.2 million, or 30.0%, from ₱13,011.2 million as of April 30, 2019 to ₱16,910.4 million as of April 30, 2020, mainly due to an increase in property, plant and equipment, as discussed below.

Biological assets

The noncurrent portion of biological assets increased by ₱19.7 million, or 22.5%, from ₱87.6 million as of April 30, 2019 to ₱107.3 million as of April 30, 2020, primarily as a result of increase in feeding cost and farm cost on improved feed regimentation and facility improvement.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income increased by ₱1.0 million, or 8.3%, from ₱12.1 million as of April 30, 2019 to ₱13.1 million as of April 30, 2020, primarily as a result of higher fair values.

Investment properties

Investment properties increased by ₱11.5 million, or 5.9%, from ₱194.7 million as of April 30, 2019 to ₱206.2 million as of April 30, 2020, primarily as a result of recognition of right-of-use asset related to adoption of PFRS 16.

Property, plant and equipment

Property, plant and equipment increased by ₱4,198.9 million, or 37.7%, from ₱11,141.2 million as of April 30, 2019 to ₱15,340.1 million as of April 30, 2020, primarily as a result of recognition of right-of-use asset related to adoption of PFRS 16 and additions to bearer plants at cost resulting from higher land prepared and planted to meet increasing demand in 2020 and onwards.

Receivable – net of current portion

As of April 30, 2020, receivable – net of current portion was ₱3.1 million, as compared to ₱0.0 as of April 30, 2019, as a result of recognition of lease receivable related to adoption of PFRS 16.

Net retirement benefits asset

Net retirement benefits asset decreased by ₱92.6 million, or 21.6%, from ₱429.3 million as of April 30, 2019 to ₱336.7 million as of April 30, 2020, primarily as a result of higher present value of defined benefit obligation.

Deferred tax assets – net

Deferred tax assets – net decreased by ₱1.6 million, or 84.2%, from ₱1.9 million as of April 30, 2019 to ₱0.3 million as of April 30, 2020, primarily as a result of lower timing difference recognized on allowance for doubtful accounts.

Other noncurrent assets

Other noncurrent assets decreased by ₱240.8 million, or 21.0%, from ₱1,144.5 million as of April 30, 2019 to ₱903.7 million as of April 30, 2020, primarily as a result of transfer of prepaid rentals to right-of-use asset related to adoption of PFRS 16.

Liabilities

DMPI's liabilities increased by ₱5,235.5 million, or 30.3%, from ₱17,254.0 million as of April 30, 2019 to ₱22,489.5 million as of April 30, 2020, primarily as a result of an increase in short-term notes payable and accounts payable and accrued expenses, and the adoption of PFRS 16 as of May 1, 2019, as discussed below.

	As of April 30,	
	2019	2020
	(audited)	
	(₱)	
	(in millions)	
LIABILITIES		
Current liabilities		
Short-term notes payable	9,836.1	11,442.8
Accounts payable and accrued expenses	4,077.5	5,042.1
Current portion of:		
Long-term debt	–	3,000.0
Lease liabilities	–	289.2
Income tax payable	41.0	226.4
Total current liabilities	**13,954.6**	**20,000.4**
Noncurrent liabilities		
Long-term debt – net of current portion	3,000.0	—
Deferred tax liabilities – net	174.5	142.0
Lease liabilities – net of current portion	–	2,347.2
Other noncurrent liabilities	124.9	—
Total noncurrent liabilities	**3,299.4**	**2,489.1**
Total liabilities	**17,254.0**	**22,489.5**

Current Liabilities

DMPI's current liabilities increased by ₱6,045.8 million, or 43.3%, from ₱13,954.6 million as of April 30, 2019 to ₱20,000.4 million as of April 30, 2020, primarily as a result of an increase in short-term notes payable, long-term debt and accounts payable and accrued expenses, as discussed below.

Short-term notes payable

Short-term notes payable increased by ₱1,606.7 million, or 16.3%, from ₱9,836.1 million as of April 30, 2019 to ₱11,442.8 million as of April 30, 2020, primarily due to additional borrowings made for payment of dividend taxes as well as working capital requirements.

Accounts payable and accrued expenses

Accounts payable and accrued expenses increased by ₱964.6 million, or 23.7%, from ₱4,077.5 million as of April 30, 2019 to ₱5,042.1 million as of April 30, 2020, primarily as a result of increase in trade payables.

Current portion of long-term debt

As of April 30, 2020, current portion of long-term debt was ₱3,000.0 million, as compared to ₱0.0 as of April 30, 2019, as a result of reclassification of long-term debt which matured on August 3, 2020.

Current portion of lease liabilities

As of April 30, 2020, current portion of lease liabilities was ₱289.2 million, as compared to ₱0.0 as of April 30, 2019, as a result of adoption of PFRS 16.

Income tax payable

Income tax payable increased by ₱185.4 million, or 452.2%, from ₱41.0 million as of April 30, 2019 to ₱226.4 million as of April 30, 2020, primarily as a result of higher income for the year.

Noncurrent Liabilities

DMPI's noncurrent liabilities decreased by ₱810.3 million, or 24.6%, from ₱3,299.4 million as of April 30, 2019 to ₱2,489.1 million as of April 30, 2020, primarily as a result of a decrease in long-term debt – net of current portion, as discussed below.

Long-term debt – net of current portion

As of April 30, 2020, long-term debt – net of current portion was ₱0.0, as compared to ₱3,000.0 million as of April 30, 2019, as a result of reclassification of long-term loan as current which matured on August 3, 2020.

Deferred tax liabilities – net

Deferred tax liabilities – net decreased by ₱32.5 million, or 18.6%, from ₱174.5 million as of April 30, 2019 to ₱142.0 million as of April 30, 2020, primarily as a result of lower timing differences driven by changes in fair value – PAS 41.

Lease liabilities – net of current portion

As of April 30, 2020, lease liabilities – net of current portion were ₱2,347.2 million, as compared to ₱0.0 as of April 30, 2019, as a result of adoption of PFRS 16.

Other noncurrent liabilities

As of April 30, 2020, other noncurrent liabilities was ₱0.0, as compared to ₱124.9 million as of April 30, 2019, as a result of adoption of PFRS 16.

Liquidity and Capital Resources

Overview

The Company's principal liquidity requirements are for both operating expenses and capital expenditures, which comprise inventory purchases, salaries and wages, overhead costs, advertising and promotion and logistics costs.

The Company's principal sources of liquidity are from internally generated cash from operations and unsecured bank loans. As of April 30, 2021, the Company's total current assets were ₱14,967.7 million (U.S.$309.3 million), of which cash and cash equivalents accounted for 6.7% or ₱1,004.8 million (U.S.$20.8 million), as compared to total current assets of ₱16,627.3 million as of April 30, 2020. This was against the Company's total current liabilities as of April 30, 2021 of ₱13,687.3 million (U.S.$282.9 million), of which 57.6%, or ₱7,888.7 million (U.S.$163.0 million), were short-term notes payable, as compared to total current liabilities of ₱20,000.4 million as of April 30, 2020.

The table below shows the Company's current and quick ratio for the year ended April 30, 2019, 2020, and 2021.

	As of and for the year ended April 30,		
	2019	**2020**	**2021**
		(unaudited)	
		(in millions except %, ratios and days)	
Current ratio or working capital ratio[1]	1.8	0.8	1.1
Quick ratio[2].......................................	1.2	0.4	0.5

Notes:

(1) Current ratio or working capital ratio is calculated as total current assets divided by total current liabilities.

(2) The table below sets forth the computation of the quick ratio for the years ended April 30, 2019, 2020 and 2021:

	For the years ended April 30,			
	2019	2020	2021	
		(audited)		(unaudited)
		(₱)		(U.S.$)
		(in millions)		
Total current assets	25,636.1	16,627.3	14,967.7	309.3
Less:				
Inventories	5,953.4	4,645.3	5,121.4	105.8
Prepaid expenses and other current assets	838.3	436.6	625.6	12.9
Biological assets	2,717.3	3,076.2	2,158.3	44.6
	16,686.1	8,469.1	7,062.4	134.4
Divided by: Total current liabilities	13,954.6	20,000.4	13,687.3	282.9
Quick ratio	**1.2**	**0.4**	**0.5**	**0.5**

As of April 30, 2020, the Company's current ratio was 0.8, as compared to 1.8 as of April 30, 2019, due to the increase in current liabilities primarily as a result of the reclassification of long-term debt, which matured on August 3, 2020, as well as the decrease in current assets primarily as a result of reduction in outstanding advances extended to holding company and overdue trade receivables from the sale of products to affiliates offset by dividends declared.

As of April 30, 2021, the Company's current ratio was 1.1, versus 0.8 as of April 30, 2020, due to the comparatively larger decrease in current liabilities as of April 30, 2021 as compared to the decrease in current assets as of the same date as a result of a decrease in receivables and biological assets. The Company's current liabilities decreased as of April 30, 2020 as a result of the decrease in short-term notes payable in connection with the refinancing of the Company's long-term credit loan due in August 2020.

The Company expects an increase in its working capital requirements due to increased sales and market share expansion. Moving forward, the Company expects to fund its working capital requirements from its operating cash flows and borrowings. The Company may also, from time to time, seek other sources of funding, which may include debt or equity financing, depending on its financing needs and market conditions. In the course of conducting its business, the Company has incurred, and will continue, to incur short-term debt from banking institutions. As of April 30, 2021, the Company expects to be able to service its working capital requirements for the next 12 months from its cash flow from operations. The Company also has several unused credit lines from certain financial institutions, which it can use to service its short-term working capital requirements if needed.

Cash Flows

The following table sets forth the selected information from the Company's consolidated statements of cash flows for the periods indicated:

	For the years ended April 30,			
	2019	2020	2021	
		(audited)		(unaudited)
		(in millions)		
	₱	₱	₱	U.S.$
Net cash flows provided by operating activities	6,711.5	5,680.5	5,093.2	105.3
Net cash flows used in investing activities(1)	(5,308.3)	(5,932.4)	(6,618.0)	(136.8)
Adjustment for trademark(2)	—	—	2,987.4	61.7
Operating free cash flow(3)	—	—	8,183.4	169.1

Adjusted net cash flows used in investing activities(4)	—	—	(9,513.2)	(196.6)
Net cash flows provided by (used in) financing activities	(1,602.9)	865.7	1,363.0	28.2
Net increase (decrease) in cash and cash equivalents .	(200.7)	607.0	(166.1)	(3.4)

Notes:

(1) Net cash flows used in investing activities includes additions to bearer plants at cost recognized as property, plant and equipment in compliance with the amendments in PAS 41.

(2) Adjustment for trademark represents the reduction in related party receivables of ₱2,987.4 million (U.S.$61.7 million) as consideration for the acquisition of certain trademarks by the Company's wholly owned subsidiary from an affiliate in the year ended April 30, 2021.

(3) Operating free cash flow represents net cash provided by operating activities plus the adjustment for trademark.

(4) Adjusted net cash flows used in investing activities for the year ended April 30, 2021 is calculated as net cash flows used in investing activities for the period, less the adjustment for the acquisition of trademarks amounting to ₱2,987.4 million (U.S.$61.7 million) and less operating free cash flow of ₱8,183.4 million (U.S.$169.1 million).

Net cash flows provided by operating activities

For the year ended April 30, 2021, net cash flows provided by operating activities was ₱5,093.2 million (U.S.$105.3 million), while the Company had consolidated income before income tax of ₱5,518.3 million (U.S.$114.0 million). Cash generated by operating income (after adding back non-cash items and after deducting working capital changes) was ₱5,935.2 million (U.S.$122.7 million). This primarily resulted from the Company's higher profit for the period and decrease in working capital as a result of a decrease in receivables during the period, ₱5,601.8 million (U.S.$115.8 million) of which were offset as consideration for the assignment of trademarks acquired by the Company's wholly owned subsidiary, PPMSC, from an affiliated entity during the period (see Note 9 to the audited consolidated financial statements included elsewhere in this report). The Company generated cash from interest of ₱24.1 million (U.S.$0.5 million) and paid income taxes of ₱849.9 million (U.S.$17.6 million) in the year ended April 30, 2021.

For the year ended April 30, 2020, net cash flows provided by operating activities was ₱5,680.5 million, while the Company had consolidated income before income tax of ₱4,098.2 million. Cash generated by operating income (after adding back non-cash items and after deducting working capital changes) was ₱6,024.9 million. This primarily resulted from the Company's higher profit for the period, which was partially offset by an increase in working capital of ₱4,121.9 million as a result of an increase in receivables and a decrease in payables. The Company generated cash from interest of ₱19.4 million and paid income taxes of ₱337.1 million in the year ended April 30, 2020.

For the year ended April 30, 2019, net cash flows provided by operating activities was ₱6,711.5 million, while the Company had consolidated income before income tax of ₱3,059.6 million. Cash generated by operating income (after adding back non-cash items and after deducting working capital changes) was ₱7,810.7 million. This primarily resulted from the Company's higher profit for the period, which was offset by an increase in working capital of ₱552.7 million as a result of a decrease in current payables. The Company generated cash from interest of ₱30.8 million and paid income taxes of ₱490.5 million in the year ended April 30, 2019.

Net cash flows provided by (used in) investing activities

For the year ended April 30, 2021, adjusted net cash flows used in investing activities was ₱6,618.0 million (U.S.$136.8 million). This cash outflow comprised ₱2,987.4 million (U.S.$61.7 million) primarily related to the acquisition of various trademarks, which included Del Monte and Today's (see Note 9 to the audited consolidated financial statements included elsewhere in this report), construction in progress of ₱406.6 million (U.S.$8.4 million), additional machinery and equipment of ₱165.6 million (U.S.$3.4 million), and additions to bearer plants of ₱5,881.8 million (U.S.$121.5 million). Major items in construction in progress included expenses related to the construction of certain manufacturing equipment, such as can making equipment, a production line for pineapple tidbits in stand-up pouches and a filling and seaming machine.

For the year ended April 30, 2020, net cash flows used in investing activities was ₱5,932.4 million. This cash outflow primarily consisted of construction in progress of ₱337.2 million, additional machinery and equipment of ₱204.9 million, additions to bearer plants of ₱4,950.7 million, and recognition of right-of-use assets of ₱151.3 million in year ended April 30, 2020. Major items in construction in progress included expenses related to the construction of certain manufacturing equipment, such as can making equipment, a production line for pineapple tidbits in stand-up pouches and a filling and seaming machine.

For the year ended April 30, 2019, net cash flows used in investing activities was ₱5,308.3 million. This cash outflow primarily consisted of construction in progress of ₱686.6 million, additional machinery and equipment of ₱115.5 million, as well as additions to bearer plants of ₱4,275.9 million. Major items in construction in progress included construction of a not-from-concentrate juicing plant and purchase of can making equipment.

Net cash flows provided by (used in) financing activities

For the year ended April 30, 2021, net cash flows provided by financing activities was ₱1,363.0 million (U.S.$28.2 million). For the year ended April 30, 2021, the Company received proceeds of ₱146,343.4 million (U.S.$3,024.2 million) from availments of Peso and U.S. dollar-denominated bank loans and paid out a corresponding ₱149,891.4 million (U.S.$3,097.6 million) for the same.

For the year ended April 30, 2020, net cash flows provided by financing activities was ₱865.7 million. For the year ended April 30, 2020, the Company received proceeds of ₱161,839.1 million from availments of Peso and U.S. dollar-denominated bank loans and paid out a corresponding ₱160,206.1 million for the same.

For the year ended April 30, 2019, net cash flows used in financing activities was ₱1,602.9 million. For the year ended April 30, 2019, the Company received proceeds of ₱147,444.8 million from availments of Peso and U.S. dollar-denominated bank loans and paid out a corresponding ₱148,645.1 million for the same.

Capital Expenditures

Pursuant to its business expansion, the Company has invested and expects to continue to allocate a significant amount of its resources to capital expenditures to improve and expand its operations, reduce costs and maintain its existing equipment and facilities, including through investments related to the expansion of fresh packing and Mindanao production capacity, among other things.

The table below sets forth certain components of the Company's additions to property, plant and equipment excluding right-of-use assets for the periods indicated:

	For the years ended April 30,						
	2019		2020		2021		
	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	
	(in millions, except %)						
	₱	% of total	₱	% of total	₱	U.S.$	% of total
Machinery and equipment	115.5	2.2	204.9	3.6	165.6	3.4	2.5
Buildings and improvements	82.6	1.6	44.8	0.8	29.2	0.6	0.4
Leasehold improvements	169.8	3.2	80.6	1.4	179.2	3.7	2.7
Construction in progress	686.6	12.9	337.2	6.0	406.6	8.4	6.1
Bearer plants at cost(1)	4,275.9	80.2	4950.7	88.1	5,881.8	121.5	88.3
Total	**5,330.4**	**100.0**	**5,618.1**	**100.0**	**6,662.4**	**137.7**	**100.0**

Notes:

(1) Bearer plants at cost are calculated as additions to bearer plants at cost for the period less capitalizable borrowing cost. The Company adopted the amendments in PAS 41. The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply.

(2) In the year ended April 30, 2020, the Company, as lessee, adopted PFRS 16 on its leases which sets forth that at the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset

representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Company adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2020 and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4.

Capital expenditures were primarily attributable to replacement of machineries and equipment and major reconditioning of boom sprayer. Other capital expenditures pertain to the expansion of the packing house.

The following table sets out the Company's planned and estimated future capital expenditures (excluding capital expenditure related to bearer plants) based on approved budgets and executable contracts:

	For the year ended April 30,		
	2022	**2023**	**2024**
	(unaudited, estimated) (₱ in millions)		
Uncommitted amounts approved by the Board	1,402.9	1,149.5	786.2
Commitments in respect of contracts made	90.2	—	—
Total	1,493.1	1,149.5	786.2

Uncommitted amounts represent the total expected amount of capital spending for the period with no purchase order yet and not yet contracted while the commitments in respect of contracts made pertain to the expected cost of materials and services both delivered and served and still to be delivered and to be served based on purchase orders or contracts with suppliers.

The Company expects to incur capital expenditures of up to an aggregate of approximately ₱1,493.1 million for the year ended April 30, 2022, primarily for supporting growth and capacity expansion, driving automation and cost efficiency, enhancing quality control, safety and compliance across the Company's facilities, and replacing and overhauling existing assets. Other than ordinary course research and development, there are no product research and development projects that form part of the Company's 12-month plan of operation. The Company expects to source the funds necessary to support its estimated capital expenditure requirements for the next three years from operating cash flows, retained earnings and debt financing, subject to market conditions.

These expected amounts reflects the Company's estimates and strategy as of April 30, 2021. The capital expenditures may change as projects are reviewed, or contracts are entered into and are subject to various factors, including market conditions, the general state of the Philippine economy, the operating performance and cash flow of the Company and its ability to obtain financing on terms satisfactory to management.

Contractual Obligations and Commitments

The following table sets forth the Company's contractual obligations and commitments as of April 30, 2021.

	Total	**Year ending April 30, 2022**	**Years ending April 30, 2023 and beyond**
		(₱ in millions)	
Short-term notes payable	7,888.7	7,888.7	—
Long-term debt	2,980.1	(19.9)	3,000.0
Bonds payable	6,389.8	(88.7)	6,478.5
Accounts payable and accrued expenses	5,414.9	5,423.9	—
Income tax payable	92.4	92.4	—
Lease liabilities (current and non-current) – upon adoption of PFRS 16	2,405.0	291.2	2,600.4
Rentals and lease commitments	3,413.9	698.0	2,715.9
Total	**28,584.8**	**14,285.6**	**14,794.8**

The Company's short-term interest-bearing loans and borrowings consist of U.S. dollar-denominated unsecured notes payable in original currency amounting to U.S.$65.8 million (₱3,168.7 million) as of April 30, 2021. The loans bear interest at 2.3% to 2.7% and usually mature after 29 to 32 days.

Trade payables are non-interest-bearing and are normally settled on 30- to 60-day terms.

Income tax payable consists of current tax liability and deferred tax liability. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Based on existing agreements, the future minimum rental commitments as of April 30, 2021 for all non-cancellable long-term leases of real property, equipment and grower agreements amounted to ₱3,413.9 million (U.S.$70.5 million).

The Company has unsecured lines of credit with local banks amounting to ₱20,483.0 million (U.S.$423.2 million) as of April 30, 2021. The Company can draw on these credit lines for its working capital and capital expenditure needs.

DMPI believes that its existing cash and credit lines, together with cash generated from operations and the proceeds of the initial public offering, will be sufficient to finance its working capital and capital expenditure needs.

Covenant Compliance

Certain of the Company's unsecured bank loan agreements contain covenants that are typical of such facilities, such as financial covenants relating to required interest cover and debt-to-equity ratios.

The Company's loan agreements require that the Company maintain a debt service coverage ratio of at least 1.2x and a debt-to-equity ratio not exceeding 2.5x. For the years ended April 30, 2019, 2020 and 2021, the Company was in compliance with the covenants stipulated in the loan agreement.

Any failure by the Company to comply with its financial covenants could constitute an event of default, if irremediable or if remediable but not remedied during the applicable grace period. Upon the occurrence of an event of default, in respect of the Company's bonds, the principal of the bonds together with all accrued and unpaid interest shall be due and payable, and in respect of the Company's loans, the lenders may terminate the commitment, accelerate debt repayment, and declare the entire unpaid principal amount of the loan, all interest accrued and unpaid and all other amounts payable to be due and payable.

Off-Balance Sheet Arrangements

As of April 30, 2021, the Company was not a financial guarantor of the obligations of any unconsolidated entity. As of April 30, 2021, the Company had future rental commitments for all non-cancellable long-term leases of real property, equipment and grower agreements based on existing agreements.

Key Performance Indicators

The following are the key performance indicators that the Company uses to track its profitability, leverage and insolvency, which are integral aspects of the Company's performance and financial position.

	As of and for the year ended April 30,		
	2019	**2020**	**2021**
		(unaudited)	
Profitability			
Gross profit margin[1]..................................	23.5%	26.7%	30.1%
EBIT margin[2][3]...	11.9%	14.6%	17.8%
Net revenue growth[4]	4.3%	11.0%	8.0%

	As of and for the year ended April 30,		
	2019	2020	2021
		(unaudited)	
Financial Leverage			
Debt-to-equity ratio[5]	0.8	2.0	2.4
Solvency			
Current ratio or working capital ratio[6]..	1.8	0.8	1.1

Notes:

(1) Gross profit margin is calculated as gross income divided by revenues.

(2) The table below sets forth the computation of EBIT for the years ended April 30, 2019, 2020 and 2021:

	For the years ended April 30,			
	2019	2020	2021	
		(audited)		(unaudited)
		(₱)		(U.S.$)
		(in millions)		
Net income	2,578.7	3,473.6	4,616.2	95.4
Non-controlling interest........	0.1	0.1	0.0	0.0
Interest expense	400.2	589.7	647.6	13.4
Interest income	(29.9)	(19.2)	(24.1)	(0.5)
Income tax expense	480.8	624.6	902.2	18.6
EBIT	**3,430.0**	**4,668.7**	**6,142.0**	**126.9**

(3) EBIT margin is calculated as EBIT divided by revenues, where EBIT is calculated as set out in note 3 above.

(4) Net revenue growth is calculated as current period revenues less prior period revenues, divided by prior period revenues.

(5) Debt-to-equity ratio is calculated as total liabilities divided by total equity, where total liabilities is composed of notes payable (short-term and long-term), accounts payable and accrued expenses, lease liabilities (current and non-current), income tax payable, deferred tax liabilities and other noncurrent liabilities.

(6) Current ratio or working capital ratio is calculated as total current assets divided by total current liabilities.

Item 7. Financial Statements (FS) and Other Documents required to be filed with the FS under SRC Rule 68, as Amended

The FY 2021 Audited Financial Statements of the Company is attached hereto as Annex "A". The additional components of the FS are hereto attached as follows:

Index to Supplementary Schedules

Tabular schedule of standards and interpretations as of reporting date, and a Map of the group of companies showing the relationships between and among the company and its ultimate parent company, middle parent, subsidiaries or co- subsidiaries, and associates

Item 8. Independent Public Accountant and External Audit Fees

SGV & Co., a member firm of Ernst & Young Global Limited, has audited the Company's consolidated financial statements as of and for the years ended April 30, 2019, 2020 and 2021, in accordance with Philippine Standards on Auditing.

SGV & Co. has acted as the Company's external auditor since May 2015. Johnny F. Ang is the current audit partner for the Company and has served as such since 2019. The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto) pursuant to or in connection with the initial public offering. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets out the aggregate fees for the years ended April 30, 2019, 2020 and 2021 for professional services rendered by SGV & Co. to the Company, excluding fees directly related to the initial public offering.

	For the year ended April 30,		
	2019	2020	2021
	(₱ in millions)		
Audit fees[(1)]	3.3	3.5	7.2
Other fees[(2)]	0.2	1.8	3.1
Tax fees[(3)]	0.3	0.2	—
Total	**3.8**	**5.5**	**10.3**

Notes:

(1) Audit fees includes the audit of annual financial statements, and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years.
(2) Other fees includes forensic services, royalty expense audit and advice in relation to IFRS 16.
(3) Tax fees includes tax advisory services provided by the independent auditor.

The fees presented above include out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 15% of the agreed-upon engagement fees.

In relation to the audit of the Company's annual financial statements, pursuant to the Company's Manual on Corporate Governance, the Audit and Risk Committee shall, among other activities: (a) review significant financial reporting issues so as to ensure the integrity of the Company's financial statements and any announcements relating to the Company's financial performance; (b) review and report to the Board of Directors the adequacy and effectiveness of the Company's internal controls and internal audit function; (c) review the scope and results of the external audit, and the independence and objectivity of the external auditors; (d) make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, including the remuneration and terms of engagement of the external auditors; and (e) meet with the Company's external auditor and with the head of the Internal Audit department without the presence of Management at least once a year.

Part III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

Board of Directors

The overall management and supervision of the Company, including the exercise of corporate powers and the conduct of the business of the Company, are undertaken by the Board of Directors.

Pursuant to the Company's amended articles of incorporation, its Board of Directors shall consist of seven members. The table below sets forth the members of the Company's Board of Directors as of April 30, 2021:

Name	Age	Nationality	Position
Rolando C. Gapud	79	Filipino	Chairman of the Board
Joselito D. Campos, Jr.	70	Filipino	Director
Edgardo M. Cruz, Jr.	65	Filipino	Director
Emil Q. Javier	80	Filipino	Independent Director
Corazon S. De La Paz-Bernardo	79	Filipino	Independent Director
Jose T. Pardo	81	Filipino	Independent Director
Godfrey E. Scotchbrook	75	British	Independent Director

The following is a brief description of the business experience of the Company's Board of Directors for the past five years.

Mr. Rolando C. Gapud, 79, Filipino, is the Director and Chairman of the Board, a position he has held since April 2018. Mr. Gapud has over 45 years of experience in banking, finance and general management, having worked as the Chief Executive Officer of several Philippine companies, notably Security Bank and Trust Company, Oriental Petroleum and Minerals Corp and Greenfield Development Corp. He is Executive Chairman of DMPL, the indirect parent company of DMPI. He was also the Chief Operating Officer of the joint venture operations of Bankers Trust and American Express in the Philippines. He has served in the Boards of various major Philippine companies, including the Development Bank of the Philippines, the development finance arm of the Philippine Government. Mr. Gapud is the Chairman of the Board of Del Monte Foods, Inc, DMPL's U.S. subsidiary. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. He holds a Master of Science in Industrial Management degree from the Massachusetts Institute of Technology. He is a member of the Asian Executive Board of the Sloan School in MIT and the Board of Governors of the Asia School of Business, a joint venture between the Sloan School of MIT and Bank Negara, the Central Bank of Malaysia.

Mr. Joselito D. Campos, Jr., 70, Filipino, is a Director and the President and Chief Executive Officer of the Company. Mr. Campos is also Managing Director and Chief Executive Officer of DMPL, the indirect parent company of DMPI. Mr. Campos is Chairman of Nutri-Asia Inc., a major food company in the Philippines and an affiliate and indirect minority shareholder of DMPI. He is also Chairman of Fort Bonifacio Development Corporation and Ayala-Greenfield Development Corporation, two major Philippine property developers. He is a Director of San Miguel Corporation, one of the largest and oldest business conglomerates in the Philippines. Mr. Campos is a Director and the Vice Chairman of the Board of DMFI, an affiliate of the Company. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. He was formerly Chairman and Chief Executive Officer of United Laboratories, Inc. ("**Unilab**") and its regional subsidiaries and affiliates. Unilab is the Philippines' largest pharmaceutical company with substantial operations in the Asian region. Mr. Campos is the Consul General in the Philippines for the Republic of Seychelles. He is also Chairman of the Metropolitan Museum of Manila, Bonifacio Arts Foundation Inc., The Mind Museum and the Del Monte Foundation, Inc. He is a Trustee and Global Council Member of the Asia Society in the Philippines; a Trustee of the Philippines-China Business Council and the Philippine Center for Entrepreneurship; a National Advisory Council Member of the World Wildlife Fund-Philippines; and a Director of the Philippine Eagle Conservation Program Foundation, Inc. Mr. Campos holds an MBA from Cornell University.

Mr. Edgardo M. Cruz, Jr., 65, Filipino, is a Director and the Assistant Corporate Secretary of the Company. Mr. Cruz is a member of the Board and Corporate Secretary of Nutri-Asia Inc. and a Director of both DMPL and DMFI, the indirect parent company and affiliate of DMPI, respectively. He is the Chairman of the Board of Bonifacio Gas Corporation, Bonifacio Water Corporation and Bonifacio Transport Corporation. He is a member of the Board of Evergreen Holdings Inc., Fort Bonifacio Development Corporation and the BG Group of Companies. He is also a Board member and Chief Financial Officer of Bonifacio Land Corporation. He sits on the Boards of Ayala Greenfield Development Corporation and Ayala Greenfield Golf and Leisure Club Inc. He is a member of the Board of Trustees of Bonifacio Arts Foundation Inc., The Mind Museum, and the Del Monte Foundation, Inc. Mr. Cruz earned his MBA degree from the Asian Institute of Management after graduating from De La Salle University. He is a Certified Public Accountant.

Dr. Emil Q. Javier, 80, Filipino, is an Independent Director of the Company and a director of the Company. Dr. Javier is a Filipino agronomist with a broad understanding of developing country agriculture. He was the first and only developing country scientist to Chair the Technical Advisory Committee of the prestigious Consultative Group for International Agricultural Research, a global consortium led by the World Bank and the Food and Agriculture Organization of the United Nations. He was Director General of the Asian Vegetable Research and Development Center based in Taiwan and has served as Chairman of the Board of International Rice Research Institute, and as Chairman and Acting Director of the Southeast Asian Regional Center for Graduate Study and Research in Agriculture. In the Philippines at various periods, he had been President of the University of the Philippines, Minister for Science and Technology and President of the National Academy of Science and Technology, Philippines. In August 2019, he was declared a National Scientist, the highest honor conferred by the President of the Philippines to a Filipino in the field of science and technology. Dr Javier is an Independent Director of DMPL and of Del Monte Foods, Inc, DMPL's U.S. subsidiary. He is also an Independent Director of Philippine-listed Centro Escolar

University. He holds doctorate and masteral degrees in plant breeding and agronomy from Cornell University and the University of Illinois. He completed his bachelor's degree in agriculture at the University of the Philippines at Los Baños.

Ms. Corazon S. De La Paz-Bernardo, 79, Filipino, is an Independent Director of the Company. Ms. De La Paz-Bernardo is also an Independent Director of the following publicly listed companies: Phinma Education Holdings, Inc., D&L Industries, Republic Glass Holdings Corporation and Roxas & Co. She is Adviser to the Board and the Board Audit Committee of BDO Unibank, Inc., and Adviser to the Board Audit Committee of PLDT; Trustee of Miriam College, University of the East, UE Ramon Magsaysay Memorial Medical Center, Philippine Business for Education, Laura Vicuna Foundation for Street Children, Vice Chairperson of Jaime V. Ongpin Foundation, Inc. and the Stockholders Association of the Philippines, Chairman of Jaime V. Ongpin Microfinance Foundation, and Trustee/Treasurer of MFI Polytechnic Institute, Inc. She was Chairman and Senior Partner of then Joaquin Cunanan & Co. (Price Waterhouse Philippines) from 1981 to 2001 and a member of the board of Price Waterhouse World Firm from 1992 to 1995. She was a Director of San Miguel Corporation, PLDT, Philex Mining, among others, from 2001 to 2008, Ayala Land (2006-April 2010), Chairman of the Board of Equitable PCI Bank (2006-2007), and Vice Chairman of Banco de Oro (BDO, Inc.) (2007-2012). She was President of the Social Security System from 2001 to 2008 and of the Geneva-based International Social Security Association from 2004 to 2010 and is currently its Honorary President. She had served as National President of the Philippine Institute of CPAs, the Management Association of the Philippines, the Financial Executive Institute of the Philippines, Cornell Club of the Philippines, The Outstanding Women in the Nation's Service, and the Philippine Fulbright Scholars Association. She is an awardee of The Outstanding Filipino in Public Accounting, and Outstanding Professional in Public Accounting by the Professional Regulatory Commission. She graduated Magna Cum Laude at the University of the East and ranked first place in the 1960 Certified Public Accountants Board Examination. She holds a Master of Business Administration degree from Cornell University in New York as a Fulbright grantee and University of the East Scholar. She is a life member of the Cornell University Council. She was conferred the degree of Doctor of Humanities (H.D.) honoris causa by the University of the Cordilleras (Baguio City) in 2017.

Mr. Jose T. Pardo, 81, Filipino, is an Independent Director of the Company. Mr. Pardo is also the Chairman and Independent Director of The Philippine Stock Exchange, Inc., Securities Clearing Corporation of the Philippines, Philippine Seven Corporation, Philippine Savings Bank, and Bank of Commerce. He is also Chairman of the Council of Business Leaders of Employers Confederation of the Philippines and Philippine Chamber of Commerce, Inc. He is an Independent Director of JG Summit Holdings, Inc., National Grid Corporation of the Philippines, ZNN Radio Veritas, Synergy Grid and Development Philippines, Inc., League One Finance and Leasing Corporation, Monte Oro Grid Resources Corporation, and Araneta Hotels, Inc. Mr. Pardo has held various positions in the government including Secretary of the Department of Finance (2000-2001) and Secretary of the Department of Trade and Industry (1998-2000). Mr. Pardo also served as the Chairman of the Foundation for Crime Prevention, Assumption College, Wenphil Corporation (Wendy's Philippines), Asian Holdings Corporation, OOCC General Construction Corp., and ABC Development Corporation. He also served as Co-Chairman of De La Salle Philippines, Inc. and EDSA People Power Commission. He was also a Director for San Miguel Purefoods, Inc., Metropolitan Bank Trust Company, Mabuhay Philippine Satellite Corporation, and Coca-Cola Bottlers Philippines, Inc., and the President of the Land and Housing Development Corp. and Philippine Seven Corporation. Mr. Pardo obtained his Bachelor of Science in Commerce, major in Accounting, and his Master's Degree in Business Administration from De La Salle University in Manila. In February 2018, he was conferred an Honorary Doctorate in Finance by the same university.

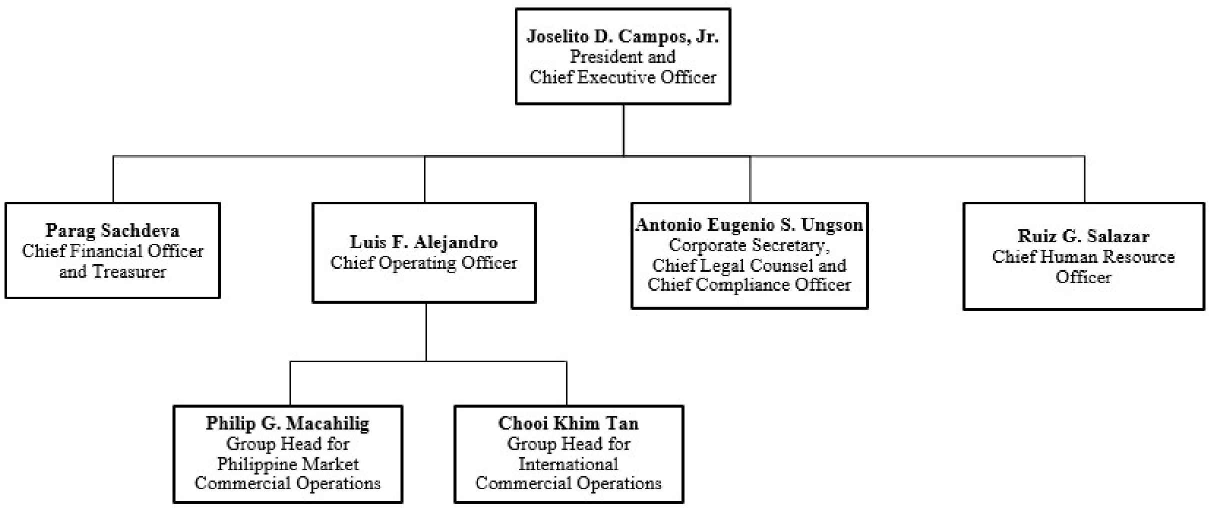
Mr. Godfrey E. Scotchbrook, 75, British, is an Independent Director of the Company and an independent director of DMPL. Mr. Scotchbrook is an independent practitioner in corporate communications, issues management and investor relations with more than 50 years of experience in Asia. In 1990, he founded Scotchbrook Communications and his prior appointments included being an executive director of the then publicly listed Shui On Group. Mr. Scotchbrook is also an Independent Director of Boustead Singapore Ltd, a Non-Executive Director of Hong Kong-listed Convenience Retail Asia, and a Director of DMPL and DMFI. He is a Fellow of the Hong Kong Management Association and also of the British Chartered Institute of Public Relations. Mr. Scotchbrook earned his DipCam PR having studied Media and Communications at City University, London.

Senior Management

The table below sets forth the Company's senior management as of the date:

Name	Age	Nationality	Position
Joselito D. Campos, Jr.	70	Filipino	President and Chief Executive Officer
Luis F. Alejandro	67	Filipino	Chief Operating Officer
Parag Sachdeva	51	Indian	Chief Financial Officer and Treasurer
Antonio Eugenio S. Ungson	49	Filipino	Corporate Secretary, Chief Legal Counsel and Chief Compliance Officer
Ruiz G. Salazar	56	Filipino	Chief Human Resource Officer
Philip G. Macahilig	51	Filipino	Group Head for Philippine Market Commercial Operations
Chooi Khim Tan	60	Malaysian	Group Head for International Commercial Operations

The senior management reporting structure is set out below:



The following is a brief description of the business experience of the Company's senior management for the past five years.

Mr. Joselito D. Campos, Jr., see page 40 of this report.

Mr. Luis F. Alejandro, 67, Filipino, is the Chief Operating Officer of the Company. Mr. Alejandro has over 30 years of experience in consumer product operations and management. He started his career with Procter & Gamble where he spent 15 years in Brand Management before joining Kraft Foods Philippines Inc. as President and General Manager. Later, he became President and Chief Operating Officer of Southeast Asia Food Inc. and Heinz UFC Philippines, Inc., two leading consumer packaged condiment businesses, which have since been assumed by Nutri-Asia Inc. He then became President and Chief Operating Officer of ABS-CBN Broadcasting Corporation, a leading media conglomerate in the Philippines. As a reflection of the importance of the Philippines operations and his immense contributions to the DMPL Group, Mr. Alejandro also concurrently holds the title the Chief Operating Officer of DMPL, the indirect parent company of DMPI, and is a Director of DMFI, an affiliate of the Company. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. He holds a Bachelor's degree in Economics from the Ateneo de Manila University and an MBA from the Asian Institute of Management.

Mr. Parag Sachdeva, 51, Indian, is the Company's Chief Financial Officer and Treasurer. Mr. Parag Sachdeva has more than 20 years of management and finance experience spanning planning and controllership, performance management, mergers and acquisitions, treasury, IT and human resources. Mr. Sachdeva is also the Chief Financial Officer of DMPL, the indirect parent company of DMPI. Mr. Sachdeva is also concurrently serving as the Chief Operating Officer of DMFI in a temporary capacity until a suitable replacement is appointed. Before joining the Company, he was with Carlsberg Asia for more than a year and supported efficiency and effectiveness programs across Asia and Africa regions. Prior to Carlsberg, he was with H.J. Heinz Company for 20 years and held leadership positions in Asia Pacific regions in finance, IT and human resources. Mr. Sachdeva graduated from the Aligarh Muslim University in India, Major in Accounting and Economics. He also has an MBA degree, Major in Finance from the same university.

Mr. Antonio E. S. Ungson, 49, Filipino, is the Corporate Secretary, Chief Legal Counsel and Chief Compliance Officer of the Company. Mr. Antonio E. S. Ungson is also the Chief Legal Counsel and Chief Compliance Officer of DMPL, the Company's indirect parent company. He has been the Head of the Legal Department of DMPI since March 2007. Prior to joining the Company in 2006, Mr. Ungson was a Senior Associate in SyCip Salazar Hernandez & Gatmaitan in Manila, where he served various clients for eight years in assignments consisting mainly of corporate and transactional work, including mergers and acquisitions, securities and government infrastructure projects. He also performed litigation work and company secretarial services. Mr. Ungson was a lecturer on Obligations and Contracts and Business Law at the Ateneo de Manila University Loyola School of Management. He obtained his MBA from Kellogg HKUST, his Bachelor of Laws from the University of the Philippines College of Law, and his undergraduate degree in Economics, *cum laude* and with a Departmental award at the Ateneo de Manila University.

Mr. Ruiz G. Salazar, 57, Filipino, is the Company's Chief Human Resource Officer. He is also the Chief Human Resource Officer of DMPL, the indirect parent company of DMPI. Mr. Ruiz G Salazar is a Human Resources and Organization Development Leader with over 25 years of professional career focused on delivering strategic and effective solutions as a value-driven partner to business, most of which was spent with Johnson & Johnson (J&J). He was Regional Human Resources Director of J&J Asia Pacific, where he was responsible for talent management, organization transformation, succession pipelining and capability development covering mostly J&J's Consumer Division across the region. Prior to J&J, he was also Group Head – Human Resources and Organization Development of NutriAsia Food, Inc. Mr. Salazar completed the J&J's Senior Management Program at the Asian Institute of Management in 1996, and the J&J's Advanced Management Program at the University of California in 1995. He obtained his Bachelor of Arts degree (Major in Economics) from the University of Santo Tomas.

Mr. Philip G. Macahilig, 51, Filipino, is the Group Head for Philippine Market Commercial Operations. Mr. Philip G. Macahilig previously served as Group Head of DMPI's Customer Development Group, from 2006 to 2012. Afterwards, he established Ocean Skipjack Distribution, Inc. (distributor of Century Tuna) and served as the General Manager of the same from 2012 to 2015. In 2015, he joined San Miguel Corporation as its National Sales Manager, and eventually its National Sales and Distribution Manager, before rejoining DMPI as the Group Head for Philippine Market Commercial Operations in May 2019. Prior to joining DMPI in 2006, he was the National Sales Manager of Mead Johnson Nutrition. Mr. Macahilig obtained his bachelor's degree in Business Management, Marketing and Related Support Services from Ateneo de Manila University.

Ms. Chooi Khim Tan, 60, Malaysian, is the Group Head for International Commercial Operations. Ms. Tan has been the General Manager of S&W Fine Foods since September 2009. Prior to joining the DMPL Group, she was with the Sara Lee organization, serving as Marketing Director of Sara Lee Malaysia from 1999 to 2003, General Manager of Sara Lee Thailand Ltd from 2003 to 2008, and President of Sara Lee Malaysia, Singapore, and Vietnam from 2008 to 2009. She has also worked for Unilever Malaysia in various capacities from 1987 to 1999. Ms. Tan obtained her bachelor of science degree in Chemistry from Cumberland College in Kentucky, USA and a master of science degree in Chemistry from Purdue University in Indiana, USA.

Significant Employees

The Board of Directors and the senior management of the Company have been an integral part of its success. Their knowledge, experience, business relationships and expertise greatly contribute to the Company's operating efficiency and financial performance.

The Company maintains that it considers the collective efforts of the Board of Directors and all of its employees as instrumental to its overall success. The business of the Company is not dependent on any individual person. No employee is indispensable in the organization. The Company has institutionalized through documentation, its processes and training to ensure continuity and scalability in the business without relying on any particular employee.

Family Relationships

As of April 30, 2021, there are no family relationships (by consanguinity or affinity up to the fourth civil degree) among directors and executive officers that are known to the Company.

Involvement in Certain Legal Proceedings

Except as set out below, the Company is not aware of the occurrence of any of the following events during the past five years, which events may be considered material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the registrant:

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Mr. Luis F. Alejandro, the Company's Chief Operating Officer, is not involved in any criminal proceeding, or bankruptcy and insolvency investigation, except for the libel case filed 11 years ago by GMA Network, Inc. against ABS-CBN Broadcasting Corp. ("**ABS-CBN**"), Mr. Alejandro was impleaded as co-accused in his capacity as then President and Chief Operating Officer of ABS-CBN, together with other officers and employees. The prosecution has completed its presentation of evidence and has filed its formal offer of evidence, while the accused has filed a motion for leave to file demurrer to evidence. This case remains pending as of April 30, 2021.

Item 10. Compensation of Directors and Executive Officers

The aggregate compensation paid or incurred during the last three fiscal years to the President and Chief Executive Officer and four other most highly compensated executive officers and all other officers and directors (as a group) of the Company are as follows:

Name and Position	Year ended April 30,	Salary (₱ in millions)	Bonus (₱ in millions)
Chief Executive Officer and four most highly compensated executive officers[1]	2021	67.0	9.6
	2020	62.4	7.2
	2019	58.9	6.8
All other officers and directors as a group unnamed	2021	131.5	25.9
	2020	141.6	12.7
	2019	116.5	16.0

Note:
(1) The Chief Executive Officer and executive officers of the Company are as follows: Joselito D. Campos, Jr. – President and Chief Executive Officer; Luis F. Alejandro – Chief Operating Officer; Ruiz G. Salazar – Chief Human Resource Officer; Antonio Eugenio S. Ungson – Chief Legal Counsel and Chief Compliance Officer; and Philip G. Macahilig – Group Head for Philippine Market Commercial Operations.

Standard Arrangement

Other than directors' fees or payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which the directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director for the last completed fiscal year and the ensuing year.

Other arrangements

There are no arrangements pursuant to which any of the Company's directors is compensated, or are to be compensated, directly or indirectly, for any service provided as a director.

Warrants and Options

There are no outstanding warrants or options held by the directors and executive officers of the Company in respect of the shares of the Company.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no arrangements for compensation to be received from the Company in the event of a resignation or termination of the executive officer's employment, or a change of control of the Company. The Company, however, provides retirement benefits to qualified employees, including the senior management.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The table below sets out the security ownership of DMPI's shareholder of more than 5.0% of the Company's voting securities as of April 30, 2021:

Title of Class	Name and Address of Record Owner; Relationship with Company; and Authorized Representative	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	% of Total Outstanding
Common Shares	Central American Resources, Inc.; c/o PH Arifa, 9th and 10th Floors, West Boulevard, Santa Maria Business District, Panama, Republic of Panama; Stockholder; Mr. Joselito D. Campos, Jr.	Central American Resources, Inc. is the beneficial and record owner of the shares indicated.	Panamanian	2,433,668,397	87%
Common Shares	SEA Diner Holdings (S) Pte. Ltd.; 77 Robinson Road, #33-00, Robinson 77, Singapore, 068896; Stockholder; Mr. Tang Edmund Koon Kay	SEA Diner Holdings (S) Pte. Ltd. is the beneficial and record owner of the shares indicated.	Singaporean	363,651,600	13%

The table below sets forth the security ownership of the Company's directors and executive officers as of April 30, 2021:

Title of Class	Name of Beneficial Owner	No. of Shares Held and Nature of Beneficial Ownership		Citizenship	Percent of Class
Common	Rolando C. Gapud	1	Direct	Filipino	0%
Common	Joselito D. Campos, Jr.	1	Direct	Filipino	0%
Common	Edgardo M. Cruz, Jr.	1	Direct	Filipino	0%

Common	Emil Q. Javier	1	Direct	Filipino	0%
Common	Corazon S. De La Paz- Bernardo	1	Direct	Filipino	0%
Common	Jose T. Pardo	1	Direct	Filipino	0%
Common	Godfrey E. Scotchbrook	1	Direct	British	0%

(a) Voting Trust Holders of 5% or more

There are no persons holding more than 5.0% of a class of shares of the Company under a voting trust or similar agreement as of end of fiscal year.

(b) Changes in Control

There are no arrangements which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

DMPI, in the ordinary course of business, engages in various transactions with related parties and affiliates principally consisting of purchases and sales of products and services, intellectual property licensing and leases of property. DMPI's policy with respect to related party transactions is to ensure that these transactions are (i) carried out on an arm's length basis and on standard commercial terms, consistent with the Company's usual business practices and policies; and (ii) will not be prejudicial to the interests of the Company and its minority shareholders. All related party transactions will be subject to the review and approval of the Audit and Risk Committee, the Board and the shareholders, depending on the amounts involved. The Company also complies with the board and shareholder voting mechanisms provided under the Revised Philippine Corporation Code and the relevant regulations of the Philippine SEC for related party transactions. In the case of interlocking directors, directors on the Board and on the Audit and Risk Committee who are interested in the transactions to be approved are required to abstain from voting thereon.

The Company believes that each of its related party transactions is beneficial to DMPI as such transactions enable the Company to capitalize on the know-how and experience of its affiliates' respective management teams and employees, and the intellectual property held by, and distribution network of, entities within the wider DMPL Group, and to achieve synergies as a result of shared procurement and specialized production. Accordingly, the Company believes that its transactions with related parties are not prejudicial to interests of minority shareholders.

For further information on the Company's related party transactions, see Note 31 of the Company's audited consolidated financial statements as of and for the years ended April 30, 2019, 2020 and 2021.

A summary of the amount of the transactions entered into by the Company with related parties for the year ended April 30, 2021 and the outstanding balance due from or to related parties as of April 30, 2021 are set out below. All outstanding balances with these related parties are due to be settled within 12 months of the reporting date. None of the balance is secured.

	Amount of transactions for the year ended April 30, 2021		**Outstanding balance due from (due to) related parties as of April 30, 2021**	
	₱	**U.S.$**	**₱**	**U.S.$**
	(audited)	**(unaudited)**	**(audited)**	**(unaudited)**
	(in millions)			
Nutri-Asia, Inc.				
Sales	0.8	0.0	2.0	0.0
Purchases and advanced payment of toll pack fee[(1)]	(2.7)	(0.1)	1.5	0.0
Advances and security deposit	0.0	0.0	0.0	0.0
Services and other reimbursement	9.4	0.2	15.1	0.3

	Amount of transactions for the year ended April 30, 2021		Outstanding balance due from (due to) related parties as of April 30, 2021	
	₱	U.S.$	₱	U.S.$
	(audited)	(unaudited)	(audited)	(unaudited)
	(in millions)			
Affiliates under common control[2]				
Sales	5,105.0	105.5	2,759.5	57.0
Purchases and royalties	(24.6)	(0.5)	(117.5)	(2.4)
Advances	11,270.5	232.9	467.6	9.7
Services and other reimbursement	539.4	11.1	(63.5)	(1.3)
Other related parties				
Sales	221.8	4.6	180.0	3.7
Purchases	(52.8)	(1.1)	(47.5)	(1.0)
Rendering of services	0.2	0.0	(0.1)	(0.0)
Lease receivable	0.1	0.0	3.4	0.1
Rental of office space and common use service area	(100.2)	(2.1)	(0.3)	(0.0)
Total			**3,200.0**	**66.1**

Notes:

(1) The toll manufacturing agreement between the Company and NutriAsia was terminated in July 2019.

(2) Related party transactions with affiliates under common control includes transactions between the Company and its wholly owned subsidiary PPMSC.

Part IV – CORPORATE GOVERNANCE

Item 13. Annual Corporate Governance

Corporate Governance

Manual on Corporate Governance

Pursuant to Article 9 of the Revised Code of Corporate Governance, the Manual on Corporate Governance of the Company was approved by the Board of Directors on January 22, 2018.

Compliance and Monitoring System

The monitoring of the implementation of the evaluation system of the Company to measure and determine the adherence to and the level of compliance of the Board of Directors and top-level management with the Manual is vested by the Board of Directors in the Chief Compliance Officer. As of April 30, 2021, the Chief Compliance Officer is Mr. Antonio Eugenio S. Ungson.

The Chief Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of the Manual and the rules and regulations of the relevant regulatory agencies and ensures adherence to corporate principles and best practices.

Further, the Company may organize regular seminars or programs on Corporate Governance for directors and key officers, in accordance with SEC regulations.

Pursuant to its commitment to good governance and business practice, the Company shall continue to review and strengthen its policies and procedures, giving due consideration to developments in the area of corporate governance which it determines to be in the best interests of the Company and its stockholder.

Del Monte Philippines, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Del Monte Philippines, Inc. and subsidiaries** (the **Company**) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at April 30, 2021, April 30,2020 and April 30, 2019 and for the fiscal period ended April 30, 2021, April 30, 2020, and April 30, 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the fiscal period ended April 30, 2021, April 30, 2020, and April 30, 2019, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: ______________________________
Rolando C. Gapud, Chairman of the Board of Directors

Signature: ______________________________
Joselito D. Campos, Jr., President & Chief Executive Officer

Signature: ______________________________
Parag Sachdeva, Chief Financial Officer & Treasurer

Signed this 27th day of May, 2021

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY CITY)

Before me, a notary public in and for the city named above, personally appeared:

JOSELITO D. CAMPOS, JR.	Passport# P0033661A	24 Aug 2016 DFA Manila
PARAG SACHDEVA	Passport# Z4816522	16 May 2018 Manila

known to me and to me known to be the same persons who executed the foregoing, and acknowledged that the same is their true and voluntary act and deed and, when applicable, that of the corporations that they respectively represent. MAY 3 1 2021

WITNESS WHEREOF, I have hereunto set my hand and seal on the date and place first above written.

Doc. No. 498;
Page No. 101;
Book No. 116;
Series of 2021.

ATTY. GEORGE DAVID D. SITON
NOTARY PUBLIC FOR MAKATI CITY
APPT NO. M-282-UNTIL DEC. 31, 2021
ROLL NO. 68402/ MCLE COMPLIANCE NO. VI-0021236/3-29-2019
IBP O.R No.2275859-LIFETIME MEMBER MAY 8, 2017
PTR No.8533058- JAN 04, 2021- MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR., JUPITER ST. MAKATI CITY

Del Monte Philippines, Inc.

2 June 2021

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard
Pasay City

Attention: **Mr. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

Re: **Request for Exemption from Notarization Requirement Revised Securities Regulation Code ("SRC") Rule 68**

Gentlemen:

Del Monte Philippines, Inc. (the "***Company***"), through the undersigned, respectfully requests for the exemption of **Mr. Rolando C. Gapud**, **Chairman of the Board**, from the notarization requirement under Revised SRC Rule 68, for the Company's submission of its Consolidated Audited Financial Statements as of 30 April 2020 in relation to the Company's public offer, distribution, and sale of up to 699,330,000 common shares of the Company[1], with an over-allotment option of up to 104,899,500 common shares pursuant to the Over-allotment Option by way of a secondary offer.

Mr. Gapud is not based in the Philippines and has been staying in Bangkok City, Thailand since the early part of 2020. Due to his advanced age at 79 years old, health protocols in Bangkok City due to the current COVID-19 pandemic prevent Mr. Gapud from seeking a notary public in said city, much less appearing before the Philippine Embassy.

We hope for your favorable consideration on this matter.

Very truly yours,

DEL MONTE PHILIPPINES, INC.
By:

ANTONIO EUGENIO S. UNGSON
Corporate Secretary

[1] To be offered by its shareholders, Central American Resources, Inc. (a company incorporated under the laws of Panama) and SEA Diner Holdings (S) Pte Ltd (a company incorporated under the laws of the Republic of Singapore)

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	0	0	1	1	2

C O M P A N Y   N A M E

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

JY CAMPOS CENTRE, 9TH AVENUE CORNER 30TH STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY, PHILIPPINES

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
www.delmontephil.com	(02) 8- 8562888	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
9	Any day of August	April 30

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Parag Sachdeva	SachdevaP@delmonte-phil.com	(088) 855-4312	N/A

CONTACT PERSON's ADDRESS

JY Campos Center, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City, Philippines

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Del Monte Philippines, Inc.
JY Campos Centre, 9th Avenue corner 30th Street
Bonifacio Global City, Taguig City

Opinion

We have audited the consolidated financial statements of Del Monte Philippines, Inc. and Subsidiaries (the Company), which comprise the consolidated statements of financial position as at April 30, 2021, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2021, 2020 and 2019 and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter in the next page, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Fair Value of Agricultural Produce

A substantial portion of the Company's biological assets consists of agricultural produce such as harvested and unharvested pineapple and papaya fruits from the Company's bearer plants. The Company's unharvested and harvested agricultural produce amounted to ₱2,158 million and ₱1,950 million, respectively, as of April 30, 2021. Agricultural produce are measured at their fair value from the time of maturity of the bearer plant until harvest. The Company estimates the fair value of unharvested agricultural produce using estimated tonnage of harvest, estimated future selling prices and gross margin of finished goods less estimated future growing cost and adjusted for margin related to production. The Company's harvested produce are measured at fair value at the point of harvest based on the estimated selling prices reduced by cost to sell and margin related to production.

The valuation of agricultural produce is significant to our audit because the estimation process is complex, involves significant management judgment, and is based on assumptions that can be affected by natural phenomena.

The disclosures related to the biological assets and fair value measurement of agricultural produce applied are included in Notes 4, 8, 22 and 35 to the consolidated financial statements.

Audit response

We obtained an understanding of management's fair value measurement methodology and their process in valuing the biological assets. We tested the key assumptions used in the valuation, which include selling prices, cost to sell and gross margin related to production for harvested produce; and selling prices, cost to sell, gross margin related to production, estimated tonnage of harvests and future growing costs for produce prior to harvest, by comparing them to external data such as selling prices in the principal market and historical information. We also assessed the methodology used in estimating the fair value. We also reviewed the adequacy of the related disclosures to biological assets in relation to PAS 41, *Agriculture*.

Impairment testing of trademark

Under Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, the Company is required to perform annual impairment tests on the amount of indefinite life intangible asset. As at April 30, 2021, the carrying value of the Company's indefinite life intangible asset amounted to ₱2,987 million. The annual impairment test of indefinite life intangible asset is significant to our audit because the amount is material to the financial statements. In addition, the determination of the recoverable amount involves management's judgment and significant assumptions about the future results of business such as cumulative average annual revenue growth rates, weighted average cost of capital and discount rates that were applied to the value in use calculations.

SGV
Building a better working world

The Company’s disclosures about indefinite life intangible asset is included in Note 9 to the consolidated financial statements

Audit Response

We obtained an understanding of the Company’s impairment assessment process and the related controls. We involved our internal specialist in evaluating the methodology and the assumptions used. These assumptions include cumulative average annual revenue growth rates, weighted average cost of capital and discount rates. We compared the key assumptions used, such as cumulative average annual revenue growth rates against historical performance of the trademark, local economic development, industry outlook and other relevant external data. We tested the parameters used in the determination of the weighted average cost of capital and discount rate against market data. We also reviewed the Company’s disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Johnny F. Ang.

SYCIP GORRES VELAYO & CO.

Johnny F. Ang
Partner
CPA Certificate No. 0108257
SEC Accreditation No. 1284-AR-2 (Group A),
May 16, 2019, valid until May 15, 2022
Tax Identification No. 221-717-423
BIR Accreditation No. 08-001998-101-2018,
November 6, 2018, valid until November 5, 2021
PTR No. 8534213, January 4, 2021, Makati City

May 27, 2021

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Thousands)

	April 30		
	2021	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 5, 34 and 35)	**₱1,004,815**	₱1,170,916	₱563,934
Receivables (Notes 6, 33, 34 and 35)	**6,057,539**	7,298,204	15,563,093
Inventories (Notes 7, 19 and 27)	**5,121,377**	4,645,327	5,953,401
Biological assets (Note 8)	**2,158,274**	3,076,198	2,717,316
Prepaid expenses and other current assets (Note 11)	**625,649**	436,607	838,328
Total Current Assets	**14,967,654**	16,627,252	25,636,072
Noncurrent Assets			
Biological assets (Note 8)	**129,530**	107,265	87,608
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 10, 34 and 35)	**12,557**	13,058	12,055
Investment properties (Note 12)	**177,882**	206,185	194,683
Property, plant and equipment (Note 13)	**16,498,849**	15,340,067	11,141,160
Intangible asset (Note 9)	**2,987,400**	–	–
Receivable – net of current portion (Notes 6 and 37)	**188,098**	3,108	–
Net retirement benefits asset (Note 32)	**379,920**	336,729	429,270
Deferred tax assets - net (Note 28)	**212**	329	1,917
Other noncurrent assets (Notes 14, 34 and 35)	**670,992**	903,658	1,144,503
Total Noncurrent Assets	**21,045,440**	16,910,399	13,011,196
	₱36,013,094	₱33,537,651	₱38,647,268
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term notes payable (Notes 15, 34 and 35)	**₱7,888,665**	₱11,442,750	₱9,836,102
Accounts payable and accrued expenses (Notes 18, 34 and 35)	**5,414,949**	5,042,055	4,077,535
Current portion of:			
Long-term debt (Notes 16, 34 and 35)	**–**	3,000,000	–
Lease liabilities (Note 37)	**291,236**	289,191	–
Income tax payable (Note 28)	**92,416**	226,415	40,965
Total Current Liabilities	**13,687,266**	20,000,411	13,954,602
Noncurrent Liabilities			
Long-term debt - net of current portion (Notes 16, 34 and 35)	**2,980,124**	–	3,000,000
Bonds payable (Note 17)	**6,389,792**	–	–
Deferred tax liabilities - net (Note 28)	**135,357**	141,956	174,466
Lease liabilities - net of current portion (Note 37)	**2,113,745**	2,347,181	–
Other noncurrent liabilities	–	–	124,945
Total Noncurrent Liabilities	**11,619,018**	2,489,137	3,299,411
Total Liabilities	**25,306,284**	22,489,548	17,254,013
Equity Attributable to Equity Holders of the Parent			
Convertible common stock (Note 29)	–	2,797,320	–
Common stock (Note 29)	**2,797,320**	–	2,797,320
Other comprehensive income reserves (Notes 10, 12 and 32)	**412,963**	265,866	184,570
Retained earnings:			
Appropriated (Note 31)	**2,796,541**	2,796,541	15,698,000
Unappropriated (Notes 30, 31 and 37)	**4,691,860**	5,180,226	2,705,162
Total Equity Attributable to Equity Holders of the Parent	**10,698,684**	11,039,953	21,385,052
Non-controlling interest	**8,126**	8,150	8,203
Total Equity	**10,706,810**	11,048,103	21,393,255
	₱36,013,094	₱33,537,651	₱38,647,268

See accompanying Notes to the Consolidated Financial Statements.

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	Years Ended April 30		
	2021	2020	2019
REVENUES (Notes 23 and 33)	**₱34,464,604**	₱31,916,290	₱28,761,553
COST OF SALES (Note 19)	**(24,101,870)**	(23,384,240)	(22,010,168)
GROSS INCOME	**10,362,734**	8,532,050	6,751,385
DISTRIBUTION AND SELLING EXPENSES (Note 20)	**(3,288,297)**	(3,208,291)	(2,706,598)
GENERAL AND ADMINISTRATIVE EXPENSES			
(Note 21)	**(902,251)**	(817,432)	(778,716)
FINANCE COST (Note 25)	**(762,617)**	(695,161)	(498,046)
FOREIGN EXCHANGE GAIN - net (Note 34)	**68,688**	163,311	45,497
INTEREST INCOME	**24,147**	19,187	29,884
OTHER INCOME (Note 23)	**204,290**	226,802	298,423
OTHER EXPENSE (Note 24)	**(188,365)**	(122,291)	(82,246)
INCOME BEFORE INCOME TAX	**5,518,329**	4,098,175	3,059,583
INCOME TAX EXPENSE (Note 28)			
Current	**917,796**	655,980	466,349
Deferred	**(15,627)**	(31,417)	14,489
	902,169	624,563	480,838
NET INCOME	**4,616,160**	3,473,612	2,578,745
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will never be reclassified to profit or loss			
Unrealized gain (loss) on change in fair value of financial assets at FVOCI	**(501)**	1,003	(11)
Revaluation of land	**–**	152,477	–
Remeasurement gain (loss) in retirement liability	**156,743**	(37,539)	(154,850)
Income tax effect	**(9,145)**	(34,645)	46,470
	147,097	81,296	(108,391)
TOTAL COMPREHENSIVE INCOME	**₱4,763,257**	₱3,554,908	₱2,470,354
Total Net Income (Loss) Attributable to			
Equity holders of the Parent Company	**₱4,616,184**	₱3,473,665	₱2,578,863
Non-controlling interests	**(24)**	(53)	(118)
	₱4,616,160	₱3,473,612	₱2,578,745
Total Comprehensive Income (Loss) Attributable to			
Equity holders of the Parent Company	**₱4,763,281**	₱3,554,961	₱2,470,472
Non-controlling interests	**(24)**	(53)	(118)
	₱4,763,257	₱3,554,908	₱2,470,354
Attributable to equity holders of the parent			
Basic earnings per share (Note 41)	**₱1.65**	₱1.24	₱0.92
Diluted earnings per share (Note 41)	**₱1.65**	₱1.24	₱0.92
Dividends declared per share to common stock (Note 30)	**₱1.82**	₱4.93	₱–

See accompanying Notes to the Consolidated Financial Statements.

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands)

	Equity Attributable to Holders of the Parent								
		Capital Stock			Retained Earnings				
	Preferred (Note 29)	**Convertible Common** (Note 29)	**Common** (Note 29)	**Other Comprehensive Income Reserves** (see Notes 10, 13, and 32)	**Appropriated** (see Note 31)	**Unappropriated**	**Total Equity Attributable to Holders of the Parent**	**Non-Controlling Interest**	**Total Equity**
As at May 1, 2020	**₱–**	**₱2,797,320**	**₱–**	**₱265,866**	**₱2,796,541**	**₱5,180,226**	**₱11,039,953**	**₱8,150**	**₱11,048,103**
Total comprehensive income for the year									
Net income (loss) for the year	–	–	–	–	–	**4,616,184**	**4,616,184**	**(24)**	**4,616,160**
Other comprehensive income during the year - net of tax	–	–	–	**147,097**	–	–	**147,097**	–	**147,097**
Total comprehensive income (loss) for the year	–	–	–	**147,097**	–	**4,616,184**	**4,763,281**	**(24)**	**4,763,257**
Conversion of convertible common stock to common stock (Note 29)	**335,678**	**(2,797,320)**	**2,461,642**	–	–	–	–	–	–
Conversion of preferred stock to common stock (Note 29)	**(335,678)**	–	**335,678**	–	–	–	–	–	–
Cash dividend (see Note 30)	–	–	–	–	–	**(5,104,550)**	**(5,104,550)**	–	**(5,104,550)**
As at April 30, 2021	**₱–**	**₱–**	**₱2,797,320**	**₱412,963**	**₱2,796,541**	**₱4,691,860**	**₱10,698,684**	**₱8,126**	**₱10,706,810**
As at May 1, 2019, as previously stated	₱–	₱–	₱2,797,320	₱184,570	₱15,698,000	₱2,705,162	₱21,385,052	₱8,203	₱21,393,255
Effect of adoption of PFRS 16 (Note 3)	–	–	–	–	–	(103,963)	(103,963)	–	(103,963)
As at May 1, 2019, as adjusted	–	–	2,797,320	184,570	15,698,000	2,601,199	21,281,089	8,203	21,289,292
Total comprehensive income for the year									
Net income (loss) for the year	–	–	–	–	–	3,473,665	3,473,665	(53)	3,473,612
Other comprehensive income during the year - net of tax	–	–	–	81,296	–	–	81,296	–	81,296
Total comprehensive income (loss) for the year	–	–	–	81,296	–	3,473,665	3,554,961	(53)	3,554,908
Reversal of appropriations (Note 31)	–	–	–	–	(15,695,000)	15,695,000	–	–	–
Cash dividend (Note 30)	–	–	–	–	–	(13,796,097)	(13,796,097)	–	(13,796,097)
Conversion of common stock to convertible common stock	–	2,797,320	(2,797,320)	–	–	–	–	–	–
Appropriation	–	–	–	–	2,793,541	(2,793,541)	–	–	–
As at April 30, 2020	₱–	₱2,797,320	₱–	₱265,866	₱2,796,541	₱5,180,226	₱11,039,953	₱8,150	₱11,048,103
As at May 1, 2018	₱–	₱–	₱2,797,320	₱292,961	₱10,903,000	₱4,921,299	₱18,914,580	₱8,321	₱18,922,901
Total comprehensive income for the year									
Net income for the period	–	–	–	–	–	2,578,863	2,578,863	(118)	2,578,745
Other comprehensive income (loss) during the year - net of tax	–	–	–	(108,391)	–	–	(108,391)	–	(108,391)
Total comprehensive income (loss) for the year	–	–	–	(108,391)	–	2,578,863	2,470,472	(118)	2,470,354
Appropriations (Note 31)	–	–	–	–	4,795,000	(4,795,000)	–	–	–
As at April 30, 2019	₱–	₱–	₱2,797,320	₱184,570	₱15,698,000	₱2,705,162	₱21,385,052	₱8,203	₱21,393,255

See accompanying Notes to the Consolidated Financial Statements.

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	Years Ended April 30		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱5,518,329**	₱4,098,175	₱3,059,583
Adjustments for:			
Depreciation and amortization (Notes 12, 13 and 27)	**5,716,951**	5,342,742	4,531,352
Finance cost (Note 25)	**647,592**	589,665	400,166
Net retirement benefit expense (Note 32)	**129,716**	85,330	47,801
Interest income	**(24,147)**	(19,187)	(29,884)
Amortization of debt issuance costs	**15,798**	–	–
Gain on sale of property, plant and equipment	**(12,831)**	(1,891)	(1,445)
Unrealized foreign exchange loss (gain) (Note 34)	**3,153**	51,956	(196,845)
Operating income before working capital changes	**11,994,561**	10,146,790	7,810,728
Decrease (increase) in:			
Receivables (Notes 6 and 33)	**(5,747,904)**	(3,979,552)	625,294
Inventories (Note 7)	**(476,050)**	1,308,074	452,170
Biological assets (Note 8)	**895,659**	(378,539)	(549,740)
Prepaid expenses and other current assets (Note 10)	**(190,695)**	28,058	(234,323)
Increase (decrease) in:			
Accounts payable and accrued expenses (Note 18)	**(540,379)**	(1,099,893)	(849,872)
Other noncurrent liabilities	**–**	–	3,772
Cash generated from operations	**5,935,192**	6,024,938	7,258,029
Interest received	**24,147**	19,388	30,837
Benefits paid to pension plan (Note 32)	**(8,838)**	–	–
Contributions paid to pension plan (Note 32)	**(7,328)**	(26,729)	(86,788)
Income taxes paid	**(849,930)**	(337,139)	(490,540)
Net cash provided by operating activities	**5,093,243**	5,680,458	6,711,538
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment (Notes 13 and 40)	**(6,616,319)**	(5,525,794)	(5,328,912)
Movement in other noncurrent assets (Note 14 and 40)	**(131,858)**	(416,674)	15,956
Proceeds from sale of property and equipment	**130,132**	10,107	4,663
Net cash used in investing activities	**(6,618,045)**	(5,932,361)	(5,308,293)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of notes payable (Notes 15 and 40)	**146,343,378**	161,839,072	147,444,848
Payments of notes payable (Notes 15 and 40)	**(149,891,372)**	(160,206,051)	(148,645,061)
Proceeds from issuance of bonds (Notes 17 and 40)	**6,373,994**	–	–
Payment of lease liabilities (Notes 37 and 40)	**(490,027)**	(210,221)	–
Interest paid (Notes 15, 16 and 40)	**(435,059)**	(557,053)	(402,660)
Dividends paid (Notes 30 and 40)	**(537,953)**	–	–
Net cash flows provided by (used in) financing activities	**1,362,961**	865,747	(1,602,873)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(4,260)**	(6,862)	(1,104)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(166,101)**	606,982	(200,732)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,170,916**	563,934	764,666
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱1,004,815**	₱1,170,916	₱563,934

See accompanying Notes to the Consolidated Financial Statements.

(In Thousands except Par Value, Earnings per Share and Number of Shares)

1. Reporting Entity

Del Monte Philippines, Inc. (“DMPI” or the “Parent Company”), was incorporated in the Philippines on January 11, 1926. On September 13, 1963, the Board of Directors (the “Board”) amended the Parent Company’s Articles of Incorporation to extend its life by 50 years from January 11, 1976, which was approved by the Philippine Securities and Exchange Commission (“SEC”) on February 23, 1966. On March 1, 2021, the SEC approved the Parent Company’s amended Articles of Incorporation to extend the corporate term to perpetual life. The Parent Company’s principal activities are the growing, processing and distribution of food products mainly under the brand names “Del Monte”, “Today’s” and “S&W”.

The Parent Company is a subsidiary of Central American Resources, Inc. (“CARI”), a company incorporated in Panama. The intermediate parent company is Del Monte Pacific Ltd. (“DMPL”), a company incorporated in the British Virgin Islands and a listed entity in the Singapore Exchange Securities Trading Limited and the Philippine Stock Exchange. The Parent Company’s ultimate shareholders is NutriAsia Inc., which is also incorporated in the British Virgin Islands.

The Parent Company’s cannery operation is registered with the Philippine Economic Zone Authority (“PEZA”) at the Philippine Packing Agricultural Export Processing Zone (“PPAEPZ”) as an Ecozone Export Enterprise under Certificate of Registration No. 05-34F which was approved on December 3, 2007. On October 12, 2015, Certificate of Registration No. 07-68 was approved for the registration of its additional activity, particularly the Fresh Fruit Processing Project at the Bukidnon Agro-Resource Export Zone (BAREZ) in Manolo Fortich, Bukidnon (see Note 39).

The Parent Company’s registered address is JY Campos Centre (JYCC), 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City, Philippines.

The Parent Company and its subsidiaries (collectively referred to as the “Company”) are all incorporated in the Philippines. The principal activities of the Parent Company’s subsidiaries are as follows:

			Effective equity held by DMPI		
	Principal Place of		April 30		
Name of subsidiary	Business	Principal Activities	**2021**	**2020**	**2019**
Philippines Packing Management Services Corporation (PPMSC)	Philippines	Own and administer intellectual property assets; management, logistics and support services	**100%**	100%	100%
Del Monte Txanton Distribution Inc. (DMTDI)	Philippines	Trading, selling and distributing food, beverages and other related products	**40%**	40%	40%

On May 1, 2020, Dewey Sdn. Bhd., a subsidiary of CARI and organized and existing under the laws of Malaysia, assigned to PPMSC the various trademarks which includes the “Del Monte” and “Today’s” trademarks for use in connection with processed foods in the Philippines for US$60 million (see Note 9).

On July 27, 2020, SEC approved the amendment of the Articles of Incorporation of PPMSC to adopt the acquisition, ownership, holding and management of intellectual property assets as its primary purpose and the provision of management, logistical and support services as its secondary purpose.

On April 22, 2019, at a joint special meeting, the Board and stockholders of DMTDI authorized the dissolution and liquidation of the Corporation by shortening its corporate term. As at April 30, 2021, the application for the dissolution and liquidation is yet to be submitted with the SEC due to certain regulatory and documentary requirements.

On December 9, 2019, in a joint special meeting of the Board and stockholders of the Parent Company, the following amendments to the articles of incorporation were unanimously approved:

1. Conversion of the authorized common shares amounting to ₱3,000,000,000 to common shares convertible to voting, participating, redeemable and convertible preferred shares (RCPS). The RCPS shall be convertible to common shares.

2. The RCPS may be issued from time to time as the Board may determine the amount and the issue price, cash dividend rate, and period and manner of redemption of the RCPS. To the extent not set forth in this amended articles of incorporation, the specific terms and restrictions of each issuance of the RCPS shall be specified through Enabling Resolutions as may be adopted by the Board prior to the issuance thereof, which Enabling Resolutions shall be filed with the SEC and thereupon be deemed a part of the amended articles of incorporation.

The SEC approved these amendments to the articles of incorporation on February 11, 2020.

On January 24, 2020, DMPL, CARI, the Parent Company and SEA Diner Holdings (S) Pte. Ltd. (SEA Diner), a company incorporated in Singapore, entered into a Share Purchase Agreement whereby CARI will sell 335,678,400 shares equivalent to 12% ownership interest in the Parent Company to SEA Diner for a consideration of US$120 million. SEA Diner may require the Parent Company, DMPL or CARI to redeem all of the shares sold by CARI at such price that will allow SEA Diner to meet certain internal rate of return in case of default events, including but not limited to, any of DMPL, CARI or the Parent Company is in breach of the agreed transaction documents, the Parent Company fails to comply with its obligation to effect the conversion of the ordinary shares sold to SEA Diner to RCPS, enter the name of SEA Diner as the registered holder of the RCPS, and issue to SEA Diner the RCPS certificates within the agreed long-stop date, and any of NutriAsia Pacific Ltd. or NutriAsia, Inc. ceasing to be the direct or indirect controlling shareholder of DMPL or the Parent Company.

In the case of any other redemption events, including but not limited to, an exit not completed within five years from the closing date, breach of any financial covenant by DMPL, CARI and the Parent Company or a relevant DMPL Group Company is in default on any of its indebtedness which is not cured within 30 business days from written notice thereof, and any relevant DMPL Group Company or Del Monte Foods Holdings Limited or its subsidiaries suffers insolvency, the Parent Company shall redeem the RCPS subject to the mutual consent of the Parent Company and the holder of the RCPS.

The Board and the stockholders approved the share purchase transaction above and other transaction documents on March 3, 2020, including the conversion of the convertible common shares to RCPS. On August 3, 2020, the SEC approved the amendment of the Parent Company'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 October 30, 2020, the Parent Company issued peso-denominated fixed-rate bonds with an aggregate principal amount of ₱6,478,460,000, with the following series of the Bonds: (i) 3.4840% p.a. three-year fixed-rate bonds due 2023 and (ii) 3.7563% p.a. five-year fixed-rate bonds due 2025.

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

On February 5, 2021, the Board approved the amendment to the Articles of Incorporation to change the authorized capital stock to common shares in the amount of three (3) billion pesos (₱3,000,000,000) and with par value of ₱1 per share. Consequently, the 335,678,400 RCPS issued to SEA Diner were converted to 335,678,400 common shares. The SEC approved this amendment to the Articles of Incorporation on March 1, 2021. As a result, SEA Diner owns 363,651,600 common shares or 13% of the Parent Company, while CARI owns 2,433,668,396 common shares or 87% of the Parent Company.

The consolidated financial statements were approved and authorized for issuance by the Board on May 27, 2021.

2. Basis of Preparation

Statement of Compliance
The consolidated financial statements (the "consolidated financial statements") of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRSs also includes Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

The consolidated financial statements have been prepared for inclusion in the prospectus in relation to a planned capital-raising activity.

Basis of Measurement
The consolidated financial statements of the Company have been prepared on a historical cost basis, except for the following items which are measured on the following basis at each reporting date:

- Financial instruments at fair value through other comprehensive income (FVOCI) are measured at fair value;
- Land under "Property, plant and equipment" account is measured at revalued amount;
- Biological assets are measured at fair value less point-of-sale costs, except for those whose fair value cannot be measured reliably, have no active markets or no similar assets are available in the relevant market. In such cases, these biological assets are stated at cost; and
- Retirement benefits asset/liability is measured at the net total of the fair value of the plan assets less the present value of the defined benefit obligation.

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is also the Company's functional currency. All amounts have been rounded off to the nearest thousand (₱000), unless otherwise indicated.

Basis of Consolidation

Subsidiaries are entities controlled by the Parent Company. The Parent Company controls an investee if and only if the Parent Company has:

- power over the investee (i.e. existing rights that give the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Parent Company has less than majority of the voting rights or similar rights to an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the 3 elements of control. Subsidiaries are fully consolidated from the date control is obtained by the Parent Company and cease to be consolidated from the date the Parent Company loses control over the subsidiaries. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies. All significant intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented separately from equity attributable to equity holders of the Parent Company in the consolidated financial statements. This includes non-controlling equity interests in DMTDI.

Loss of control

If the Parent loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate

Transactions Eliminated on Consolidation

Intra-company balances and transactions, and any unrealized income or expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with joint ventures are eliminated against the investment to the extent of the Parent Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Events after the Reporting Period
Post year-end events up to the date when the financial statements are authorized for issue that provide additional information about the Company's position at each reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting events are disclosed in the notes to the financial statements, when material (see Note 42).

3. **Summary of Significant Accounting Policies**

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements effective May 1, 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Company.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Company enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted. The amendments did not have a significant impact to the consolidated financial statements.

Standards Issued but not yet effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after May 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Company shall also disclose information about:
  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after May 1, 2021 and apply retrospectively.

Effective beginning on or after May 1, 2022

- Amendments to PFRS 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 PFRS 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 PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 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 May 1, 2022 and apply prospectively.

- Amendments to PAS 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 May 1, 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 PAS 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 May 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 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 PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

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

  - Amendments to PFRS 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 May 1, 2022 with earlier adoption permitted. The Company 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 PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 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 May 1, 2022 with earlier adoption permitted.

Effective beginning on or after May 1, 2023

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after May 1, 2023 and must be applied retrospectively.

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after May 1, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through OCI (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

<u>Financial Assets at Amortized Cost (Debt Instruments)</u>
The Company measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's cash and cash equivalents, receivables, short-term deposits (as part of prepaid expenses and other current assets), security deposits and refundable deposits (as part of other non-current assets) are classified under this category.

<u>Financial Assets Designated at FVOCI (Equity Instruments)</u>
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized in the consolidated statement of income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably under this category its market quoted shares and golf club shares as at April 30, 2021, 2020 and 2019.

Impairment of Financial Assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General Approach
The Company uses the general approach in computing ECL both for cash in banks, cash equivalents, short-term deposits, security and refundable deposits, and due to related parties. Under the general approach, ECLs are recognized in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial assets migrate through the following 3 stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL – not credit impaired. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL – not credit-impaired. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL – credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Simplified Approach
The Company uses the simplified approach in computing ECL for receivables. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities. Financial liabilities are measured at amortized cost, except for the following:

- Financial liabilities measured at fair value through profit or loss;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Company retains continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and
- Contingent consideration recognized by an acquirer in accordance with PFRS 3.

Subsequent Measurement
A financial liability may be designated at FVTPL if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch):

- If a host contract contains 1 or more embedded derivatives; or
- If a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis is accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVTPL, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in OCI.

The Company's financial liabilities measured at amortized cost includes trade payables included under accounts payable and accrued expenses, short-term notes payable, long-term notes payable, bonds payable and lease liabilities are classified under this category (see Notes 15, 16, 17, 18, 34 and 35).

The Company has no financial liabilities designated at fair value through profit or loss as at April 30, 2021, 2020 and 2019.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Classification of Financial Instruments between Debt and Equity
A financial instrument is classified as debt instrument if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

"Day 1" Difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Determination of Fair Value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statement on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these account as 'listed' are traded in an active market. When the Company has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate. For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and with reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible). For the purpose of the fair value disclosures, the Company 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.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost of inventories comprise of purchase cost, cost of conversion and other costs incurred in bringing the inventories to its present location and condition. Cost is determined using the weighted-average method for cased goods and other merchandise and the moving average method for production materials and storeroom supplies. Cost of cased goods include fair value of agricultural produce harvested from the Company's biological assets and used in production.

NRV of cased goods and other merchandise is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. NRV of production materials and storeroom supplies is the current replacement cost.

The amount of any write-down of inventories to NRV and all losses of inventories are recognized as expense in the period the write-down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in NRV is recognized as a reduction in the amount of inventories recognized as expense in the period in which the reversal occurs.

Biological Assets and Agricultural Produce

The Company's biological assets include: (a) agricultural produce consisting of pineapple and papaya; (b) breeding and dairy herd; (c) growing herd; and (d) cattle for slaughter. Agricultural produce includes: (a) harvested and unharvested pineapple and papaya fruits from the Company's bearer plants; and (b) cut meat from the cattle for slaughter. The Company's biological assets are accounted for as follows:

Growing Herd

Growing herd is measured at cost. The cost method was used since the fair value cannot be measured reliably. Growing herd has no defined active market since it has not yet been identified if this will be for breeding or for slaughter. Growing herd is classified as noncurrent assets in the consolidated statement of financial position.

The Company's agricultural produce is accounted for as follows:

Agricultural Produce

The Company's growing produce are measured at their fair value from the time of maturity of the bearer plant until harvest. The Company uses the future selling prices and gross margin of finished goods less future growing cost as the basis of fair value and adjusted for margin related to production. The fair value is multiplied to the estimated tonnage of pineapple fruit at the end of the period based on the age of the crops after planting date. The Company's harvested produce are measured at fair value at the point of harvest based on the estimated selling prices reduced by cost to sell and adjusted for margin related to production. The fair value is multiplied to actual harvest for the period. Gains and losses arising from changes in fair values are included in profit or loss under "Changes in fair values of biological assets" in "Revenue" for the period in which they arise.

Cutmeat

Cutmeat is measured at each reporting date at their fair value less cost to sell. Gains and losses arising from changes in fair values are included in profit or loss under changes in fair values of biological assets in revenue for the period in which they arise.

Prepaid Expenses and Other Current Assets

Prepaid expenses comprise of advance payments relating to rental fees, subscription fees, advertising expenses, employee benefits, local and real property taxes paid to various Local Government Units (LGU), and other expenses expected to be incurred and amortized by the Company within the next fiscal period.

Investment Properties

Investment properties comprise land and buildings and improvements that are held to earn rentals or capital appreciation or both and that are not occupied by the Company. Investment properties also include right-of-use assets involving real property that is leased to other entity on a short-term basis.

The Company uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

For the right-of-use asset that qualify as investment property, i.e., office building that is leased by the Company, this is classified under investment properties in accordance with paragraph 48 of PFRS 16. Consistent with the Company's policy regarding the measurement of investment properties, this asset is subsequently measured at cost less amortization and impairment in value.

Depreciation and amortization of buildings and improvements, which commences when the assets are available for their intended use, are computed using the straight line method over the estimated useful life of 5 to 20 years. In addition, right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term which is 4 years.

The useful lives, residual values and depreciation and amortization method are reviewed and adjusted, if appropriate, at each financial reporting date.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement and disposal of investment property are recognized in profit or loss in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use.

Property, Plant and Equipment

The Company's property, plant and equipment consists of land, machinery and equipment, buildings and improvements, leasehold improvements, construction in progress, bearer plants at cost and right-of-use assets that do not qualify as investment properties.

Land is stated at revalued amounts. The initial cost of land comprises of purchase price, taxes, and any direct attributable cost in bringing the asset to its working condition for its intended use. Subsequent to initial recognition, land is measured at fair value at the date of revaluation. The fair value of land is determined from market-based evidence by appraisal report that is normally undertaken by professional qualified valuers.

The increase in land as a result of the revaluation is credited to OCI and presented as "Land revaluation surplus" under "Other reserves" account in the consolidated statement of changes in equity. Any decrease as a result of the revaluation is recognized up to the extent of any credit balance existing in the "Land revaluation surplus" and any excess shall be recognized in profit or loss.

The revaluation surplus included in equity in respect of land may be transferred directly to retained earnings when the asset is derecognized. This may involve transferring the whole of the surplus when the asset is retired or disposed of. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation, amortization and any accumulated in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable cost in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation and interest incurred during the construction period on funds borrowed to finance the construction of projects. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Construction-in-progress (CIP) represents structures under construction and is stated at cost. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. CIP is not depreciated until such time that the relevant assets are ready for use.

Deferred land development costs represent cost incurred in developing agricultural lands and are amortized based on the average term of land lease contracts, which is normally within 10 years. Land development activities include land clearing, road construction and repairs, gravel spreading, desilting for permanent waterways, silting basin, culvert and flood breaker installation and construction of boundary ditches.

The Company's deferred land development costs are presented as "Leasehold Improvements" in "Property, Plant and Equipment" in the consolidated statement of financial position.

Bearer Plants
Bearer plants are measured at cost less accumulated amortization based on actual volume of harvest over total estimated volume of harvest. Costs to grow include purchase cost of various chemicals and fertilizers, land preparation expenses and direct expenses during the cultivation of the primary ratoon and, if needed, re-ratoon crops.

The accumulated costs are deferred and are amortized as raw product costs under "Inventories" upon harvest. Amortization is based on the actual volume of harvest over total estimated volume harvest in a given period.

Depreciation and amortization (except bearer plants), which commences when the asset is available for its intended use, are computed using the straight-line method over the following estimated useful lives as follows:

	Number of Years
Machinery and equipment	3 – 30
Buildings and improvements and leasehold improvements	3 – 50 or lease term, whichever is shorter

	Number of Years
Right-of-use assets – land	2 – 20
Right-of-use asset – building and improvements	2 – 20

The remaining useful lives, residual values and depreciation and amortization methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in profit or loss.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

For bearer plants, units-of-production method is used. Depreciation is charged according to the cost of fruits harvested at plant crop and ratoon crop harvest months.

Bearer plants are depreciated based on the ratio of actual quantity of harvest over the estimated yield for both plant crop and ratoon crop harvests. Plant crop harvest usually occurs within 16 to 18 months after planting while ratoon crop occurs within 32 to 34 months after planting. Depreciation is determined on a per field basis.

Intangible Assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired from business combinations is initially recognized at fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed at the individual asset level as either finite or indefinite.

Intangible assets with finite lives are amortized over the economic useful life using the straight-line method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. At the minimum, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually either individually or at the cash-generating unit (CGU) level every April 30, unless there are impairment indicators noted during the year that will warrant earlier impairment testing. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Internally generated intangibles are not capitalized, and the related expenditures are charged against operations in the period in which the expenditures are incurred.

Impairment of Non-financial Assets
The carrying amounts of investment properties, property, plant and equipment recognized at cost, deferred land development costs and deposits, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of an asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in the prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Capital Stock
Common Shares. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Convertible Common Shares. This represents common shares convertible to voting, participating RCPS. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

RCPS. This represents redeemable, convertible preference shares, classified as equity. Incremental costs directly attributable to the issue of RCPS are recognized as a deduction from equity, net of any tax effects.

Retained Earnings. Retained earnings includes profit attributable to the equity holders of the Parent Company and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the Parent Company's stockholders. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Unappropriated retained earnings represent the portion which can be declared as dividends to stockholders subject to adjustments based on the regulatory requirements of the Philippine SEC.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements.

A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Revenue from sale of goods
Revenue from the sale of goods is recognized at a point in time when control of the asset is transferred to the customer, generally on delivery and acceptance of the promised goods.

The Company has official written agreements with its customer documented in a supply agreement and approved purchase orders. The supply agreements contain each party's respective obligations.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The Company concluded that it has only a single performance obligation for each revenue stream.

Considerations payable to customers
The Company accounts for consideration payable to a customer as a reduction of the transaction price and therefore, of revenue, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company.

A good or service that is promised to a customer is distinct if both of the following criteria are met:
a. Customer can benefit from good/service on its own or with other resources readily available to the customer, and
b. The Company's promise to transfer good/service to the customer is separately identifiable from other promises in the contract.

The Company's rebates and certain marketing incentives to customers which are not in exchange for a distinct good or service are accounted for as contra-revenue.

Sales returns
The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in PFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. The amount of revenue and the receivable recognized is adjusted for expected returns, which are estimated based on the historical data. No right of return asset (and corresponding adjustment to cost of sales) is recognized for the right to recover products from a customer since Company's policy is to destroy all goods to be returned.

Contract balances arising from revenue with customer contracts

Contract Assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

The Company does not have contract assets and contract liabilities as at April 30, 2021, 2020 and 2019.

Interest Income
Interest income is recognized as it accrues, taking into account the effective yield on the asset.

Other Income
Other income is recognized when there is an incidental economic benefit, outside the normal course of business that will flow to the Company and can be measured reliably.

Cost and Expense Recognition
Costs and expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred. These are measured at the fair value of the consideration paid or payable.

Expenses are also recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized in profit or loss on the basis of a direct association between costs incurred and the earnings of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Short-term Employee Benefits
Short-term employee benefits include items such as salaries and wages, social security contributions and nonmonetary benefits, that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees rendered the related services. Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement and Other Post-Employment Benefits

The Company has both defined contribution plan and defined benefit plan, administered by a trustee, covering their respective permanent employees.

Defined Contribution Plan

Obligations for contributions to the Company's provident plan, which is classified as defined contribution pension plan, are recognized as an expense in profit or loss when they are due.

Defined Benefit Plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit obligation or asset
- Remeasurements of net defined benefit obligation or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as part of costs and expenses in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated annually by a qualified actuary using the projected unit credit method.

The Company determines the net interest expense or income on the net defined retirement obligation or asset for the period by applying the discount rate used to measure the defined benefit retirement obligation at the beginning of the annual period to the then-net defined retirement obligation or asset, taking into account any changes in the net defined benefit retirement obligation or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

Remeasurements of the net defined benefit retirement obligation or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest), if any, are recognized immediately in OCI. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

Leases (effective prior to May 1, 2019)
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after the inception of the lease, only if any of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or (d) there is substantial change to the asset.

Where the reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) above, and at the date of renewal or extension period for scenario (b).

Operating Lease - Company as Lessee. Leases which do not transfer to the t Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

Operating Lease - Company as Lessor. Leases where the Company does not substantially transfer all the risks and benefits of ownership of the assets are classified as operating leases. Rent income from operating leases is recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as expense over the lease term on the same basis as rental income. Contingent rents are recognized as income in the period in which they are earned.

Leases (effective starting May 1, 2019)
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liability to make lease payments and right-of-use asset representing the right to use the underlying asset.

Right-of-use Asset
The Company recognizes right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use asset includes the amount of lease liability recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The right-of-use asset is presented as part of investment properties and property, plant and equipment, and is also subject to impairment.

Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease liabilities – current and noncurrent - are presented separately in the consolidated statements of financial position.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases that are considered of low value (i.e., below ₱250). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor
Leases where the Company retain substantially all the risks and benefits of ownership of the asset are classified as operating leases. Any initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Rental income is recognized in profit or loss on a straight-line basis over the lease term. All other leases are classified as finance leases. At the inception of the finance lease, the underlying is de-recognized and lease receivable is recognized. Interest income is accrued over the lease term using the EIR and lease amortization is accounted for as reduction to lease receivable.

Sale and Leaseback
When the Company sells or transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, the Company account for the sale or transfer contract and the lease by applying the requirements of PFRS 16. The Company first applies the requirements for determining when a performance obligation is satisfied in PFRS 15 to determine whether the sale or transfer of an asset is accounted for as a sale of that asset.

For sale or transfer of an asset that satisfies the requirements of PFRS 15 to be accounted for as a sale of the asset, the Company measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company.

Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

If the sale or transfer of an asset does not satisfy the requirements of PFRS 15 to be accounted for as a sale of the asset, the Company continues to recognize the transferred asset and recognizes a financial liability equal to the proceeds from the sale or transfer. The Company accounts for the financial liability in accordance with the requirements of PFRS 9.

Sublease arrangements
The Company determines if the sublease arrangement qualifies as a finance or operating lease. The Company assesses and classifies a sublease as finance lease if it has transferred substantially all the risk and rewards incidental to the ownership of the leased asset. The Company compares the sublease term with the head lease term. If the sublease term accounts for the majority or 75% of the head lease term, same is classified as a finance lease, otherwise it is classified as an operating lease.

At the inception date, if the sublease qualifies as finance lease, the Company derecognizes the right-of-use asset on the head lease and continues to account for the original lease liability. The Company as a sublessor, recognizes a net investment in sublease and evaluate it for impairment. If classified as operating lease, the Company continues to account for the lease liability and right-of-use asset on the head lease like any other lease.

Borrowing Costs
Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds.

Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period shall not exceed the amount of borrowing costs incurred during that period.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when all the activities necessary to prepare the asset for its intended use or sale are substantially complete. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized.

Research and Development Costs
Research costs are expensed as incurred. Developmental costs incurred on an individual project are carried forward when their future recoverability can be reasonably regarded as assured. Any expenditure carried forward is amortized in line with the expected future sales from the related project.

The carrying amount of developmental costs is reviewed for impairment annually when the related asset is not yet in use. Otherwise, this is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Foreign Currency Transactions and Translations

Transactions denominated in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Outstanding monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting date.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss.

Income Taxes

Income tax expense consists of current tax and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI.

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which passed into law on March 26, 2021, effectively lowered the Regular Corporate Income Tax (RCIT) of 30% to 20% for corporations with total assets (excluding the value of land on which the particular business entity's office, plant and equipment are situated during the taxable year) of ₱100 million or below and taxable income of ₱5 million and below. All other corporations not meeting the criteria are subject to lower RCIT rate of 25% from 30%. The new enacted rate is effective July 1, 2020.

Effective July 1, 2020 and for a period of 3 years, Minimum Corporate Income Tax (MCIT) rate is also lowered from 2% to 1% of gross income.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) initial recognition of goodwill; (b) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit (loss).

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accrual for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgment about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Revenues, expenses and assets are recognized, net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services exceeds VAT passed on from purchases of goods and services, the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from the purchase of goods or services exceeds VAT from sales of goods and/or services, the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Input VAT. Input VAT represents VAT passed on to the Company by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations.

The portion of input VAT which represents VAT passed on the Company for the acquisition of depreciable assets with an estimated useful life of at least one year is required to be amortized over the life of the related asset or a maximum period of 60 months. This is classified as “Deferred input VAT” under “Other noncurrent assets” account in the consolidated statement of financial position.

Earnings per Common Share (EPS) Attributable to the Equity Holders of the Parent

Basic EPS is computed by dividing net income attributable to the common equity holders of the Parent Company by the weighted average number of outstanding common shares during the year after giving retroactive effect to any stock dividend declared during the year.

The Company also has potential common share or other instruments that may entitle the holder to common shares. Computation of diluted EPS take into account these potential common shares.

Segment Reporting

The Company is organized into its major geographical and product segments. Financial information about the Company’s business segments is presented in Note 43 to the consolidated financial statements.

Provisions
Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that the reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Related Party Transactions and Relationships
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and, (d) the Company's funded retirement plan.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. If it is virtually certain that an inflow of economic benefits will arise, the asset and the related income is recognized in the consolidated financial statements.

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

Use of Judgments, Estimates and Assumptions
The preparation of the Company's consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments, key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are consistent with those applied in the most recent annual financial statements.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Assessing uncertain tax positions when determining taxable profit (tax loss), tax bases, unused tax credits and tax rates (effective May 1, 2019). The Company has assessed whether it has any uncertain tax position in accordance with Philippine Interpretation of International Financial Reporting Interpretations Committee (IFRIC) 23, *Uncertainty over Income Tax Treatments*. The Company applies significant judgement in identifying uncertainties over its income tax treatments. The Company determined, based on its tax compliance assessment, in consultation with its tax team, that it is probable that its income tax treatments will be accepted by the taxation authorities.

Determining the lease term of contracts with renewal and termination options - Company as a lessee (effective May 1, 2019). The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate such as construction of significant leasehold improvements or significant customization to the leased asset.

The Company included the renewal period for certain lease contract on warehouses as part of the lease term. The Company typically exercises its option to renew for the lease because there will be a significant negative effect on production if a replacement asset is not readily available. The renewable period of land, building and certain warehouse are not included as part of the lease term as these are not reasonably certain to be exercised since it is subject to mutual agreement of both parties and is considered as unenforceable.

The Company also entered into a lease contract with DMPI Employees and Agrarian Reform Beneficiaries (DEARBC), with an initial contract period of 25 years from January 11, 1999 to January 10, 2024. The lease contract was amended by both parties effective January 11, 2019 to extend the lease period to January 10, 2049. Effective January 2019, both parties also approved the amendment granting the Company the sole option to terminate the lease every five years without incurring penalty until the end of the contract period. Since the Company has the sole option to terminate the lease every five years without incurring penalty, the Company has the absolute right to enforce the entire duration of the lease (i.e., lease term).

The Company assessed the lease term to be 5 years from January 11, 2019 since it is not yet reasonably certain to renew beyond the initial 5-year noncancelable lease period due to the relatively long time horizon to be able to forecast the facts and circumstances that will merit the renewal of the contract. There are also no significant economic penalties other than the standing crops which only have a life cycle of up to 3 years.

In 2021, the Company reassessed the lease terms of certain land leases, to which the Company has rights to pre-terminate at the end of each pineapple life cycle, as a result of the Company's cost-effectiveness programs implemented in 2021. The Company reassessed the lease term to be for a period of 6 years instead the full contractual term for identified land leases based on the pineapple's life cycle and time for land preparation. The Company is looking for ways to reduce pineapple costs by revisiting fields with low yields and/or high growing costs and expanding its outgrowership programs and the use of big planting materials which will save planting area. Due to the significant change of circumstance arising from the cost effectiveness strategy implemented in 2021 and the pre-termination option which is within the control of the Company, management revisited the lease term and recognized a reduction in right-of-use asset and lease liability amounting to ₱491,284 in 2021 (Notes 13 and 37).

Operating Lease Commitments as Lessee (effective prior to May 1, 2019). The Company has entered into various lease agreements as a lessee. The Company had determined that the significant risks and rewards of ownership over the underlying properties leased from third parties are retained by the lessors. Accordingly, the losses are accounted for as operating leases.

Classification of Leases as lessor. The Company entered into lease agreements on its leased property. The Company determines whether it has transferred all the significant risks and rewards of ownership of the leased properties to a lessee, such as lessee has the ultimate control over the use of the asset and the lease term is for the major part of the economic life of the asset. If it is determinable that significant risks and rewards of ownership of lease properties were transferred to the lessees, the lease is accounted as finance lease. If otherwise, the lease is accounted for as an operating lease.

Obligation to Deliver Additional Common Shares. The Share Purchase and Shareholder Agreements between DMPL, CARI, the Parent Company and SEA Diner, provides conditional obligation to the Parent Company to deliver additional common shares subject to meeting certain level of net income and adjusted equity value as defined in the abovementioned agreements for fiscal year ending April 30, 2021. Management assessed that the Parent Company's obligation to deliver additional common shares has a carrying value of nil as at April 30, 2021 since the net income for fiscal year ended April 30, 2021 is higher than the agreed target income.

De Facto Control over Del Monte Txanton Distribution, Inc. (DMTDI). The Parent Company owns 40.0% of DMTDI's common shares as at April 30, 2021, 2020 and 2019. Even with less than the majority voting rights, the Parent Company concluded that DMTDI is a subsidiary and that it has power to direct the relevant activities of DMTDI due to the Parent Company's ability to carry out major decisions in Board meetings and govern the financial and operating policies decision-making of the Parent Company by having majority seats in the Board. This is in line with the Shareholders' Agreement where 4 out of 7 seats is designated to DMPI. The key management personnel (i.e., President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Treasurer and Corporate Secretary) of the Parent Company also serve in the same positions in DMTDI (see Note 1).

Assessment of Indefinite Life Trademark. Management has assessed the "Del Monte" and "Today's" trademarks used in connection with processed foods in the Philippines as having indefinite useful life since the Company has exclusive access to the use of these trademarks. These trademarks are expected to be used indefinitely by the Company as they relate to continuing local operations that have proven track record with stable cash flows.

The carrying amount of the trademarks amounted to ₱2,987,400 as at April 30, 2021 (see Note 9).

Coronavirus disease of 2019 (COVID-19) Outbreak. In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months.

On September 15, 2020, Republic Act No. 11494 or the "Bayanihan to Recover As One Act" took effect, providing for COVID-19 response and recovery interventions and providing mechanisms to accelerate the recovery and bolster the resiliency of the Philippine economy, providing funds therefore and for other purposes. Apart from authorizing the President to exercise powers necessary to undertake certain COVID-19 response and recovery interventions, Republic Act No. 11494 also affirmed the existence of a continuing national emergency, in view of unabated spread of the COVID-19 virus and the ensuing economic disruption therefrom.

On September 16, 2020, Presidential Proclamation No. 1021 was issued, extending the State of Calamity throughout the Philippines due to COVID-19 for a period of one-year effective September 13, 2020 to September 12, 2021, unless earlier lifted or extended as circumstances may warrant. These measures have caused disruptions to various businesses and economic activities, and its impact on businesses continue to evolve.

The Company observed that the demand for beverage and culinary brands increased as the incidence of home cooking grew as well as the desire for products that are associated with health and wellness. While the Company's retail brands grew, food service sales experienced a decline due to the lockdowns imposed reducing the sales contribution to the total business. Aside from providing a cushion to total sales, the increase in the Company's retail business also provided additional lift to the profit margins as the food service business enjoyed higher discounts. Total volume for export of fresh fruits initially experienced a decline. However, the Company was able to offer certain price changes and reallocate product mix to drive higher volume and sales for the fiscal year ended April 30, 2021.

The Company managed to continue operating in the middle of the pandemic since its products are considered to be essential goods and its farming and manufacturing activities are based in Mindanao. There were no significant internal operational interruptions. Disruptions caused by external factors such as restrictions to movement of materials, equipment and goods as well as the resulting reduction in economic activity were managed so that there will be no major adverse impacts to the overall results of operations for the fiscal year ended April 30, 2021.

As a result, the COVID-19 outbreak did not have a significant impact on the Company's judgments and estimates.

<u>Estimates and Assumptions</u>
The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Estimating Allowance for Impairment Losses on Trade Receivables. The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forward-looking information such as inflation rate and gross domestic product growth rate, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Provisions are made based on the simplified approach under PFRS 9. A loss allowance is recognized based on lifetime ECL. The allowance for impairment losses on receivables amounted to ₱48,024, ₱54,674 and ₱60,628 as at April 30, 2021, 2020 and 2019. The carrying amount of receivables, net of allowance for impairment losses, amounted to ₱6,089,389, ₱7,301,312 and ₱15,563,093 as at April 30, 2021, 2020 and 2019, respectively (see Note 6).

Estimating Net Realizable Value (NRV) of Inventories. The Company writes down inventories when net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes based on specific identification and as determined by management for inventories estimated to be unsaleable in the future.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates of the amount which the inventories are expected to be realized are made. 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 reporting date. The Company reviews on a continuous basis the product movement, changes in consumer demands and introduction of new products to identify inventories which are to be written down to net realizable values. The write-down of inventories is reviewed periodically to reflect the accurate valuation in the financial records.

The allowance for inventory losses amounted to ₱390,938, ₱352,516 and ₱395,296 as at April 30, 2021, 2020 and 2019, respectively. The carrying amount of inventories, net of allowance for inventory losses, amounted to ₱5,121,377, ₱4,645,327 and ₱5,953,401 as at April 30, 2021, 2020 and 2019, respectively (see Note 7).

Estimating Future Tonnage of Harvests. Bearer plants are stated at cost which comprises actual costs incurred in nurturing the crops reduced by the equivalent amortization of fruits harvested which considers the future volume of harvests. Estimated harvest is affected by natural phenomenon such as weather patterns and volume of rainfall. Field performance and market demand also affect the level of estimated harvests. The cost is developed by allocating growing costs for the estimated growth cycle of 2 to 3 years over the estimated harvests to be made during the life cycle of the plant crops. The Company reviews and monitors the estimated future volume of harvests regularly.

Estimating Fair Value of Unharvested Agricultural Produce. The fair values of the growing pineapple crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest, as determined by the Company, multiplied by estimated tonnage of pineapple fruits based on crop age after planting. Fair value is initially recognized when the pineapple fruit develops when the bearer plant has reached maturity to bear fruit. The fair value is approximated by the estimated gross margin at point of harvest less future fruiting costs to be incurred until harvest. Such future fruiting costs decreases as the growing crops near the point of harvest.

For the pineapple variety being sold as fresh fruits, the gross margin is based on the market price of pineapple fruits being sold by the Company. For the pineapple variety being processed as cased goods, the gross margin is based on the selling price of the final product sold in the market adjusted for margin related to production.

Estimated tonnage is based on standard weight of the growing pineapple crops when they reach certain months after planting date. Estimated tonnage is also affected by natural phenomenon such as weather patterns and volume of rainfall, and actual field performance.

The change in fair value of unharvested agricultural produce attributable to price changes and estimated harvest included as part of the biological assets in the consolidated statements of financial position amounted to ₱1,638,672, ₱1,775,669 and ₱1,349,284 as at April 30, 2021, 2020 and 2019, respectively (see Note 8).

Estimating Fair Value of Harvested Agricultural Produce. The fair values of the harvested pineapple fruits are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest, as determined by the Company. For the pineapple variety being sold as fresh fruits, the market price is based on the selling price of fresh fruits as sold in the local and international markets. For the pineapple variety being processed as cased goods, the market price is derived from average sales price of the processed product adjusted for margin and associated costs related to production. Changes in fair values of agricultural produce after initial recognition are included in the carrying amount of cased goods at the reporting date.

The fair value of harvested agricultural produce amounted to ₱1,950,457, ₱1,367,856 and ₱1,255,415 as at April 30, 2021, 2020 and 2019, respectively (see Note 8).

Estimating Useful Lives of Investment Properties and Property, Plant and Equipment (excluding right-of-use assets). The Company estimates the useful lives of its investment properties and property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of investment property and property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of investment property and property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and experiences with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful life of any of the investment properties, and property, plant and equipment would increase the recorded expenses and decrease the noncurrent assets.

Acquisitions, replacements and additions of items of investment property and property, plant and equipment with estimated useful life of less than 3 years are charged to expense. Management believes that the difference between depreciating such items and directly charging them to expense is not material.

There were no changes in the estimated useful lives of investment properties and property, plant and equipment, excluding right-of-use assets, as at April 30, 2021, 2020 and 2019. The carrying amount of depreciable investment property amounted to ₱22,556, ₱50,859 and ₱39,357 as at April 30, 2021, 2020 and 2019, respectively (see Note 12). The carrying amount of depreciable property, plant and equipment amounted to ₱15,124,673, ₱14,132,111 and ₱9,277,037 as at April 30, 2021, 2020 and 2019, respectively (see Note 13).

Estimating Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary difference is based on the projected taxable income in the following periods, including the timing of reversal of future taxable and deductible temporary differences.

The Company's recognized deferred tax assets amounted to ₱211,804, ₱259,582 and ₱379,949 as at April 30, 2021, 2020 and 2019, respectively (see Note 28).

Impairment of Non-financial Assets. An impairment review is performed on non-financial assets (enumerated in the following table) when events or changes in circumstances indicate that the carrying value may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant adverse changes in the technological, market, or economic environment where the Company operates;
- significant decrease in the market value of an asset;
- evidence of obsolescence and physical damage;
- significant changes in the manner in which an asset is used or expected to be used;
- plans to restructure or discontinue an operation;
- significant decrease in the capacity utilization of an asset; or
- evidence is available from internal reporting that the economic performance of an asset is, or will be, worse than expected.

Determining the recoverable amount of these assets requires estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of the recoverable amount are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach.

The Company did not note any impairment indicators, including the impact of COVID-19, for the periods ended April 30, 2021, 2020 and 2019. No impairment losses were recognized for the periods ended April 30, 2021, 2020 and 2019.

As at April 30, 2021, 2020 and 2019, the carrying values of nonfinancial assets are as follows (Notes 8, 9, 12, 13 and 14):

	2021	2020	2019
Biological assets - growing herd	**₱129,530**	₱107,265	₱87,608
Intangible asset	**2,987,400**	–	–
Investment properties	**177,882**	206,185	194,683
Property, plant and equipment	**16,498,849**	15,340,067	11,141,160
Other noncurrent assets, excluding security and refundable deposits	**509,517**	494,868	1,047,524

Determination of IBR. The Company cannot readily determine the interest rate implicit in the lease at lease commencement date, therefore, it uses its IBR to measure lease liabilities. IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs such as interest rates from partner banks based on the term of its loan borrowings and make certain-specific estimates based on the Company credit worthiness.

The Company's lease liabilities amounted to ₱2,404,981, ₱2,636,372 as at April 30, 2021 and 2020, respectively (see Note 37).

Present Value of Defined Benefit Obligation. The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions such as discount rates and future salary increases, among others. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date.

The Company determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligation. In determining the appropriate discount rate, the Company considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

Further details about the assumptions used are provided in Note 32.

The present value of the defined benefit obligation amounted to ₱1,670,911, ₱1,724,091 and ₱1,499,332 at April 30, 2021, 2020 and 2019, respectively (see Note 32).

Provisions and Contingencies. The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

5. Cash and Cash Equivalents

	2021	2020	2019
Cash on hand	**₱3,076**	₱2,899	₱1,939
Cash in banks	**1,001,739**	1,152,017	334,681
Cash equivalents	**–**	16,000	227,314
	₱1,004,815	₱1,170,916	₱563,934

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term placements, which are made for varying periods of up to 3 months depending on the immediate cash requirements of the Company and earn interest at the respective short-term placement rates ranging from 1.19% to 4.20% p.a. in 2020 and 0.95% to 6.50% p.a. in 2019.

Interest earned for the fiscal years ended April 30, 2021, 2020 and 2019 amounted to ₱1,551, ₱6,441 and ₱18,889, respectively.

6. Receivables

	2021	2020	2019
Trade receivables from third parties	**₱2,548,538**	₱2,141,753	₱1,940,733
Due from related parties (see Note 33)	**3,269,310**	4,994,813	13,534,409
Advances to officers and employees	**28,600**	25,713	15,773
Others	**447,213**	193,707	132,806
	6,293,661	7,355,986	15,623,721
Less allowance for ECL	**48,024**	54,674	60,628
	6,245,637	7,301,312	15,563,093
Less noncurrent portion:			–
Lease receivable	**36,117**	3,108	–
Receivable from third parties	**151,981**	–	–
Noncurrent portion	**188,098**	3,108	–
Current portion	**₱6,057,539**	₱7,298,204	₱15,563,093

Trade receivables from third parties are noninterest-bearing and are generally on a 7 to 60-day credit term.

Due from related parties are noninterest-bearing and are generally due after 60 days. As at April 30, 2021, 2020 and 2019, intercompany receivable and payable eliminated upon consolidation amounted to ₱3,009,058, ₱44,257 and ₱27,234 respectively (see Note 33).

In March 2021, the Parent Company declared cash dividend to the holders of common shares of the Corporation as of close of business of March 29, 2021 amounting to ₱2,521,225. Dividends amounting to ₱278,595, net of final tax, were remitted to Sea Diner Holdings Pte. Ltd. The remaining balance was subsequently entered by the Parent Company and CARI, into an offsetting agreement wherein the dividend payable to CARI amounting to ₱1,864,445, net of final tax, was offset against the receivables from S&W Fine Foods International Ltd., amounting to ₱305,409 and receivables from DMPL amounting to ₱1,559,036. (see Note 40).

In June 2020, the Parent Company declared dividends amounting to ₱2,583,325. The Parent Company and CARI, subsequently entered into an offsetting agreement wherein the dividends payable amounting to ₱1,912,612, net of final tax, to CARI was offset against the receivables from GTL Limited, DMPL and S&W Fine Foods International Ltd. (see Note 30). The remaining balance of ₱259,358, net of final tax, was remitted by the Parent Company to CARI.

In July 2019, the Parent Company also declared dividends amounting to ₱13,796,097 which was also paid by offsetting the dividend payable amounting to ₱11,726,683, net of final tax, against the receivables from GTL Limited, DMPL and S&W Fine Foods International Ltd. (see Note 30).

Advances to officers and employees are noninterest-bearing and are normally collected within the following year.

Other receivables mainly consist of claims from third party service providers and due from growers.

The movements in the allowance for expected credit losses are as follows:

	2021	2020	2019
Trade receivables:			
Balance at beginning of year	**₱37,834**	₱40,020	₱40,400
Additional provision	–	286	–
Reversals	**(52)**	(2,472)	(380)
	37,782	37,834	40,020
Nontrade receivables:			
Balance at beginning of year	**16,840**	20,608	16,963
Additional provisions	–	–	3,808
Reversals	**(6,598)**	(3,471)	–
Write-off	–	(297)	(163)
	10,242	16,840	20,608
Balance at end of year	**₱48,024**	₱54,674	₱60,628

7. Inventories

	2021	2020	2019
Cased goods and other merchandise:			
At NRV - net	**₱1,468,272**	₱1,528,761	₱3,063,686
At cost	**997,632**	676,175	328,584
Production materials and supplies - at NRV	**2,138,061**	1,925,766	1,909,356
Storeroom supplies - at NRV	**517,412**	514,625	651,775
	₱5,121,377	₱4,645,327	₱5,953,401

The balances of cased goods and other merchandise at NRV are as follows:

	2021	2020	2019
Cost	**₱1,801,048**	₱1,827,427	₱3,416,661
Less allowance for cased goods and other merchandise:			
Balance at beginning of the year	**298,666**	352,975	342,161
Provision for obsolescence (Note 19)	**116,132**	73,565	127,108
Write-down	**(82,022)**	(127,874)	(116,294)
Balance at end of year	**332,776**	298,666	352,975
NRV	**₱1,468,272**	₱1,528,761	₱3,063,686

The balances of production materials and supplies are as follows:

	2021	2020	2019
Cost	**₱2,185,603**	₱1,962,826	₱1,930,554
Less allowance for production materials and supplies:			
Balance at beginning of the year	**37,060**	21,198	21,782
Provision for obsolescence (Note 19)	**22,381**	24,768	14,246
Write-down	**(11,899)**	(8,906)	(14,830)
Balance at end of year	**47,542**	37,060	21,198
NRV	**₱2,138,061**	₱1,925,766	₱1,909,356

The balances of storeroom supplies are as follows:

	2021	2020	2019
Cost	**₱528,032**	₱531,415	₱672,898
Less allowance for storeroom supplies:			
Balance at beginning of year	**16,790**	21,123	18,805
Provision for obsolescence (Note 19)	**(6,170)**	201	2,408
Write-down	**–**	(4,534)	(90)
Balance at end of year	**10,620**	16,790	21,123
NRV	**₱517,412**	₱514,625	₱651,775

Inventories recognized as cost of sales amounted to ₱13,003,540, ₱14,301,556 and ₱12,834,209 for the fiscal years ended April 30, 2021, 2020 and 2019, respectively (see Note 19).

8. **Biological Assets**

	2021	2020	2019
Current -			
Unharvested agricultural produce - at fair value	**₱2,158,274**	₱3,076,198	₱2,717,316
Noncurrent -			
Growing herd - at cost	**129,530**	107,265	87,608
	₱2,287,804	₱3,183,463	₱2,804,924

Carrying amounts of the unharvested agricultural produce are as follows:

	2021	2020	2019
Balance at beginning of year	**₱1,300,529**	₱1,368,032	₱1,214,311
Additions	**83,463**	494,604	610,224
Harvest	**(864,390)**	(562,107)	(456,503)
	519,602	1,300,529	1,368,032
Fair value attributable to price changes and estimated harvest	**1,638,672**	1,775,669	1,349,284
Balance at end of year	**₱2,158,274**	₱3,076,198	₱2,717,316

Estimated hectares planted with growing crops are 15,027, 14,733 and 14,992 for pineapple, and 111, 48 and 47 for papaya as at April 30, 2021, 2020 and 2019, respectively.

Pineapple crops have a life cycle of 36 months while papaya crops have life cycle of 24 months.

Actual fruits harvested, in metric tons, from the growing crops are 778,464, 675,333 and 688,596 for pineapple, and 1,008, 227 and 223 for papaya for the years ended April 30, 2021, 2020 and 2019, respectively.

The fair value of harvested agricultural produce amounted to ₱1,950,457, ₱1,367,856 and ₱1,255,415 as at April 30, 2021, 2020 and 2019, respectively. These are recognized under:

	2021	2020	2019
Cost of sales	**₱1,687,972**	₱1,177,745	₱948,675
Inventories	**262,485**	190,111	306,740
	₱1,950,457	₱1,367,856	₱1,255,415

Movements in the carrying amounts of growing herd are as follows:

	2021	2020	2019
Balance at beginning of year	**₱107,265**	₱87,608	₱84,295
Purchases	**52,827**	58,617	36,135
Sales and transfers	**(30,562)**	(38,960)	(32,822)
Balance at end of year	**₱129,530**	₱107,265	₱87,608

The Company maintains cattle for growing herd, breeding and dairy herd as part of its Environmental Management System wherein excess pineapple pulps are converted into cattle feeds.

As at April 30, 2021, 2020 and 2019, the number of heads of cattle for growing herd totaled to 2,139, 1,679 and 2,009 heads, respectively.

9. Intangible Assets

On May 1, 2020, Dewey Sdn. Bhd., assigned to PPMSC, various trademarks which includes the "Del Monte" and "Today's" trademarks for use in connection with processed foods in the Philippines. The Parent Company and Dewey Sdn. Bhd. subsequently entered into an offsetting agreement wherein the payable amounting ₱2,987,400 to Dewey Sdn. Bhd. was offset against the receivables from DMPL.

Management has assessed the trademark as having indefinite useful life as the Company has exclusive access to the use of these trademarks. The trademark is expected to be used indefinitely by the Company as they relate to continuing businesses that have a proven track record with stable cash flows. The trademark has a carrying value of ₱2,987,400 as at April 30, 2021.

The recoverable amount of the Trademark has been determined based on a value in use calculation (VIU). The VIU calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10.03%. The Trademark's cash flows beyond the five-year period is extrapolated using a steady 5.4% cumulative annual growth rate. Management believes that a 5.4% cumulative annual growth rate is reasonable and that any reasonably possible change in the key assumptions on which the Trademark's recoverable amount is based would not cause the Trademark's carrying amount to exceed its recoverable amount. As of April 30, 2021, the carrying value of the intangible asset does not exceed the VIU hence, no impairment has been recorded.

10. Financial Assets at FVOCI

This account consists of the following:

	2021	2020	2019
Cost -			
Balance at beginning and end of year	**₱444**	₱444	₱444
Unrealized gain - gross of tax:			
Balance at beginning of the year	**12,614**	11,611	11,622
Unrealized gain (loss) during the year	**(501)**	1,003	(11)
Balance at end of the year	**12,113**	12,614	11,611
	₱12,557	₱13,058	₱12,055

For the years ended April 30, 2021, 2020 and 2019, unrealized gain (loss), net of tax, recorded as fair value reserves in other comprehensive income reserves are as follows:

	2021	2020	2019
Beginning balance – net of tax	**₱10,717**	₱9,879	₱9,874
Other comprehensive income (loss) – net of tax	**(426)**	838	5
Ending balance – net of tax	**₱10,291**	₱10,717	₱9,879

Financial assets at FVOCI consist mainly of golf club and market-quoted shares. The golf club shares are classified as proprietary shares which entitles the holder to use and enjoy the club's facilities and services; to vote and be voted in meetings of the shareholders; and to receive a share in the net assets upon liquidation and dissolution. These shares are carried in the books at market values based on published stock quotes by brokers and dealers as at reporting date.

11. Prepaid Expenses and Other Current Assets

	2021	2020	2019
Prepaid expenses	**₱194,680**	₱102,446	₱75,992
Advances to suppliers	**192,428**	179,702	121,187
Prepaid taxes	**76,789**	49,700	74,267
Deferred transportation cost	**58,850**	37,411	47,289
Input VAT - net	**48,539**	26,327	108,015
Prepaid rent	**24,947**	23,783	368,828
Short-term deposit	**21,101**	–	–
Others	**8,315**	17,238	42,750
	₱625,649	₱436,607	₱838,328

Prepaid expenses pertain to costs associated with an initial public offering (IPO), employee benefits, and insurance on stocks and bonds. Prepaid expenses related to the Company's IPO amounting to ₱99,548 are to be reimbursed and charged to CARI.

Advances to suppliers are down payments incurred by the Company for the purchase of materials and supplies that will be used for operations. Movement in 2021 pertain to additional advances to suppliers for the Company's dairy and snacks line. Prepaid taxes pertain to real property, local business, and excise taxes which are paid in advance to regulatory authorities and are usually amortized within the next reporting period.

Deferred transportation cost pertains to advanced payment on delivery and transportation services and is normally incurred within the next financial period.

Input VAT pertain to prepayments made to regulatory authorities for the purchase of materials and supplies that will be used for manufacturing goods.

Short-term deposit pertains to time deposits in Robinsons Bank, with an interest rate of 0.875%, maturing on October 12, 2021. Interest income earned amounted to ₱224 for the year ended April 30, 2021.

Other current assets consist of advances to employees and insurance on executives.

12. **Investment Properties**

	April 30, 2021			
	Land	**Buildings and improvements**	**Right-of-use Assets - Building and Improvements**	**Total**
Cost – Beginning balances	**₱155,326**	**₱184,568**	**₱28,444**	**₱368,338**
Transfers/Adjustment (Note 37)	–	–	**(28,444)**	**(28,444)**
Ending balances	**155,326**	**184,568**	–	**339,894**
Accumulated Depreciation, Amortization and Impairment Losses				
Beginning balances	–	**155,832**	**6,321**	**162,153**
Depreciation for the year	–	**6,180**	–	**6,180**
Transfers/Adjustment	–	–	**(6,321)**	**(6,321)**
Ending balances	–	**162,012**	–	**162,012**
Net book value	**₱155,326**	**₱22,556**	**₱–**	**₱177,882**

	April 30, 2020			
	Land	Buildings and improvements	Right-of-use Assets - Building and Improvements	Total
Cost				
Beginning balances	₱155,326	₱183,358	₱28,444	₱367,128
Additions	–	1,627	–	1,627
Disposal	–	(417)	–	(417)
Ending balances	155,326	184,568	28,444	368,338
Accumulated Depreciation, Amortization and Impairment Losses				
Beginning balances	–	144,001	–	144,001
Depreciation for the year	–	12,248	6,321	18,569
Disposal	–	(417)	–	(417)
Ending balances	–	155,832	6,321	162,153
Net book value	₱155,326	₱28,736	₱22,123	₱206,185

	April 30, 2019		
	Land	Buildings and improvements	Total
Cost			
Beginning balances	₱155,326	₱178,679	₱334,005
Additions	–	4,679	4,679
Ending balances	155,326	183,358	338,684
Accumulated Depreciation, Amortization and Impairment Losses			
Beginning balances	–	125,600	125,600
Depreciation for the year	–	18,401	18,401
Ending balances	–	144,001	144,001
Net book value	₱155,326	₱39,357	₱194,683

The fair market value of the investment properties, excluding right-of-use assets, based on the valuation conducted by a third-party appraiser on May 18, 2020 and December 31, 2016 amounted to ₱556,425 and ₱529,218, respectively.

The fair value was determined by Cuervo Appraiser, Inc, an external and independent property valuer, having appropriate recognized professional qualification and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment property every 3 years.

Management believes that there are no events or changes in circumstances indicating a significant change in fair value of the investment property from the last appraisal made.

The fair value measurement for investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. The valuation considers an industrial utility as the highest and best use of the property.

Valuation Techniques and Significant Unobservable Inputs
The valuation method used to determine fair value is Sales Comparison Approach and Income Approach for land and buildings, respectively. Sales Comparison Approach involves the analysis of comparable sales of similar and substitute properties and related market data to reflect the differences in location, planning area, ownership, land area, floor area, sale or asking price, unit value, gross yield, occupancy status, as well as date of transaction among other factors affecting value. Under Income Approach, the annual net rental is capitalized at an appropriate interest rate after deducting for property tax and other operating expenses to arrive at the capital value of the property. The unobservable inputs used to determine market value are the prevailing rental rates and return on investment as at valuation date. Key inputs to fair valuation are as follows:

	Valuation Techniques	Significant Unobservable Inputs	Range
Land	Sales Comparison	Price per square foot	₱104 - ₱106
Buildings and improvements	Income Approach	Lease rate per square foot per month	₱0.1 - ₱0.3

The valuation method used to determine fair value of right-of-use asset - building and improvement is Income Approach. The fair value of the underlying asset amounted to ₱47,261. Under Income Approach, the annual net rental is capitalized at an appropriate interest rate after deducting for property tax and other operating expenses to arrive at the fair value of the property. The significant unobservable input used to determine market value is the prevailing rental rates of ₱2.7 per square meter per month.

Rental income, included as part of other income, generated from the investment properties for the fiscal years ended April 30, 2021, 2020 and 2019 amounted to ₱57,013, ₱40,604 and ₱38,848, respectively (see Note 23). Direct costs arising from the investment properties that generated rent income for the fiscal years ended April 30, 2021, 2020 and 2019 amounted to ₱23,352, ₱29,587 and ₱31,037, respectively (see Note 24).

13. Property, Plant and Equipment

	2021								
	Land (At Revalued Amount)	Machinery and Equipment	Buildings and Improvements	Leasehold Improvements	Construction in Progress	Bearer Plants at Cost	Right-of-use Assets - Land	Right-of-use Assets - Building and Improvements	Total
Gross Carrying Amount									
Beginning balances, May 1, 2020	**₱610,232**	**₱11,310,024**	**₱1,884,088**	**₱1,575,168**	**₱597,724**	**₱18,207,559**	**₱2,586,618**	**₱1,175,684**	**₱37,947,097**
Additions	–	**165,570**	**29,155**	**179,247**	**406,642**	**5,881,764**	**399,202**	**560,777**	**7,622,357**
Transfers /adjustments	–	**155,431**	**64,335**	**20,656**	**(240,422)**	–	**(43,345)**	–	**(43,345)**
Change in lease term (Note 4)	–	–	–	–	–	–	**(491,284)**	–	**(491,284)**
Disposals	–	**(37,454)**	**(278,875)**	**(63,946)**	–	**(6,085,521)**	**(35,394)**	–	**(6,501,190)**
Ending balances, April 30, 2021	**610,232**	**11,593,571**	**1,698,703**	**1,711,125**	**763,944**	**18,003,802**	**2,415,797**	**1,736,461**	**38,533,635**
Accumulated Depreciation and Amortization									
Beginning balances, May 1, 2020	–	**8,363,620**	**775,908**	**840,728**	–	**12,150,623**	**349,685**	**126,466**	**22,607,030**
Depreciation and amortization	–	**628,854**	**97,287**	**106,505**	–	**4,235,707**	**389,328**	**253,090**	**5,710,771**
Transfers /adjustments	–	**(2,637)**	**(194)**	**(32)**	–	–	**(4,334)**	–	**(7,197)**
Disposals	–	**(29,222)**	**(85,316)**	**(40,365)**	–	**(6,085,521)**	**(35,394)**	–	**(6,275,818)**
Ending balances, April 30, 2021	–	**8,960,615**	**787,685**	**906,836**	–	**10,300,809**	**699,285**	**379,556**	**22,034,786**
Carrying Value	**₱610,232**	**₱2,632,956**	**₱911,018**	**₱804,289**	**₱763,944**	**₱7,702,993**	**₱1,716,512**	**₱1,356,905**	**₱16,498,849**

	2020								
	Land (At Revalued Amount)	Machinery and Equipment	Buildings and Improvements	Leasehold Improvements	Construction in Progress	Bearer Plants at Cost	Right-of-use Assets - Land	Right-of-use Assets - Building and Improvements	Total
Gross Carrying Amount									
Beginning balances, May 1, 2019	₱457,755	₱11,253,565	₱1,750,547	₱1,524,099	₱915,381	₱16,225,616	₱2,435,364	₱1,175,684	₱35,738,011
Additions	–	204,949	44,784	80,585	337,152	4,950,674	151,254	–	5,769,398
Revaluation	152,477	–	–	–	–	–	–	–	152,477
Transfers /adjustments	–	555,025	95,841	2,316	(654,809)	–	–	–	(1,627)
Disposals	–	(703,515)	(7,084)	(31,832)	–	(2,968,731)	–	–	(3,711,162)
Ending balances, April 30, 2020	610,232	11,310,024	1,884,088	1,575,168	597,724	18,207,559	2,586,618	1,175,684	37,947,097
Accumulated Depreciation and Amortization									
Beginning balances, May 1, 2019	–	8,405,795	703,854	773,116	–	11,103,038	–	–	20,985,803
Depreciation and amortization	–	654,106	78,616	98,984	–	4,016,316	349,685	126,466	5,324,173
Disposals	–	(696,281)	(6,562)	(31,372)	–	(2,968,731)	–	–	(3,702,946)
Ending balances, April 30, 2020	–	8,363,620	775,908	840,728	–	12,150,623	349,685	126,466	22,607,030
Carrying Value, April 30, 2020	₱610,232	₱2,946,404	₱1,108,180	₱734,440	₱597,724	₱6,056,936	₱2,236,933	₱1,049,218	₱15,340,067

	2019						
	Land (At Revalued Amount)	Machinery and Equipment	Buildings and Improvements	Leasehold Improvements	Construction in Progress	Bearer Plants at Cost	Total
Gross Carrying Amount							
Beginning balances, May 1, 2018	₱457,755	₱10,004,363	₱1,427,542	₱1,311,740	₱1,731,711	₱13,472,721	₱28,405,832
Additions	–	115,486	82,592	169,804	686,550	4,275,939	5,330,371
Transfers /adjustments	–	1,215,233	240,413	42,555	(1,502,880)	–	(4,679)
Disposals	–	(81,517)	–	–	–	(1,523,044)	(1,604,561)
Ending balances, April 30, 2019	457,755	11,253,565	1,750,547	1,524,099	915,381	16,225,616	32,126,963
Accumulated Depreciation and Amortization							
Beginning balances, May 1, 2018	–	7,817,856	660,044	679,338	–	8,916,958	18,074,196
Depreciation and amortization	–	666,239	43,810	93,778	–	3,709,124	4,512,951
Disposals	–	(78,300)	–	–	–	(1,523,044)	(1,601,344)
Ending balances, April 30, 2019	–	8,405,795	703,854	773,116	–	11,103,038	20,985,803
Carrying Value, April 30, 2019	₱457,755	₱2,847,770	₱1,046,693	₱750,983	₱915,381	₱5,122,578	₱11,141,160

Capitalized Borrowing Cost
Major items in CIP as of April 30, 2021 include installation of Can Making Equipment from Ball Corporation, installation of Automated Line for 2.3kg Tidbits and the integration of 202 Cans in the Filling Process, which are the same major items for fiscal year 2020. These projects are expected to be completed by July 2021, August 2021 and June 2021, respectively.

Capitalized borrowing costs for the year ended April 30, 2021 amounting to ₱1,460 is related to the installation of Can Making Equipment and installation of Automated Line for 2.3kg Tidbits. For the year ended April 30, 2020, capitalized borrowing costs amounting to ₱20,031 is related to the installation of Can Making Equipment, installation of Automated Line for 2.3kg Tidbits and Construction of NFC Juicing Plant (see Note 22). General borrowing cost capitalized to ongoing constructions amounted to ₱1,459 for the year ended April 30, 2019.

The Company also capitalized interest expense arising from general borrowings and lease liabilities to bearer plants amounting to ₱47,462, ₱72,319 and nil for the years ended April 30, 2021, 2020 and 2019, respectively. Average capitalization rate used is 2.62%, 4.06% and nil for the fiscal years ended April 30, 2021, 2020 and 2019, respectively.

Land at Revalued Amount
The last revaluation was November 26, 2019 with land fair value of ₱610,232. Management believes that there are no events or changes in circumstances indicating a significant change in fair value of the land from the last appraisal made. The original cost of the land is ₱101.

For the years ended April 30, 2021, 2020 and 2019, adjustment of land revaluation surplus net of deferred tax effect are as follows:

	2021	2020	2019
Beginning balance - net of tax	**₱427,092**	₱320,358	₱320,358
Revaluation during the year - net of tax	–	106,734	–
Effect of change of tax rate (Note 28)	**30,506**	–	–
Ending balance – net of tax	**₱457,598**	₱427,092	₱320,358

Valuation Techniques and Significant Unobservable Inputs
The fair value of land was determined by Cuervo Appraisers, external and independent property valuers, having appropriate recognized professional qualification and recent experience in the location and category of the property being valued.

The fair value measurement for land has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

The value of the land was estimated using the Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by involving comparison.

The key inputs to the fair valuation are as follows:

	Range
Price per square meter	₱4,050 to ₱4,500
Lot size (square meters)	15,997 to 47,151
Location	Cagayan de Oro City

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.

No property and equipment are pledged nor treated as security to the outstanding liabilities as at April 30, 2021, 2020 and 2019.

Changes in Right of Use Assets
In 2021, the Company reassessed the lease terms of certain land leases, to which the Company has rights to pre-terminate at the end of each pineapple life cycle, as a result of the Company's cost-effectiveness programs implemented in 2021. The Company reassessed the lease term to be for a period of 6 years instead the full contractual term for identified land leases based on the pineapple's life cycle and time for land preparation. The Company is looking for ways to reduce pineapple costs by revisiting fields with low yields and/or high growing costs and expanding its outgrowership programs and the use of big planting materials which will save planting area. Due to the significant change of circumstance arising from the cost effectiveness strategy implemented in 2021 and the pre-termination option which is within the control of the Company, management revisited the lease term and recognized a reduction in right-of-use asset and lease liability amounting to ₱491,284 in 2021

Change in Presentation of Deferred Land Development Cost
In 2021, the Company reclassified its deferred land development costs previously presented under "Other noncurrent assets" and prepaid expenses presented under "Prepaid expenses and other current assets" to "Leasehold improvements" presented under "Property, plant and equipment" since these costs pertain to capital expenditures for the preparation, maintenance and continuance of the life cycle of pineapple or papaya crops. The Company also reclassified prior year balances for comparability purposes. The reclassification has no impact to the total consolidated total assets, equity and profit and loss in 2020 and 2019.

As a result, deferred land development costs amounting to ₱441,709 and ₱428,744 as at April 30, 2020 and 2019, respectively, and prepaid expenses amounting to ₱67,183 and ₱62,243 as at April 30, 2020 and 2019, respectively, were reclassified to leasehold improvements resulting in a total increase in leasehold improvements of ₱508,892 and ₱490,987 as at April 30, 2020 and 2019, respectively.

14. Other Noncurrent Assets

	2021	2020	2019
Advance rent	**₱413,767**	₱361,133	₱882,591
Refundable deposits	**99,480**	95,824	96,979
Security deposits	**61,995**	312,966	–
Advances to suppliers	**51,740**	87,292	131,604
Deferred input VAT	**30,262**	37,571	30,421
Others	**13,748**	8,872	2,908
	₱670,992	₱903,658	₱1,144,503

Advance rent pertains to payments related to contracts which will commence beyond one year from the reporting period.

Refundable rental deposits are deposits made under lease contracts entered by the Company.

The security deposits in 2020 pertain to payments made to Nutri-Asia, Inc. in connection with the Parent Company's intention to avail of the additional production capacity under the toll manufacturing agreement. The security deposit will be returned when tolling agreement for the additional capacity does not materialize. In August 2020, the security deposit has been returned by Nutri-Asia, Inc. to the Parent Company.

Advances to suppliers represent advance payments made to cover capital expenditures of the Company.

Deferred input VAT on capital goods represents input VAT on property and equipment that are to be amortized over its useful life or 5 years, whichever is shorter.

Other noncurrent assets pertain to deferred expenses expected to be amortized beyond one year from the next reporting period.

15. Short-term Notes Payable

	2021	2020	2019
Peso-denominated loans	**₱4,720,000**	₱7,580,000	₱–
Dollar-denominated loans	**3,168,665**	3,862,750	9,836,102
	₱7,888,665	₱11,442,750	₱9,836,102

The unsecured peso-denominated loans bear interest at 2.50% to 4.125% and 5.25% to 5.50% as at April 30, 2021 and 2020, respectively, and usually mature after 30 to 90 days.

As at April 30, 2021, 2020 and 2019, the balance of dollar-denominated unsecured notes payable in original currency amounted to US$65,800 or ₱3,168,665, US$76,575 or ₱3,862,750 and US$188,800 or ₱9,836,102, respectively. The loans bear an interest at 2.25% to 2.65%, 2.88% to 3.86%, and 3.00% to 3.90% as at April 30, 2021, 2020 and 2019, respectively and usually mature after 29 to 32 days.

Total interest expense on short-term loans amounted to ₱353,182, ₱419,531 and ₱263,291 for the fiscal years ended April 30, 2021, 2020 and 2019, respectively (see Note 22).

The Company has unsecured lines of credit with local banks amounting to ₱20,483,006, ₱20,772,200 and ₱20,854,900 of which ₱7,888,665, ₱11,442,750 and ₱9,836,102 have been availed as at April 30, 2021, 2020 and 2019, respectively.

16. Long-term debt

	2021	2020	2019
Bank and Financial Institution:			
BDO	**₱1,500,000**	₱3,000,000	₱3,000,000
DBP	**1,500,000**	–	–
	3,000,000	3,000,000	3,000,000
Less debt issuance cost	**19,876**	–	–
	2,980,124	3,000,000	3,000,000
Less current portion	**–**	3,000,000	–
	₱2,980,124	₱–	₱3,000,000

The long-term loan amounting to ₱3,000,000 as at April 30, 2020 is an unsecured loan which matured in August 2020. On August 3, 2020, the Company fully paid the long-term loan through its existing short-term credit facility. On October 23, 2020, the Company obtained a new loan amounting to ₱1,500,000 payable over 9 equal quarterly installments with the first repayment date on August 3, 2023 and last repayment date on August 3, 2025 at an interest rate of 4.125% p.a. This loan is guaranteed by DMPL as its Surety.

In November 6, 2020, the Company availed of an unsecured long-term credit facility amounting to ₱1,500,000 at an interest rate of 3.00% p. a., maturing on 2025, to partially finance its general corporate requirements and/or refinance existing debts. The Company shall repay the loan in 5 years, inclusive of a 3-year grace period on the principal, the principal payable in 8 equal quarterly installments to commence at the end of the 13th quarter from the initial drawdown date until fully paid.

The loan agreements require a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not exceeding 2.5x based on consolidated financial statements. The Company is compliant with its loan covenants as at April 30, 2021, 2020 and 2019.

Details of long-term loans from various local banks, payable as follows:

Availment date	Maturity date	Payment schedule	Principal	Interest rate
November 6, 2020	November 6, 2025	8 quarterly payments	₱1,500,000	3.00%
October 23, 2020	October 23, 2025	9 quarterly payments	1,500,000	4.125%
August 3, 2015	August 3, 2020	Upon maturity	3,000,000	4.50%

Interest expense on long-term loans amounted to ₱93,984, ₱137,250 and ₱138,334 for the years ended April 30, 2021, 2020 and 2019, respectively (see Notes 13 and 22).

The movements in unamortized debt issuance costs follow:

	2021
Balance at beginning of year	₱–
Additions	23,138
Amortization	(3,262)
Balance at end of year	₱19,876

The maturity analysis of the principal payments is shown below.

Financial year ending	DBP	BDO
2024	₱187,500	₱500,000
2025	750,000	666,667
2026	562,500	333,333

17. **Bonds Payable**

	2021
Face Value of Bonds	₱6,478,460
Debt issuance costs	(88,668)
Carrying Value	₱6,389,792

On October 30, 2020, the Company issued peso-denominated fixed-rate bonds with an aggregate principal amount of ₱5,000,000,000 with an oversubscription option of up to ₱2,500,000,000.

The following are the series of the bonds:
(i) 3.4840% p.a. three-year fixed-rate bonds due 2023 and
(ii) 3.7563% p.a. five-year fixed-rate bonds due 2025.

The net proceeds of the bonds was used by the Company to repay its existing short-term and unsecured loans. As of April 30, 2021, ₱5,832,560 three-year fixed-rate and ₱645,900 five-year fixed-rate bonds were issued.

The movement in unamortized debt issuance costs follow:

	2021
Balance at beginning of year	₱–
Additions	104,466
Amortization	(15,798)
Balance at end of year	₱88,668

Interest expense on bonds payable amounted to ₱114,998 for the year ended April 30, 2021 (see Note 22).

The agreements require a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not exceeding 2.5x based on consolidated financial statements. The Company is compliant with its debt covenants as at April 30, 2021.

18. **Accounts Payable and Accrued Expenses**

	2021	2020	2019
Accounts payable:			
Trade	**₱3,622,280**	₱3,369,598	₱2,513,416
Nontrade	**198,481**	90,305	71,765
Royalties payable (Note 38)	**–**	113,456	99,463
Due to related parties (Note 33)	**69,282**	81,300	–
Accrued expenses:			
Advertising, promotions and discounts	**316,974**	233,201	276,827
Salaries, bonuses and other employee benefits (Note 32)	**205,689**	139,576	73,558
Tinplate and consigned stocks	**194,844**	190,469	218,572

(Forward)

	2021	2020	2019
Payable to government agencies	**₱174,112**	₱145,367	₱96,651
Freight and warehousing	**134,843**	106,724	208,598
Professional and outside services	**114,011**	161,049	180,754
Rental	**103,497**	173,727	–
Utilities	**63,603**	66,144	–
Interest	**31,997**	21,350	–
Capital expenditures	–	–	119,672
Others	**185,336**	149,789	218,259
	₱5,414,949	₱5,042,055	₱4,077,535

Trade payables are noninterest-bearing and are normally settled on 30 to 60-day terms.

Nontrade payables consist of insurance premiums, employee loans and other deductions that are normally remitted within the following year.

Royalties payable are from the royalty agreement with ALCOR Hungary Szogaltato Kft. Capita International Financial Services ("ALCOR"). Royalties payable are noninterest-bearing and are paid and remitted within thirty (30) days after each calendar quarter, except the last quarter, which is made within fifteen (15) days after the issuance of the external auditor's certificate verifying the amount of the Parent Company's net sales for the period. On May 1, 2020, the royalty agreement with ALCOR has been terminated completely.

With the assignment by Dewey Sdn. Bhd., to PPMSC of various trademarks including the "Del Monte" and "Today's" trademarks, the Parent Company now pays royalties to PPMSC. The balance of royalty payable due to PPMSC is eliminated at the consolidated financial statements (see Note 38).

Due to related parties are unsecured and noninterest-bearing purchases of services, rentals, toll pack and management services from related parties which are expected to be paid within the next fiscal year (see Note 33).

Accrued expenses are payable within the next fiscal year.

19. **Cost of Sales**

	2021	2020	2019
Inventories (see Note 7)	**₱13,003,540**	₱14,301,556	₱12,834,209
Depreciation and amortization (Notes 12, 13 and 27)	**4,783,415**	3,068,847	3,108,787
Personnel (Note 26)	**2,913,557**	2,435,584	2,263,077
Fuel, light and power	**889,676**	763,110	747,125
Repairs and maintenance	**475,407**	381,789	423,820
Freight and logistics	**409,902**	361,815	387,239
Rent (Note 37)	**359,365**	496,095	627,805
Materials and supplies	**141,445**	123,559	122,430

(Forward)

	2021	2020	2019
Provision for obsolescence (Note 7)	**₱132,343**	₱98,534	₱143,762
Taxes and licenses	**53,469**	42,559	58,934
Royalty expense (Note 38)	**17,824**	602,914	468,784
Insurance	**14,207**	11,851	9,442
Travel and transportation	**6,064**	17,427	19,276
Others	**901,656**	678,600	795,478
	₱24,101,870	₱23,384,240	₱22,010,168

20. **Distribution and Selling Expenses**

	2021	2020	2019
Freight and storage	**₱1,556,377**	₱1,417,329	₱994,136
Personnel (Note 26)	**816,792**	776,850	680,257
Advertising and promotion	**578,068**	631,931	692,721
Research and development	**121,420**	106,203	94,190
Depreciation and amortization (Notes 12, 13 and 27)	**55,667**	63,097	61,078
Taxes and licenses	**46,817**	37,296	46,119
Entertainment, amusement and recreation	**19,610**	49,240	43,519
Rent (see Note 37)	**8,712**	17,030	9,211
Others	**84,834**	109,315	85,367
	₱3,288,297	₱3,208,291	₱2,706,598

21. **General and Administrative Expenses**

	2021	2020	2019
Personnel (Note 26)	**₱503,807**	₱424,223	₱363,988
Depreciation and amortization (Notes 12, 13 and 27)	**113,616**	105,404	48,549
Professional fees	**80,919**	57,187	60,638
Technology cost	**55,483**	54,550	45,522
Training and employee activities	**31,944**	24,723	25,422
Travel and transportation	**24,253**	32,743	30,487
Taxes and insurance	**19,778**	19,418	30,280
Rent (see Note 37)	**17,228**	17,048	93,212
Utilities	**14,447**	29,455	25,532
Outside services	**11,721**	14,877	15,209
Supplies	**11,658**	8,869	7,153
Others	**17,397**	28,935	32,724
	₱902,251	₱817,432	₱778,716

22. Revenues

	2021	2020	2019
Revenue from customer contracts:			
Convenience cooking and dessert	**₱12,257,607**	₱10,710,842	₱10,039,628
Healthy beverage and snacks	**6,937,487**	6,686,881	6,257,721
Premium fresh fruit	**5,803,524**	5,740,785	4,246,592
Packaged fruit and beverages	**6,614,827**	5,767,381	5,348,952
Others	**118,038**	87,351	105,426
Changes in fair values of biological assets	**2,733,121**	2,923,050	2,763,234
	₱34,464,604	₱31,916,290	₱28,761,553

In 2021, the Company made changes in the revenue categories and the prior years comparative were aligned with the new presentation (see Note 43).

The changes in fair values are recognized under:

	2021	2020	2019
Cost of sales	**₱2,609,258**	₱2,306,480	₱2,053,730
Inventories	**260,860**	190,185	316,98
Unharvested agricultural produce (see Note 8)	**(136,997)**	426,385	392,706
	₱2,733,121	₱2,923,050	₱2,763,234

The fair value adjustments of pineapple and papaya fruits harvested that were subsequently sold as fresh pineapples and those used in production as pineapple-based canned products for the years ended April 30, 2021, 2020 and 2019 amounted to ₱2,609,258, ₱2,306,480 and ₱2,053,730, respectively.

23. Other Income

	2021	2020	2019
Rental income (Notes 12 and 37)	**₱83,996**	₱40,881	₱39,111
Reversal of long-outstanding payable	**42,714**	110,927	64,499
Scrap sales	**36,212**	18,601	51,609
Reversal of employee incentives	**16,756**	890	48,468
Forfeited personal retirement account	**13,085**	34,202	15,538
Management income (see Note 33)	**3,378**	445	66,971
Others	**8,149**	20,856	12,227
	₱204,290	₱226,802	₱298,423

Rental income pertains to income generated from rental of investment properties.

Certain payables were reversed upon determining the final settlement or status of the accounts.

Scrap sales include sales of copper wires and other scrap materials.

Reversal of employee incentives are reversal of over accrued employee incentives paid within the financial year.

Forfeited personal retirement account pertains to the contributions of the Company to the employees' personal retirement account which are forfeited once the employee resigns before the vesting period.

24. Other Expense

	2021	2020	2019
Management fee (Note 33)	**₱150,035**	₱92,686	₱45,157
Depreciation and amortization (Notes 12, 13 and 27)	**20,255**	11,640	16,782
Property operating expenses	**12,938**	17,947	14,255
Others	**5,137**	18	6,052
	₱188,365	₱122,291	₱82,246

Other expenses include various write-off due to overdue or stale accounts.

25. Finance Cost

	2021	2020	2019
Interest expense:			
Short-term and long-term payables (Notes 15 and 16)	**₱447,166**	₱556,781	₱401,625
Lease liabilities (Note 37)	**134,351**	125,234	–
Bonds payable (Note 17)	**114,998**	–	–
Capitalized borrowing costs (Note 13)	**(48,923)**	(92,350)	(1,459)
	647,592	589,665	400,166
Bank charges	**115,025**	105,496	97,880
	₱762,617	₱695,161	₱498,046

26. Personnel

	2021	2020	2019
Wages and salaries	**₱2,275,066**	₱2,059,733	₱2,356,851
Outsourced labor	**2,792,436**	2,264,639	1,946,414
Retirement costs and provident fund contributions (Note 32)	**157,797**	107,668	67,356
Social security costs	**228,093**	93,013	66,802
	5,453,392	4,525,053	4,437,423
Personnel expenses included in inventories and expenditures on agricultural produce	**(1,219,236)**	(888,396)	(1,130,101)
	₱4,234,156	₱3,636,657	₱3,307,322

Personnel expenses are included in:

	2021	2020	2019
Cost of sales (Note 19)	**₱2,913,557**	₱2,435,584	₱2,263,077
Distribution and selling expenses (Note 20)	**816,792**	776,850	680,257
General and administrative expenses (Note 21)	**503,807**	424,223	363,988
	₱4,234,156	₱3,636,657	₱3,307,322

27. Depreciation and Amortization

Depreciation and amortization of investment property and property, plant and equipment are included in:

	2021	2020	2019
Cost of sales (Note 19)	**₱4,783,415**	₱3,068,847	₱3,108,787
Inventories and biological assets (Notes 7 and 8)	**743,998**	2,093,754	1,296,156
General and administrative expenses (Note 21)	**113,616**	105,404	48,549
Distribution and selling expenses (Note 20)	**55,667**	63,097	61,078
Other expense (Note 25)	**20,255**	11,640	16,782
	₱5,716,951	₱5,342,742	₱4,531,352

28. Income Taxes

The details of the Company's deferred tax assets (liabilities) are as follows:

DMPI

	2021	2020	2019
Items recognized in profit or loss			
Allowance for:			
Excess of cost over NRV of inventories	**₱46,558**	₱44,004	₱50,199
Impairment losses on receivables and property, plant and equipment	**11,393**	15,049	22,507
Accrued leases / PFRS 16 adjustment	**51,571**	58,158	37,287
Accrued expenses	**101,312**	126,270	205,611
Unrealized foreign exchange losses (gains)	**3**	11,707	(61,031)

(Forward)

	2021	2020	2019
Changes in fair value of biological assets	**(₱83,400)**	(₱93,298)	(₱145,843)
Retirement plan	**(58,499)**	(104,265)	(191,209)
Taxes on sweetened beverages	**(11,582)**	(15,988)	(13,520)
Capitalized customs duties and taxes on property, plant and equipment	**(1,877)**	(1,902)	(1,865)
	55,479	39,735	(97,864)
Items recognized in other comprehensive income			
Revaluation increment	**(152,532)**	(183,039)	(137,297)
Remeasurement effects - retirement plan	**(36,481)**	3,246	62,428
Unrealized gain on FVOCI	**(1,823)**	(1,898)	(1,733)
	(190,836)	(181,691)	(76,602)
	(₱135,357)	(₱141,956)	(₱174,466)

PPMSC

	2021	2020	2019
Items recognized in profit or loss			
Allowance for:			
Impairment losses on receivables	**₱967**	₱1,148	₱1,753
Impairment losses on input taxes	–	–	164
PFRS 16 adjustment	**(755)**	(819)	–
	₱212	₱329	₱1,917

DMTDI

The Tax Reform Act of 1997 (the "Act") introduced net operating loss carry-over (NOLCO) benefit which can be applied to an entity's taxable income for three (3) succeeding years from the year the loss was incurred. On the other hand, any excess of MCIT over RCIT is carried forward annually and applied against RCIT for the next 3 succeeding taxable years.

As at April 30, 2021, the Company's NOLCO coming from DMTDI, which could be applied against future taxable income are as follows:

NOLCO

Year Incurred	Amount Incurred	Amount Applied/Expired	Balance	Expiry Date
2020	₱461	₱–	₱461	2023
2019	89	–	89	2022
2018	122	–	122	2021
2017	198	198	–	2020
	₱870	₱198	₱672	

Pursuant to the "Bayanihan to Recover As One Act" and Revenue Regulation No. 25-2020 issued by the Bureau of Internal Revenue (BIR) on September 30, 2020, NOLCO incurred by DMTDI in taxable year 2021 can be carried over and claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years:

Year Incurred	Amount Incurred	Amount Applied/Expired	Balance	Expiry Date
2021	₱146	₱–	₱146	2026

The reconciliation of the income tax expense computed at statutory rate to the income tax expense shown in profit or loss is as follows:

	2021	2020	2019
Income before income tax	**₱5,518,329**	₱4,098,175	₱3,059,583
Income tax at 25.83% in 2021 and 30% in 2020 and 2019	**1,425,568**	1,228,919	917,875
Add (deduct) tax effects of the following:			
Nondeductible expenses	**7,959**	2,259	3,466
Movement in unrecognized deferred tax assets	–	(34)	375
Interest income subjected to final tax	**(382)**	(1,909)	(5,779)
Income from PEZA-registered activities subject to lowered tax rate	**(762,129)**	(604,672)	(435,099)
Effect of CREATE Law	**231,153**	–	–
	₱902,169	₱624,563	₱480,838

<u>Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act</u>
President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, Regular Corporate Income Tax (RCIT) rate is decreased from 30% to 20% for corporations with total assets (excluding the value of land on which the particular business entity's office, plant and equipment are situated during the taxable year) of ₱100 million or below and taxable income of ₱5 million and below. All other corporations not meeting the criteria are subject to lower RCIT rate of 25% from 30%;
- Effective July 1, 2020 and for a period of 3 years, Minimum Corporate Income Tax (MCIT) rate is lowered from 2% to 1% of gross income; and
- Improperly accumulated earnings tax of 10% is repealed.

The RCIT and MCIT applied in the preparation of the Company's financial statements as of and for the fiscal year ended April 30, 2021 are based on the enacted tax rate of 30% RCIT for the months covered before the effectivity of CREATE, and 25% or 20% RCIT, as the case may be, for the months covered under CREATE. In the computation of current income tax, income and expenses were deemed to have been earned and spent equally for each month of the fiscal period. The effective RCIT rate for the Parent Company for the year ended April 30, 2021 is 25.83%

29. Capital Stock

	2021	2020	2019
Common stock - ₱1 par value:			
Authorized - 3,000,000,000 shares			
Issued - 2,797,320,004 shares	**₱2,797,320**	₱2,797,320	₱2,797,320

On December 9, 2019, in a joint special meeting of the Board and stockholders of the Parent Company, the conversion of the authorized common shares amounting to ₱3,000,000,000 to common shares convertible to voting, participating RCPS was approved. The RCPS shall be convertible to common shares. The SEC approved the amendment of the Parent Company's articles of incorporation on February 11, 2020 (see Note 1).

On August 3, 2020, the SEC approved the amendment of the Parent Company'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.

The RCPS shall have the following rights:

a. Dividends – The holders of the RCPS shall be entitled to receive dividends and distributions payable on the same basis as the common shares, to the extent permitted under applicable law, as and when declared by the Board. No dividends or distributions, in whatever form, shall be declared or paid to the holders of the common shares. without a declaration of payment of dividends on the same basis to the holders of the RCPS.

b. Liquidation Preference – ln the event of the liquidation, dissolution or winding up of the Parent Company (whether voluntary or involuntary), the RCPS shall have preference over the common shares in respect of the assets of the Parent Company available for distribution after payment of the liabilities of the Parent Company.

c. Voting Rights – The holders of the RCPS then outstanding are entitled to receive notice of, and to attend and speak at, general meetings of the Parent Company, and to receive a copy of any written resolution circulated to eligible stockholders on the circulation date in accordance with law. The holders of the RCPS have voting rights.

d. Conversion to Common Shares – At any time and from time to time, any holder of the RCPS then outstanding shall have the right, at its option, to require the Parent Company to convert all or any part of such RCPS held into common shares, provided, however, that in the event of an initial public offering by the Parent Company, all the preferred shares then outstanding shall be automatically converted into common shares.

e. Redemption – The preferred shares shall be redeemable in accordance with the relevant provisions in the Articles of Incorporation and the Enabling Resolutions, subject to compliance with applicable laws.

On February 5, 2021, the Board approved the conversion of 335,678,400 RCPS issued to SEA Diner to 335,678,400 common shares. The common shares do not have the dividend and liquidation preference and conversion and redemption features of the RCPS.

30. Dividends

On March 3, 2021, the Parent Company declared cash dividend of ₱0.9013 per share to the holders of common shares of the Corporation as of close of business of March 29, 2021 amounting to ₱2,521,225. Dividends amounting to ₱278,595, net of tax, were remitted to Sea Diner Holdings Pte. Ltd. The remaining balance was subsequently entered by the Parent Company and CARI, into an offsetting agreement wherein the dividend payable to CARI amounting to ₱1,864,445, net of final tax, was offset against the receivables from S&W Fine Foods International Ltd., amounting to ₱305,409 and receivables from DMPL amounting to ₱1,559,036. (see Note 40).

On June 29, 2020, the Parent Company declared cash dividend of ₱0.9235 per share to the holders of common shares of the Corporation as of close of business of July 6, 2020 amounting to ₱2,583,325. The dividends were partially remitted to CARI amounting to ₱259,358, net of final tax, while the remaining balance was subsequently entered by the Parent Company and CARI, into an offsetting agreement wherein the dividend payable to CARI amounting to ₱1,912,612, net of final tax, was offset against the receivables from S&W Fine Foods International Ltd., DMPL and DMPL Management Service Pte. Ltd. (see Note 40).

On June 14, 2019, the Parent Company declared cash dividend of ₱4.93 per share to the holders of common shares of the Corporation as of close of business of June 21, 2019 amounting to ₱13,796,097. The payment was set off against the Parent Company's receivables from GTL Limited, DMPL and S&W Fine Foods International Ltd. on July 31, 2019 through a restructuring agreement.

As at April 30, 2021, 2020 and 2019, dividends payable amounted to nil.

31. Retained Earnings

The Company's retained earnings is restricted to the extent of ₱116,868, ₱47,489 and ₱2,129 as at April 30, 2021, 2020 and 2019, respectively, for the undistributed earnings of subsidiaries.

On February 28, 2019, the Board approved the appropriation of additional retained earnings of ₱4,795,000, resulting in a total appropriated earnings balance as at April 30, 2019 in the amount of ₱15,698,000 (exclusive of the value of projects completed in fiscal years 2018 and 2019). This is intended to fund the Parent Company's long-range plan capital expenditure requirements, such as acquisition of various equipment that will modernize its Cannery and Plantation, provided, that specific projects for which the appropriation will be expended.

On June 14, 2019, the Board approved the reversal of its previously appropriated retained earnings as of April 30, 2019 amounting to ₱15,695,000.

On March 3, 2020, the Board approved the appropriation of retained earnings of ₱2,793,541 intended to fund the Parent Company's various long-range plan capital expenditure projects beginning FY2021 until FY2023. The amount and timing of these capital expenditures are as follows:

Financial year ending	Expected Capital Expenditures
2021	₱792,096
2022	1,120,777
2023	880,668
	₱2,793,541

On March 3, 2021, the BOD has approved the cash dividend of ₱0.9013 per share to holders of shares of the Parent Company as of close business of March 15, 2021. Total cash dividend payment amounting to ₱278,595 was paid on March 16, 2021.

32. Employee Benefits

The Company has both funded defined benefit and defined contribution retirement plan (the "Plan") which covers 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. The Company's latest actuarial valuation date is April 30, 2020. Valuations are obtained on a periodic basis.

Starting on the date of membership of an employee in the Plan, the Company shall contribute to the retirement fund 7.00% of the member's salary as defined every month. In addition, the Company shall contribute periodically to the fund the amounts which shall be required, if any, 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 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 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.

The Board of Trustees is responsible for investment strategy of the Plan.

The net retirement benefits expense is recognized in the following line items in profit or loss:

	2021	2020	2019
Cost of sales	**₱15,497**	₱14,558	₱22,638
General and administrative expenses	**67,832**	41,337	8,434
Distribution and selling expenses	**24,380**	17,420	8,977
Included in inventories and biological assets	**22,007**	12,015	7,752
	₱129,716	₱85,330	₱47,801

Remeasurement of retirement benefit liability, recorded in other comprehensive income reserves amounted to ₱156,743, ₱37,539 and ₱154,850 for the years ended April 30, 2021, 2020 and 2019.

Balance of the reserves, net of tax effect amounted to ₱54,926, ₱171,942 and ₱145,666 as at April 30, 2021, 2020 and 2019, respectively.

Actual return on plan assets amounted to ₱193,928, ₱219,252 and ₱6,792 the years ended April 30, 2021, 2020 and 2019, respectively.

Fair value of plan assets consists of the following:

	2021	2020	2019
Real estate	**₱744,433**	₱797,118	₱773,356
Government securities	**646,257**	674,115	391,395
Equities	**264,992**	309,909	649,515
Unit investment trust funds and other funds	**260,416**	188,367	75,068
Debt instruments	**144,768**	161,637	101,361
Bank deposits	**4,368**	11,904	20,874
Others	**14,769**	(54,714)	(4,416)
	₱2,080,003	₱2,088,336	₱2,007,153

All government securities are issued by the Philippine government which are rated by Standard and Poor's Financial Services. Real estate is an investment property occupied by the Parent Company's Manila office. Government securities, equities (including 14,478,368, 14,609,798 and 15,220,508 DMPL ordinary shares amounting to ₱225,000, ₱192,653 and ₱516,794 as at April 30, 2021, 2020 and 2019, respectively, and 220,000 DMPL preferred shares amounting to ₱106,455, ₱114,957 and ₱114,631 as at April 30, 2021, 2020 and 2019, respectively), debt instruments and unit investment trust funds and other funds have quoted prices in active markets.

The retirement plan exposes the Parent Company to certain risk such as interest risk and market (investment) risk.

The following table shows a reconciliation of the net defined benefit retirement obligation and its components as of April 30, 2021, 2020 and 2019:

	Present Value of Defined Benefit Retirement Obligation			Fair Value of Plan Assets			Net Defined Benefit Retirement Obligation		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Balance at beginning of the year	**₱1,724,091**	₱1,499,332	₱1,268,211	**₱2,088,336**	₱2,007,153	₱2,149,698	**(₱364,245)**	(₱507,821)	(₱881,487)
Recognized in profit or loss									
Current service cost	**139,958**	107,108	85,157	**–**	–	–	**139,958**	107,108	85,157
Interest expense	**76,377**	90,859	99,935	**–**	–	–	**76,377**	90,859	99,935
Interest income	**–**	–	–	**87,837**	117,450	163,512	**(87,837)**	(117,450)	(163,512)
Interest on the effect of asset ceiling	**–**	–	–	**–**	–	–	**1,218**	4,813	26,221
	216,335	197,967	185,092	**87,837**	117,450	163,512	**129,716**	85,330	47,801
Recognized in other comprehensive income (loss)									
Remeasurements:									
Actuarial losses (gains) arising from:									
Changes in demographic assumptions	**(102,041)**	40,769	39,855	**–**	–	–	**(102,041)**	40,769	39,855
Experience adjustments	**117,969**	(76,484)	63,370	**–**	–	–	**117,969**	(76,484)	63,370
Changes in financial assumptions	**(67,016)**	227,305	178,929	**–**	–	–	**(67,016)**	227,305	178,929
Return on plan assets (excluding interest)	–	–	–	**106,091**	101,802	(156,720)	**(106,091)**	(101,802)	156,720
	(51,088)	191,590	282,154	**106,091**	101,802	(156,720)	**(157,179)**	89,788	438,874
Others									
Benefits paid	**(218,427)**	(164,798)	(236,125)	**(211,099)**	(164,798)	(236,125)	**(7,328)**	–	–
Contributions	**–**	–	–	**8,838**	26,729	86,788	**(8,838)**	(26,729)	(86,788)
	(218,427)	(164,798)	(236,125)	**(202,261)**	(138,069)	(149,337)	**(16,166)**	(26,729)	(86,788)
Effect of asset ceiling	**–**	–	–	**–**	–	–	**27,954**	22,703	52,330
Balance at end of the year	**₱1,670,911**	₱ 1,724,091	₱1,499,332	**₱2,080,003**	₱2,088,336	₱2,007,153	**(₱379,920)**	(₱336,729)	(₱429,270)

The Board of Trustees reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Parent Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Parent Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation.

The Board of Trustees approves the percentage of asset to be allocated for fixed income instruments and equities. The retirement plan has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The Board of Trustees may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

The principal actuarial assumptions used in determining retirement obligations for the Company's retirement plan as at April 30, 2021, 2020 and 2019 are as follows (expressed in annual rates):

	2021	2020	2019
Discount rate	**3.9%**	4.3%	6.1%
Salary increase rate:			
Bugo hourlies	**5.0%**	6.0%	6.0%
Plantation hourlies	**5.0%**	6.0%	6.0%
Supervisors and non-supervisory monthlies	**5.0%**	6.0%	6.0%

As at April 30, 2021, 2020 and 2019, the reasonably possible changes to one of the relevant actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts below.

	2021	
	1% Increase	**1% Decrease**
Discount rate	**(₱129,455)**	**₱150,124**
Salary increase rate	**146,937**	**(129,351)**

	2020	
	1% Increase	1% Decrease
Discount rate	(₱146,000)	₱170,801
Salary increase rate	166,367	(145,266)

	2019	
	1% Increase	1% Decrease
Discount rate	(₱103,606)	₱118,924
Salary increase rate	117,804	(104,582)

Assumptions for mortality and disability rate are based on published statistics and mortality and disability tables.

The maturity analysis of the undiscounted benefit payments is shown below.

Financial year ending	**2021**	2020	2019
One year	**₱110,450**	₱87,419	₱188,079
More than one year to two years	**211,863**	228,445	141,570
More than 2 years to 3 years	**209,949**	126,554	227,386
More than 3 years to 4 years	**165,090**	216,618	156,921
More than 4 years to 5 years	**151,946**	167,937	156,921
More than 5 years	**876,207**	839,008	470,762

As at April 30, 2021, 2020 and 2019, the weighted average duration of defined benefit retirement obligation is 8.4, 9.2 and 7.4 years.

The Company provides its regular employees, through the Supplementary Provident Plan, a supplemental savings in the form of lump sum payment at the time of retirement or separation from the Company. The employee who chooses to participate in the plan may, at his option, elect to contribute a fixed amount or a percentage equal to one percent (1%) to thirty percent (30%) of his salary beginning on the date he joined the plan.

The Parent Company contributes monthly to the Provident Fund an amount equal to forty percent (40%) of the members' monthly contribution which in no case shall exceed two percent (2%) of the member's salary.

Contributions to the Provident Fund amounted to ₱28,081, ₱22,338 and ₱19,555 for the years ended April 30, 2021, 2020 and 2019 respectively.

Unremitted contribution (employee and employer share) recognized as part of "Accounts payable and accrued expenses" amounted to nil, ₱13,316 and ₱13,824, as at April 30, 2021, 2020 and 2019, respectively.

33. Related Party Transactions

The Company has transactions with related parties as described below. These transactions are done in the normal course of business and outstanding balances are usually settled in cash.

A summary of significant transactions and account balances with related parties follows:

Category/ Transaction		*Note*	Amount of the Transactions for the year ended April 30	Outstanding Balance Due from (Due to) Related Parties as at April 30	Terms	Conditions
Ultimate Parent						
Sales	**2021**	*33a*	**₱816**	**₱2,047**	Noninterest-bearing	Unsecured; no impairment
	2020		226	23		
	2019		23	–		
Purchases and advanced payment of toll pack fee	**2021**	*33b*	**(2,748)**	**1,464**	Noninterest-bearing	Unsecured
	2020		(11,767)	2,120		
	2019		(29,557)	(4,342)		
Advances and security Deposit	**2021**	*33c*	–	–	Noninterest-bearing	Unsecured; no impairment
	2020		283,109	282,794		
	2019		312,966	312,966		

(Forward)

Category/ Transaction		Note	Amount of the Transactions for the year ended April 30	Outstanding Balance Due from (Due to) Related Parties as at April 30	Terms	Conditions
Services and other reimbursement	**2021**	*33a*	**₱9,432**	**₱15,057**	Noninterest-bearing	Unsecured; no impairment
	2020		6,789	6,819		
	2019		9,014	12,604		
Under Common Control						
Sales	**2021**	*33d*	**5,105,049**	**2,759,493**	Noninterest-bearing	Unsecured; no Impairment
	2020		4,686,147	2,879,403		
	2019		8,596,414	8,519,664		
Purchases and royalties	**2021**	*33d*	**(24,629)**	**(117,533)**	Noninterest-bearing	Unsecured
	2020		(211,944)	(121,848)		
	2019		(320,010)	(61,346)		
Advances	**2021**	*33e*	**11,270,530**	**467,624**	Interest bearing	Unsecured; no impairment
	2020		2,483,119	1,821,331		
	2019		–	–		
Services and other reimbursement	**2021**	*33e*	**539,354**	**(63,502)**	Noninterest-bearing	Unsecured
	2020		(127,374)	(27,647)		
	2019		7,078	4,718,392		
Other Related Party						
Sales	**2021**	*33f*	**221,847**	**179,991**	Noninterest-bearing	Unsecured; no impairment
	2020		196,934	127,123		
	2019		185,480	35,836		
Purchases	**2021**	*33f*	**(52,824)**	**(47,548)**	Noninterest-bearing	Unsecured
	2020		(78,616)	(27,717)		
	2019		–	–		
Rendering of services	**2021**	*33g*	**205**	**(126)**	Noninterest-bearing	Unsecured; no impairment
	2020		202	77		
	2019		202	10,871		
Lease receivable	**2021**	*33h*	**98**	**3,397**	Noninterest-bearing	Unsecured; no impairment
	2020		3,271	3,192		
	2019		–	–		
Rental of office space and common use service area	**2021**	*33g*	(100,207)	(336)	Noninterest-bearing	Unsecured
	2020		(86,903)	(32,157)		
	2019		(129,722)	(10,236)		
	2021		**₱16,966,923**	**₱3,200,028**		
	2020		₱2,731,436	₱4,913,513		
	2019		₱8,631,888	₱13,534,409		

All outstanding balances with these related parties are due to be settled within twelve months as at reporting date. None of the balance is secured. Intercompany receivable and payable eliminated upon consolidation amounted to ₱3,072,213, ₱44,257 and ₱27,234 as at April 30, 2021, 2020 and 2019, respectively.

a. The Company sells apple juice concentrate and charges NutriAsia, Inc. for the share in Information Technology services, including share in the repair of the data center.

b. The Company purchases production materials and incurs toll packing fees due to NutriAsia, Inc. for seasoning, ketchup and other sauces. The Company also receives debit note for beyond allowable utilization of raw and packaging materials.

c. In 2019, the Company advanced ₱312,966 to NutriAsia, Inc. and was recorded under the due from related party account. In 2020, the same amount was reclassified to security deposit presented under other noncurrent assets as security for the additional capacity for the toll manufacturing to be contracted by the Company. In 2021, additional capacity agreement was not finalized, and such deposit has been returned since the Company no longer foresees any tolling agreement with NutriAsia, Inc.

d. The Company sells and buys products to and from S&W Fine Foods International Ltd. and Del Monte Foods, Inc. Beginning May 2019, the Company reorganized the export business that previously routed sales through GTL Limited for Del Monte and unbranded products, and S&W Fine Foods International Ltd for S&W branded fresh products. The Company shifted to directly billing the end customers for fresh and processed products, excluding S&W branded processed products and buyer's own label products. Due to the reorganization, the Company incurs additional royalties due to S&W Fine Foods International Ltd. for the direct sale of S&W fresh products. In 2021, purchases and royalties decreased due to the purchase by PPMSC of 'Del Monte' and 'Todays' trademarks.

e. The Company charges and incurs services fee, management fees and other recharges. The Company also extended interest-bearing notes to DMPL with interest rates ranging from 2% to 3.5% p.a. In 2021, the Company extended funds to DMPL for payment of quarterly dividends and working capital purposes, which was settled in the same year.

f. The Company sells and bills Nice Fruit Hong Kong Ltd. for Nice Frozen Dry products for plant operating costs. Also, the Company incurs processing and packaging costs due to Nice Fruit S&W Philippines, Inc.

g. The Company charges management fee for the services rendered to DMPI Retirement Fund. The Company also rents building owned by the DMPI Retirement Fund/Provident Fund.

h. As a zone developer, the Company leases land to the BAREZ of which Nice Fruit S&W Philippines, Inc. is a locator.

Compensation of Key Management Personnel of the Company

	2021	2020	2019
Salaries	**₱131,792**	₱123,770	₱107,119
Short-term benefits	**28,792**	14,079	19,900
Post-employment benefits	**7,036**	8,048	4,811
Other long-term benefits	**1,126**	6,419	6,231
Total	**₱168,746**	₱152,316	₱138,061

34. Financial Risk and Capital Management Objectives and Policies

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the foregoing risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.

The Board has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board constituted DMPI's Audit Committee to assist the Board in fulfilling its oversight responsibility of the Company's corporate governance process relating to the: a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with legal and regulatory requirements, including disclosure control and procedures; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the Board.

DMPI's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. DMPI's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arise principally from the Company's receivable from customers and refundable deposits. In monitoring credit risk, customers are grouped according to their credit characteristics, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. The Company manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Company's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Company sells its products through major distributors and key accounts in various geographical regions. Management has a credit risk policy which includes, among others, the requirements for standby letter of credit to secure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The Company ensures that sales of products are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables from customers. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks are as follows:

	2021	2020	2019
Cash and cash equivalents*	**₱1,001,739**	₱1,168,017	₱561,995
Receivables**	**6,057,539**	7,301,312	15,563,093
Refundable deposits	**99,480**	95,824	96,979
Short-term deposit	**21,101**	–	–
Financial assets at FVOCI	**12,557**	13,058	12,055
Security deposits	**61,995**	312,966	–
Total credit risk exposure	**₱7,254,411**	₱8,891,177	₱16,234,122

**Excluding cash on hand ₱3,076, ₱2,899 and 1,939 as at April 2021, 2020 and 2019, respectively.*
***Includes noncurrent portion of lease receivable amounting to ₱36,117, ₱3,108 and nil as at April 2021, 2020 and 2019, respectively and receivable from third parties amounting to ₱151,891, nil and nil as at April 2021, 2020 and 2019.*

The table below shows the maximum exposure to credit risk for the Company's financial instruments as at April 30, 2021 and 2020 based on credit rating grades:

			2021		
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Lifetime ECL Simplified Approach**	**Total**
High grade	**₱1,035,397**	**₱–**	**₱–**	**₱849,922**	**₱1,885,319**
Standard grade	**3,870,481**	–	–	**1,546,635**	**5,417,116**
Gross carrying amount	**4,905,878**	–	–	**2,396,557**	**7,302,435**
Less allowance	–	–	–	**(48,024)**	**(48,024)**
Carrying amount	**₱4,905,878**	**₱–**	**₱–**	**₱2,348,533**	**₱7,254,411**

			2020		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
High grade	₱1,181,075	₱–	₱–	₱2,162,733	₱3,343,808
Standard grade	5,405,430	–	–	196,613	5,602,043
Gross carrying amount	6,586,505	–	–	2,359,346	8,945,851
Less allowance	–	–	–	(54,674)	(54,674)
Carrying amount	₱6,586,505	₱–	₱–	₱2,306,672	₱8,891,177

			2019		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
High grade	₱574,050	₱–	₱–	₱2,083,326	₱2,612,376
Standard grade	13,631,388	–	–	50,986	13,682,374
Gross carrying amount	14,205,438	–	–	2,089,312	16,294,750
Less allowance	–	–	–	(60,628)	(60,628)
Carrying amount	₱14,205,438	₱–	₱–	₱2,028,684	₱16,234,122

The Company uses the following criteria to rate credit quality:

Class	Description
High Grade	Financial assets that have a recognized foreign or local third-party rating or instruments which carry guaranty or collateral.
Standard Grade	Financial assets of companies that have the apparent ability to satisfy its obligations in full.

The credit qualities of the financial assets were determined as follows:

Cash in banks and cash equivalents, and short-term deposits are classified as high grade since these are deposited or transacted with reputable banks which have low probability of insolvency.

Financial assets at FVOCI are classified as high grade since these are publicly traded instruments and quoted market price in ad active market.

Receivables, refundable and security deposits are classified as standard grade since these are unsecured from third parties with good paying habits.

The table below shows information about the credit risk exposure for the Company's trade receivables using a provision matrix as at April 30, 2020 and 2021:

		Trade Receivables Days past due				
	Current	**<30 days**	**30-60 days**	**61-120 days**	**Over 120 days**	**Total**
Trade receivables	**₱2,013,782**	**₱271,280**	**₱104,391**	**₱32,698**	**₱126,387**	**₱2,548,538**
Advances to officers and employees	**8,086**	**2,007**	**1,028**	**–**	**17,479**	**28,600**
Other receivables	**14,573**	**97,464**	**22,506**	**16,447**	**38,784**	**189,774**
Expected credit loss rate	**0.27%**	**1.12%**	**5.12%**	**10.27%**	**17.31%**	
Expected credit loss	**₱2,434**	**₱3,088**	**₱3,538**	**₱4,407**	**₱34,557**	**₱48,024**

		Trade Receivables Days past due				
	Current	<30 days	30-60 days	61-120 days	Over 120 days	Total
Trade receivables	₱1,710,631	₱250,518	₱35,532	₱20,533	₱124,539	2,141,753
Advances to officers and employees	5,244	6,791	1,972	1,330	10,376	25,713
Other receivables	125,187	18,258	4,264	2,322	43,676	193,707
	1,841,062	275,567	41,768	24,185	178,591	2,361,173
Expected credit loss rate	0.31%	1.38%	4.8%	8.96%	22.93%	
Expected credit loss	₱5,707	₱3,803	₱2,005	₱2,167	₱40,992	₱54,674

The table below shows the maximum exposure to credit risk for the Company's financial instruments as at April 30, 2021, 2020 and 2019 based on corresponding credit enhancements:

	2021			2020			2019		
	Gross Maximum Exposure	**Credit Enhancement**	**Net Maximum Exposure**	Gross Maximum Exposure	Credit Enhancement	Net Maximum Exposure	Gross Maximum Exposure	Credit Enhancement	Net Maximum Exposure
Cash and cash equivalents*	**₱1,001,739**	**₱6,294**	**₱995,445**	₱1,168,017	₱7,778	₱1,160,239	₱561,995	₱7,778	₱554,217
Receivables**	**6,057,539**	**468,522**	**5,589,017**	7,301,312	468,522	6,832,790	15,563,093	597,877	14,965,216
Refundable deposits	**99,480**	–	**99,480**	95,824	–	95,824	96,979	–	96,979
Short-term deposit	**21,101**	–	**21,101**	–	–	–	–	–	–
Financial asset at FVOCI	**12,557**	–	**12,557**	13,058	–	13,058	12,055	–	12,055
Security deposits	**61,995**	**–**	**61,995**	312,966	–	312,966	–	–	–
	₱7,254,411	**₱474,816**	**₱6,779,595**	₱8,891,177	₱476,300	₱8,414,877	₱16,234,122	₱605,655	₱15,628,467

** Credit enhancement is the portion insured by Philippine Deposit Insurance Corporation.*
***Credit enhancement is the portion covered by letter of credit from various banks.*

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Company's reputation.

The Company's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities. The Company maintains a balance between continuity of funding and flexibility through the use of credit lines available from local and international banks. The Company addresses short-term liquidity needs by using its available short-term credit facilities with the banks.

The table below summarizes the maturity profile of the Company's financial assets based on contractual undiscounted payments:

			2021		
	Less than 1 year	**1 to 3 Years**	**3 to 5 years**	**More than 5 years**	**Total**
Cash and cash equivalents	**₱1,001,739**	**₱–**	**₱–**	**₱–**	**₱1,001,739**
Receivables	**6,083,634**	**909**	**606**	**4,240**	**6,089,389**
Refundable deposits	–	**99,480**	–	–	**99,480**
Short-term deposit	**21,101**	–	–	–	**21,101**
Financial assets at FVOCI	**12,557**	–	–	–	**12,557**
Security deposit	–	**61,995**	–	–	**61,995**
	₱7,119,031	**₱162,384**	**₱606**	**₱4,240**	**₱7,286,261**

			2020		
	Less than 1 year	1 to 3 Years	3 to 5 years	More than 5 years	Total
Cash and cash equivalents	₱1,168,017	₱–	₱–	₱–	₱1,168,017
Receivables	7,298,397	554	554	4,157	7,303,662
Refundable deposits	–	95,824	–	–	95,824
Financial assets at FVOCI	–	–	–	13,058	13,058
Security deposit	–	312,966	–	–	312,966
	₱8,466,414	₱409,344	₱554	₱17,215	₱8,893,527

	2019				
	Less than 1 year	1 to 3 Years	3 to 5 years	More than 5 years	Total
Cash and cash equivalents	₱561,995	₱–	₱–	₱–	₱561,995
Receivables	15,563,093	–	–	–	15,563,093
Refundable deposits	–	96,979	–	–	96,979
Financial assets at FVOCI	–	–	–	12,055	12,055
Security deposit	–	–	–	–	–
	₱16,125,088	₱96,979	₱–	₱12,055	₱16,234,122

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities based on contractual undiscounted payments:

	2021				
	Less than 1 year	**1 to 3 Years**	**3 to 5 years**	**More than 5 years**	**Total**
Accounts payable and accrued expenses*	**₱5,754,744**	**₱–**	**₱–**	**₱–**	**₱5,754,744**
Short-term notes payable**	**6,760,337**	–	–	–	**6,760,337**
Long-term notes payable**	**151,484**	**2,378,417**	**909,474**	–	**3,439,375**
Bonds payable**	**173,761**	**6,266,550**	**664,299**	–	**7,104,610**
Lease liabilities	**698,022**	**932,925**	**470,983**	**1,312,011**	**3,413,941**
	₱13,538,348	**₱9,577,892**	**₱2,044,756**	**₱1,312,011**	**₱26,473,007**

**Net of amount owed to agencies of the government.*
***Includes future interest payables.*

	2020				
	Less than 1 year	1 to 3 Years	3 to 5 years	More than 5 years	Total
Accounts payable and accrued expenses*	₱4,896,688	₱–	₱–	₱–	₱4,896,688
Short-term notes payable**	11,461,616	–	–	–	11,461,616
Long-term notes payable**	3,035,625	–	–	–	3,035,625
Lease liabilities	366,523	918,226	739,519	1,767,014	3,791,282
	₱19,760,282	₱918,226	₱739,519	₱1,767,014	₱23,185,211

**Net of amount owed to agencies of the government.*
***Includes future interest payables.*

	2019				
	Less than 1 year	1 to 3 Years	3 to 5 years	More than 5 years	Total
Accounts payable and accrued expenses*	₱3,980,884	₱–	₱–	₱–	₱3,980,884
Short-term notes payable**	10,026,474	–	–	–	10,026,474
Long-term notes payable**	–	3,172,875	–	12,055	3,184,930
Lease liabilities	–	–	–	–	–
	₱14,007,358	₱3,172,875	₱–	₱12,055	₱17,192,288

**Net of amount owed to agencies of the government.*
***Includes future interest payables.*

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to various market risks, including risks from changes in commodity prices, interest rates, currency exchange rates and risks related to agricultural activities.

Foreign Currency Risk

The Company's exposure to foreign currency risk results from significant movement in foreign exchange rates that adversely affect the foreign-currency denominated transactions of the Company. The Company's risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Company regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currency-denominated assets and liabilities.

The Company's foreign currency-denominated assets and liabilities Philippine Peso equivalent of each as at April 30, 2021, 2020 and 2019 is presented as follows:

	2021		
	US Dollar	**SG Dollar**	**Total Peso Equivalent**
Assets			
Cash	**$7,953**	**$250**	**₱392,110**
Receivables	**89,847**	**300**	**4,337,634**
Other noncurrent assets	**879**	**–**	**42,324**
	98,679	**550**	**4,772,068**
Liabilities			
Short-term notes payable	**65,800**	**–**	**3,168,665**
Accounts payable and accrued expenses	**11,461**	**–**	**551,930**
	77,261	**–**	**3,720,595**
Net foreign currency-denominated assets	**$21,418**	**$550**	**₱1,051,473**

The spot exchange rates used were ₱48.156:US$1, and ₱36.491:SG$1 as at April 30, 2021.

	April 30, 2020		
	US Dollar	SG Dollar	Peso Equivalent
Assets			
Cash	$14,669	$819	₱769,315
Receivables	112,423	66	5,673,432
Other noncurrent assets	10,179	–	513,470
	137,271	885	6,956,217
Liabilities			
Short-term notes payable	76,575	–	3,862,750
Accounts payable and accrued expenses	12,226	–	616,728
	88,801	–	4,479,478
Net foreign currency-denominated assets	$48,470	$819	₱2,476,739

The spot exchange rates used were ₱50.444:US$1, and ₱35.838:SG$1 as at April 30, 2020.

	April 30, 2019		
	US Dollar	SG Dollar	Peso Equivalent
Assets			
Cash	$2,400	$–	₱125,035
Receivables	254,222	–	13,244,458
Other noncurrent assets	1,742	–	90,755
	258,364	–	13,460,248
Liabilities			
Short-term notes payable	188,800	–	9,836,102
Accounts payable and accrued expenses	5,263	–	274,192
	194,063	–	10,110,294
Net foreign currency-denominated assets	$64,301	$–	₱3,349,954

The spot exchange rates used were ₱52.098:US$1 as at April 30, 2019.

The translation of these foreign currency-denominated assets and liabilities of the Company resulted in net unrealized foreign exchange losses amounting to ₱3,153 and ₱51,956 for the fiscal years ended April 30, 2021 and 2020, respectively, and net unrealized foreign exchange gain amounting to ₱196,845 for the fiscal year ended April 30, 2019.

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and equity as at April 30, 2021, 2020 and 2019.

	Increase/Decrease in Peso and U.S Dollar, and S.G. Dollar Exchange Rates	**Foreign Exchange Rate**	**Effect on Income Before Income Tax**
2021			
U.S Dollar	**+10%**	**48.156**	**₱103,140**
S.G. Dollar	**+10%**	**36.491**	**2,007**
U.S Dollar	**-10%**	**48.156**	**(103,140)**
S.G. Dollar	**-10%**	**36.491**	**(2,007)**

	Increase/Decrease in Peso and U.S Dollar, and S.G. Dollar Exchange Rates	Foreign Exchange Rate	Effect on Income Before Income Tax
2020			
U.S Dollar	+10%	50.444	₱244,502
S.G. Dollar	+10%	35.838	3,172
U.S Dollar	-10%	50.444	(244,502)
S.G. Dollar	-10%	35.838	(3,172)

	Increase/Decrease in Peso and U.S Dollar, and S.G. Dollar Exchange Rates	Foreign Exchange Rate	Effect on Income Before Income Tax
2019			
U.S Dollar	+10%	50.098	₱334,995
U.S Dollar	-10%	50.098	(334,995)

Commodity Price Risk

The Company is regularly engaged in the purchase of tinplates and fuel and is significantly exposed to commodity price risk. The Company ensures future supply of tinplates while minimizing the impact of price movements by purchasing tinplates and fuel in advance of the production requirements. These purchase contracts are entered into for the purpose of receipt or delivery of tinplates and fuel in accordance with the expected usage requirements of the Company.

Also, the Company purchases large volumes of papaya fruits for production and is significantly exposed to commodity price risk related to papaya. The Company ensures long-term supply of papaya at stable prices by executing papaya supply agreements with farmers. The Company is also subsidizing some of the farmers' costs related to papaya to ensure long-term relationships with them.

Risk Related to Agricultural Activities

The Company is exposed to risks arising from changes in cost and volume of fruits harvested from the growing crops which is influenced by natural phenomenon such as weather patterns, volume of rainfall and field performance. The cost of growing crops is also exposed to the change in cost and supply of agricultural supplies and labor which are determined by constantly changing market forces of supply and demand.

The Company is subject to risk relating to its ability to maintain the physical condition of its fruit crops. Plant diseases could adversely impact production and consumer confidence, which impact sales.

The Company secures favorable harvest of pineapples and other agricultural produce from biological assets by continuously assessing factors that could affect harvest and responding to them on a timely manner. The Company is equipped with necessary technical manpower, farm inputs, such as fertilizer, chemicals and equipment to respond to any changes brought about by the factors as mentioned above.

The Company is subject to laws and regulations in the Philippines where it operates its agricultural activities. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Chief Financial Officer has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operation and industry.

The Company defines capital as total equity, which is equivalent to the paid-in capital stock, retained earnings (both appropriated and unappropriated) and recognized income and expenses.

Management uses debt-to-equity ratio to monitor, on a regular basis, the Company's capital, defined as total equity in the consolidated statements of financial position.

The debt-to-equity ratios are as follows:

	2021	2020	2019
Total liabilities	**₱25,306,284**	₱22,489,548	₱17,254,013
Total equity	**10,706,810**	11,048,103	21,393,255
Debt-to-equity ratio	**2.36**	2.04	0.81

There were no changes in the Company's approach to capital management for the years ended April 30, 2021, 2020 and 2019.

35. Fair Value

The table below presents a comparison by category of carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximate of fair values as at April 30, 2021, 2020 and 2019.

	2021		2020		2019	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities						
Measured at amortized cost:						
Long-term notes payable	**₱2,980,124**	**₱2,959,045**	₱3,000,000	₱3,000,000	₱3,000,000	₱2,874,329
Bonds payable	**6,389,792**	**6,631,228**	–	–	–	–
	₱9,369,916	**₱9,382,596**	₱3,000,000	₱3,000,000	₱3,000,000	₱2,874,329

The following methods and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities for which it is practicable to estimate such value:

Cash and Cash Equivalents, Receivables and Accounts Payable and Accrued Expenses
The Company has determined that carrying amounts of cash and cash equivalents, receivables and accounts payable and accrued expenses reasonably approximate their fair values because these are mostly short-term in nature.

Security and Refundable Deposits
The fair value approximates the carrying amount since the Company does not anticipate its carrying amount to be significantly different from the actual value that the deposit would be eventually collected.

Financial Assets at FVOCI
The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market.

Short-term Notes Payable
The carrying amount of short-term loans approximates its fair value as at reporting date due to its short-term in nature.

Long-term Notes Payable
The fair value of interest-bearing floating rate loans, categorized as Level 3 input, is based on discounted value of expected future cash flows using the applicable market rates for similar types of instrument as of reporting date. As at April 30, 2021, the fair value of the long-term loan amounted to ₱2,959,045 using 4.10% average incremental borrowing rate of the Company as at the same date.

As at April 30, 2020, the carrying amount of the current portion of long-term loan approximates its fair value amounting to ₱3,000,000.

Bonds Payable
The fair value of interest-bearing bonds, categorized as Level 3 input, is based on discounted value of expected future cash flows using the applicable market rates for similar types of instrument as of reporting date. As at April 30, 2021, the fair value of the bonds payable amounted to ₱6,631,228 using the range of 1.64%-3.23% incremental borrowing rate of the Company as at the same date.

Fair Value Hierarchy

The following table provides the measurement hierarchy of assets measured at fair value:

As at April 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Financial assets at FVOCI	**₱12,557**	**₱–**	**₱–**	**₱13,059**
Non-financial Assets				
Fair value of agricultural produce:				
Harvested*	–	–	**1,950,457**	**1,950,457**
Unharvested	–	–	**2,217,132**	**2,217,132**
Land	–	–	**610,232**	**610,232**
Investment Property	–	–	**177,882**	**177,882**

** Pertains to fair value of agricultural produce being processed as cased goods as of year-end*

As at April 30, 2020	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at FVOCI	₱13,058	₱–	₱–	₱13,058
Non-financial Assets				
Fair value of agricultural produce:				
Harvested*	–	–	1,367,856	1,367,856
Unharvested	–	–	3,076,198	3,076,198
Land	–	–	610,232	610,232

** Pertains to fair value of agricultural produce being processed as cased goods as of year-end.*

As at April 30, 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at FVOCI	₱55	₱12,000	₱–	₱12,055
Non-financial Assets				
Fair value of agricultural produce:				
Harvested*	–	–	1,121,443	1,121,443
Unharvested	–	–	2,717,316	2,717,316
Land	–	–	457,755	457,755
Investment property	–	–	529,218	529,218

** Pertains to fair value of agricultural produce being processed as cased goods as of year-end.*

During the year, 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.

Fair values of non-financial assets have been determined for measurement and/or disclosure purposes based on the following methods.

Assets	Valuation technique	Significant unobservable inputs
Harvested crops – sold as fresh fruit	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 based on the selling price of fresh fruits as sold in the local and international markets (Level 3).	The unobservable input is the estimated selling price of pineapple 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 (concentrates, pineapple beverages, sliced pineapples, etc.) adjusted for margin and associated costs related to production (Level 3).	The unobservable input is the estimated selling price of pineapple 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 estimated gross margin at point of harvest less future fruiting costs to be incurred until harvest as the basis of fair value.	The unobservable inputs are estimated selling price of pineapple and gross margin per ton for fresh and processed products, respectively, estimated volume of harvest and future growing costs.

Assets	Valuation technique	Significant unobservable inputs
Land	The fair value of the land was estimated using comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by involving comparison.	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.

Significant increase (decrease) in the significant unobservable inputs of harvested crops sold as fresh fruit and harvested crop used in processed products would result in higher (lower) fair values.

Significant increase (decrease) in the estimated future selling price of pineapple, gross margin per ton and estimated volume of harvest would result in higher (lower) fair value of growing produce, while significant increase (decrease) in the future growing costs would result in lower (higher) fair value.

36. Comprehensive Agrarian Reform Law

In compliance with the Comprehensive Agrarian Reform Law under Executive Order No. 229 and Republic Act No. 6657, a substantial portion of the land previously leased by the Company from the National Development Company ("NDC") was submitted for land distribution to the Department of Agrarian Reform ("DAR") and subsequently awarded to beneficiaries who formed a cooperative.

On February 21, 1989, the Company and the beneficiaries' cooperative entered into a lease agreement on the said land at a certain fee for a period of 25 years starting March 1, 1989. The Company used the land and paid rentals based on the lease agreement on January 11, 1991. The DAR ratified the amendment in the existing lease agreement, which reduced the lease period to 10 years and increased the annual fee effective December 12, 1988. On January 11, 1997, the Company and the beneficiaries' cooperative entered into a new lease agreement extending the lease period for another 25 years starting January 11, 1999.

The remaining land leased from NDC devoted to non-agricultural activities was not submitted for land distribution and continues to be rented based on the Company's agreement with NDC.

Privately owned lands are covered by existing lease agreements which are continually being renewed. For certain private lands that exceeded the allowable retention limits, the law requires compulsory acquisition until June 30, 2014 and distribution to qualified beneficiaries. The continuation of these lease agreements is dependent on the terms and conditions to be agreed upon by the parties involved.

37. Leases

Company as a lessee

The Company has various lease agreements for land, building and warehouses lease agreements. Its lease agreements generally have lease terms between 5 to 20 years (Note 3). The Company's obligations under its leases are secured by the lessor's title to the leased assets. There is certain contract that include extension and termination options.

Right-of-use assets from land leases include pineapple and papaya fields leased by the Company from DMPI Employees Agrarian Reform Beneficiaries Cooperative (DEARBC), National Development Corporation (NDC), and various crop producers and growers which are amortized over the remaining lease term. Meanwhile, right-of-use asset from office include the Parent Company's JYCC Office while warehouses include the Mindanao Distribution Center leased from Fast Service Corporation and warehouse in Laguna leased from Sprint Industrial & Development Corporation.

In April 2021, the Company entered a sale and leaseback of buildings, warehouses and equipment located on foreshore land. The assets are sold to DEARBC and subsequently leased back to the Company with payment and lease terms of 20 years for both the sale and the lease. Right-of-use assets recognized at commencement date amounted to ₱339,796 which comprises the proportion of the previous carrying amount of the assets that relates to right of use retained by the Company and the adjustment for below-market terms on the sale of assets. Lease liability and gain on sale and leaseback at commencement date amounted to ₱231,725 and ₱11,162, respectively.

The following are the amounts recognized in profit or loss:

	2021	2020
Depreciation expense of right-of-use assets included in property and equipment and investment properties (Notes 12 and 13)	**₱642,418**	₱482,472
Interest expense on lease liabilities (Note 25)	**134,351**	125,234
Gain on sale and leaseback	**11,162**	–
Expense relating to short-term leases:		
Cost of sales (Note 19)	**359,365**	496,095
Inventories and biological assets (Notes 7 and 8)	**100,524**	140,868
Distribution and selling expenses (Note 20)	**8,712**	17,030
General and administrative expenses (Note 21)	**17,228**	17,048
	₱1,273,760	₱1,278,747

Lease liabilities represents payments to be made over the remaining lease term. Movement of the lease liabilities during the period are as follows:

	2021	2020
Balance at beginning of the year	**₱2,636,372**	₱2,601,012
Additions during the year	**671,722**	120,347
Payments	**(490,027)**	(210,221)
Modification and reassessment of term (Note 13)	**(491,284)**	–
Interest expense (Note 22)	**134,351**	125,234
Adjustments	**(54,130)**	–
Retired	**(2,023)**	–
Balance at end of the year	**2,404,981**	2,636,372
Current lease liabilities	**(291,236)**	(289,191)
Noncurrent lease liabilities	**₱2,113,745**	₱2,347,181

The approximate annual future minimum rent payable of the Company under its existing non-cancellable lease agreements as a lessor as at April 30, 2021, 2020 and 2019 are as follows:

	2021	2020	2019
1 year	**₱698,022**	₱366,523	₱491,743
more than 1 year to 2 years	**547,166**	425,974	379,177
more than 2 years to 3 years	**385,759**	492,252	438,628
more than 3 years to 4 years	**247,763**	364,374	504,906
more than 4 years to 5 years	**223,220**	375,145	450,017
more than 5 years	**1,312,011**	1,767,014	1,940,748
	₱3,413,941	₱3,791,282	₱4,205,219

The Parent Company has lease contracts with DEARBC that has termination option. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Parent Company's business needs. Management exercises significant judgement in determining whether the termination option is reasonably certain to be exercised (see Note 4).

Company as a lessor
The Company has sublease agreements which provides for lease rentals based on an agreed fixed monthly rate. Rental income related to these sublease agreement amounted to ₱26,983, ₱277 and ₱263 in the periods ended April 30, 2021, 2020 and 2019.

Lease receivable represents receipts to be received over the remaining lease term. Movement of the lease receivables during the period are as follows:

	2021	2020
Balance at beginning of the year	**₱3,108**	₱3,271
Additions	**77,713**	–
Adjustments	**381**	–
Contractual receipts	**(24,043)**	(277)
Interest income	**2,608**	198
Balance at end of the year	**59,767**	3,192
Current lease receivable	**(23,650)**	(84)
Noncurrent lease receivable	**₱36,117**	₱3,108

The Parent Company has lease contract with DEARBC that has termination option. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Parent Company's business needs. Management exercises significant judgement in determining whether the termination option is reasonably certain to be exercised (see Note 4).

The Company has various short-term lease agreements relating to rental of overflow warehouses, equipment and inventory pallets. The rates provided in these agreements shall be fixed during its term. For the years ended April 30, 2021 and 2020, rent expense related to short-term leases amounted to ₱485,829 and ₱671,041, and respectively.

The approximate annual future minimum rent receivable of the Company under its existing non-cancellable lease agreements as a lessor as at April 30, 2021 and 2020 are as follows:

	2021	2020
1 year	**₱25,467**	₱277
more than 1 year to 2 years	**26,977**	277
more than 2 years to 3 years	**7,233**	277
more than 3 years to 4 years	**303**	277
more than 4 years to 5 years	**303**	277
more than 5 years	**4,240**	4,157
	₱64,523	₱5,542

38. Contracts, Commitments and Contingencies

a. Royalty agreement with ALCOR Hungary Szogaltato Kft. Capita International Financial Services ("ALCOR") provides for the payment of a royalty computed at 3% of net sales as defined in Section 8 of the License and Technical Assistance Agreement between the Parent Company and ALCOR. Effective May 1, 2020, Dewey Sdn. Bhd., assigned to PPMSC the various trademarks which includes the "Del Monte" and "Today's" trademarks for use in connection with processed foods in the Philippines. With the assignment, the Parent Company now pays royalties to its subsidiary, PPMSC computed at 1% of net sales which is eliminated in the consolidated financial statements.

   For the years ended April 30, 2021, 2020 and 2019, royalty expense recognized in profit or loss under "Cost of Sales" amounted to ₱125, ₱475,271 and ₱468,784, respectively (see Note 19).

b. Royalty agreement with S&W Fine Foods International Limited and the Parent Company provides for the payment of royalty computed at 3% of list sales, effective May 1, 2019 for 10 years. Royalty expense recognized under "Cost of Sales" account amounted to ₱17,699, ₱127,643 and nil for the years ended April 30, 2021, 2020 and 2019, respectively (see Note 19).

c. Future capital expenditures based on approved budgets and executable contracts are as follows:

	2021	2020	2019
Amounts approved by the Board	**₱150,945**	₱729,267	₱893,958
Commitments in respect of contracts made	**580,154**	227,282	312,213
	₱731,099	₱956,549	₱1,206,171

d. There are lawsuits, tax assessments and certain claims arising out of the normal course of business. Management, in consultation with legal counsel, believes that the resolution of these contingencies, other than those already with provision, will not have a material effect on the consolidated financial statements.

   The Parent Company has a pending case with the Court of Tax Appeals En Banc (CTA EB) pertaining to deficiency withholding tax on wages assessment covering taxable year 2013 amounting to ₱6,796. The Bureau of Internal Revenue filed a motion for reconsideration on July 31, 2019 which was denied by CTA 2nd Division in a resolution dated October 1, 2019. The BIR has filed a petition for review with the CTA EB. As of May 27, 2021, the said petition is pending resolution.

39. **PEZA Registration**

On November 22, 2007, the President of the Philippines issued Proclamation No. 1420, s.2007 “Creating and designating certain parcels of land of the private domain situated at Barangay Bugo, Cagayan de Oro City, province of Misamis Oriental, Island of Mindanao, as a Special Economic Zone pursuant to Republic Act No. 7916 as amended by Republic Act No. 8748”. On the same date, the cannery operations of the Parent Company was registered in the Philippine Economic Zone Authority as an Export Zone Enterprise, with registration certificate No. 07-68.

The same registration certificate was amended last October 12, 2015 to include the Fresh Fruit Processing Project of the Parent Company at the BAREZ, and amended again on August 18, 2017 to include production of peeled, cut fresh frozen pineapples at the BAREZ.

PEZA Board Resolution 18-386 approved the Parent Company’s new activity, Not From Concentrate (NFC) Juicing Plant at the BAREZ. The said project shall be entitled to incentives granted to Non-Pioneer projects under RA 7916, as amended, subject to the Parent Company’s signing of a supplemental agreement under standard registration terms and conditions.

The Parent Company registered the following activities under the original and amended PEZA Agreement:

- Production of processed foods and beverages for export at the PPAEPZ;
- Importation of raw materials, machinery, equipment, tools, goods, wares, articles, or merchandise directly used in the registered operations at the PPAEPZ; and
- Fresh Fruit Processing Project at the BAREZ
- Production of peeled, cut fresh frozen pineapples at the BAREZ

Fiscal and non-fiscal incentives available for the Parent Company as provided in its registration agreement with PEZA for the cannery operations at PPAEPZ, are as follows:

- 5% gross income tax (5% GIT), in lieu of all national and local taxes, and to duty and tax-free importation privilege under Article 77, Book VI of E. O. 226.
- Non-fiscal incentives shall include simplified import and export procedures, employment of foreign nationals and permanent resident status within the ecozone for foreign investors with initial investment of at least US$150.
- Qualified for purposes of VAT zero-rating of its transactions with local suppliers of goods, properties and services in accordance with Section 4.106-6 and 4.108-6 of Revenue Regulation 16-2005, *The Consolidated Value Added Tax Regulation of 2005.*

For the Fresh Fruit Processing Project at BAREZ under the Supplemental Agreement amended last June 28, 2016, the Parent Company is subject to the following fiscal and non-fiscal incentives:

- 5% GIT, in lieu of all national and local taxes, and to duty and tax-free importation privilege under Article 77, Book VI of E. O. 226.
- Non-fiscal incentives shall include simplified import and export procedures, employment of foreign nationals and permanent resident status within the ecozone for foreign investors with initial investment of at least US$150.
- Qualified for purposes of VAT zero-rating of its transactions with local suppliers of capital equipment and parts, and on direct production requirements.

For the production of peeled, cut fresh frozen pineapples at BAREZ under the Supplemental Agreement amended last August 18, 2017, the Parent Company is subject to the following fiscal and non-fiscal incentives:

- Income tax holiday (ITH) incentive to incremental sales arising from the new lines transferred from Nice Fruit S&W Philippines, Inc., subject to the issuance by PEZA of a Notice of Confirmation/Validation of the project's entitlement to ITH
- Qualified for purposes of VAT zero-rating of its transactions with local suppliers of capital equipment and parts, and on direct production requirements.

PEZA issued Letter of Authority (LOA) No. 18-EOD-LS/FP/EE-2969 on November 22, 2018 to renew DMPI's authority to locally sell a portion of its production of processed foods and beverage produced at its PPAEPZ facility and fresh fruit processing project in its plant at BAREZ. Said LOA was amended by LOA No. 19-EOD-LS/FP/EE-0956 dated March 13, 2019 to include peeled, cut fresh frozen pineapples. Both of the LOAs expired on April 30, 2019.

On August 29, 2019, PEZA issued LOA No. 19-EOD-LS/FP/EE-2429 to renew DMPI's authority to sell to the domestic market a portion of its production of its registered products produced at the PPAEPZ / BAREZ. Said LOA expired on April 30, 2020.

On December 22, 2020, PEZA issued LOA No. 20-EOD-LS/FP/EE-2606 to renew DMPI's authority to sell to the domestic market a portion of its production of its registered products produced at the PPAEPZ / BAREZ. Said LOA will expire on April 30, 2021.

On May 7, 2021, PEZA issued LOA No. 21-EOD-LS/F/EE-1006 that provides for extension of the Company's Ecozone Export Enterprise (EEE) status until the Implementing Rules and Regulation (IRR) of CREATE is issued. The status of the Company as a PEZA registered export enterprise is expected to be retained being part of the Investment Priority Plan (IPP) and for meeting the conditions set forth by PEZA to allow a company to continue availing of the incentives despite exceeding local sales.

40. Supplemental Disclosure of Cash Flow Information

The changes in liabilities arising from financing activities of the Company for the years ended April 30, 2021, 2020 and 2019 are as follows:

		Cash flows			
	May 1, 2020	**Proceeds**	**Payments**	**Others***	**April 30, 2021**
Short-term notes payable	**₱11,442,750**	**₱144,863,254**	**(₱148,391,372)**	**(₱25,967)**	**₱7,888,665**
Interest payable	**21,350**	–	**(435,059)**	**445,706**	**31,997**
Dividends payable	**–**	–	**(537,953)**	**537,953**	**–**
Long-term notes payable	**3,000,000**	**1,480,124**	**(1,500,000)**	**–**	**2,980,124**
Bonds payable	**–**	**6,373,994**	–	**15,798**	**6,389,792**
Lease liabilities	**2,636,372**	–	**(490,027)**	**258,636**	**2,404,981**
Total liabilities from financing activities	**₱17,100,472**	**₱152,717,372**	**(₱151,354,411)**	**₱1,232,126**	**₱19,695,559**

*Others include accruals, foreign exchange movement, dividend declaration, recognition and interest accretion of lease liabilities, and effect in change in lease term assessment and lease contract modifications and offsetting of receivables.

	May 1, 2019	Cash flows Proceeds	Payments	Others*	April 30, 2020
Short-term notes payable	₱9,836,102	₱161,839,072	(₱160,206,051)	(₱26,373)	₱11,442,750
Interest payable	21,622	–	(557,053)	556,781	21,350
Lease liabilities	2,601,012	–	(210,221)	245,581	2,636,372
Total liabilities from financing activities	₱12,458,736	₱161,839,072	(₱160,973,325)	₱775,989	₱14,100,472

*Others include accruals, foreign exchange movement, and recognition and interest accretion of lease liabilities.

	May 1, 2018	Cash flows Proceeds	Payments	Others*	April 30, 2019
Short-term notes payable	₱11,136,568	₱147,444,848	(₱148,645,061)	(₱100,253)	₱9,836,102
Interest payable	22,657	–	(402,660)	401,625	21,622
Total liabilities from financing activities	₱11,159,225	₱147,846,473	(₱149,047,721)	(₱100,253)	₱9,857,724

*Others include accruals, foreign exchange movement, and recognition and interest accretion of lease liabilities.

Significant Non-Cash Transactions

The Company engaged in the following significant non-cash activities:

a) Offsetting of dividends payable to related party balances amounting to ₱3,777,057, net of final tax, ₱11,726,683, net of final tax and nil for the years ended 2021,2020 and 2019 (see Notes 6 and 30);
b) Offsetting of payables related to the acquisition of trademark to related party balances amounting to ₱2,987,400, nil and nil for the years ended 2021, 2020 and 2019 (see Note 9);
c) Reclassification of property, plant and equipment amounting ₱1,627 to investment property for the year ended 2020 (see Notes 12 and 13);
d) Reclassification of receivables from a related party amounting to ₱312,966 to security deposits under 'Other Noncurrent Assets' for the year ended 2020 (see Note 14);
e) Capitalized borrowing cost to property, plant and equipment amounting to ₱48,922, ₱92,350 and ₱1,459 for the years ended 2021, 2020 and 2019, respectively (see Note 13); and
f) Additions to right-of-use assets under property, plant and equipment amounted to ₱959,979 with corresponding increase in lease liabilities of ₱671,722, decrease in other noncurrent assets of ₱180,186, and decrease in property, plant and equipment (excluding right-of-use assets) of ₱108,071 for portion of disposed assets from the sale and leaseback transaction for the year ended 2021, while in 2020, additions in right-of-use assets and lease liability amounted to ₱142,851 (see Note 37).

41. Earnings per Share

EPS is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. The basic EPS attributable to equity holders of the Parent are shown below:

	2021	2020	2019
Profit attributable to owners of the Parent Company **(a)**	**₱4,616,184**	₱3,473,665	₱2,578,863
Weighted average number of common shares issued **(b)**	**2,797,320**	2,797,320	2,797,320
Basic Earnings per Common Share attributable to equity holders of the Parent **(a/b)**	**₱1.65**	₱1.24	₱0.92

For the purpose of calculation of the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the conversion of common shares to RCPS, with the potential ordinary shares weighted for the period outstanding.

	2021	2020	2019
Weighted average number of common shares outstanding	**₱2,797,320**	₱2,797,320	₱2,797,320
Convertible preference shares	–	–	–
Weighted average number of common shares outstanding (Diluted) **(c)**	**₱2,797,320**	₱2,797,320	₱2,797,320
Diluted Earnings per Common Share attributable to equity holders of the Parent **(a/c)**	**₱1.65**	₱1.24	₱0.92

42. **Events after Report date**

Declaration of dividend and offsetting agreement
On May 27, 2021, the Board approved the cash dividend declaration of ₱0.34 dividend per share to the shareholders of the Parent Company. The amount of dividends payable to Sea Diner is ₱122,316, gross of withholding tax, while amount of dividends payable to CARI is ₱818,580, gross of withholding tax. The Parent Company and CARI is expected to enter subsequently into an offsetting agreement whereby the dividends due to CARI amounting to ₱695,793, net of withholding tax, will be offset against the receivables of the Parent Company from S&W Fine Foods International Ltd.

Settlement of DMPL on Intercompany receivables
On May 7, 2021, DMPL remitted $10,000 in settlement of intercompany receivables composed of various advances and reimbursements of the Parent Company. The intercompany receivable from DMPL as of April 30, 2021 has been reduced to zero following the settlement.

43. **Segment Reporting**

The BOD (Chief Operating Decision Maker) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income before interest and income tax and is measured consistently with income before income tax in the consolidated financial statements. The amounts of segment assets and liabilities, and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets, liabilities and profit or loss in the consolidated financial statements, which is in accordance with PFRS.

In 2021, the Company reorganized its product segments to better reflect how the Company monitors the performance of its business units for the purpose of making decisions about resource allocation as the Company ventured into the dairy and snacks market, and the demand for convenience cooking and healthy products increased. The Company also reclassified the prior year segment results based on the new product segments for comparative purposes.

Product segment

- Convenience Cooking and Dessert. The convenience cooking and dessert segment includes sales and profit of processed fruit products under 'Del Monte' brand packaged in can, plastic cup, pouch and aseptic bag, packaged tomato-based products such as ketchup, tomato sauce, pasta sauce, recipe sauce and pizza sauce, pasta, broth and condiments under 'Del Monte' brand which are sold locally. Key products under this segment are canned pineapples and tropical mixed fruits.
- Healthy Beverages and Snacks. Healthy beverages and snacks include sales and profit of 100% pineapple juice in can, juice drinks in various flavours in can, tetra and PET packaging and pineapple juice concentrate. This also includes the recently launched dairy products and biscuit snacks. Products are available in single and multi-serve cans, as well as in cartons.
- Packaged Fruits and Beverages – Export. This segment includes packaged fruit and beverages products sold internationally. The packaged fruit segment includes sales and profit of processed fruit products under the S&W brand, as well as buyer's labels, that are packaged in different formats such as can, plastic cup, pouch and aseptic bag. Beverage includes sales and profit of 100% pineapple juice in can, juice drinks in various flavours in can and tetra packaging and pineapple juice concentrate.
- Premium Fresh Fruit. Premium Fresh Fruit includes sales and profit of S&W branded fresh pineapples in Asia-Pacific and buyer's label or non-branded fresh pineapples in Asia.
- 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.

Geographical segment

- Export. Included in the Export segment are sales and profit in America, Europe and Asia Pacific other than the Philippines. Majority of this segment's sales are principally sold under the S&W and Del Monte branded products.
- Philippines. Included in Philippine segment are sales comprising primarily of Del Monte branded products, Today's, S&W products.

Financial information on the operating segments are summarized as follows:

	2021			2020			2019			2018		
	Combined	**Elimination**	**Consolidated**	Combined	Elimination	Consolidated	Combined	Elimination	Consolidated	Combined	Elimination	Consolidated
Revenues												
Convenience cooking and desert	**₱12,257,607**	**₱–**	**₱12,257,607**	₱10,710,842	₱–	₱10,710,842	₱10,039,628	₱–	₱10,039,628	₱10,529,034	₱–	₱10,529,034
Healthy beverage and snacks	**6,937,487**	**–**	**6,937,487**	6,686,881	–	6,686,881	6,257,721	–	6,257,721	6,448,402	–	6,448,402
Premium fresh fruit	**6,223,168**	**(419,644)**	**5,803,524**	5,916,522	(175,737)	5,740,785	4,406,972	(160,380)	4,246,592	3,546,333	(139,993)	3,406,340
Packaged fruit and beverages	**6,614,827**	**–**	**6,614,827**	5,767,381	–	5,767,381	5,348,952	–	5,348,952	4,773,137	–	4,773,137
Others	**118,038**	**–**	**118,038**	87,351	–	87,351	105,426	–	105,426	105,651	–	105,651
Changes in fair value – PAS 41	**2,733,121**	**–**	**2,733,121**	2,923,050	–	2,923,050	2,763,234	–	2,763,234	2,301,186	–	2,301,186
Total	**₱34,884,248**	**(₱419,644)**	**₱34,464,604**	₱32,092,027	(₱175,737)	₱31,916,290	₱28,921,933	(₱160,380)	₱28,761,553	₱27,703,743	(₱139,993)	₱27,563,750
Income before interest and taxes*												
Convenience cooking and desert	**₱3,023,965**	**₱–**	**₱3,023,965**	₱1,779,409	₱–	₱1,779,409	₱1,708,435	₱–	₱1,708,435	₱1,871,438	₱–	₱1,871,438
Healthy beverage and snacks	**1,129,523**	**–**	**1,129,523**	716,050	–	716,050	162,625	–	162,625	360,133	–	360,133
Premium fresh fruit	**1,674,283**	**–**	**1,674,283**	1,714,781	–	1,714,781	796,337	–	796,337	319,249	–	319,249
Packaged fruit and beverages	**387,892**	**–**	**387,892**	139,343	–	139,343	500,503	–	500,503	601,907	–	601,907
Others	**38,724**	**(44,144)**	**(5,420)**	20,019	–	20,019	17,829	–	17,829	42,082	–	42,082
Changes in fair value – PAS 41	**(68,268)**	**–**	**(68,268)**	299,054	–	299,054	244,136	–	244,136	168,843	–	168,843
Total	**₱6,186,119**	**(₱44,144)**	**₱6,141,975**	₱4,668,656	₱–	₱4,668,656	₱3,429,865	₱–	₱3,429,865	₱3,363,652	₱–	₱3,363,652
Capital Expenditures												
Convenience cooking and desert	**₱1,443,685**	**₱–**	**₱1,443,685**	₱2,041,369	₱–	₱2,041,369	₱2,057,837	₱–	₱2,057,837	₱2,390,112	₱–	₱2,390,112
Healthy beverage and snacks	**1,876,831**	**–**	**1,876,831**	1,274,446	–	1,274,446	1,282,654	–	1,282,654	1,463,801	–	1,463,801
Premium fresh fruit	**1,418,827**	**–**	**1,418,827**	1,094,131	–	1,094,131	870,430	–	870,430	773,246	–	773,246
Packaged fruit and beverages	**1,876,255**	**–**	**1,876,255**	1,099,199	–	1,099,199	1,096,383	–	1,096,383	1,083,512	–	1,083,512
Others	**721**	**–**	**721**	16,649	–	16,649	21,608	–	21,608	23,983	–	23,983
Total	**₱6,616,319**	**₱–**	**₱6,616,319**	₱5,525,794	₱–	₱5,525,794	₱5,328,912	₱–	₱5,328,912	₱5,734,654	₱–	₱5,734,654
Depreciation and Amortization												
Convenience cooking and desert	**₱1,247,442**	**₱–**	**₱1,247,442**	₱1,973,745	₱–	₱1,973,745	₱1,749,847	₱–	₱1,749,847	₱1,966,952	₱–	₱1,966,952
Healthy beverage and snacks	**1,621,709**	**–**	**1,621,709**	1,232,228	–	1,232,228	1,090,683	–	1,090,683	1,204,640	–	1,204,640
Premium fresh fruit	**1,225,963**	**–**	**1,225,963**	1,057,886	–	1,057,886	740,156	–	740,156	636,346	–	636,346
Packaged fruit and beverages	**1,621,212**	**–**	**1,621,212**	1,062,787	–	1,062,787	932,290	–	932,290	891,680	–	891,680
Others	**625**	**–**	**625**	16,096	–	16,096	18,376	–	18,376	19,737	–	19,737
Total	**₱5,716,951**	**₱–**	**₱5,716,951**	₱5,342,742	₱–	₱5,342,742	₱4,531,352	₱–	₱4,531,352	₱4,719,355	₱–	₱4,719,355

**Interest does not include bank charges amounting to ₱79,389 in 2021, ₱82,919 in 2020, ₱97,880 in 2019 and ₱89,965 in 2018 (Note 22).*

	2021			2020			2019			2018		
	Combined	**Elimination**	**Consolidated**	Combined	Elimination	Consolidated	Combined	Elimination	Consolidated	Combined	Elimination	Consolidated
Segment Assets*												
Convenience cooking and desert	**₱13,423,948**	**(₱1,926,434)**	**₱11,497,514**	₱12,380,703	₱–	₱12,380,703	₱ 14,923,463	₱–	₱ 14,923,463	₱15,998,835	₱–	₱15,998,835
Healthy beverage and snacks	**10,622,034**	**(1,095,233)**	**9,526,801**	7,721,588	–	7,721,588	9,301,825	–	9,301,825	9,798,327	–	9,798,327
Premium fresh fruit	**6,771,551**	**(50,444)**	**6,721,107**	6,683,175	(20,482)	6,662,693	6,378,059	(65,688)	6,312,371	5,270,767	(94,842)	5,175,925
Packaged fruit and beverages	**8,203,450**	–	**8,203,450**	6,462,665	–	6,462,665	7,950,981	–	7,950,981	7,252,767	–	7,252,767
Others	**79,576**	**(15,566)**	**64,010**	309,673	–	309,673	156,711	–	156,711	160,534	–	160,534
Total	**₱39,100,559**	**(₱3,087,677)**	**₱36,012,882**	₱33,557,804	(₱20,482)	₱33,537,322	₱38,711,039	(₱65,688)	₱38,645,351	₱38,481,230	(₱94,842)	₱38,386,388
Segment Liabilities**												
Convenience cooking and desert	**₱11,649,755**	**(₱1,926,434)**	**₱9,723,321**	₱8,249,881	₱–	₱8,249,881	₱6,595,514	₱–	₱6,595,514	₱8,026,821	₱–	₱8,026,821
Healthy beverage and snacks	**6,598,380**	**(1,095,233)**	**5,503,147**	5,145,280	–	5,145,280	4,110,998	–	4,110,998	4,915,947	–	4,915,947
Premium fresh fruit	**4,654,179**	**(50,546)**	**4,603,633**	4,444,703	(5,018)	4,439,685	2,839,254	(49,463)	2,789,791	2,675,746	(78,918)	2,596,828
Packaged fruit and beverages	**5,247,197**	–	**5,247,197**	4,306,396	–	4,306,396	3,513,984	–	3,513,984	3,638,807	–	3,638,807
Others	**93,629**	–	**93,629**	206,350	–	206,350	69,259	–	69,259	80,542	–	80,542
Total	**₱28,243,140**	**(₱3,072,213)**	**₱25,170,927**	₱22,352,610	(₱5,018)	₱22,347,592	₱17,129,009	(₱49,463)	₱17,079,546	₱19,337,863	(₱78,918)	₱19,258,945

**Segment assets excludes deferred tax assets amounting to ₱212, ₱329 and ₱1,917 in 2021, 2020 and 2019, respectively*

***Segment liabilities exclude deferred tax liabilities amounting to ₱135,357, ₱141,956 and ₱174,466 in 202, 2020 and 2019, respectively.*

	2021				2020			
	Philippines	**Export**	**Elimination**	**Total**	Philippines	Export	Elimination	Total
Revenues	**₱19,990,483**	**₱14,893,765**	**(₱419,644)**	**₱34,464,604**	₱17,802,189	₱14,289,838	(₱175,737)	₱31,916,290
Income before interest and income tax	**1,931,146**	**4,246,829**	**(36,000)**	**6,141,975**	2,492,074	2,176,580	–	4,668,654
Capital expenditures	**3,379,641**	**3,236,678**	**–**	**6,616,319**	3,065,286	2,460,508	–	5,525,794
Depreciation and amortization	**2,920,241**	**2,796,710**	**–**	**5,716,951**	2,991,458	2,351,284	–	5,342,742
Segment assets	**24,405,921**	**14,694,641**	**(3,087,680)**	**36,012,882**	19,031,575	14,526,229	(20,482)	33,537,322
Segment liabilities	**18,514,199**	**9,728,941**	**(3,072,213)**	**25,170,927**	12,686,589	9,666,021	(5,018)	22,347,592

	2019				2018			
	Philippines	Export	Elimination	Total	Philippines	Export	Elimination	Total
Revenues	₱16,718,165	₱12,203,768	(₱160,380)	₱28,761,553	₱17,399,680	₱10,304,062	(₱139,992)	₱27,563,750
Income before interest and income tax	1,788,101	1,641,765	–	3,429,866	2,184,190	1,179,463	–	3,363,652
Capital expenditures	2,956,070	2,372,842	–	5,328,912	3,181,145	2,553,509	–	5,734,654
Depreciation and amortization	2,534,496	1,996,856	–	4,531,352	2,617,935	2,101,420	–	4,719,355
Segment assets	22,300,820	16,410,119	(65,588)	38,645,351	24,049,482	14,431,748	(94,842)	38,386,388
Segment liabilities	9,844,146	7,284,863	(49,463)	17,079,546	12,046,255	7,291,608	(78,918)	19,337,863

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Del Monte Philippines, Inc.
JY Campos Centre, 9th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Del Monte Philippines, Inc. and Subsidiaries (the Company) as at April 30, 2021, 2020 and 2019, and for the years then ended, and have issued our report thereon dated May 27, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at April 30, 2021, 2020 and 2019 and for the years then ended and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Johnny F. Ang
Partner
CPA Certificate No. 0108257
SEC Accreditation No. 1284-AR-2 (Group A),
May 16, 2019, valid until May 15, 2022
Tax Identification No. 221-717-423
BIR Accreditation No. 08-001998-101-2018,
November 6, 2018, valid until November 5, 2021
PTR No. 8534213, January 4, 2021, Makati City

May 27, 2021

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November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULE

The Board of Directors and Stockholders
Del Monte Philippines, Inc.
JY Campos Centre, 9th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Del Monte Philippines, Inc. and Subsidiaries (the Company), as at April 30, 2021, 2020 and 2019, and for the years then ended, and have issued our report thereon dated May 27, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Johnny F. Ang
Partner
CPA Certificate No. 0108257
SEC Accreditation No. 1284-AR-2 (Group A),
May 16, 2019, valid until May 15, 2022
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May 27, 2021

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
Index to the Consolidated Financial Statements and Supplementary Schedules
April 30, 2021

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

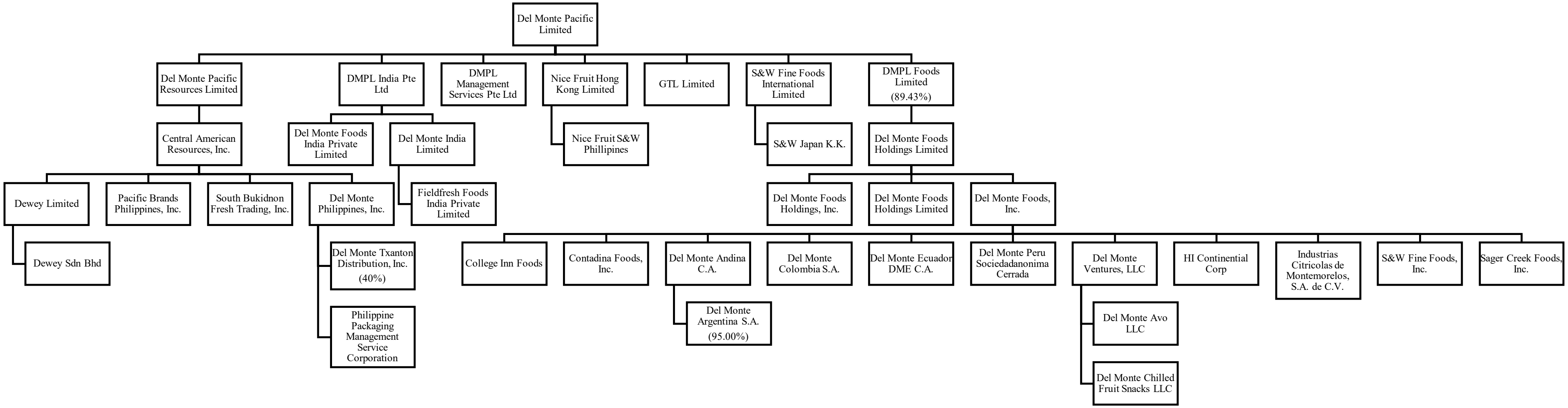
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

Unappropriated Retained Earnings as at April 30, 2020		**₱5,143,887**
Less:		
Unrealized gain on fair value of Biological assets	(1,775,669)	
Deferred income tax assets recognized in profit or loss as at April 30, 2020	(150,923)	
Net income actually earned/realized for the year ended April 30, 2020		(1,926,592)
Add:		
Effect of adoption of PFRS 16, *Leases*		105,875
		(1,000,513)
Unappropriated Retained Earnings, available for dividend as at April 30, 2020		**₱3,323,170**
Net income based on the face of the Audited Financial Statements for the period ended April 30, 2021	4,499,293	
Add (less) - net of tax:		
Movement of deferred tax items	(15,627)	
Unrealized loss on fair value of Biological assets	61,890	
Net income actually earned/realized for the year ended April 30, 2021		4,545,556
Add (Less):		
Cash dividend declarations during the period		(5,104,550)
Unappropriated Retained Earnings, available for dividend as at April 30, 2021		**₱2,764,176**

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

AS OF APRIL 30, 2021



DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS

AS OF APRIL 30, 2021

Ratio	Formula	2021	2020	2019
Liquidity Analysis Ratios				
Current Ratio	Total current assets / Total current liabilities	**1.09**	0.83	1.84
Acid Test Ratio	Total current assets less inventory and prepaid expenses / Total current liabilities	**0.67**	0.58	1.16
Solvency Ratio	Total assets / Total liabilities	**1.42**	1.49	2.24
Financial Leverage Ratio				
Debt-to-Equity Ratio	Total liabilities / Total stockholder's equity	**2.36**	2.04	0.81
Asset-to-Equity Ratio	Total assets / Total stockholder's equity	**3.36**	3.04	1.81
Interest Rate Coverage Ratio	Earnings before interest and taxes (EBIT) / Finance cost (excluding bank charges)	**9.85**	8.79	8.57
Profitability Ratios				
Return on equity	Net income / Total stockholder's equity	**43.11%**	31.44%	12.1%
Return on asset	Net income / Total assets	**12.68%**	10.36%	6.7%
Net income margin	Net income / Total revenue	**13.39%**	10.88%	9.0%
Debt to EBITDA Ratio	Total debt* / Earnings before interest, taxes, depreciation and amortization (EBITDA)	**2.26**	2.41	2.18
Net Debt to Equity Ratio	Total debt* less cash / Total stockholder's equity	**1.52**	1.20	0.78

Note:

* *Total debt refers to total liabilities which composed of financial liabilities, trade payables, accrued expenses, and other liabilities.*

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE A. FINANCIAL ASSETS
AS OF APRIL 30, 2021
(In Thousands)

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at April 30, 2021	Income received and accrued
Cash and Cash Equivalents	–	₱1,004,815	₱1,004,815	₱1,327
Short-term deposit	15,009	21,101	21,101	224
Receivables	–	6,057,539	6,057,539	22,595
Refundable Deposits	–	99,480	99,480	–
Security Deposits	–	61,995	61,995	–
Financial assets at FVOCI	–	–	–	–
Alabang Country Club	2	12,500	12,500	500
PLDT	45	57	57	1
		₱7,289,337	**₱7,289,337**	**₱24,647**

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

AS OF APRIL 30, 2021

(In Thousands)

	Receivable balance	Current	1-30 days	31-60 days	31-60 days	61-90 days	Over 90 days
Advances to officers and employees	₱28,600	₱8,086	₱2,007	₱1,028	₱–	₱17,479	₱–

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
AS OF APRIL 30, 2021
(In Thousands)

Name and designation of debtor	Balance at beginning of the year	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of the year
Philippine Packing Management Service Corporation	₱44,247	₱3,039,951	(₱65,254)	₱–	₱3,009,054		₱3,009,054

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE D. INTANGIBLE ASSETS – OTHER ASSETS
AS OF APRIL 30, 2021
(In Thousands)

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Trademark	₱–	₱2,987,400	₱–	₱–	₱–	₱2,987,400

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE E. LONG-TERM DEBT
AS OF APRIL 30, 2021
(In Thousands)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of Long-term notes payable" in related balance sheet	Amount shown under caption "Long-term notes payable – net of current portion" in related balance sheet
Unsecured Loan availment			
Long-term – Banco de Oro	₱1,500,000	₱–	₱1,500,000
Long-term – Development Bank of the Philippines	1,500,000	–	1,500,000

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE F. INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
AS OF APRIL 30, 2021
(In Thousands)

Name of related party	NOT APPLICABLE year	Balance at end of the year

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE G. GUARANTEES OF SECURITIES AND OTHER ISSUERS
AS OF APRIL 30, 2021
(In Thousands)

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title o[illegible]	[illegible]ranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee

NOT APPLICABLE

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE H. CAPITAL STOCK
AS OF APRIL 30, 2021

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares declared as stock dividends	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	3,000,000,000	2,797,320,004	–	–	2,433,668,397	7	–

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC AS OF APRIL 30, 2021

DMPI Series A Fixed Bonds Due 2023
DMPI Series B Fixed Bonds Due 2025

1) **Gross and Net Proceeds as Disclosed in the Final Prospectus**

Gross proceeds	₱7,500,000,000
Estimated expenses	(110,940,000)
Net proceeds	₱7,389,060,000

2) **Actual and Net Proceeds**

Gross proceeds	₱6,478,460,000
Actual expenses	(104,466,260)
Net proceeds	₱6,373,993,740

3) **Each Expenditure Item where the Proceeds were Used**

The net proceeds was used to repay debt obligations on the following banks:

Banks	Amounts
BPI	₱5,773,102,090
BOC	600,891,650
TOTAL	₱6,373,993,740

4) **As of April 30, 2021, ₱6,373,993,740 was used to repay debt obligations of the Company.**