

## DEL MONTE PACIFIC LIMITED

Summary of Questions & Responses provided at DMPL's Annual General Meeting held on 30 August 2024

---

**DIRECTORS' STATEMENT AND THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY,  
TOGETHER WITH THE AUDITORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 APRIL 2024  
– ORDINARY RESOLUTION 1**

---

**Question 1**      The shareholder referred to page 11 of the Annual Report for the financial year ended 30 April 2024 (“FY2024”) and commented on the task force established with the aim of restoring gross margins in the U.S. and rest of DMPL from the second half of the financial year ending 30 April 2025 (“FY2025”). He commented that cost-cutting and restoring gross margins are a given and should have been part of ongoing efforts rather than something new.

**Answer**            The Chairman stated that all these cost-cutting efforts have been ongoing and have always formed part of running the Group companies. However, with the inflation rate and interest rates having increased significantly in various markets, a task force had been formed with the aim of aggressively cutting costs within the Group.

**Question 2**      The shareholder commented that the financial position of the Company has been getting worse each year, with FY2024 being the worst. The shareholder observed that the Board and Management have not seemed to be “sweating” in its efforts to address the situation nor have there been any significant changes in leadership at the operational and Board levels. There were inconsistencies noted between the presentation made earlier by Mr. Luis Alejandro, the Chief Operating Officer, which indicated the Company would perform better in FY2025 whilst the Chairman’s Statement in the Annual Report FY2024 indicated that the Company would be expected to be in a loss position in FY2025. The shareholder opined that the acquisition of U.S.-based Del Monte Foods had impacted the Company’s financial position, and it is now facing issues on several fronts. The previous write-off of about US\$80 million has made it more difficult to restore the Company’s financials. He inquired about the plans to address the Company’s financial position when the current balance sheet is untenable, and shareholders’ funds have shrunk. He also asked how the Company manages this situation and whether or not it could expect continued support from the banks.

**Answer**            The Chairman assured the shareholders that the Board and Management have been working very hard to improve the Company’s leverage position including its debt-to-equity ratio. He mentioned certain capital raising efforts and proposed disposals and other plans which the banks had been advised about and with which they are satisfied. This demonstrates that the proposed plans are supported by relevant external parties.

**Question 3**      **Does the Company have pricing power that it could pass on? Would the pricing power affect the market share?**

**Answer**            Mr. Gregory Longstreet, the President and Chief Executive Officer of Del Monte Foods, Inc. (“**Mr. Longstreet**”) clarified that the Company would increase prices as may be appropriate and reduce costs in FY2025. He believes that Del Monte Foods still has pricing power due to the premium nature of its brands and its market share position. So far, price increases have not affected the market shares, which continue to grow.

**Question 4**      **When would the shareholders see a turnaround in the Company’s financial position?**

**Answer**            Mr. Parag Sachdeva, the Chief Financial Officer (“**Mr. Sachdeva**”) replied that the Company expects a loss for FY2025 due to high inventory level and wastage-related costs which the Company is actively addressing. The Chairman added that the efforts towards cost-cutting, lowering inventory drastically and reducing substantive loss are ongoing.

**DEL MONTE PACIFIC LIMITED**Summary of Questions & Responses provided at DMPL's Annual General Meeting held on 30 August 2024

---

However, all these plans need time to implement, and the turnaround of the financial position will similarly take some time.

**Question 5**      **The shareholder referred to page 6 of the Annual Report FY2024 and noted that the cost of sales had increased to US\$2 billion compared to previous year. The shareholder suggested that Management consider including a chart showing the cost of sales for the current year and the past 5 years in future Annual Reports. The shareholder sought clarification on what makes up the cost of sales.**

Answer            Mr. Sachdeva answered that the increase was mainly due to the impact of inflation on the cost of goods for the financial year ended 30 April 2023 (“FY2023”) which affected goods subsequently sold in FY2024. The cost of sales included a 15% increase in the cost of can, and the cost of excess inventory, waste, and aging and damaged stocks amounting to US\$45 million in FY2024 compared US\$10 million in FY2023. Additionally, warehousing costs increased from US\$14 to US\$15 million. Management strives to sell the inventories as much as possible and would also be implementing various operational measures to bring down the costs and minimise waste, among other matters. However, these efforts would take time and would not yield immediate results.

**Question 6**      **Even with finance expenses coming down (decrease in interest rates), together with other cost-cutting measures that Management has just mentioned at this Meeting, it would still not significantly bring down the Company’s costs.**

Answer            Mr. Sachdeva responded that Management anticipates to see improvements and profitability in the US operations by FY2026 and double-digit growth in Del Monte Philippines, Inc. for FY2025.

**Question 7**      **Noted that amortisation and impairment were not considered in the Financial Statements. How did the Company satisfy the auditors without amortisation and impairment and did the Company perform any valuation of its brands based on current environment? Additionally, any plans to sell the Company’s assets to bring down the debts?**

Answer            The Chairman replied that the value of the Del Monte brand acquired from KKR was recorded in the books of the Company. He also added that the Company asked an external valuer to value the Joyba and College Inn brands and they were valued at approximately US\$400-500 million by a prestigious US valuation firm. Given the current environment and without engaging a professional valuer, the more valuable house brand DEL MONTE should have a value of approximately 2 to 3 times.

**Question 8**      **Would the Company consider making a general offer to the shareholders?**

Answer            The Chairman responded that the Company would explore all possibilities at this time.

**Question 9**      **Would the major shareholder, Mr. Joselito D. Campos, Jr. and his family (“Mr. Campos”) consider selling their interests?**

Answer            The Chairman responded that the Company would not be able to speak on behalf of Mr. Campos nor his family. Mr. Campos would consider all options available to him as a businessman.

**DEL MONTE PACIFIC LIMITED**

Summary of Questions &amp; Responses provided at DMPL's Annual General Meeting held on 30 August 2024

**Question 10**      **If the US Dollar continues to deteriorate, how would it impact the Company? Any opportunity if that happens?**

Answer              Mr. Sachdeva responded that the US Dollar is the functional currency of the Company; hence, the currency exposure is limited since a significant part the Group's major operations are in the US.

**Question 11**      **Based on the current debt of US\$2 billion, would the Company be able to meet its debt repayment obligations for the next twelve months and are there any banks willing to refinance and, if so, what are the collaterals being required?**

Answer              Mr. Sachdeva responded that the Company will need to refinance its maturing debts. There are bankers on standby to provide unsecured loans.

**Question 12**      **The shareholder referred to page 103 of the Annual Report FY2024 and commented that the Group has recognised deferred tax assets of US\$146.7 million, of which US\$ 146.5 million was attributable to Del Monte Foods, Inc. ("DMFI"). With the deferred tax and the cash flow available, is Management confident that DMFI would be profitable in the first quarter of FY2025?**

Answer              Mr. Sachdeva responded in the negative but said that he expects that DMFI would strive to turn around in the foreseeable future.

The Chairman added that while the Group is optimistic with the operations, the Board and Management are unable to provide a definite response at this time but are committed to striving for a turnaround. The Company will update the shareholders through the periodic results announcements.

**DIRECTORS' FEES OF UP TO US\$621,000/- FOR THE FINANCIAL YEAR ENDING 30 APRIL 2025, TO BE PAID QUARTERLY IN ARREARS – ORDINARY RESOLUTION 3**

**Questions 13-14**      **Would the Company consider reducing the Directors' fees?**

**Why would the Company seek approval in advance for payment of Directors' fees for FY2025 when the Company is not performing and financial results FY2025 is not finalised. Would the Directors be getting Directors' fees if the Company goes bankrupt?**

Answer              The Chairman responded that the Company would consider the matter at the next meeting. He highlighted that the Directors' fees have not been increased over the last few years.

**EMOLUMENTS OF DIRECTORS OF UP TO US\$100,000/- WITH RESPECT TO SERVICES TO BE RENDERED IN ANY CAPACITY TO THE COMPANY – ORDINARY RESOLUTION 4**

**Question 15**      **Would Resolution 4 provide the Directors the power to vary the Directors' fees? And what are the amount set?**

Answer              The Chairman informed that Resolution 4 refers to compensation to be paid to Directors should they render services to the Company other than in their capacities as Directors. For example, Dr. Emil Q. Javier ("**Dr. Javier**") is an expert in the field of agriculture and horticulture, holding a PhD in Plant Breeding from Cornell University, and is a National Scientist of the Philippines. He had served as Minister for Science and Technology for three administrations. Dr. Javier provides guidance and support to the Group on its plantation operations and has made invaluable contributions to the Group.

**DEL MONTE PACIFIC LIMITED (“Company” or “DMPL”)**Summary of Questions & Responses provided at DMPL’s Annual General Meeting held on 30 August 2024

---

The Chairman added that with the passing of Resolution 4, the Directors would be authorised to fix, increase or vary the emoluments of Directors of up to US\$ 100,000/- as set out in the Notice of AGM.

**Questions 16-17**      **The Company invited the Directors to join the Board of the Company based on their experience and knowledge. For example, Mrs. Yvonne Goh (“Mrs. Goh”) is appointed for her knowledge in corporate governance and compliance practices and Mr. Benedict Kwek Gim Song (“Mr. Kwek”) is appointed for his banking expertise. Would the Company make similar payment to Mrs. Goh and Mr. Kwek and has the Group considered engaging external consultants instead?**

**Could the Board not engage Directors to provide services or as consultant?**

**Answer**              The Chairman informed that the Company is paying Dr. Javier for services beyond his role as a Director. The services and consultancy provided by Dr. Javier are outstanding and moreover, the fee is relatively lower than that of external consultants. The Board has the discretion to appoint consultant.

**RE-APPOINTMENT OF ERNST & YOUNG LLP AS THE AUDITORS OF THE GROUP AND TO AUTHORISE THE DIRECTORS OF THE COMPANY TO FIX THEIR REMUNERATION - ORDINARY RESOLUTION 5**

---

**Question 18**      **What is the reason for the reduction in the audit fee payable to E&Y from US\$1.438 million in FY2023 to US\$1.133 million in FY2024? Were there any scope restrictions in the recent audit?**

**Answer**              Mr. Sachdeva responded that there was a change in the audit scope in FY2023 as there were various initiatives in view of the proposed Initial Public Offering (“IPO”) in the U.S. For FY2024, the audit covered the usual matters only.

**Question 19**      **The audit fees in relation to proposed IPO should be written off.**

**Answer**              Mr. Sachdeva responded that the Group only reported the audit fees actually paid to E&Y in FY2023 and FY2024.

**AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE DEL MONTE PACIFIC EXECUTIVE SHARE OPTION PLAN 2016 – ORDINARY RESOLUTION 8**

---

**Question 20**      **What is the number of treasury shares held by the Company now?**

**Answer**              The Company Secretary responded that the Company currently holds 975,802 treasury shares.

**Question 21**      **What is the intrinsic value of the Company share now?**

**Answer**              The Chairman responded that the Company is unable to provide the intrinsic value of the Company’s as no valuation of all its brands had been conducted. Nonetheless, the “Del Monte” brands are worth significantly more than Joyba and College Inn brands, the values of which were mentioned earlier.