

Del Monte Pacific Limited and its Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
As at 31 January 2022
and for the Three-month and Nine-month Periods Ended
31 January 2022 and 2021
(With Comparative Audited Consolidated Statement of
Financial Position as at 30 April 2021)

Del Monte Pacific Limited and its Subsidiaries
Unaudited Interim Condensed Consolidated Financial Statements
As at 31 January 2022 and for the three-month and nine-month periods ended 31 January 2022 and 2021

Unaudited Interim Consolidated Statements of Financial Position
(With Comparative Audited Figures as at 30 April 2021)

	Note	As at 31 January 2022 US\$'000 (Unaudited)	As at 30 April 2021 US\$'000 (Audited)
Noncurrent assets			
Property, plant and equipment – net	6	547,688	544,776
Right-of-use assets	30	110,787	135,208
Investments in joint ventures	8	20,364	22,530
Intangible assets and goodwill	7	689,709	694,697
Deferred tax assets – net	22	117,659	130,538
Biological assets	10	2,738	2,655
Pension assets		6,078	7,889
Other noncurrent assets	9	31,741	25,325
		1,526,764	1,563,618
Current assets			
Biological assets	10	45,693	44,913
Inventories	11	754,728	557,602
Trade and other receivables	12, 24	234,988	185,049
Prepaid expenses and other current assets	13	41,022	37,286
Cash and cash equivalents	14, 24	33,338	29,435
		1,109,769	854,285
Total assets		2,636,533	2,417,903
Equity			
Share capital	28	49,449	49,449
Share premium		478,339	478,339
Retained earnings		130,221	83,349
Reserves	15	(39,330)	(29,953)
Equity attributable to owners of the Company		618,679	581,184
Non-controlling interests		68,436	61,312
Total equity		687,115	642,496
Noncurrent liabilities			
Loans and borrowings	16, 24	1,022,737	953,290
Lease liabilities	30	81,608	103,690
Employee benefits		32,104	31,866
Environmental remediation liabilities	19	203	7,429
Deferred tax liabilities – net	22	10,554	6,599
Other noncurrent liabilities	17	15,661	18,697
		1,162,867	1,121,571
Current liabilities			
Loans and borrowings	16, 24	460,492	332,453
Lease liabilities	30	24,755	25,113
Employee benefits		33,710	38,275
Trade and other current liabilities	20, 24	263,147	254,729
Current tax liabilities		4,447	3,266
		786,551	653,836
Total liabilities		1,949,418	1,775,407
Total equity and liabilities		2,636,533	2,417,903

Unaudited Interim Consolidated Statements of Income

	Note	Three months ended		Nine months ended	
		31 January		31 January	
		2022	2021	2022	2021
		US\$'000	US\$'000	US\$'000	US\$'000
Revenue	4, 21	659,423	628,353	1,772,548	1,664,864
Cost of sales		(496,237)	(459,442)	(1,297,461)	(1,242,102)
Gross profit	4	163,186	168,911	475,087	422,762
Distribution and selling expenses		(61,734)	(58,213)	(164,630)	(153,302)
General and administrative expenses	27	(32,792)	(36,090)	(98,854)	(107,138)
Other income (expense) – net		1,400	(309)	(1,537)	355
Results from operating activities		70,060	74,299	210,066	162,677
Finance income	33	761	493	2,404	4,049
Finance expense	33	(28,202)	(27,216)	(82,083)	(83,204)
Net finance expense		(27,441)	(26,723)	(79,679)	(79,155)
Share in net loss of joint ventures	4	(1,617)	(92)	(3,167)	(999)
Profit before taxation	4	41,002	47,484	127,220	82,523
Tax expense – current	22	(6,370)	(5,036)	(16,941)	(22,648)
Tax expense – deferred	22	(4,161)	(7,043)	(17,051)	(1,149)
	22	(10,531)	(12,079)	(33,992)	(23,833)
Profit for the period		30,471	35,405	93,228	58,690
Profit attributable to:					
Non-controlling interest		4,537	5,247	13,171	9,929
Owners of the Company		25,934	30,158	80,057	48,761
		30,471	35,405	93,228	58,690
Earnings per share					
Basic earnings per share (U.S. cents)	29	1.08	1.30	3.36	1.75
Diluted earnings per share (U.S. cents)	29	1.08	1.30	3.36	1.75

Unaudited Interim Consolidated Statements of Comprehensive Income

	Three months ended		Nine months ended	
	31 January		31 January	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
Profit for the period	30,471	35,405	93,228	58,690
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss				
Share in remeasurement of retirement plans	6	3,197	30	10,543
Tax impact on share in remeasurement of retirement plans	–	(784)	(3)	(2,578)
	6	2,413	27	7,965
Items that may be reclassified subsequently to profit or loss				
Share in currency translation differences	(2,202)	1,147	(10,364)	7,524
Share in effective portion of changes in fair value of cash flow hedges of a subsidiary	(584)	1,699	(524)	4,222
Tax impact on share in cash flow hedges	143	(416)	128	(1,034)
	(2,643)	2,430	(10,760)	10,712
Other comprehensive income (loss) for the period, net of tax	(2,637)	4,843	(10,733)	18,677
Total comprehensive income for the period	27,834	40,248	82,495	77,367
Total comprehensive income attributable to:				
Owners of the Company	23,608	34,760	70,680	65,762
Non-controlling interests	4,226	5,488	11,815	11,605
	27,834	40,248	82,495	77,367

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

Unaudited Interim Consolidated Statements of Changes in Equity
Nine months ended 31 January 2022 and 2021

	<----- Attributable to owners of the Company ----->											
	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement of retirement plans	Hedging reserve	Share option reserve	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Note 28)	(Note 28)										
Fiscal Year 2022												
At 1 May 2021	49,449	478,339	(81,971)	14,278	35,049	1,224	1,753	(286)	83,349	581,184	61,312	642,496
Total comprehensive income (loss) for the period												
Profit for the period (Note 29)	–	–	–	–	–	–	–	–	80,057	80,057	13,171	93,228
Other comprehensive income												
Currency translation differences	–	–	(9,031)	–	–	–	–	–	–	(9,031)	(1,333)	(10,364)
Remeasurement of retirement plans	–	–	–	–	25	–	–	–	–	25	2	27
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	(371)	–	–	–	(371)	(25)	(396)
Total other comprehensive income (loss)	–	–	(9,031)	–	25	(371)	–	–	–	(9,377)	(1,356)	(10,733)
Total comprehensive income (loss) for the period	–	–	(9,031)	–	25	(371)	–	–	80,057	70,680	11,815	82,495
Transactions with owners of the Company recognized directly in equity												
Contributions by and distributions to owners of the Company												
Payment of dividends	–	–	–	–	–	–	–	–	(33,185)	(33,185)	(4,691)	(37,876)
At 31 January 2022	49,449	478,339	(91,002)	14,278	35,074	853	1,753	(286)	130,221	618,679	68,436	687,115

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

Unaudited Interim Consolidated Statements of Changes in Equity
Nine months ended 31 January 2022 and 2021

	<----- Attributable to owners of the Company ----->											Total equity US\$'000
	Share capital US\$'000 (Note 28)	Share premium US\$'000 (Note 28)	Translation reserve US\$'000	Revaluation reserve US\$'000	Remeasurement of retirement plans US\$'000	Hedging reserve US\$'000	Share option reserve US\$'000	Reserve for own shares US\$'000	Retained earnings US\$'000	Total US\$'000	Non-controlling interests US\$'000	
Fiscal Year 2021												
At 1 May 2020	49,449	478,339	(87,997)	13,731	(2,873)	(1,802)	1,753	(286)	60,763	511,077	54,820	565,897
Total comprehensive income (loss) for the period												
Profit for the period (Note 29)	-	-	-	-	-	-	-	-	48,761	18,603	48,761	23,285
Other comprehensive income												
Currency translation differences	-	-	6,564	-	-	-	-	-	-	6,564	960	7,524
Remeasurement of retirement plans	-	-	-	-	7,455	-	-	-	-	7,455	510	7,965
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	2,982	-	-	-	2,982	206	3,188
Total other comprehensive income	-	-	6,564	-	7,455	2,982	-	-	-	17,001	1,676	18,677
Total comprehensive income (loss) for the period	-	-	6,564	-	7,455	2,982	-	-	48,761	65,762	11,605	77,367
Transactions with owners of the Company recognized directly in equity												
Contributions by and distributions to owners of the Company												
Sale of shares of a subsidiary	-	-	-	-	-	-	-	-	6,584	6,584	-	6,584
Payment of dividends	-	-	-	-	-	-	-	-	(39,930)	(39,930)	(6,128)	(46,058)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(33,346)	(33,346)	(6,128)	(39,473)
At 31 January 2020	49,449	478,339	(81,433)	13,731	4,582	1,180	1,753	(286)	76,178	543,493	60,297	603,790

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

Unaudited Interim Consolidated Statements of Cash Flows

	Note	Nine months ended 31 January	
		2022 US\$'000	2021 US\$'000
Cash flows from operating activities			
Profit for the period		93,228	58,690
Adjustments for:			
Depreciation of property, plant and equipment	26	110,318	95,414
Amortization of right-of-use assets		30,200	28,582
Amortization of intangible assets	7, 26	4,988	4,988
Impairment loss (reversal) on property, plant and equipment	6	62	(46)
Gain on disposal of property, plant and equipment		(16)	(2,783)
Share in net loss of joint ventures	4	3,167	999
Net loss (gain) on derivative settlement		(343)	50
Finance income*	33	(2,404)	(4,049)
Finance expense*	33	82,083	83,204
Tax expense – current	22	16,941	22,684
Tax expense – deferred	22	17,051	1,149
		<u>355,275</u>	<u>288,882</u>
Changes in:			
Other assets		(11,185)	5,399
Inventories		(200,993)	(123,318)
Biological assets		(3,634)	13,180
Trade and other receivables		(56,864)	(4,509)
Prepaid expenses and other current assets		1,573	(4,991)
Trade and other payables		7,306	(25,001)
Employee benefits		(2,619)	18,116
Operating cash flows		<u>88,859</u>	<u>167,758</u>
Taxes paid		(11,528)	(21,378)
Net cash flows used in operating activities		<u>77,331</u>	<u>146,380</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(132,655)	(103,810)
Proceeds from disposal of property, plant and equipment		337	6,758
Interest received		900	267
Advances to joint venture		–	(840)
Investment in new joint venture	8	(1,001)	–
Additional sale of shares of subsidiary		–	8,967
Collection of receivables from prior year sale of shares of a subsidiary and settlement of transaction costs		–	106,520
Net cash flows provided by (used in) investing activities		<u>(132,419)</u>	<u>17,862</u>

(continued on next page)

*Includes foreign exchange gains and losses

Unaudited Interim Consolidated Statements of Cash Flows (continued)

	Note	Nine months ended 31 January	
		2022	2021
		US\$'000	US\$'000
Cash flows from financing activities			
Proceeds from borrowings		2,247,585	3,642,924
Repayment of borrowings		(2,035,967)	(3,655,917)
Interest paid		(81,637)	(58,484)
Payments of lease liabilities		(26,389)	(30,383)
Dividends paid		(37,876)	(46,058)
Payment of debt related costs		(1,834)	(18,985)
Net cash flows used in financing activities		63,882	(166,903)
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of period		29,435	33,465
Effect of exchange rate changes on balances held in foreign currency		(4,891)	2,470
Cash and cash equivalents at end of period	14	33,338	33,274

Selected Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

1. Domicile and activities

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

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

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

The immediate holding company is NutriAsia Pacific Limited (“NAPL”) whose indirect shareholders are NutriAsia Inc. (“NAI”) and Well Grounded Limited (“WGL”), which at 31 January 2022 and 30 April 2021, each held 57.8% and 42.2% interests in NAPL, respectively, through their intermediary company, NutriAsia Holdings Limited. NAPL, NAI and WGL were incorporated in the British Virgin Islands. The ultimate holding company is HSBC International Trustee Limited.

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

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

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

2. Basis of preparation

2.1 Statement of compliance

The accompanying unaudited interim condensed consolidated financial statements as at 31 January 2022 and for the nine months ended 31 January 2022 and 2021 have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the 2021 annual audited consolidated financial statements, comprising the consolidated statements of financial position as at 30 April 2021 and 2020 and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 30 April 2021, 2020, and 2019.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

Judgements

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

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

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

Note 31 – Contingencies

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. There are no changes in significant judgment and estimate since 30 April 2021.

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

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

3. Significant accounting policies

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's 2021 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2021, which did not have any significant impact on the Group's financial position or performance, unless otherwise indicated:

- Amendments to IFRS 16, *COVID-19-related Rent Concessions*. The amendments provide relief to lessees from applying the IFRS 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 30 June 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.

- Amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16, *Interest Rate Benchmark Reform – Phase 2*. The amendments provide 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 Group shall also disclose information 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 1 May 2021 and apply retrospectively, however, restatement of comparative information is not required. As at 31 January 2022, the Group has an outstanding loan that is subject to IBOR and no alternative risk-free-rate has been agreed yet. Since the negotiation for the alternative risk-free-rate is still ongoing, the impact of adopting this amendment cannot be determined yet as at 31 January 2021. The Group intends to use the practical expedient to treat the contractual changes or changes to cash flows that are directly required by the reform as changes to a floating interest rate.

4. Operating segments

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

Geographical segments

Americas

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

Asia Pacific

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

Europe

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

Product segments

Packaged fruit and vegetable

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

Beverage

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

Culinary

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

Fresh fruit and others

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

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

Information about reportable segments

	Americas		Asia Pacific		Europe		Total	
	Three months ended		Three months ended		Three months ended		Three months ended	
	31 January		31 January		31 January		31 January	
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue								
Packaged fruit and vegetable	368,431	345,792	43,584	44,926	5,071	6,497	417,086	397,215
Beverage	9,732	5,061	35,466	33,863	1,519	4,121	46,717	43,045
Culinary	91,159	92,197	48,935	50,332	61	134	140,155	142,663
Fresh fruit and others	1,951	214	53,514	45,216	–	–	55,465	45,430
Total	471,273	443,264	181,499	174,337	6,651	10,752	659,423	628,353

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As at 31 January 2022 and for the three-month and nine-month periods ended 31 January 2022 and 2021

	Americas		Asia Pacific		Europe		Total	
	Three months ended		Three months ended		Three months ended		Three months ended	
	31 January		31 January		31 January		31 January	
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Gross profit (loss)								
Packaged fruit and vegetable	85,513	93,208	15,505	15,835	1,984	1,865	103,002	110,908
Beverage	1,267	59	9,392	9,320	275	665	10,934	10,044
Culinary	12,902	14,799	18,530	20,378	27	68	31,459	35,245
Fresh fruit and others	(18)	(564)	17,809	13,278	–	–	17,791	12,714
Total	99,664	107,502	61,236	58,811	2,286	2,598	163,186	168,911
Share in net loss of joint ventures								
Packaged fruit and vegetable	–	–	(233)	(13)	–	–	(233)	(13)
Beverage	–	–	(13)	7	–	–	(13)	7
Culinary	–	–	(420)	(110)	–	–	(420)	(110)
Fresh fruit and others	–	–	(951)	24	–	–	(951)	24
Total	–	–	(1,617)	(92)	–	–	(1,617)	(92)
Profit (loss) before taxation								
Packaged fruit and vegetable	13,256	25,680	10,283	11,105	1,543	1,192	25,082	37,977
Beverage	(311)	(501)	3,532	2,702	107	309	3,328	2,510
Culinary	(4,134)	(4,616)	12,273	13,405	22	52	8,161	8,841
Fresh fruit and others	597	(2,779)	3,834	935	–	–	4,431	(1,844)
Total	9,408	17,784	29,922	28,147	1,672	1,553	41,002	47,484
Other information								
Capital expenditure	5,406	5,434	38,131	33,837	–	–	43,537	39,217
	Americas		Asia Pacific		Europe		Total	
	Nine months ended		Nine months ended		Nine months ended		Nine months ended	
	31 January		31 January		31 January		31 January	
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue								
Packaged fruit and vegetable	1,006,905	923,317	117,430	105,005	15,770	15,127	1,140,105	1,043,449
Beverage	26,166	13,562	104,887	112,777	7,338	6,201	138,391	132,540
Culinary	215,290	228,367	122,482	129,341	138	221	337,910	357,929
Fresh fruit and others	4,544	1,375	151,598	129,571	–	–	156,142	130,946
Total	1,252,905	1,166,621	496,397	476,694	23,246	21,549	1,772,548	1,664,864
Gross profit (loss)								
Packaged fruit and vegetable	261,079	218,795	40,187	33,862	5,925	3,600	307,191	256,257
Beverage	3,909	625	30,419	35,147	1,918	943	36,246	36,715
Culinary	36,939	41,840	48,331	53,910	52	109	85,322	95,859
Fresh fruit and others	(560)	(1,779)	46,888	35,710	–	–	46,328	33,931
Total	301,367	259,481	165,825	158,629	7,895	4,652	475,087	422,762

(continued to next page)

Del Monte Pacific Limited and its Subsidiaries
Unaudited Interim Condensed Consolidated Financial Statements
As at 31 January 2022 and for the three-month and nine-month periods ended 31 January 2022 and 2021

	Americas		Asia Pacific		Europe		Total	
	Nine months ended		Nine months ended		Nine months ended		Nine months ended	
	31 January		31 January		31 January		31 January	
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Share in net loss of joint ventures								
Packaged fruit and vegetable	-	-	(798)	(219)	-	-	(798)	(219)
Beverage	-	-	(94)	(44)	-	-	(94)	(44)
Culinary	-	-	(1,234)	(610)	-	-	(1,234)	(610)
Fresh fruit and others	-	-	(1,041)	(126)	-	-	(1,041)	(126)
Total	-	-	(3,167)	(999)	-	-	(3,167)	(999)
Profit (loss) before taxation								
Packaged fruit and vegetable	57,183	21,452	26,206	21,588	3,744	2,175	87,133	45,215
Beverage	(914)	(1,754)	12,143	17,902	1,140	421	12,369	16,569
Culinary	(4,918)	(10,370)	30,438	36,036	33	79	25,553	25,745
Fresh fruit and others	(5,017)	(5,714)	7,182	708	-	-	2,165	(5,006)
Total	46,334	3,614	75,969	76,234	4,917	2,675	127,220	82,523
Other information								
Capital expenditure	16,231	13,576	116,424	90,234	-	-	132,655	103,810

Major customer

Revenues from a major customer of the Americas segment for the three months and nine months ended 31 January 2022 amounted to US\$149.7 million (31 January 2021: US\$122.3 million) and US\$424.2 million (31 January 2021: US\$359.2 million), respectively, representing 31.8% (31 January 2021: 27.6%) and 33.9% (31 January 2021: 30.8%) of the total Americas segment's net revenue, respectively.

5. Seasonality of operations

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

The Group operates 11 production facilities in the USA, Mexico, and the Philippines as at 31 January 2022 and 30 April 2021. Fruit plants are located in California and Washington in the United States and in the Philippines. Most of its vegetable plants are located in the U.S. Midwest and its tomato plant are located in California.

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

6. Property, plant and equipment

	<----- At cost ----->					At appraised value
	Buildings, land improvements and leasehold improvements US\$'000	Machineries and equipment US\$'000	Construction- in-progress US\$'000	Bearer Plants US\$'000	Freehold land US\$'000	Total US\$'000
Group						
Cost/Valuation						
At 1 May 2021	227,519	593,896	34,953	374,803	63,145	1,294,316
Additions	3,700	3,355	24,183	100,694	–	131,932
Disposals	(12)	(1,623)	–	–	–	(1,635)
Write off - closed fields	–	–	–	(65,666)	–	(65,666)
Reclassifications from CIP	1,803	16,293	(18,096)	–	–	–
Currency realignment	(4,374)	(13,651)	(924)	(21,807)	(926)	(41,682)
At 31 January 2022	<u>228,636</u>	<u>598,270</u>	<u>40,116</u>	<u>388,024</u>	<u>62,219</u>	<u>1,317,265</u>
At 1 May 2020	224,926	561,392	29,151	361,982	63,294	1,240,745
Additions	4,328	3,725	36,430	121,586	–	166,069
Disposals	(8,095)	(9,897)	–	–	(870)	(18,862)
Write off - closed fields	–	–	–	(125,362)	–	(125,362)
Reclassifications from CIP	2,897	28,295	(31,192)	–	–	–
Currency realignment	3,463	10,381	564	16,597	721	31,726
At 30 April 2021	<u>227,519</u>	<u>593,896</u>	<u>34,953</u>	<u>374,803</u>	<u>63,145</u>	<u>1,294,316</u>
Accumulated depreciation and impairment losses						
At 1 May 2021	110,782	415,584	–	214,638	8,536	749,540
Charge for the period	7,716	26,168	–	78,861	–	112,745
Provision of impairment loss	–	62	–	–	–	62
Write off - closed fields	–	–	–	(65,666)	–	(65,666)
Disposals	(10)	(1,036)	–	–	–	(1,046)
Currency realignment	(2,288)	(10,790)	–	(12,980)	–	(26,058)
At 31 January 2022	<u>116,200</u>	<u>429,988</u>	<u>–</u>	<u>214,853</u>	<u>8,536</u>	<u>769,577</u>
At 1 May 2020	101,750	371,508	–	241,366	8,536	723,160
Charge for the year	10,553	43,990	–	87,715	–	142,258
Write off - closed fields	–	–	–	(125,362)	–	(125,362)
Disposals	(3,223)	(7,702)	–	–	–	(10,925)
Currency realignment	1,702	7,788	–	10,919	–	20,409
At 30 April 2021	<u>110,782</u>	<u>415,584</u>	<u>–</u>	<u>214,638</u>	<u>8,536</u>	<u>749,540</u>
Carrying amounts						
At 31 January 2022	<u>112,436</u>	<u>168,282</u>	<u>40,116</u>	<u>173,171</u>	<u>53,683</u>	<u>547,688</u>
At 30 April 2021	<u>116,737</u>	<u>178,312</u>	<u>34,953</u>	<u>160,165</u>	<u>54,609</u>	<u>544,776</u>

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

The Group has amounts in accrued liabilities relating to property, plant and equipment acquisitions of US\$0.6 million as at 31 January 2022 (30 April 2021: US\$2.9 million). Down payments made by the Group for the acquisition of property, plant and equipment amounted to US\$3.1 million as at 31 January 2022 (30 April 2021: US\$1.1 million). The Group has written off fully depreciated assets related to closed fields amounting to US\$65.7 million for the nine months ended 31 January 2022 (30 April 2021: US\$125.4 million).

7. Intangible assets and goodwill

	Goodwill	Indefinite life trademarks	Amortizable trademarks	Customer relationship	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost					
At 1 May 2021/ 31 January 2022	203,432	408,043	24,180	107,000	742,655
At 1 May 2020/ 30 April 2021	203,432	408,043	24,180	107,000	742,655
Accumulated amortization					
At 1 May 2021	–	–	9,519	38,439	47,958
Amortization	–	–	975	4,013	4,988
At 31 January 2022	–	–	10,494	42,452	52,946
At 1 May 2020	–	–	8,219	33,089	41,308
Amortization	–	–	1,300	5,350	6,650
At 30 April 2021	–	–	9,519	38,439	47,958
Carrying amounts					
At 31 January 2022	203,432	408,043	13,686	64,548	689,709
At 30 April 2021	203,432	408,043	14,661	68,561	694,697

Amortization expense amounted to US\$5.0 million for the nine months ended 31 January 2022 and 2021.

Goodwill

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

Indefinite life trademarks

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

America trademarks

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

The Philippines trademarks

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

Indian sub-continent trademark

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

Asia S&W trademark

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

Impairment test

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

Amortizable trademarks and customer relationships

	Net Carrying amount		Remaining amortization period (years)	
	31 January 2022	30 April 2021	31 January 2022	30 April 2021
	US\$'000	US\$'000		
Asia S&W Trademark	–	–	–	–
America S&W trademark	413	563	2.1	2.8
America Contadina trademark	13,273	14,098	12.1	12.8
	13,686	14,661		

Asia S&W trademark

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

America trademarks

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

Customer relationships

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

	31 January 2022 US\$'000	30 April 2021 US\$'000
Net carrying amount	64,548	68,561
Remaining amortization period	12.1	12.8

Source of estimation uncertainty

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

8. Investments in joint ventures

<u>Name of joint venture</u>	<u>Principal activities</u>	<u>Place of Incorporation and Business</u>	<u>Effective Equity Held by the Group</u>	
			<u>As at 31 Jan 2022 %</u>	<u>As at 30 Apr 2021 %</u>
FieldFresh Foods Private Limited (FFPL)	Production and sale of fresh and processed fruits and vegetable food products	India	47.56	47.56
Nice Fruit Hong Kong Limited (NFHKL)	Production and sale of frozen fruits and vegetable food products	Hong Kong	35.00	35.00
Del Monte - Vinamilk Dairy Philippines, Inc.	Distribution of milk and dairy products	Philippines	43.50	–

Del Monte - Vinamilk Dairy Philippines, Inc. is a new joint venture entered into by Del Monte Philippines, Inc. with Vietnam Dairy Products Joint Stock Company, a leading regional dairy company to expand further into the dairy sector in the Philippines. This joint venture was incorporated and registered in SEC on 12 July 2021. As at 31 January 2022, the carrying amount of the related investment in joint venture amounted to \$0.1 million.

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

	31 January 2022	30 April 2021
	US\$'000	US\$'000
Assets		
Current assets	19,814	23,501
Noncurrent assets	11,053	11,962
Total assets	<u>30,867</u>	<u>35,463</u>
Liabilities		
Current liabilities	(11,985)	(12,595)
Noncurrent liabilities	(22,266)	(22,572)
Total liabilities	<u>(34,251)</u>	<u>(35,167)</u>
Net assets (liabilities)	<u>(3,384)</u>	<u>296</u>

	31 January 2022	30 April 2021
	US\$'000	US\$'000
Results		
Revenue	51,992	71,055
Loss from continuing operations	(3,631)	(2,035)
Other comprehensive income	–	–
Total comprehensive loss	<u>(3,631)</u>	<u>(2,035)</u>

	31 January 2022	30 April 2021
	US\$'000	US\$'000
Carrying amount of interest in FFPL at beginning of the period/year	19,741	22,855
Impairment loss	–	(2,096)
Group's share of:		
- Loss from continuing operations	(1,816)	(1,018)
- Other comprehensive income	–	–
Total comprehensive loss	<u>(1,816)</u>	<u>(1,018)</u>
Carrying amount of interest at end of the period/year	<u>17,925</u>	<u>19,741</u>

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

	31 January 2022	30 April 2021
	US\$'000	US\$'000
Carrying amount of interest in NFHKL at beginning of the period/year	2,789	2,462
Additional advances during the year	–	840
Group's share of:		
- Loss from continuing operations	(444)	(513)
- Other comprehensive income	–	–
Total comprehensive loss	<u>(444)</u>	<u>(513)</u>
Carrying amount of interest at end of the period/year	<u>2,345</u>	<u>2,789</u>

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

	31 January 2022 US\$'000	30 April 2021 US\$'000
Group's interest in joint ventures		
FFPL	17,925	19,741
NFHKL	2,345	2,789
Del Monte - Vinamilk Dairy Philippines, Inc.	94	–
Carrying amount of investment in joint ventures	20,364	22,530

Determination of Joint Control and the Type of Joint Arrangement

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

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

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

The Group determined that the arrangements in FFPL, NFHKL and Del Monte - Vinamilk Dairy Philippines, Inc. are joint ventures as these were structured in separate legal vehicles that have rights to the net assets of the arrangements. The terms of the contractual arrangements do not specify that the parties have rights to the assets and obligations for the liabilities relating to the arrangements.

Source of Estimation Uncertainty

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

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

9. Other noncurrent assets

	31 January	30 April
	2022	2021
	US\$'000	US\$'000
Advance rentals and deposits	16,944	12,913
Advances to suppliers	5,107	1,075
Excess insurance	3,600	4,442
Receivable from sale and leaseback	2,973	3,156
Note receivables	1,000	1,000
Lease receivable	333	750
Others	1,784	1,989
	31,741	25,325

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

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

As at 31 January 2022 and 30 April 2021, notes receivable of US\$1.0 million relates to the sale by DMFI of certain assets at Plymouth in fiscal year 2019. This receivable will be due on 2 July 2023.

10. Biological assets

	31 January	30 April
	2022	2021
	US\$'000	US\$'000
Livestock		
At beginning of the period/year	2,655	2,118
Purchases of livestock	669	1,065
Sales of livestock	(431)	(631)
Currency realignment	(155)	103
At end of the period/year	2,738	2,655

	31 January 2022 US\$'000	30 April 2021 US\$'000
Agricultural produce		
At beginning of the period/year	10,878	25,966
Additions	8,120	1,710
Harvested	(6,962)	(17,896)
Currency realignment	(761)	1,098
At end of the period/year	11,275	10,878
Fair value gain on produce prior to harvest	34,418	34,035
At end of the period/year	45,693	44,913
	31 January 2022 US\$'000	30 April 2021 US\$'000
Current	45,693	44,913
Noncurrent	2,738	2,655
Totals	48,431	47,568

11. Inventories

	31 January 2022 US\$'000	30 April 2021 US\$'000
Finished goods		
- at cost	403,238	348,045
- at net realizable value	19,043	23,796
Semi-finished goods		
- at cost	181,807	70,948
- at net realizable value	10,801	12,328
Raw materials and packaging supplies		
- at cost	79,499	47,302
- at net realizable value	60,430	55,183
	754,728	557,602

Total cost of inventories carried at net realizable value amounted to US\$98.7 million as at 31 January 2022 (30 April 2021: US\$104.6 million).

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

	Note	31 January 2022 US\$'000	30 April 2021 US\$'000
At beginning of the period/year		13,254	14,868
Allowance for the period/year	26	779	7,043
Write-off against allowance		(5,028)	(7,323)
Currency realignment		(448)	(1,334)
At end of the period/year		<u>8,557</u>	<u>13,254</u>

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

Source of estimation uncertainty

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

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

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

12. Trade and other receivables

	31 January 2022 US\$'000	30 April 2021 US\$'000
Trade receivables	209,727	165,370
Nontrade receivables	34,514	28,903
Allowance for expected credit loss – trade	(4,844)	(4,801)
Allowance for expected credit loss – nontrade	(4,409)	(4,423)
Trade and other receivables	<u>234,988</u>	<u>185,049</u>

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

	31 January 2022					Total US'000s
	Current US'000s	<30 days US'000s	Days past due		Over 120 days US'000s	
			30-60 days US'000s	61-120 days US'000s		
Trade receivables	104,178	75,098	8,968	7,261	14,222	209,727
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	34.06%	–
Expected credit loss	–	–	–	–	4,844	4,844

	30 April 2021					Total US'000s
	Current US'000s	<30 days US'000s	Days past due		Over 120 days US'000s	
			30-60 days US'000s	61-120 days US'000s		
Trade receivables	83,812	64,945	4,206	2,059	10,348	165,370
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	46.40%	–
Expected credit loss	–	–	–	–	4,801	4,801

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

Source of estimation uncertainty

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

allowance for impairment would increase the Group's recorded operating expenses and decrease current assets.

13. Prepaid expenses and other current assets

	31 January 2022 US\$'000	30 April 2021 US\$'000
Prepaid expenses	26,317	29,875
Down payment to contractors and suppliers	11,574	4,090
Derivative asset	1,571	1,694
Short-term placements	1,298	1,327
Others	262	300
	41,022	37,286

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

Prepaid expenses as at 31 January 2022 include filing fees related to Initial Public Offering (IPO) registration of Del Monte Philippines, Inc. (DMPI) with the Philippine SEC and Philippine Stock Exchange (PSE) totaling US\$1.3 million. Management assessed that the amount can be applied when the IPO happens.

On 4 August 2021, the Company decided to defer the planned IPO of DMPI with PSE (see Note 35).

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

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

Derivative

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

As at 31 January 2022 and 30 April 2021, the Group designated each of its derivative contracts, except for call option, as a hedge of a highly probable forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge").

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

	Note	31 January 2022 US\$'000	30 April 2021 US\$'000
Peso Contract		386	(80)
Commodity contracts		1,132	1,694
Total		<u>1,518</u>	<u>1,614</u>
Included in:			
Prepaid expenses and other current assets		1,571	1,694
Trade and other current liabilities	20	<u>(53)</u>	<u>(80)</u>
		<u>1,518</u>	<u>1,614</u>

The notional amounts of the Group's commodity contracts were as follows as of 31 January 2022 and 30 April 2021:

	31 January 2022 US\$'000	30 April 2021 US\$'000
Natural gas – Metric Million British Thermal Unit (MMBTU)	64	1,065
Diesel (gallons)	1,131	3,663

Foreign Currency

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

	31 January 2022 US\$'000	30 April 2021 US\$'000
Mexican pesos	537,639	379,628

Amounts Relating to Hedged Items

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

	31 January 2022		
	Change in value used for calculating hedge effectiveness US\$'000	Cash flow hedge reserve US\$'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied US\$'000
Commodity price risk			
Inventory purchases	4,534	(522)	–
Foreign exchange risk			
Inventory purchases	(188)	1,346	–
	30 April 2021		
	Change in value used for calculating hedge effectiveness US\$'000	Cash flow hedge reserve US\$'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied US\$'000
Interest rate risk			
Variable rate instruments	240	–	–
Commodity price risk			
Inventory purchases	(6,363)	1,279	–
Foreign exchange risk			
Inventory purchases	3,552	(61)	–

Amounts Relating to Hedging Instruments (cont'd)

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

	31 January 2022		During the first nine months of fiscal 2022				
	Notional amount	Carrying amount		Line item in the statement of financial position where the hedged instrument is included	Change in the value of hedge instrument recognized in OCI	Amount reclassified from hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
		Assets	Liabilities				
	US\$'000						
Commodity price risk							
Commodity contracts							
Natural gas (MMBTU)	64	–	(53)	Trade and Other Current Liabilities	(1,915)	(1,668)	Cost of sales
Diesel (gallons)	1,131	1,185	–	Prepaid and Other Current Assets	(2,618)	(1,960)	Cost of sales
Foreign exchange risk							
Foreign currency forwards	537,639	386	–	Prepaid and Other Current Assets	188	(194)	Cost of sales

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	30 April 2021			During fiscal 2021			
	Notional amount	Carrying amount		Line item in the statement of financial position where the hedged instrument is included	Change in the value of hedge instrument recognized in OCI	Amount reclassified from hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
		Assets	Liabilities				
	US\$'000						
Interest rate risk							
Interest rate swaps	–	–	–	Derivative liabilities – Current	(240)	–	
Commodity price risk							
Commodity contracts							
Natural gas (MMBTU)	1,065	194	–	Prepaid and Other Current Assets	(1,875)	(1,663)	Cost of sales
Diesel (gallons)	3,663	1,500	–	Prepaid and Other Current Assets	(975)	(1,152)	Cost of sales
Foreign exchange risk							
Foreign currency forwards	379,628	–	(80)	Derivative Liabilities – Current Liabilities	(35)	111	Cost of sales

Hedging Reserves

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

	Group	
	31 January 2022	30 April 2021
	US\$'000	US\$'000
Balance at beginning of year	1,218	(2,016)
Changes in fair value:		
- Commodity risk	(4,534)	6,363
- Foreign exchange risk	188	(3,552)
- Interest rate risk	-	(240)
Amount reclassified to profit or loss		
- Foreign exchange risk	194	3,472
- Commodity risk	3,628	(1,760)
- Interest rate risk	-	-
Tax movements on reserves during the year	128	(1,049)
Balance at end of year	<u>822</u>	<u>1,218</u>

14. Cash and cash equivalents

	31 January 2022	30 April 2021
	US\$'000	US\$'000
	Cash on hand	74
Cash in banks	33,264	28,478
Cash equivalents	-	889
Cash and cash equivalents	<u>33,338</u>	<u>29,435</u>

Certain cash in bank accounts earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 0.50% per annum for the period (30 April 2021: 0.01% to 0.50% per annum). Cash equivalents are short-term placements which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest rate of 0.75% to 0.88% per annum in fiscal year 2022 (30 April 2021: 0.88% to 2.00% per annum).

15. Reserves

	31 January 2022 US\$'000	30 April 2021 US\$'000
Translation reserve	(91,002)	(81,971)
Remeasurement of retirement plan	35,074	35,049
Revaluation reserve	14,278	14,278
Hedging reserve	853	1,224
Share option reserve	1,753	1,753
Reserve for own shares	(286)	(286)
	<u>(39,330)</u>	<u>(29,953)</u>

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

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

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

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

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. As at 31 January 2022 and 30 April 2021, the Group held 975,802 of the Company's shares.

16. Loans and borrowings

	31 January 2022 US\$'000	30 April 2021 US\$'000
Current liabilities		
Unsecured bank loans	173,665	256,125
Secured bank loans	286,827	76,328
	<u>460,492</u>	<u>332,453</u>
Non-current liabilities		
Unsecured bank loans	362,902	291,014
Secured bank loans	659,835	662,276
	<u>1,022,737</u>	<u>953,290</u>
	<u>1,483,229</u>	<u>1,285,743</u>

Terms and debt repayment schedule

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

	Currency	Nominal interest rate % p. a.	Year of maturity	31 January 2022		30 April 2021	
				Face value US\$'000	Carrying amount US\$'000	Face value US\$'000	Carrying amount US\$'000
Group							
Secured bank loans	PHP	4.125%	2025	29,334	29,188	31,150	30,950
Unsecured bank loans	PHP	2.40%-3.00%	2022- 2025	123,594	123,432	129,164	128,950
Unsecured 3Y bonds	PHP	3.4840%	2023	114,063	112,969	121,185	119,473
Unsecured 5Y bonds	PHP	3.7563%	2025	12,631	12,470	13,346	13,216
Unsecured bank loans	USD	1.61%-2.75%	2022- 2024	199,428	199,428	285,500	285,500
Secured bank loans	USD	3.52%	2023	100,000	99,177	100,000	98,671
Secured bridging loan	USD	3.06%	2023	67,500	67,482	75,000	75,000
Unsecured senior notes	USD	3.75%	2024	90,000	88,268	–	–
Secured senior notes	USD	11.875%	2025	500,000	471,488	500,000	465,155
Secured bank loan under ABL Credit Agreement	USD	Swingline B - 5% ABL Base B - 5% Higher of Libor or 1% + 2.75% or total of 3.75%	2021- 2023	284,500	279,327	75,100	68,828
				1,521,050	1,483,229	1,330,445	1,285,743

The balance of unamortized debt issuance cost follows:

	Nine months ended 31 January 2022 US\$'000	Year ended 30 April 2021 US\$'000
At beginning of the period/year	44,702	30
Additions	2,163	56,153
Amortization	(9,044)	(11,481)
At end of the period/year	37,821	44,702

Long Term Borrowings

Long-term Borrowings	Original Principal (In '000)	Outstanding Balance as of 31 January 2022 (In '000)	Interest Rate % p.a.	Year of Maturity	Payment Terms (e.g., annually, quarterly, etc.)	Interest paid 1 May 2021 to 31 January 2022 (In '000)
Secured Senior Notes	USD 500,000	USD 500,000	11.875%	2025	Semi-annual interest payments and principal on maturity date.	USD 59,375
Unsecured Bonds	PHP 6,478,460	PHP 6,478,460	3Y 3.4840% 5Y 3.7563%	2023/ 2025	Quarterly interest payments and principal on maturity date.	PHP 137,950
Secured Bridging Loan	USD 75,000	USD 67,500	3.06%	2023	Quarterly interest payment and principal 10% on August 2021, 10% on August 2022 and 80% on maturity date.	USD 2,196
Unsecured Loan	USD 75,000	USD 73,977	1.74%	2024	Quarterly interest payment and principal 15% on 11 equal quarterly installments starting January 2022 and 85% on maturity date.	USD 944
Secured Loan	USD 100,000	USD 100,000	3.52%	2023	Semi-annual interest payments and principal on maturity date.	USD 3,555
Unsecured Loan	PHP 1,500,000	PHP 1,500,000	3.00%	2025	Quarterly interest payment; and principal on eight quarterly installments starting February 2024	PHP 35,149
Secured Loan	PHP 1,500,000	PHP 1,500,000	4.125%	2025	Quarterly interest payment; and principal on nine quarterly installments starting August 2023	PHP 45,983
Unsecured Loan	USD 57,300	USD 55,151	2.75%	2024	Quarterly interest payment and principal 5%, 10% and 85% in fiscal year 2022, 2023 and 2024, respectively.	USD 1,197
Unsecured Senior Notes	USD 90,000	USD 90,000	3.75%	2024	Semi-annual interest payments and principal on maturity date.	nil

DMPL Senior Notes

On 9 December 2021, DMPL issued 3-year unrated Senior Notes amounting to US\$90.0 million due 2024 with a 3.75% fixed coupon rate payable semi-annually commencing on 9 June 2022. The proceeds from the bonds are intended to refinance certain indebtedness including redemption of the Company's preferred shares in April 2022.

ABL Credit Agreement

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

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

As at 31 January 2022, there were US\$284.5 million (30 April 2021: US\$75.1 million) of loans outstanding and US\$24.6 million of letters of credit issued (30 April 2021: US\$24.6 million). The net availability to DMFHL Group under the ABL Credit Agreement was US\$140.9 million as at 31 January 2022 (30 April 2021: US\$350.3 million). The weighted average interest rate was approximately 4.25% on 31 January 2022 (30 April 2021: 5.12%). The ABL Credit Agreement provided for a sub limit for letters of credit and for borrowings on same day notice, referred to as "swingline loans."

Security interests

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

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

Unsecured Bank Loans

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

The Group is compliant with its loan covenants as at 31 January 2022 and 30 April 2021.

17. Other noncurrent liabilities

	31 January	30 April
	2022	2021
	US\$'000	US\$'000
Workers' compensation	15,190	17,150
Accrued vendors liabilities	471	553
Other payables	–	994
	15,661	18,697

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

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

18. Employee Benefits

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

The DMPI Plan

DMPI has both funded defined benefit and defined contribution retirement plans (collectively the "Plan") which cover all of its regular employees. Contributions and costs are determined in accordance with the actuarial study made for the Plan. Annual cost is determined using the projected unit credit method. DMPI's latest actuarial valuation date was 30 April 2021. Valuations are obtained on a periodic basis.

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

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

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

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

DMPI does not expect to make contributions to the plan in fiscal year 2022.

The ROHQ Plan

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

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

The ROHQ does not expect to make contributions to the plan in fiscal year 2022.

The DMFI Plan

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

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

DMFI currently meets and plans to continue to meet the minimum funding levels required under local legislation, which imposes certain consequences on DMFI's defined benefit plan if it does not meet the minimum funding levels. DMFI has not made any contributions during the nine months ended 31 January 2022 and fiscal year 2021.

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

immediately in “General and administrative expenses” in the fiscal year 2020 consolidated statements of income.

DMFI does not expect to make contributions to the plan in fiscal year 2022.

19. Environmental remediation liabilities

	Note	31 January 2022 US\$'000	30 April 2021 US\$'000
At beginning of the period/year		7,429	9,587
Provision made during the period/year		–	486
Provisions used during the period/year		–	(375)
Provisions released during the period/year		(4,026)	(2,269)
Reclass to current portion	20	(3,200)	–
At end of the period/year		<u>203</u>	<u>7,429</u>

The current portion of environmental liabilities of US\$1.9 million is included in “Trade and other current liabilities” in the consolidated statements of financial position (see note 20).

20. Trade and other current liabilities

	Note	31 January 2022 US\$'000	30 April 2021 US\$'000
Trade payables		156,362	142,188
Accrued operating expenses:			
Interest		16,256	30,843
Advertising		14,210	10,853
Freight and warehousing		10,690	7,274
Trade promotions		10,063	8,764
Taxes and insurance		9,150	8,739
Professional fees		7,610	8,236
Utilities		4,164	3,584
Tinplate and consigned stocks		3,408	2,222
Salaries, bonuses and other employee benefits		2,350	4,566
Environmental remediation		1,862	260
Miscellaneous		8,531	12,170
Overdrafts		7,787	7,574
Accrued payroll expenses		5,144	4,812
Contract liabilities		3,066	543
Withheld from employees (taxes and social security cost)		1,164	1,548
Advances from customers		241	214
VAT payables		172	259
Derivative liabilities		53	80
Other payables		864	–
		<u>263,147</u>	<u>254,729</u>

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

21. Revenue

Disaggregation of revenue is presented in Note 4.

Contract balances

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

	Note	31 January 2022 US\$'000	30 April 2021 US\$'000
Receivables, included in Trade and other receivables			
- Gross of ECL allowance	12	209,727	165,370
Contract liabilities	20	1,164	543

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

22. Income taxes

	Three months ended 31 January		Nine months ended 31 January	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Current tax expense				
- Current year	6,370	5,036	16,941	22,684
Deferred tax expense				
- Origination and reversal of temporary differences	4,161	7,043	17,051	1,149
	<u>10,531</u>	<u>12,079</u>	<u>33,992</u>	<u>23,833</u>

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	Three months ended		Nine months ended	
	31 January		31 January	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Reconciliation of effective tax rate</i>				
Profit (loss) before taxation	41,002	47,484	127,220	82,523
Taxation on profit at applicable tax rates	7,755	9,819	23,736	17,309
Final tax on dividend	2,830	2,637	8,295	6,468
Non-deductible expenses	(96)	191	1,766	1,873
Non-taxable income	(2)	(3)	(5)	(8)
Change in unrecognized deferred tax asset	–	(624)	–	(2,058)
Others	44	59	200	249
	10,531	12,079	33,992	23,833

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	31 January	30 April	31 January	30 April
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
Provisions	8,201	8,466	–	–
Employee benefits	13,731	13,935	–	–
Property, plant and equipment - net	–	–	(17,033)	(17,228)
Intangible assets and goodwill	–	–	(87,603)	(79,671)
Effective portion of changes in fair value of cash flow hedges	–	–	(267)	(395)
Tax loss carry-forwards	158,241	166,114	–	–
Inventories	2,127	2,127	–	–
Biological assets	–	–	(1,856)	(1,796)
Interest	27,509	24,450	–	–
Undistributed profits from subsidiaries	–	–	(5,754)	(2,168)
Charitable contributions	3,254	3,254	–	–
Others	6,555	6,851	–	–
Deferred tax assets (liabilities)	219,618	225,197	(112,513)	(101,258)
Set off of tax	(101,959)	(94,659)	101,959	94,659
Deferred Taxes	117,659	130,538	(10,554)	(6,599)

	Nine months ended	
	31 January	
	2022	2021
	US\$'000	US\$'000
<i>Applicable tax rates</i>		
- Philippines (non-PEZA)	25%	30%
- Philippines (PEZA)*	5%	5%
- India	31%	31%
- Singapore	17%	17%
- United States of America	25%	25%
- Mexico	30%	30%

*based on gross profit for the year

Sources of estimation uncertainty

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

23. Stock option and incentive plans

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

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

Fair value of share options/awards and assumptions

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

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

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

Del Monte Foods Holding Equity Compensation Plan

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

In September 2016, the authorized shares reserved for grant under the plan was increased from 9,000,000 to 15,000,000. As at 31 January 2022 and 30 April 2021, 15,000,000 and 14,776,500 shares respectively, shares were available for future grant.

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

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

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

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

	31 January 2022		30 April 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of year	223,500	5	283,500	5
Cancelled	(223,500)	5	(60,000)	5
Forfeited	–	–	–	5
Outstanding at end of year	–	–	223,500	5
Exercisable at end of year	–	–	223,500	–

24. Accounting classification and fair values

Fair values versus carrying amounts

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

	Note	Financial assets at amortized cost US\$'000	Derivatives US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
31 January 2022						
Cash and cash equivalents	14	33,338	–	–	33,338	33,338
Trade and other receivables*	9, 12	238,294	–	–	238,294	238,294
Short-term placements	13	1,298	–	–	1,298	1,298
Notes receivables	9	1,000	–	–	1,000	1,000
Refundable deposits**	9	2,100	–	–	2,100	2,100
Derivative assets	13	–	1,571	–	1,571	1,571
		276,030	1,571	–	277,601	277,601
Lease liabilities	30	–	–	106,363	106,363	106,363
Loans and borrowings***	16	–	–	1,483,229	1,483,229	1,561,444
Trade and other current liabilities****	20	–	–	258,450	258,450	258,450
Derivative liabilities	13, 20	–	54	–	54	54
		–	54	1,848,042	1,848,096	1,926,311

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

** included under advance rentals and deposits

*** for basis of fair value of lease liabilities and loans and borrowings (see note 25)

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

	Note	Financial assets at amortized cost US\$'000	Derivatives US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
30 April 2021						
Cash and cash equivalents	14	29,435	–	–	29,435	29,435
Trade and other receivables*	9, 12	188,955	–	–	188,955	188,955
Short-term placements	13	1,327	–	–	1,327	1,327
Notes receivables	9	1,000	–	–	1,000	1,000
Refundable deposits**	9	2,066	–	–	2,066	2,066
Derivative assets	13	–	1,694	–	1,694	1,694
		222,783	1,694	–	224,477	224,477
Lease liabilities	30	–	–	128,803	128,803	144,092
Loans and borrowings***	16	–	–	1,285,743	1,285,743	1,473,367
Trade and other current liabilities****	20	–	–	252,085	252,085	252,085
Derivative liabilities	17, 20	–	80	–	80	80
		–	80	1,666,631	1,666,711	1,869,624

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

** included under advance rentals and deposits

*** for basis of fair value of lease liabilities and loans and borrowings (see note 25)

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

25. Determination of fair values

Fair value hierarchy

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

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

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

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

		31 January 2022			
	Note	Level 1	Level 2	Level 3	Totals
Financial assets					
Derivative assets	13	–	1,571	–	1,571
Notes receivable	9	–	–	1,000	1,000
Non-financial assets					
Fair value of agricultural produce					
harvested under inventories		–	–	4,109	4,109
Fair value of agricultural produce	10	–	–	45,693	45,693
Freehold land	6	–	–	53,683	53,683
Financial liabilities					
Derivative liabilities	13, 20	–	54	–	54
Lease liabilities		–	–	106,363	106,363
Loans and borrowings		–	993,590	567,854	1,561,444
		30 April 2021			
	Note	Level 1	Level 2	Level 3	Totals
Financial assets					
Derivative assets	13	–	1,694	–	1,694
Notes receivable	9	–	–	1,000	1,000
Non-financial assets					
Fair value of agricultural produce					
harvested under inventories		–	–	5,389	5,389
Fair value of agricultural produce	10	–	–	44,913	44,913
Freehold land	6	–	–	54,609	54,609
Financial liabilities					
Derivative liabilities	13, 20	–	80	–	80
Lease liabilities		–	–	144,092	144,092
Loans and borrowings		–	880,845	592,522	1,473,367

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

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

Financial instruments measured at fair value

Type	Valuation technique
Commodities contracts	Market comparison technique: The commodities are traded over-the-counter and are valued based on the Chicago Board of Trade quoted prices for similar instruments in active markets or corroborated by observable market data available from the Energy Information Administration. The values of these contracts are based on the daily settlement prices published by the exchanges on which the contracts are traded.
Derivative liabilities	The estimated fair value of the additional Redeemable and Controllable Preference Shares (RCPS) and call option as at 31 January 2021, is based on the Cox-Ross-Rubinstein (CRR) binomial tree model of valuing derivatives. The value of these derivatives is driven primarily by DMPI's forecasted net income which is not based on observable market data.

Financial instruments not measured at fair value

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

Other non-financial assets

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

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

26. Profit for the period

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

	Note	Three months ended		Nine months ended	
		31 January		31 January	
		2022	2021	2022	2021
		US\$'000	US\$'000	US\$'000	US\$'000
Provision for inventory obsolescence		20	288	759	1,583
Provision of allowance for ECL (trade and nontrade)		(106)	(141)	(80)	(28)
Amortization of intangible assets	7	1,663	1,663	4,988	4,988
Amortization of right-of-use assets	30	9,984	8,913	29,153	26,412
Depreciation of property, plant and equipment		32,957	35,614	110,318	95,414

27. General and administrative expenses

This account consists of the following:

	Three months ended		Nine months ended	
	31 January		31 January	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
Personnel costs	20,058	20,820	57,614	59,368
Professional and contracted services	5,416	5,192	16,727	17,452
Computer costs	2,916	4,185	9,120	13,222
Facilities expense	2,063	2,165	6,376	6,654
Employee-related expenses	1,048	513	2,316	1,483
Postage and telephone	270	294	820	870
Research and development projects	223	190	563	569
Travelling and business meals	189	57	818	284
Utilities	153	157	472	460
Materials and supplies	93	83	287	323
Auto operating and maintenance costs	67	55	166	148
Machinery and equipment maintenance	61	153	268	414
Miscellaneous overhead	235	2,226	3,307	5,891
	32,792	36,090	98,854	107,138

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

28. Share capital

	31 January 2022		30 April 2021	
	No. of shares (‘000)	US\$'000	No. of shares (‘000)	US\$'000
Authorized:				
Ordinary shares of US\$0.01 each	3,000,000	30,000	3,000,000	30,000
Preference shares of US\$1.00 each	600,000	600,000	600,000	600,000
	3,600,000	630,000	3,600,000	630,000
Issued and fully paid:				
Ordinary shares of US\$0.01 each	1,944,936	19,449	1,944,936	19,449
Preference shares of US\$1.00 each	30,000	30,000	30,000	30,000
	1,974,936	49,449	1,974,936	49,449

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

Preference Shares	Par Value	Share Capital	Share Premium	Contributed Capital
		US\$'000	US\$'000	US\$'000
Series A-1	US\$1.00	20,000	180,000	200,000
Series A-2	US\$1.00	10,000	90,000	100,000
		30,000	270,000	300,000

The Series A-1 and A-2 Preference shares are non-convertible, have no maturity date and are

redeemable on the option of the Company on the fifth anniversary from the issue date (the “Step Up Date”) or on any dividend payment date thereafter. The preference shares bear a cumulative non-participating cash dividend at an initial dividend rate of 6.625% and 6.50% per annum for Series A-1 and A-2 preference shares, respectively, applicable from the issue date up to the Step Up Date. The dividends are payable semi-annually every 7 April and 7 October of each year, being the last day of each 6-month period following the issue date. If the preference shares have not been redeemed on the Step Up Date, the dividend rate shall be adjusted on the Step Up Date to the sum of the 10-year U.S. Treasury Bond rate (prevailing as of the Step Up Date) plus initial spread plus margin of 2.50% per annum (the “Step Up Rate”). The initial spread shall be 4.605% and 4.44% per annum for Series A-1 and A-2 preference shares, respectively. However, if the initial dividend rate is higher than the applicable Step Up Rate, there shall be no adjustment to the dividend rate, and the initial dividend rate shall continue to be the dividend rate. The preference shares rank ahead of the ordinary shares in the event of a liquidation.

Dividends

On 23 June 2021, the Company declared dividends of US\$0.0120 per share to ordinary shareholders on record as at 13 July 2021. The special dividend was paid on 27 July 2021, except for the amount payable to NAPL which was fully settled in September 2021.

In October 2021, the Company paid dividends to the holders of the Series A-1 Preference Shares at the fixed rate of 6.625% per annum, or equivalent to US\$0.33125 per Series A-1 Preference and Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US\$0.325 per series A-2 Preference Shares for the six-month period from April 2021 to October 2021. The cash dividends were paid on 7 October 2021.

The Group does not declare dividends based on first quarter and third quarter results. Undeclared preference dividends as at 31 January 2022 amounted to US\$6.3 million.

Capital management

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

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

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

29. Earnings per share

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

	Three months ended		Nine months ended	
	31 January		31 January	
	2022	2021	2022	2021
Earnings per share is based on:				
Profit attributable to owners of the Company (US\$'000)	25,934	30,158	80,057	48,761
Cumulative preference share dividends (US\$'000)	(4,938)	(4,938)	(14,813)	(14,813)
	20,996	25,220	65,244	33,948
Weighted average number of ordinary shares ('000):				
Outstanding ordinary shares at 1 Nov /1 May	1,943,960	1,943,960	1,943,960	1,943,960
Effect of shares awards granted	-	-	-	-
Weighted average number of ordinary shares at end of period (basic)	1,943,960	1,943,960	1,943,960	1,943,960
Basic/diluted earnings per share (in U.S. cents)	1.08	1.30	3.36	1.75

30. Leases

Group as a lessee

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

	Buildings, land improvements and leasehold improvements US\$'000	Land US\$'000	Machineries and equipment US\$'000	Total US\$'000
Cost/Valuation				
At 1 May 2021	128,492	50,166	37,384	216,042
Additions	424	3,568	3,514	7,506
Disposals	(33)	–	–	(33)
Transfers/Adjustments	–	(1,038)	–	(1,038)
Currency realignment	(2,114)	(2,923)	–	(5,037)
At 31 January 2022	<u>126,769</u>	<u>49,773</u>	<u>40,898</u>	<u>217,440</u>
At 1 May 2020	116,023	51,277	38,450	205,750
Additions	11,926	8,290	46	20,262
Disposals	–	(735)	(1,112)	(1,847)
Transfers/Adjustments	(591)	(900)	–	(1,491)
Changes in lease term	–	(10,202)	–	(10,202)
Currency realignment	1,134	2,436	–	3,570
At 30 April 2021	<u>128,492</u>	<u>50,166</u>	<u>37,384</u>	<u>216,042</u>
	Buildings, land improvements and leasehold improvements US\$'000	Land US\$'000	Machineries and equipment US\$'000	Total US\$'000
Accumulated amortization				
At 1 May 2021	43,632	14,521	22,681	80,834
Amortization	15,500	6,064	6,901	28,465
Transfers/Adjustments	–	(1,038)	–	(1,038)
Currency realignment	(591)	(1,017)	–	(1,608)
At 31 January 2022	<u>58,541</u>	<u>18,530</u>	<u>29,582</u>	<u>106,653</u>
At 1 May 2020	20,752	6,932	11,981	39,665
Amortization	22,725	7,974	10,700	41,399
Disposals	–	(735)	–	(735)
Transfers/Adjustments	(43)	(90)	–	(133)
Currency realignment	198	440	–	638
At 30 April 2021	<u>43,632</u>	<u>14,521</u>	<u>22,681</u>	<u>80,834</u>
Carrying amounts				
At 31 January 2022	<u>68,228</u>	<u>31,243</u>	<u>11,316</u>	<u>110,787</u>
At 30 April 2021	<u>84,860</u>	<u>35,645</u>	<u>14,703</u>	<u>135,208</u>

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

	Three months ended		Nine months ended	
	31 January		31 January	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
Amortization expense of right-of-use assets	9,984	8,913	29,153	26,412
Interest expense on lease liabilities	1,445	1,773	4,640	5,608
Expenses relating to short-term leases	2,807	4,277	9,076	12,160
Variable lease payments	54	116	272	383
Total amount recognized in consolidated statement of income	14,290	15,079	43,141	44,563

Amortization expense is net of amount capitalized to inventory amounting to US\$1.0 million and US\$2.5 million for the nine months ended 31 January 2022 and 2021, respectively.

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

	31 January	30 April
	2022	2021
	US\$'000	US\$'000
At the beginning of period/year	128,803	158,525
Additions	1,484	14,174
Accretion of interest	5,421	8,412
Payments of principal	(26,389)	(43,377)
Change in lease term	–	(10,199)
Adjustments	–	(1,119)
Terminations	(7)	(122)
Currency realignment	(2,949)	2,509
At the end of period/year	106,363	128,803
Current	24,755	25,113
Non-current	81,608	103,690
	106,363	128,803

31. Commitments and contingencies

Purchase commitments

The Group had entered into non-cancellable agreements with growers, co-packers, packaging suppliers and other service providers with commitments generally ranging from one year to ten years, to purchase certain quantities of raw products, including fruit, vegetables, tomatoes and packaging services. As at the reporting date, the Group has commitments for future minimum payments under non-cancellable agreements at approximately US\$982.4 million.

Contingencies

DMPI 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 ₱6.8 million (US\$0.1 million). The Bureau of Internal Revenue filed a motion for reconsideration on 31 January 2019 which was denied by the CTA 2nd Division in a resolution dated 1 October 2019. The BIR has filed a petition for review with the CTA EB. As at 31 January 2022, the said petition is pending resolution.

DMPI could be subject to tax assessments which might arise from routine tax audits. In cases where such assessments were disputed, DMPI's Management had assessed that DMPI would be able to defend its position and the potential outcome is not expected to be material to the consolidated financial statements.

As mentioned in Note 34, the Call Option Agreement with Sea Diner Holdings (S) Pte. Ltd. (SEA Diner) provides for a conditional obligation for a subsidiary, Central American Resources, Inc. (CARI), to sell additional shares to SEA Diner at an agreed price subject to certain conditions (amount of IPO pre-market capitalisation and IPO consummation on or before 30 April 2022). While Management had assessed that the Group's derivative liability to sell additional shares to SEA Diner has a carrying value of nil or immaterial as at 31 January 2022 and 30 April 2021 there is still a possibility that the IPO will not be consummated and the call option will be exercised by Sea Diner.

32. Related parties

Related party transactions

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

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

Category/ Transaction	Period	Amount of the transaction US\$'000	Outstanding balance – receivables/ (payables) US\$'000	Terms	Conditions
Under Common Control					
Shared information technology & JY Campos Centre Fit-out services	January 2022 April 2021	86 185	41 308	Due and demandable; non-interest bearing	Unsecured; no impairment
Sale of apple juice concentrate/materials	January 2022 April 2021	12 28	12 5	Due and demandable; non-interest bearing	Unsecured; no impairment
Purchases	January 2022 April 2021	54 64	(22) 9	Due and demandable; non-interest bearing	Unsecured; no impairment
Tollpack fees	January 2022 April 2021	– –	21 21	Due and demandable; non-interest bearing	Unsecured; no impairment
Security deposit	January 2022 April 2021	7 9	– –	Due and demandable; non-interest bearing	Unsecured; no impairment
Other Related Party					
Management fees from DMPI Retirement fund	January 2022 April 2021	52 69	66 2	Due and demandable; non-interest bearing	Unsecured; no impairment
Rental to DMPI Retirement	January 2022 April 2021	1,359 1,747	(362) (7)	Due and demandable; non-interest bearing	Unsecured
Rental to NAI Retirement	January 2022 April 2021	484 602	(121) –	Due and demandable; non-interest bearing	Unsecured
Security deposit/ Advances to NAI	January 2022 April 2021	830 703	830 –	Short-term; non-interest bearing	Unsecured; no impairment
Advances to NAPL	January 2022 April 2021	– –	– –	Short-term; non-interest bearing	Unsecured; no impairment

(continued on next page)

Del Monte Pacific Limited and its Subsidiaries
Unaudited Interim Condensed Consolidated Financial Statements
For the nine months ended 31 January 2022 and 2021

Category/ Transaction	Period	Amount of the transaction US\$'000	Outstanding balance – receivables/ (payables) US\$'000	Terms	Conditions
Joint Ventures					
Sales	January 2022	5,856	7,333	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2021	6,303	4,475		
Purchases	January 2022	1,090	(954)	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2021	1,079	(987)		
	January 2022	9,830	6,844		
	April 2021	10,789	3,826		

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

All outstanding balances at financial reporting date are unsecured, interest-free, to be settled in cash, and are collectible or payable on demand. As at 31 January 2022 and 30 April 2021, the Group has not made any provision for ECL relating to amounts owed by related parties.

33. Net Finance Expense

	Three months ended		Nine months ended	
	31 January		31 January	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
Finance income				
Foreign exchange gain	533	578	1,808	3,844
Interest income from:				
Bank deposits	15	7	37	36
Others	213	(92)	559	169
	761	493	2,404	4,049
Finance expense				
Interest expenses on:				
Bank loans	(23,106)	(22,382)	(67,434)	(69,067)
Amortization of debt issue cost, discount	(3,062)	(3,013)	(9,044)	(8,367)
Leases	(1,445)	(1,773)	(4,640)	(5,608)
Foreign exchange loss	(589)	(48)	(965)	(162)
	(28,202)	(27,216)	(82,083)	(83,204)
Net finance expense	(27,411)	(26,723)	(79,679)	(79,155)

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

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

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

Terms of the RCPS

The terms of the RCPS are as follow:

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

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

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

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

On 1 March 2021, the SEC approved the amendment of DMPI's Articles of Incorporation to change DMPI's authorized capital stock to common shares. Consequently, the 335,678,400 RCPS issued to SEA Diner were converted to 335,678,400 common shares.

Call Option Agreement

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

The call option is exercisable within the Option Period which is a period:

(A) commencing on:

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

(B) ending on the earliest of:

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

Source of estimation uncertainty

The Call Option Agreement may give rise to an obligation on the part of CARI to sell additional shares to SEA Diner at the stipulated price subject to certain conditions stated therein. Management assessed that the Group's derivative liability to sell additional shares to SEA Diner has a carrying value of nil or immaterial as at 31 January 2022 and 30 April 2021 as the estimated pre-money market capitalisation has been established to be higher than the threshold in the Agreement, and the exercise of the call option is subject to mutual consent of both parties.

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

35. Other Matters

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

i. Deferment of DMPI IPO Due to Volatile Market Conditions

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

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