

Del Monte Pacific Limited and its Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
As at 31 January 2024
and for the Periods Ended 31 January 2024 and 2023
(With Comparative Audited Consolidated Statement of
Financial Position as at 30 April 2023)

Unaudited Interim Consolidated Statements of Financial Position
(With Comparative Audited Figures as at 30 April 2023)

	Note	As at 31 January 2024 US\$'000 (Unaudited)	As at 30 April 2023 US\$'000 (Audited)
Noncurrent assets			
Property, plant and equipment – net	6	685,813	658,991
Right-of-use assets	30	98,746	100,566
Investments in joint ventures	8	20,286	20,161
Intangible assets and goodwill	7	748,537	753,841
Deferred tax assets – net	22	128,346	118,060
Biological assets	10	3,311	3,007
Pension assets		6,862	10,630
Other noncurrent assets	9	48,053	42,250
		<u>1,739,954</u>	<u>1,707,506</u>
Current assets			
Biological assets	10	48,437	44,852
Inventories	11	1,274,138	1,076,772
Trade and other receivables	12, 24	231,207	231,036
Prepaid expenses and other current assets	13	56,769	59,667
Cash and cash equivalents	14, 24	24,137	19,836
		<u>1,629,176</u>	<u>1,432,163</u>
Total assets		<u><u>3,369,130</u></u>	<u><u>3,139,669</u></u>
Equity			
Share capital	28	19,449	19,449
Share premium		208,339	208,339
Retained earnings		66,417	119,540
Reserves	15	(28,107)	(28,511)
Equity attributable to owners of the Company		<u>266,098</u>	<u>318,817</u>
Non-controlling interests		66,328	66,941
Total equity		<u><u>332,426</u></u>	<u><u>385,758</u></u>
Noncurrent liabilities			
Loans and borrowings	16, 24	1,048,816	994,477
Lease liabilities	30	67,897	72,204
Employee benefits		23,202	21,294
Environmental remediation liabilities	19	–	–
Deferred tax liabilities – net	22	11,724	11,630
Other noncurrent liabilities	17	31,915	16,826
		<u>1,183,554</u>	<u>1,116,431</u>
Current liabilities			
Loans and borrowings	16, 24	1,407,705	1,278,876
Lease liabilities	30	35,584	27,892
Employee benefits		23,205	24,280
Trade and other current liabilities	20, 24	384,333	304,940
Current tax liabilities		2,323	1,492
		<u>1,853,150</u>	<u>1,637,480</u>
Total liabilities		<u><u>3,036,704</u></u>	<u><u>2,753,911</u></u>
Total equity and liabilities		<u><u>3,369,130</u></u>	<u><u>3,139,669</u></u>

Unaudited Interim Consolidated Statements of Income

	Note	Three months ended		Nine months ended	
		31 January		31 January	
		2024	2023	2024	2023
		US\$'000	US\$'000	US\$'000	US\$'000
Revenue	4, 21	646,662	681,237	1,830,476	1,836,747
Cost of sales		(530,042)	(529,048)	(1,470,044)	(1,347,547)
Gross profit	4	116,620	152,189	360,432	489,200
Distribution and selling expenses		(57,540)	(61,489)	(168,711)	(176,745)
General and administrative expenses	27	(35,364)	(32,031)	(95,766)	(101,912)
Other income (expense) – net		(908)	(1,427)	(2,624)	334
Results from operating activities		22,808	57,242	93,331	210,877
Finance income	33	(1,879)	2,009	3,443	4,784
Finance expense	33	(52,759)	(37,341)	(146,049)	(161,319)
Net finance expense		(54,638)	(35,332)	(142,606)	(156,535)
Share in net loss of joint ventures	4	(561)	(337)	(905)	(383)
Profit (loss) before taxation	4	(32,391)	21,573	(50,180)	53,959
Tax expense – current	22	(4,557)	(7,400)	(9,502)	(21,426)
Tax benefit (expense) – deferred	22	7,833	(1,316)	10,934	4,539
	22	3,276	(8,716)	1,432	(16,887)
Profit (loss) for the period		(29,115)	12,857	(48,748)	37,072
Profit (loss) attributable to:					
Non-controlling interest		(107)	3,008	1,833	8,222
Owners of the Company		(29,008)	9,849	(50,581)	28,850
		(29,115)	12,857	(48,748)	37,072
Earnings (loss) per share					
Basic earnings (loss) per share (U.S. cents)	29	(1.75)	0.46	(2.60)	1.28
Diluted earnings (loss) per share (U.S. cents)	29	(1.75)	0.46	(2.60)	1.28

Unaudited Interim Consolidated Statements of Comprehensive Income

	Three months ended		Nine months ended	
	31 January		31 January	
	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000
Profit (loss) for the period	(29,115)	12,857	(48,748)	37,072
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss				
Share in remeasurement of retirement plans	(18)	135	(36)	241
Tax impact on share in remeasurement of retirement plans	3	(20)	6	(35)
	<u>(15)</u>	<u>115</u>	<u>(30)</u>	<u>206</u>
Items that may be reclassified subsequently to profit or loss				
Share in currency translation differences	1,329	11,715	(3,358)	(7,869)
Share in effective portion of changes in fair value of cash flow hedges of a subsidiary	(5,962)	(1,765)	4,840	(2,189)
Tax impact on share in cash flow hedges	1,491	366	(1,210)	472
	<u>(3,142)</u>	<u>10,316</u>	<u>272</u>	<u>(9,586)</u>
Other comprehensive income (loss) for the period, net of tax	(3,157)	10,431	242	(9,380)
Total comprehensive income (loss) for the period	(32,272)	23,288	(48,506)	27,692
Total comprehensive income (loss) attributable to:				
Owners of the Company	(32,060)	18,891	(50,177)	20,602
Non-controlling interests	(212)	4,397	1,671	7,090
	<u>(32,272)</u>	<u>23,288</u>	<u>(48,506)</u>	<u>27,692</u>

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 2024 and 2023

	<----- 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 2024												
At 1 May 2023	19,449	208,339	(105,020)	29,354	46,051	1,390	–	(286)	119,540	318,817	66,941	385,758
Total comprehensive income (loss) for the period												
Loss for the period (Note 29)	–	–	–	–	–	–	–	–	(50,581)	(50,581)	1,833	(48,748)
Other comprehensive income (loss)												
Currency translation differences	–	–	(2,950)	–	–	–	–	–	–	(2,950)	(408)	(3,358)
Remeasurement of retirement plans	–	–	–	–	(26)	–	–	–	–	(26)	(4)	(30)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	3,380	–	–	–	3,380	250	3,630
Total other comprehensive income (loss)	–	–	(2,950)	–	(26)	3,380	–	–	–	404	(162)	242
Total comprehensive income (loss) for the period	–	–	(2,950)	–	(26)	3,380	–	–	(50,581)	(50,177)	1,671	(48,506)
Transactions with owners of the Company recognized directly in equity												
Contributions by and distributions to owners of the Company												
Payment of dividends	–	–	–	–	–	–	–	–	(2,542)	(2,542)	(2,284)	(4,826)
At 31 January 2024	19,449	208,339	(107,970)	29,354	46,025	4,770	–	(286)	66,417	266,098	66,328	332,426

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 2024 and 2023

	<----- Attributable to owners of the Company ----->											
	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	Total equity US\$'000
Fiscal Year 2024												
At 1 May 2023	29,449	298,339	(95,322)	14,278	43,752	(4,963)	–	(286)	140,320	425,567	69,138	494,705
Total comprehensive income (loss)												
Profit for the period (Note 23)	–	–	–	–	–	–	–	–	28,850	28,850	8,222	37,072
Other comprehensive income												
Currency translation differences	–	–	(6,840)	–	–	–	–	–	–	(6,840)	(1,029)	(7,869)
Remeasurement of retirement plans	–	–	–	–	179	–	–	–	–	179	27	206
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	(1,587)	–	–	–	(1,587)	(130)	(1,717)
Total other comprehensive income (loss)	–	–	(6,840)	–	179	(1,587)	–	–	–	(8,248)	(1,132)	(9,380)
Total comprehensive income (loss) for the period	–	–	(6,840)	–	179	(1,587)	–	–	28,850	20,602	7,090	27,692
Transactions with owners of the Company recognized directly in equity												
Contributions by and distributions to owners of the Company												
Payment of dividends	–	–	–	–	–	–	–	–	(37,729)	(37,729)	(9,169)	(46,898)
"Total contributions by and distributions to owners"	–	–	–	–	–	–	–	–	(37,729)	(37,729)	(9,169)	(46,898)
At 31 January 2024	29,449	298,339	(102,162)	14,278	43,931	(6,550)	–	(286)	131,441	408,440	67,059	475,499

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	
		2024	2023
		US\$'000	US\$'000
Cash flows from operating activities			
Profit (loss) for the period		(48,748)	37,072
Adjustments for:			
Depreciation of property, plant and equipment	26	117,276	111,747
Amortization of right-of-use assets		22,844	24,536
Amortization of intangible assets	7, 26	5,304	5,180
Impairment loss on property, plant and equipment		-	5
Gain/(Loss) on disposal of property, plant and equipment		9	(32)
Share in net loss (profit) of joint ventures	4	905	383
Net loss (gain) on derivative financial instrument		(7,393)	(2,189)
Finance income*	33	(3,443)	(4,784)
Finance expense*	33	146,049	90,448
Redemption fee on Senior Secured Loans	33	-	44,530
Write-off of deferred financing costs	33	-	26,341
Tax expense – current	22	9,502	21,426
Tax expense – deferred	22	(10,934)	(4,539)
		<u>231,371</u>	<u>350,124</u>
Changes in:			
Other assets		2,599	(5,979)
Inventories		(193,701)	(457,788)
Biological assets		(4,658)	(4,018)
Trade and other receivables		(5,564)	(34,437)
Prepaid expenses and other current assets		9,064	1,360
Trade and other payables		77,447	91,373
Employee benefits		4,403	(3,167)
Operating cash flows		<u>132,089</u>	<u>(62,531)</u>
Taxes paid		(3,946)	(16,547)
Net cash flows used in operating activities		<u>128,143</u>	<u>(79,078)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(148,399)	(149,650)
Proceeds from disposal of property, plant and equipment		125	197
Interest received		5,779	2,240
Additional investment in new joint venture		(1,028)	(1,462)
Purchase of Kitchen Basics brand		-	(71,761)
Net cash flows used in investing activities		<u>(143,523)</u>	<u>(220,436)</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	
		2024	2023
		US\$'000	US\$'000
Cash flows from financing activities			
Proceeds from borrowings		3,677,621	1,882,199
Repayment of borrowings		(3,486,067)	(1,247,002)
Redemption of preference share		–	(100,000)
Interest paid		(138,084)	(107,642)
Payments of lease liabilities		(22,411)	(37,229)
Dividends paid		(4,826)	(46,898)
Redemption fee on Senior Secured Loans	33	–	(44,530)
Payment of debt related costs		(3,552)	(16,871)
Net cash flows provided by (used in) financing activities		22,681	282,027
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of period		7,301	(17,487)
Effect of exchange rate changes on balances held in foreign currency		19,836	21,853
Cash and cash equivalents at end of period	14	(3,000)	9,537
		24,137	13,903

Selected Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

1. Domicile and activities

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

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

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

The immediate holding company is NutriAsia Pacific Limited (“NAPL”), and the indirect shareholders of which are NutriAsia Inc. (“NAI”) and Well Grounded Limited (“WGL”), which at 31 January 2024 and 30 April 2023, each held 57.8% and 42.2% interests in NAPL, respectively, through their intermediary company, NutriAsia Holdings Limited. NAPL, NAI and WGL were incorporated in the British Virgin Islands. The ultimate holding company is HSBC International Trustee Limited.

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

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

The consolidated financial statements of the Group as at and for the periods ended 31 January 2024 and 2023 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 2024 and for the nine months ended 31 January 2024 and 2023 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 2023 annual audited consolidated financial statements, comprising the consolidated statements of financial position as at 30 April 2023 and 2022 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 2023, 2022, and 2021.

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 2023.

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

2.5 Going concern

The Group had negative working capital as of 31 January 2024 amounting to US\$224.0 million (30 April 2023: US\$205.3). The negative working capital is attributable to the seasonal increase in inventories ready for the peak season.

Management believes that the Company will be able to pay or refinance its liabilities as and when they fall due. Accordingly, the use of going concern assumption is appropriate taking into account the following:

- The Group focuses on improving cash flows by reducing working capital, particularly inventory.
- The Group is implementing various strategies, such as optimizing packaging materials, implementing power and fuel initiatives, making investments to enhance efficiency, productivity, and wastage minimization, and introducing product bundling initiatives in distribution centers. By actively pursuing these measures, the Group aims to streamline operations, reduce costs, and ensure sustainable growth.
- The Group continues to find new sources of funding to provide flexibility in managing capital structure for the Group
- Despite a lower profit for the period, the Group’s cash inflow from operations in the first nine months was US\$128.1 million, better versus last year’s outflow of US\$79.1 million mainly driven by lower additions to inventory. Lowering inventory and working capital is a key priority in FY2024 and FY2025.
- The Group has sufficient credit lines available for drawdown and, as such, management believes that the Group will have sufficient working capital to enable the Group to meet its objectives and future financial obligations:

- The Company had continued to receive dividend payments from its subsidiaries and expects the same in the next 12 months.

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 2023 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2023, which did not have any significant impact on the Group's financial position or performance, unless otherwise indicated:

Effective beginning on or after 1 May 2023

- Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies*. The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
 - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
 - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Early application is permitted as long as this fact is disclosed. The amendments do not have a material impact on the Group.

- Amendments to IAS 8, *Definition of Accounting Estimates*. The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023 with earlier adoption permitted. The amendments do not have a material impact on the Group.

- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the

financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after 1 January 2023.

- **IFRS 17, *Insurance Contracts***

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

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- a) A specific adaptation for contracts with direct participation features (the variable fee approach)
- b) A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

4. Operating segments

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

Geographical segments

Americas

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

Asia Pacific

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

Europe

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

Product segments

Meals and Meal Enhancers

The meals and meal enhancers segment includes sales and profit of packaged pineapples which are mainly used to enhance the flavor of different dishes, packaged vegetables, tomato-based products such as ketchup, tomato sauce, pasta sauce, recipe sauce, pizza sauce, pasta, broth and stock, and condiments under five brands, namely Del Monte, S&W, College Inn, Contadina and Kitchen Basics. Key products under this segment are packaged beans, packaged corn, broth and stock sold in the United States as well as canned pineapple and tomato-based products sold in the United States and Asia Pacific.

Snacking and Desserts

The snacking and desserts segment includes sales and profit of packaged fruits, including frozen, under the Del Monte, S&W, Joyba and Today's brands. This also includes the product innovations in the Philippines in the biscuits category and the Joyba beverages in the United States.

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.

Premium Fresh fruit

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,

Others

Includes all sales and profit of non-branded products, excluding fresh pineapples. This includes buyer's labels, that are packaged in different formats such as can, plastic cup, pouch and aseptic bag. This also includes sales 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.

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	
	2024	2023	2024	2023	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue								
Meals and Meal								
Enhancers	235,801	244,082	58,255	59,309	598	2,522	294,654	305,913
Snacking and Desserts	120,499	125,498	29,257	26,571	87	144	149,843	152,213
Premium Fresh Fruit	-	-	35,141	30,029	-	-	35,141	30,029
Beverages	2,077	2,771	34,700	38,072	282	671	37,059	41,514
Others	111,451	126,161	11,704	13,957	6,810	11,450	129,965	151,568
Total	469,828	498,512	169,057	167,938	7,777	14,787	646,662	681,237
Operating Income								
Unallocated G&A							(8,117)	(7,777)
Other Income (Expense)							(908)	(1,427)
Operating Income - Group Level	3,878	34,688	29,420	28,824	(1,465)	2,934	22,808	57,242
Other information								
Capital expenditure	12,696	9,666	40,530	49,648	-	-	53,226	59,314
Revenue								
Meals and Meal								
Enhancers	658,229	637,454	168,768	162,801	2,165	8,263	829,162	808,518
Snacking and Desserts	350,734	344,443	66,826	72,209	147	288	417,707	416,940
Premium Fresh Fruit	-	-	107,171	108,752	-	-	107,171	108,752
Beverages	6,094	5,934	98,720	105,753	1,130	1,710	105,944	113,397
Others	312,612	321,472	35,370	41,464	22,510	26,204	370,492	389,140
Total	1,327,669	1,309,303	476,855	490,979	25,952	36,465	1,830,476	1,836,747
Operating Income								
Unallocated G&A							(20,458)	(23,793)
Other Income (Expense)							(2,624)	334
Operating Income - Group Level	40,651	136,010	76,999	91,650	(405)	2,335	93,331	210,877
Other information								
Capital expenditure	34,837	23,068	113,562	126,582	-	-	148,399	149,650

Major customer

Revenues from a major customer of the Americas segment for the three months and nine months ended 31 January 2024 amounted to US\$174.7 million (31 January 2023: US\$169.5 million) and US\$521.0 million (31 January 2023: US\$448.5 million) representing 37.2% (31 January 2023: 34.0%) and 39.2% (31 January 2023: 34.3%) 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 2024 and 30 April 2023. Fruit plants are located in California and Washington in the United States and in the Philippines. Most of its vegetable plants are located in the U.S. Midwest and its tomato plant are located in California.

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

6. Property, plant and equipment

Group Cost/Valuation	<----- At cost ----->				At appraised value	
	Buildings, land improvements and leasehold improvements US\$'000	Machineries and equipment US\$'000	Construction-in-progress US\$'000	Bearer Plants US\$'000	Freehold land US\$'000	Total US\$'000
At 1 May 2023	240,665	623,245	92,749	371,560	82,999	1,411,218
Additions	1,341	3,281	46,359	101,949	–	152,930
Disposals	–	(1,431)	–	–	–	(1,430)
Write off - closed fields	–	–	–	(76,618)	–	(76,618)
Reclassifications from CIP	5,042	69,397	(74,439)	–	–	–
Currency realignment	(1,306)	(3,682)	(514)	(4,169)	(345)	(10,016)
At 31 January 2024	245,742	690,810	64,155	392,722	82,654	1,476,083
At 1 May 2022	229,900	602,399	57,384	382,782	61,878	1,334,343
Additions	9,808	6,843	72,688	147,028	–	236,367
Disposals	(80)	(3,527)	–	–	–	(3,607)
Write off - closed fields	–	–	–	(136,468)	–	(136,468)
Reclassifications from CIP	5,235	30,710	(35,945)	–	–	–
Revaluation	–	–	–	–	22,121	22,121
Currency realignment	(4,198)	(13,180)	(1,378)	(21,782)	(1,000)	(41,538)
At 30 April 2023	240,665	623,245	92,749	371,560	82,999	1,411,218
Accumulated depreciation and impairment losses						
At 1 May 2023	125,580	446,159	–	171,952	8,536	752,227
Charge for the period	8,065	27,966	–	85,017	–	121,048
Write off - closed fields	–	–	–	(76,618)	–	(76,618)
Disposals	–	(1,357)	–	–	–	(1,357)
Currency realignment	(654)	(2,956)	26	(1,446)	–	(5,030)
At 31 January 2024	132,991	469,812	26	178,905	8,536	790,270
At 1 May 2022	117,622	424,819	–	205,719	8,536	756,696
Charge for the year	10,090	34,152	–	113,571	–	157,813
Write off - closed fields	–	–	–	(136,468)	–	(136,468)
Disposals	(37)	(2,621)	–	–	–	(2,658)
Currency realignment	(2,095)	(10,191)	–	(10,870)	–	(23,156)
At 30 April 2023	125,580	446,159	–	171,952	8,536	752,227
Carrying amounts						
At 31 January 2024	112,751	220,998	64,129	213,817	74,118	685,813
At 30 April 2023	115,085	177,086	92,749	199,608	74,463	658,991

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

The Group has property, plant and equipment acquisitions of US\$4.0 million as at 31 January 2024 (30 April 2023: US\$3.9 million) presented under “Accrued operating expenses” in “Trade and other current liabilities”. Down payments made by the Group for the acquisition of property, plant and equipment amounted to US\$1.4 million as at 31 January 2024 (30 April 2023: US\$3.5 million) recorded under “Advances to suppliers” in “Other noncurrent assets”. The cost of fields closed and written off amounted to US\$76.6 million for the nine months ended 31 January 2024 (30 April 2023: US\$136.5 million).

7. Intangible assets and goodwill

	Goodwill	Indefinite life	Amortizable	Customer	Total
	US\$'000	trademarks	trademarks	relationship	US\$'000
Cost		US\$'000	US\$'000	and others	
			US\$'000	US\$'000	US\$'000
At 1 May 2023					
31 January 2024	203,432	472,363	24,180	115,441	815,416
At 1 May 2022/ 30 April 2023	203,432	472,363	24,180	115,441	815,416
Accumulated amortization					
At 1 May 2023	–	–	12,119	49,456	61,575
Amortization	–	–	975	4,329	5,304
At 31 January 2024	–	–	13,094	53,785	66,879
At 1 May 2022	–	–	10,819	43,789	54,608
Amortization	–	–	1,300	5,667	6,967
At 30 April 2023	–	–	12,119	49,456	61,575
Carrying amounts					
At 31 January 2024	203,432	472,363	11,086	61,656	748,537
At 30 April 2023	203,432	472,363	12,061	65,985	753,841

Amortization expense amounted to US\$5.3 million for the nine months ended 31 January 2024 (31 January 2023: US\$5.2 million)

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 “Kitchen Basic” trademark in the United States and Canada was estimated to have an indefinite useful life and was valued at US\$53.7 million.

On 3 August 2022, the Group has acquired certain assets associated with the Kitchen Basics brand of ready-to-use stock and broth from McCormick & Company for a consideration of US\$100.4 million (including transaction costs totalling US\$1.4 million). Kitchen Basics products are distributed nationally in the United States and include a range of conventional and organic stock and broth offerings.

The acquisition is consistent with DMFI's overall growth strategy, as it focuses on innovation, renovation and customization of its iconic brand portfolio. Kitchen Basics will join Del Monte's brand portfolio as the Company expands its retail presence in the category. The assets acquired comprise of intangible assets amounting to US\$72.8 million and inventories of US\$27.6 million. The purchase price (including transaction costs) is allocated based on the fair value of the assets acquired as determined by the third-party valuer.

The acquisition was treated as an asset acquisition since the acquisition did not come with any physical workforce, research and development, and management.

The Philippines trademarks

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

Indian sub-continent trademark

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

Asia S&W trademark

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

Impairment test

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

Amortizable trademarks and customer relationships

	Net Carrying amount		Remaining amortization period (years)	
	31 January	30 April	31 January	30 April
	2024	2023	2024	2023
	US\$'000	US\$'000		
America S&W trademark	13	163	0.3	1.1
America Contadina trademark	11,073	11,897	10.3	11.1
	11,086	12,060		

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 and others

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

	Net carrying amount		Remaining amortization period (years)	
	31 January	30 April	31 January	30 April
	2024	2023	2024	2023
	US\$'000	US\$'000		
Customer relationships – CP	53,850	57,862	10.0	10.8
Customer relationships – Kitchen Basics	7,808	8,194	18.7	19.5
	61,658	65,986		

Source of estimation uncertainty

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

8. Investments in joint ventures

Name of joint venture	Principal activities	Place of Incorporation and Business	Effective Equity Held by the Group	
			As at 31 Jan 2024 %	As at 30 Apr 2023 %
Del Monte Foods Private Limited (DMFPL) (formerly FieldFresh Foods Private Limited (FFPL)) *	Production and sale of fresh and processed fruits and vegetable food products	India	47.76	47.76
Nice Fruit Hong Kong Limited (NFHKL)	Production and sale of frozen fruits and vegetable food products	Hong Kong	35.00	35.00
Del Monte - Vinamilk Dairy Philippines, Inc. (DVDPI)	Distribution of milk and dairy products	Philippines	43.50	43.50

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

	31 January 2024 US\$'000	30 April 2023 US\$'000
Assets		
Current assets	19,662	21,851
Noncurrent assets	12,509	10,701
Total assets	<u>32,171</u>	<u>32,552</u>
Liabilities		
Current liabilities	(10,041)	(11,881)
Noncurrent liabilities	(21,556)	(20,193)
Total liabilities	<u>(31,597)</u>	<u>(32,074)</u>
Net assets (liabilities)	<u>574</u>	<u>478</u>
	31 January 2024 US\$'000	30 April 2023 US\$'000
Results		
Revenue	35,665	66,084
Profit (loss) from continuing operations	(193)	203
Other comprehensive income	—	—
Total comprehensive profit (loss)	<u>(193)</u>	<u>203</u>

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	31 January 2024 US\$'000	30 April 2023 US\$'000
Carrying amount of interest in FFPL at beginning of the period	17,537	14,336
Capital injection during the year	–	3,100
Group's share of:		
- Profit (loss) from continuing operations	(96)	101
- Other comprehensive income	–	–
Total comprehensive profit (loss)	(96)	101
Carrying amount of interest at end of the period/year	17,841	17,537

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

	31 January 2024 US\$'000	30 April 2023 US\$'000
Carrying amount of interest in NFHKL at beginning of the period/year	2,624	2,836
Additional advances during the year	–	185
Group's share of:		
- Loss from continuing operations	(274)	(397)
- Other comprehensive income	–	–
Total comprehensive loss	(274)	(397)
Carrying amount of interest at end of the period/year	2,350	2,624

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

	31 January 2024 US\$'000	30 April 2023 US\$'000
Carrying amount of interest in DVDPI at beginning of the period/year	–	–
Investment during the year	1,030	–
Group's share of:		
- Loss from continuing operations	(535)	–
Total comprehensive loss	(535)	–
Carrying amount of interest at end of the period/year	495	–

Share in losses exceeding the carrying amount of investment are not recognized. Unrecognized accumulated share in losses of DVDPI amounted to US\$0.6 million as at 31 January 2024 (30 April 2023: US\$0.6 million).

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

	31 January	30 April
	2024	2023
	US\$'000	US\$'000
Group's interest in joint ventures		
FFPL	17,441	17,537
NFHKL	2,350	2,624
Del Monte - Vinamilk Dairy Philippines, Inc.	495	–
Carrying amount of investment in joint ventures	20,286	20,161

Determination of Joint Control and the Type of Joint Arrangement

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

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

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

The Group determined that the arrangements in DMFPL, NFHKL and DVDPI are joint ventures as these were structured in separate legal vehicles that have rights to the net assets of the arrangements. The terms of the contractual arrangements do not specify that the parties have rights to the assets and obligations for the liabilities relating to the arrangements.

Source of Estimation Uncertainty

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

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

9. Other noncurrent assets

	31 January	30 April
	2024	2023
	US\$'000	US\$'000
Advance rentals and deposits	22,760	19,557
Derivative assets	4,977	6,189
Excess insurance	4,939	4,201
Receivable from sale and leaseback	2,529	2,571
Advances to suppliers	1,376	2,898
Investment in unquoted equity shares	10,516	5,023
Note receivables and others	956	1,811
	48,053	42,250

Advance rentals and deposits consist of rent payments related to lease contracts which will commence beyond one year from the reporting period, as well as security deposits made for lease contracts entered by the Group.

Investment in unquoted equity shares represent total financial assets carried at fair value through other comprehensive income. The unquoted investments relate to equity shares of an entity incorporated in Switzerland.

Excess insurance relates mainly to reimbursements from insurers to cover certain workers' compensation claims liabilities.

Advances to suppliers represents advance payments made on capital projects

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".

10. Biological assets

	31 January	30 April
	2024	2023
	US\$'000	US\$'000
Livestock		
At beginning of the period/year	3,007	2,735
Purchases of livestock	887	1,247
Sales of livestock	(528)	(810)
Currency realignment	(55)	(165)
At end of the period/year	3,311	3,007

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	31 January 2024 US\$'000	30 April 2023 US\$'000
Agricultural produce		
At beginning of the period/year	12,227	13,768
Additions	7,064	14,519
Harvested	(7,600)	(11,098)
Currency realignment	2,947	(4,962)
At end of the period/year	14,638	12,227
Fair value gain on produce prior to harvest	33,799	32,625
At end of the period/year	48,437	44,852
	31 January 2024 US\$'000	30 April 2023 US\$'000
Current	48,437	44,852
Noncurrent	3,311	3,007
Totals	51,748	47,859

11. Inventories

	31 January 2024 US\$'000	30 April 2023 US\$'000
Finished goods		
- at cost	704,928	698,664
- at net realizable value	24,663	37,482
Semi-finished goods		
- at cost	398,695	173,557
- at net realizable value	10,772	12,372
Raw materials and packaging supplies		
- at cost	72,117	78,683
- at net realizable value	62,963	76,014
	1,274,138	1,076,772

Total cost of inventories carried at net realizable value amounted to US\$119.2 million as at 31 January 2024 (30 April 2023: U\$138.6 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 2024 US\$'000	30 April 2023 US\$'000
At beginning of the period/year		12,737	6,464
Allowance for the period/year	26	10,115	9,542
Write-off against allowance		(1,415)	(2,585)
Currency realignment		(596)	(684)
At end of the period/year		<u>20,841</u>	<u>12,737</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 2024 US\$'000	30 April 2023 US\$'000
Trade receivables	188,557	195,335
Nontrade receivables	52,264	45,346
Allowance for expected credit loss – trade	(5,292)	(5,328)
Allowance for expected credit loss – nontrade	(4,322)	(4,317)
Trade and other receivables	231,207	231,036

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

31 January 2024					
Days past due					
	Current	0-60 days	61-120 days	Over 120 days	Total
	US'000s	US'000s	US'000s	US'000s	US'000s
Trade receivables	133,589	29,915	4,593	20,460	188,557
Expected credit loss rate	0.00%	0.00%	0.00%	25.87%	–
Expected credit loss	–	–	–	5,292	5,292

30 April 2023					
Days past due					
	Current	0-60 days	61-120 days	Over 120 days	Total
	US'000s	US'000s	US'000s	US'000s	US'000s
Trade receivables	119,651	35,579	8,279	31,826	195,335
Expected credit loss rate	0.00%	0.00%	0.00%	16.74%	–
Expected credit loss	–	–	–	5,328	5,328

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 2024 US\$'000	30 April 2023 US\$'000
Prepaid expenses	45,706	48,986
Down payment to contractors and suppliers	6,940	7,372
Derivative asset	3,262	2,678
Short-term placements	–	18
Others	861	613
	<u>56,769</u>	<u>59,667</u>

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

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

Short-term placements in April 2023 have maturities of 4-6 months and earn interest at 0.75%-0.875% per annum.

Derivative

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

As at 31 January 2024 and 30 April 2023, the Group designated each of its derivative contracts, as a hedge of a highly probable forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge").

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

		31 January 2024	30 April 2023
	Note	US\$'000	US\$'000
Commodity contracts		(113)	(3,928)
Foreign currency forward contracts		1,425	1,061
Interest rate cap		4,954	6,189
Interest rate swap		1,300	(1,105)
Total		<u>7,566</u>	<u>2,217</u>
Included in:			
Other noncurrent assets		4,977	6,189
Prepaid expenses and other current assets		3,262	2,678
Trade and other current liabilities	20	(673)	(3,553)
Other noncurrent liabilities	17	–	(3,097)
		<u>7,566</u>	<u>2,217</u>

The notional amounts of the Group's commodity contracts were as follows as of 31 January 2024 and 30 April 2023:

	31 January 2024	30 April 2023
	US\$'000	US\$'000
Natural gas – Metric Million British Thermal Unit (MMBTU)	704	1,039
Diesel (gallons)	5,450	5,786
Gas (oil barrels)	96	47

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 2024	30 April 2023
	US\$'000	US\$'000
Mexican pesos	656,612	–
United States dollar	159,000	154,000

Amounts Relating to Hedging Instruments (cont'd)

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

	31 January 2024		During the first nine months of fiscal 2024				
	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 swap	250,000	1,300		Prepaid and Other Current Assets	–		Net finance expense
Interest rate cap	575,000	4,954		Other noncurrent assets	(7,734)	–	Net finance expense
Commodity price risk							
Commodity contracts							
Natural gas (MMBTU)	704	–	(673)	Derivative liabilities Current Liabilities	2,969	1,698	Cost of Sales
Diesel (gallons)	5,450	486	–	Prepaid and Other Other noncurrent assets	1,424	(614)	Cost of Sales
Gasoline (barrels)	96	51		Prepaid and Other Current Assets	107	–	Cost of Sales
Foreign exchange risk							
Foreign currency Forwards (Php)	234,000	915	–	Prepaid and Other Current Assets	451	–	Revenue Cost of Sales
Foreign currency Forwards (Mxn)	656,612	510	–	Derivative liabilities Current Liabilities	629	190	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 2024	30 April 2023
	US\$'000	US\$'000
Balance at beginning of year	1,426	(5,395)
Changes in fair value:		
- Commodity risk	4,013	(5,264)
- Interest rate risk	(7,734)	12,437
- Foreign exchange risk	1,080	(3,449)
Amount reclassified to profit or loss		
- Commodity risk	-	1,264
- Interest rate risk	8,754	-
- Foreign exchange risk	-	4,107
Amount included in cost of non-financial items		
- Commodity price risk	(1,084)	-
- Foreign exchange risk	(190)	-
Tax movements on reserves during the year	(1,210)	(2,274)
Balance at end of year	<u>5,055</u>	<u>1,426</u>

14. Cash and cash equivalents

	31 January 2024	30 April 2023
	US\$'000	US\$'000
Cash on hand	102	84
Cash in banks	20,787	19,392
Cash equivalents	3,248	360
Cash and cash equivalents	<u>24,137</u>	<u>19,836</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 31 January 2024 (30 April 2023: 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 3.77% to 6.00% per annum in fiscal year 2024 (30 April 2023: 0.75% to 4.90% per annum).

15. Reserves

	31 January 2024 US\$'000	30 April 2023 US\$'000
Translation reserve	(107,970)	(105,020)
Remeasurement of retirement plan	46,025	46,051
Revaluation reserve	29,354	29,354
Hedging reserve	4,770	1,390
Reserve for own shares	(286)	(286)
	<u>(28,107)</u>	<u>(28,511)</u>

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

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

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

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

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. As at 31 January 2023 and 30 April 2023, the Group held 975,802 of the Company's shares.

16. Loans and borrowings

	31 January 2024 US\$'000	30 April 2023 US\$'000
Current liabilities		
Unsecured bank loans	615,233	633,116
Secured bank loans	792,472	645,760
	<u>1,407,705</u>	<u>1,278,876</u>
Non-current liabilities		
Unsecured bank loans	252,805	212,652
Secured bank loans	796,011	781,825
	<u>1,048,816</u>	<u>994,477</u>
	<u>2,456,521</u>	<u>2,273,353</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 Jan 2024		30 April 2023	
				Face value US\$'000	Carrying amount US\$'000	Face value US\$'000	Carrying amount US\$'000
Group							
Secured bank loans	PHP	4.125%	2025	20,684	20,653	27,028	26,942
Unsecured bank loans	PHP	6.40%-7.42%	2024- 2028	289,879	288,684	170,729	170,660
Unsecured 3Y bonds	PHP	3.4840%	2023	–	–	105,097	104,799
Unsecured 5Y bonds	PHP	3.7563%	2025	11,451	11,382	11,638	11,541
Unsecured bank loans	USD	5.70%-8.58%	2024- 2025	478,716	478,624	470,769	470,766
Secured bank loans	USD	8.29%-8.83%	2024- 2025	166,750	166,637	172,750	172,533
Secured bridging loan	USD	8.29%	2025	50,000	49,917	60,000	59,998
Unsecured bonds	USD	3.75%	2024	90,000	89,348	90,000	88,760
Term Loans	USD	9.71%	2029	718,060	704,127	723,500	708,531
Secured bank loan under ABL Credit Agreement	USD	Base B- 10.00% 350MM - 7.92% 100MM - 7.99% 200MM - 7.99% 150MM - 7.91%	2025	654,610	647,149	465,000	458,824
				2,480,150	2,456,521	2,296,511	2,273,354

The balance of unamortized debt issuance cost follows:

	Nine months ended 31 January 2024 US\$'000	Year ended 30 April 2023 US\$'000
At beginning of the period/year	23,156	35,359
Additions	4,700	20,295
Amortization	(4,227)	(6,157)
Write-off	–	(26,341)
At end of the period/year	23,629	23,156

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Long Term Borrowings

Long-term Borrowings	Original Principal (In '000)	Outstanding Balance as of 31 January 2024 (In '000)	Interest Rate % p.a.	Year of Maturity	Payment Terms (e.g., annually, quarterly, etc.)	Interest paid 1 May 2023 to 31 January 2024 (In '000)
Term Loans	USD 725,000	USD 718,060	9.67024%	2029	Monthly interest payments and quarterly installment payments of US\$1.5 million beginning January 2023 and balance on maturity date.	USD 47,690
Unsecured Bonds 5Y	PHP 645,900	PHP 645,900	5Y 3.7563%	2025	Quarterly interest payments and principal on maturity date.	PHP 143,045
Secured Bridging Loan	USD 50,000	USD 50,000	8.2919%	2025	Monthly interest payment and principal 10% on February 2024, 10% on August 2024 and 80% on maturity date.	USD 1,056
Unsecured Loan	USD 75,000	USD 65,795	7.0816%	2024	Quarterly interest payment and principal 15% on 11 equal quarterly installments starting January 2022 and 85% on maturity date.	USD 3,639
Secured Loan	USD 45,000	USD 42,750	8.8293%	2025	Quarterly interest payment and principal 5% on April 2023, 5% on April 2024 and 90% on maturity date.	USD 2,864
Unsecured Loan	USD 30,000	USD 25,500	8.5800%	2025	Quarterly interest payment and principal 20% on four equal semi-annual installments starting October 2022 and 80% on maturity date.	USD 1,712
Secured Loan	USD 100,000	USD 100,000	8.6280%	2024	Monthly interest payments and principal on maturity date.	USD 6,498
Unsecured Loan	PHP 1,500,000	PHP 1,500,000	7.421%	2025	Quarterly interest payment; and principal on eight quarterly installments starting February 2024	PHP 74,623
Secured Loan	PHP 1,500,000	PHP 1,166,667	4.125%	2025	Quarterly interest payment; and principal on nine quarterly installments starting August 2023	PHP 46,922
Unsecured Loan	USD 57,300	USD 14,325	7.0816%	2024	Quarterly interest payment and principal 5%, 10% and 85% in fiscal year 2022, 2023 and 2024, respectively.	USD 2,080
Unsecured Bonds	USD 90,000	USD 90,000	3.75%	2024	Semi-annual interest payments and principal on maturity date.	USD 3,375

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Unsecured Loan	PHP 5,800,000	PHP 5,800,000	7.2500%	2028	Quarterly interest payment; and principal on thirteen quarterly installments starting October 2025	PHP 110,881
Unsecured Loan	PHP 3,000,000	PHP 3,000,000	7.2500%	2028	Quarterly interest payment; and principal on twelve quarterly installments starting January 2026	PHP 55,583
Unsecured Loan	USD 30,000	USD 30,000	6.5800%	2026	Quarterly interest payment; and principal on eight quarterly installments starting February 2025	nil
Unsecured Loan	USD 20,000	USD 20,000	6.5800%	2026	Quarterly interest payment; and principal on eight quarterly installments starting February 2025	nil

DMPI

On 31 October 2023, DMPI obtained a long-term loan facility with BDO amounting to US\$102.8 million (Php5.8 billion) payable over thirteen equal quarterly installments with the first repayment date due in October 2025 and last repayment date due in October 2028 at a variable interest rate (January 2024: 7.25% per annum) to finance payment of the three-year Php5.8 billion bonds.

On 31 October 2023, DMPI obtained a long-term loan facility with DBP amounting to US\$53.2 million (Php3.0 billion) payable over twelve equal quarterly installments with the first repayment date due in January 2026 and last repayment date due in October 2028 at a variable interest rate (January 2024: 7.25% per annum) for general corporate requirements and to refinance existing debts.

On 16 November 2023 and 9 January 2024, DMPL obtained additional long-term loans with DBP amounting to US\$20.0 million and US\$30.0 million, respectively, payable over twelve equal quarterly installments with the first repayment date due in February 2025 and last repayment date due in November 2026 at a variable interest rate (January: 6.58% per annum) for general corporate requirements and to refinance existing debts.

DMFI Term Loan B

DMFI is a party to a Term Loan B agreement with the lenders party thereto, Goldman Sachs Bank USA as administrative agent and as collateral agent, that provided for a total term loan of US\$725.0 million with a term of seven years. The initial term loan amounting to US\$600.0 million was obtained on 16 May 2022 and additional term loan amounting to US\$125.0 million was obtain on 7 February 2023. The term loan will mature on 16 May 2029.

The term loans bear an interest equal to the adjusted term SOFR plus a spread adjustment of 0.10% and margin of 4.25%. As of 31 January 2024, the interest rate for the Term Loan is 9.71% per annum. Interest is initially payable monthly and can be paid quarterly at DMFI's option.

ABL Credit Agreement

Prior to fiscal year 2021, DMFI was a party to a credit agreement (the "ABL Credit Agreement") with Citibank, N.A., as administrative agent, and the other lenders and agents parties thereto, as amended, which provided for senior secured financing of up to US\$442.6

million (with all related loan documents, and as amended from time to time, the ABL Facility) with a term of five years until 18 February 2019, prior to an amendment in 2018

On 15 May 2020, DMFI 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 US\$450.0 million, subject to availability under the borrowing base, with a term of three years until 15 May 2023. On 15 May 2020, US\$100.2 million was drawn under this facility. Loans under the ABL Credit Agreement interest based on either the Eurodollar rate or the alternative base rate, plus an applicable margin. Additionally, the Group fully amortized the remaining deferred financing fees related to the previous credit agreement of \$1.0 million for the year ended 30 April 2020.

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 2024, there were US\$654.6 million (30 April 2023: US\$465.0 million) of loans outstanding and US\$23.5 million of letters of credit issued (30 April 2023: US\$24.3 million). The net availability to DMFHL Group under the ABL Credit Agreement was US\$71.9 million as at 31 January 2024 (30 April 2023: US\$135.7 million). The weighted average interest rate was approximately 8.10% on 31 January 2024 (30 April 2023: 7.32%). 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

The ABL Credit Agreement is generally secured by a first priority lien on DMFI’s inventories and accounts receivable and by a third priority lien on substantially all other assets excluding real estate.

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

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

Effect of Restrictive and Financial Covenants. The restrictive and financial covenants in the ABL Credit Agreement may adversely affect DMFI’s ability to finance its future operations or capital needs or engage in other business activities that may be in its interest, such as acquisitions.

The Group is compliant with the ABL Credit Agreement loan covenants as of 31 January 2024 and 30 April 2023.

Unsecured Bank Loans

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

17. Other noncurrent liabilities

	31 January 2024 US\$'000	30 April 2023 US\$'000
Workers' compensation	11,736	13,268
Payables to finance capital expenditures	19,541	-
Accrued vendors liabilities	638	461
Derivative liabilities	-	3,097
	<u>31,915</u>	<u>16,826</u>

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

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

18. Employee Benefits

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

The DMPI Multi Employer Retirement Plan

DMPI has both funded defined benefit and defined contribution retirement plans (collectively the "Plan") which cover all of its regular employees as well as of those under DMPL - ROHQ. 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 2023. 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 2024.

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 2024 and fiscal year 2024.

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 2024.

19. Environmental remediation liabilities

	31 January 2024	30 April 2023
Note	US\$'000	US\$'000
At beginning of the period/year	–	203
Provisions used during the period/year	–	(203)
At end of the period/year	<u>–</u>	<u>–</u>

Provision for environmental remediation relates to legal or constructive obligations incurred by the Group in connection with its operations and have all been settled in 2023.

20. Trade and other current liabilities

	31 January 2024	30 April 2023
Note	US\$'000	US\$'000
Trade payables	266,160	216,700
Accrued operating expenses:		
Interest	17,017	10,441
Freight and warehousing	16,703	8,902
Advertising	13,031	4,060
Trade promotions	8,485	8,410
Taxes and insurance	12,742	11,755
Professional fees	9,965	9,200
Utilities	3,297	3,236
Salaries, bonuses and other employee benefits	2,141	2,019
Tinplate and consigned stocks	2,261	2,204
Miscellaneous	16,709	11,250
Overdrafts	5,180	1,969
Accrued payroll expenses	4,439	5,980
Withheld from employees (taxes and social security cost)	3,319	2,473
Deferred revenue	1,642	2,366
Advances from customers	220	208
VAT payables	349	214
Derivative liabilities	673	3,553
	<u>384,333</u>	<u>304,940</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 2024 US\$'000	30 April 2023 US\$'000
Receivables, included in Trade and other receivables			
- Gross of ECL allowance	12	188,557	195,335
Contract liabilities	20	1,642	2,366

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	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Current tax expense				
- Current year	4,557	7,400	9,502	21,426
Deferred tax expense (credit)				
- Origination and reversal of temporary differences	(7,833)	1,316	(10,934)	(4,539)
	<u>(3,276)</u>	<u>8,716</u>	<u>(1,432)</u>	<u>16,887</u>

	Three months ended 31 January		Nine months ended 31 January	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Reconciliation of effective tax rate				
Profit (loss) before taxation	<u>(32,391)</u>	21,573	<u>(50,180)</u>	53,959
Taxation on profit at applicable tax rates	(5,627)	15,778	(8,425)	3,325
Final tax on dividend	-	1,237	2,376	2,376
Non-deductible expenses	1,129	1,774	3,185	2,511
Non-taxable income	(4)	(1)	(24)	(3)
Others	1,226	328	1,456	(38)
	<u>(3,276)</u>	<u>19,116</u>	<u>(1,432)</u>	<u>8,171</u>

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities	
	31 January	30 April	31 January	30 April
	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000
Provisions	9,730	6,532	–	–
Employee benefits	13,772	13,016	–	–
Property, plant and equipment - net	–	–	(19,683)	(19,751)
Intangible assets and goodwill	–	–	(138,577)	(103,711)
Effective portion of changes in fair value of cash flow hedges	–	–	(1,539)	(415)
Tax loss carry-forwards	169,674	142,007	–	–
Inventories	2,361	2,361	–	–
Biological assets	–	–	(1,598)	(1,629)
Interest	71,332	52,865	–	–
Undistributed profits from subsidiaries	–	–	(1,146)	(377)
Charitable contributions	2,139	2,139	–	–
Others	10,157	10,772	–	–
Deferred tax assets (liabilities)	279,165	229,692	(162,543)	(125,883)
Set off of tax	(150,819)	(114,253)	150,819	114,253
Deferred Taxes	128,346	115,439	(11,724)	(11,630)

	Nine months ended	
	31 January	
	2024	2023
	US\$'000	US\$'000
Applicable tax rates		
- Philippines (non-PEZA)	25.0%	25.0%
- Philippines (PEZA)*	5.0%	5.0%
- India	31.0%	31.2%
- Singapore	17.0%	17.0%
- United States of America	25.0%	25.0%
- Mexico	30.0%	30.0%

*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).

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 2024						
Cash and cash equivalents	14	24,137	–	–	24,137	24,137
Trade and other receivables*	12	237,736	–	–	237,736	237,736
Refundable deposits**	9	1,861	–	–	1,861	1,861
Derivative assets	13	–	8,239	–	8,239	8,239
		<u>259,734</u>	<u>8,239</u>	<u>–</u>	<u>267,973</u>	<u>267,973</u>
Loans and borrowings	15	–	–	2,456,521	2,456,521	2,547,790
Trade and other current liabilities***	17	–	–	378,130	378,130	378,130
Derivative liabilities	16, 17	–	673	–	673	673
		<u>–</u>	<u>673</u>	<u>2,834,651</u>	<u>2,835,324</u>	<u>2,926,593</u>

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

** included under advance rentals and deposits

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

	Note	Financial assets at amortized cost US\$'000	Financial assets at FVOCI US\$'000	Derivatives US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
30 April 2023							
Cash and cash equivalents	14	19,836	–	–	–	19,836	19,836
Trade and other receivables*	12	233,667	–	–	–	233,667	233,667
Short-term placements	13	18	–	–	–	18	18
Refundable deposits**	9	1,838	–	–	–	1,838	1,838
Investment in unquoted equity	9	–	5,023	–	–	5,023	5,023
Derivative assets	9,13	–	–	8,867	–	8,867	8,867
		<u>255,359</u>	<u>5,023</u>	<u>8,867</u>	<u>–</u>	<u>269,249</u>	<u>269,249</u>

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	Note	Financial assets at amortized cost US\$'000	Financial assets at FVOCI US\$'000	Derivatives US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
Loans and borrowings	15	–	–	–	2,273,353	2,273,353	2,356,065
Trade and other current liabilities***	17	–	–	–	296,126	296,126	296,126
Derivative liabilities	13, 20	–	–	6,650	–	6,650	6,650
		–	–	6,650	2,569,479	2,576,129	2,658,841

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

** included under advance rentals and deposits

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

25. Determination of fair values

Fair value hierarchy

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

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

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

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

	Note	31 January 2024			Totals
		Level 1	Level 2	Level 3	
Financial assets					
Derivative assets	13	–	8,239	–	8,239
Non-financial assets					
Fair value of agricultural produce harvested under inventories		–	–	1,697	1,697
Fair value of agricultural produce	10	–	–	48,437	48,437
Freehold land	6	–	–	74,118	74,118
Financial liabilities					
Derivative liabilities	13, 20	–	673	–	673
Lease liabilities		–	–	103,481	103,481
Loans and borrowings		–	1,872,861	647,929	2,547,790

	Note	30 April 2023			Totals
		Level 1	Level 2	Level 3	
Financial assets					
Derivative assets	9,13	–	8,867	–	8,867
Investment in unquoted equity	9	–	5,023	–	5,023
Non-financial assets					
Fair value of agricultural produce					
harvested under inventories		–	–	4,496	4,496
Fair value of growing produce	10	–	–	44,852	44,852
Freehold land	6	–	–	74,462	74,462
Financial liabilities					
Derivative liabilities	13, 20	–	3,097	–	3,097
Lease liabilities		–	–	100,096	100,096
Loans and borrowings		–	1,621,836	734,229	2,356,065

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
Interest rate swaps/caps	Market comparison technique: The fair values are calculated using a discounted cash flow analysis based on terms of the swap contracts and the observable interest rate curve. Fair values reflect the risk of the instrument and include adjustments to take into account the credit risk of the Group and counterparty when appropriate.
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.
Call option	The estimated fair value of the additional call option as at 31 January 2024 is based on the Black-Scholes model. The value of these derivative liabilities 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	The notional amounts of financial assets and liabilities with maturity

liabilities	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.
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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 consider 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\$109.1 to US\$122.5. The market value per acre ranges from US\$5,251 to US\$104,585.</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.
Harvested crops – sold as fresh fruit	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.	<p>The unobservable inputs are expected selling price and gross margin for harvested produce while key assumptions for the fair value of produce prior to harvest include expected selling prices, gross margin, estimated tonnage of harvests and future growing costs.</p> <p>The unobservable inputs are estimated pineapple selling price and gross margin per ton for fresh</p>

Assets	Valuation technique	Significant unobservable inputs
		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	
		2024	2023	2024	2023
		US\$'000	US\$'000	US\$'000	US\$'000
Provision for inventory obsolescence		1,726	4,444	10,115	6,858
Provision of allowance for ECL (trade and nontrade)		(2)	184	–	184
Amortization of intangible assets	7	1,768	1,780	5,304	5,180
Amortization of right-of-use assets	24	4,145	9,462	14,390	24,536
Depreciation of property, plant and equipment		38,037	37,033	117,276	111,747

27. General and administrative expenses

This account consists of the following:

	Three months ended		Nine months ended	
	31 January		31 January	
	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000
Personnel costs	18,131	17,354	46,849	57,429
Professional and contracted services	7,032	4,793	19,428	16,128
Computer costs	3,041	3,236	9,483	9,065
Facilities expense	2,331	2,211	6,794	6,315
Employee-related expenses	992	1,304	2,729	3,067
Travelling and business meals	457	442	1,601	1,552
Postage and telephone	163	189	643	764
Research and development projects	241	144	487	436
Utilities	199	249	661	633
Machinery and equipment maintenance	98	122	342	369
Materials and supplies	122	130	367	289
Auto operating and maintenance costs	78	70	234	269
Miscellaneous overhead	2,479	1,787	6,148	5,596
	35,364	32,031	95,766	101,912

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

28. Share capital

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	31 January 2024		30 April 2023	
	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

On 7 April 2022, the Company had redeemed all of the outstanding 20,000,000 Series A-1 Preference Shares and on 15 December 2022, all of the outstanding 10,000,000 Series A-2 Preference Shares.

The redeemed preferred shares shall be cancelled but shall remain part of the Company’s authorized capital and shall be available to be reissued by resolution of the board.

Dividends

On 20 June 2023, the Company declared dividends of US\$0.0013 per share to ordinary shareholders on record as at 11 July 2023. The dividend was paid on 25 July 2023.

No dividends were declared for the nine-month period ended 31 January 2024. The Group generally declares dividends based on year-end full year results. The last dividend declaration was in June 2023 based on FY2023 results and paid on 25 July 2023.

Capital management

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

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

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

29. Earnings per share

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

	Three months ended 31 January		Nine months ended 31 January	
	2024	2023	2024	2023
Earnings per share is based on:				
Profit (loss) attributable to owners of the Company (US\$'000)	(29,008)	9,849	(50,581)	28,850
Cumulative preference share dividends (US\$'000)	–	813	–	4,063
	<u>(29,008)</u>	<u>9,037</u>	<u>(50,581)</u>	<u>24,788</u>
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)	<u>1,943,960</u>	<u>1,943,960</u>	<u>1,943,960</u>	<u>1,943,960</u>
Basic/diluted earnings (loss) per share (in U.S. cents)	<u>(1.49)</u>	<u>0.46</u>	<u>(2.60)</u>	<u>1.28</u>

30. Leases

Group as a lessee

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

	Buildings, land improvements and leasehold improvements	Machineries and equipment		Total
	US\$'000	Land US\$'000	US\$'000	
Cost/Valuation				
At 1 May 2023	147,721	56,005	42,183	245,909
Additions	9,826	12,577	633	23,036
Disposals	(4,728)	(1,260)	(168)	(6,156)
Transfers/Adjustments	129	–	–	129
Currency realignment	(596)	(899)	–	(1,495)
At 31 January 2024	<u>152,352</u>	<u>66,423</u>	<u>42,648</u>	<u>261,423</u>
At 1 May 2022	137,477	57,076	40,918	235,471
Additions	12,354	3,052	1,265	16,671
Disposals	–	(871)	–	(871)
Transfers/Adjustments	(8)	–	–	(8)
Currency realignment	(2,102)	(3,252)	–	(5,354)
At 30 April 2023	<u>147,721</u>	<u>56,005</u>	<u>42,183</u>	<u>245,909</u>

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	Buildings, land improvements and leasehold improvements	Land	Machineries and equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Accumulated amortization				
At 1 May 2023	80,758	26,963	37,622	145,343
Amortization	16,246	6,752	1,240	24,238
Disposals	(4,728)	(1,260)	(168)	(6,156)
Currency realignment	–	–	–	–
At 31 January 2024	<u>(253)</u>	<u>(495)</u>	<u>–</u>	<u>(748)</u>
At 1 May 2022	59,933	20,312	31,687	111,932
Amortization	21,323	8,700	5,935	35,958
Disposals	–	(871)	–	(871)
Currency realignment	(498)	(1,178)	–	(1,676)
At 30 April 2023	<u>80,758</u>	<u>26,963</u>	<u>37,622</u>	<u>145,343</u>
Carrying amounts				
At 31 January 2024	<u>60,329</u>	<u>34,463</u>	<u>3,954</u>	<u>98,746</u>
At 30 April 2023	<u>66,963</u>	<u>29,042</u>	<u>4,561</u>	<u>100,566</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	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Amortization expense of right-of-use assets	7,972	9,462	22,844	24,536
Interest expense on lease liabilities	642	1,333	3,058	4,181
Expenses relating to short-term leases	4,009	3,769	10,625	10,083
Variable lease payments	94	227	279	258
Total amount recognized in consolidated statement of income	<u>12,717</u>	<u>14,791</u>	<u>36,806</u>	<u>39,058</u>

Amortization expense is net of amount capitalized to inventory amounting to US\$1.4 million and US\$3.1 million for the nine months ended 31 January 2024 and 2023, respectively.

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

	31 January 2024 US\$'000	30 April 2023 US\$'000
At the beginning of period/year	100,096	121,320
Additions	21,862	17,986
Accretion of interest	4,635	6,614
Payments of principal	(22,405)	(42,686)
Terminations	9	–
Currency realignment	(716)	(3,138)
At the end of period/year	103,481	100,096
Current	35,584	27,892
Non-current	67,897	72,204
	103,481	100,096

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\$794.3 million.

Contingencies

As at 31 January 2024, the Group is involved in various legal proceedings and regulatory assessments, and management believes that these proceedings will not have a material effect on the consolidated financial statements.

The Group, in consultation with its external and internal legal and tax counsels, believe that its position on these assessments are consistent with relevant laws and believe that these proceedings will not have a material adverse effect on the consolidated financial statements. However, it is possible that future results of operations could be materially affected by changes in the estimates or the effectiveness of management's strategies relating to these proceedings. As at 31 January 2024, management has assessed that the probable cash outflow to settle these assessments is not material.

32. Related parties

Related party transactions

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

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

Category/ Transaction	Period	Amount of the transaction US\$'000	Outstanding balance – receivables/ (payables) US\$'000	Terms	Conditions
Under Common Control					
Shared IT services/share in JYCC Fit Out Project	January 2024	88	254	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2023	98	60		
Sale of Tomato Paste	January 2024	–	–	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2023	–	–		
Sale of apple juice concentrate/materials	January 2024	81	21	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2023	15	8		
Inventory count shortage	January 2024	38	–	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2023	–	–		
Purchases	January 2024	293	(180)	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2023	119	(16)		
Security deposit and other charges	January 2024	–	–	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2023	25	–		
Other Related Party					
Management fees from DMPI Retirement fund	January 2024	3	(2)	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2023	4	2		
Rental to DMPI Retirement	January 2024	1,463	(705)	Due and demandable; non-interest bearing	Unsecured
	April 2023	1,851	(174)		
Rental to NAI Retirement	January 2024	434	(232)	Due and demandable; non-interest bearing	Unsecured
	April 2023	629	(57)		
Rental to DMPI Provident Fund	January 2024	–	–	Short-term; non-interest bearing	Unsecured; no impairment
	April 2023	6	–		
Cash Advances NAI	January 2024	2,000	2,000	Short-term; non-interest bearing	Unsecured; no impairment
	April 2023	–	–		
Cash Advances Aviemore Ltd.	January 2024	12,000	12,000		
	April 2023	–	–		
	January 2024	16,400	13,156		
	April 2023	2,747	(181)		

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 2024 and 30 April 2023, 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	
	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000
Finance income				
Foreign exchange gain	(2,078)	1,782	2,729	4,049
Interest income from:				
Bank deposits	29	28	130	53
Others	170	199	584	682
	<u>(1,879)</u>	<u>2,009</u>	<u>3,443</u>	<u>4,784</u>
Finance expense				
Interest expenses on:				
Bank loans	(59,420)	(34,515)	(148,292)	(82,154)
Redemption costs related to refinancing	–	–	–	(44,530)
Written off portion of debt discount/deferred financing fee	–	–	–	(26,341)
Amortization of debt issue cost, discount	(1,318)	(1,365)	(4,227)	(3,973)
Interest rate swap settlement	8,754	–	8,754	–
Leases	(768)	(1,333)	(2,261)	(4,181)
Foreign exchange loss	(7)	(128)	(23)	(140)
	<u>(52,759)</u>	<u>(37,341)</u>	<u>(146,049)</u>	<u>(161,319)</u>
Net finance expense	<u>(54,638)</u>	<u>(35,332)</u>	<u>(142,606)</u>	<u>(156,535)</u>

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

On 24 January 2020, the Company, Central American Resources, Inc (“CARI”), Del Monte Philippines, Inc. (“DMPI”) and SEA Diner, a company incorporated in Singapore, entered into a Share Purchase Agreement and Shareholders' Agreement pursuant to which and subsequent arrangements, CARI agreed to 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 were convertible to voting, convertible, participating and redeemable convertible preferred shares (“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 private placement transaction closed on 20 May 2020.

Terms of the RCPS

The terms of the RCPS are as follow:

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

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

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

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

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

Call Option Agreement

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

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

(A) commencing on:

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

(B) ending on the earliest of:

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

Source of estimation uncertainty

The fair value of the derivative liability related to the call option is measured using Black-Scholes 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. Management assessed that the fair value of the derivative liability is nil as at 31 January 2024 and 30 April 2023 as the estimated pre-money market capitalization is higher than the threshold in the Call Option Agreement

35. Subsequent Events

Further to the Company’s announcements on 19 and 20 February 2024, the Company’s indirect subsidiary, Jubilant Year Investments Limited will issue on 18 March 2024, US\$70 million Senior Perpetual Capital Securities to be guaranteed by Del Monte Philippines, Inc. (DMPI) and Philippine Packaging Management Service Corporation. As disclosed, the proceeds of such

issuance will be used to settle certain derivative rights of DMPI minority shareholder, SEA Diner Holdings (S) Pte Ltd and redeem less than half of its shareholdings in DMPI.

36. Other Matters

- a. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity.
- b. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- c. Other than those disclosed in other notes, there were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual consolidated statements of financial position date
- d. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.
- e. The effects of seasonality or cyclicalities 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 2024. 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.