# COVER SHEET

S.E.C. Registration Number

DEL MONTE PACIFIC LIMITED

(Company's Full Name)

c/o JY Campos Centre
9th Avenue corner 30th Street
Bonifacio Global City
Taguig City

(Business Address : No. Street Company / Town / Province)

**Antonio E.S. Ungson**
Contact Person

**+632 8856 2556**
Company Telephone Number

**SEC Form**

| Month | Day | FORM TYPE | Month | Day |
|---|---|---|---|---|
| | | 17-A | | |

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

| Total No. of Stockholders | Domestic | Foreign |
|---|---|---|
| | | |

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-A, AS AMENDED**

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

1. For the fiscal year ended **30 April 2022**

2. SEC Identification Number **N/A** 3. BIR Tax Identification No. **N/A**

4. Exact name of issuer as specified in its charter **Del Monte Pacific Limited**

5. **British Virgin Islands**
Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code:

7. **Craigmuir Chambers, PO Box 71 Road Town, Tortola, British Virgin Islands**
Address of principal office Postal Code

8. **+65 6324 6822**
Issuer's telephone number, including area code

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

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

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---|---|
| **Ordinary Shares** | **1,943,960,024** |
| **Preference Shares** | **10,000,000** |

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

Yes [✓] No [ ]

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

**Singapore Exchange Securities Trading Limited – Ordinary Shares**
**Philippine Stock Exchange – Ordinary Shares and Preference Shares**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [✓] No [ ]

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

Yes [✓] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

**The aggregate market value of the voting stock held by non-affiliates is US$145,170,928 as at June 30, 2022.**

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

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

**Not Applicable**

## DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

c) Any prospectus filed pursuant to SRC Rule 8.1-1 **None**

**SIGNATURES**

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

By:

| | |
|---|---|
| **Joselito D. Campos, Jr.**<br>Chief Executive Officer | **Parag Sachdeva**<br>Chief Financial Officer |
| **Luis F. Alejandro**<br>Chief Operating Officer | **Antonio E. S. Ungson**<br>Company Secretary |

**SUBSCRIBED AND SWORN** to before me this 6/30/22 affiant(s) exhibiting to me his/their Residence Certificates, as follows:

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

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Book No. 37
Series of 2022

JUANITO H. VINCULADO
NOTARY PUBLIC Until ~~Dec. 31, 2021~~ 6/30/22
PTR 11891764 J, Las Pinas, 1/2/30
IBP 090636, 8/15/19 for 2020, PPLM
Roll No. 41092/ MCLE VI-0019646 up to 4/14/22
Notarial Appt. No. M- ,1/17/20, Makati City
No. 7, Ipil Road, Forbes Park, Makati City
CP No. 0916-420-3253

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# Part I – BUSINESS AND GENERAL INFORMATION

## Item 1. Business

### ***Overview***

Del Monte Pacific Limited (the "**Company**" or "**DMPL**") 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.

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 in the Notes to Financial Statements (Annex A).

### ***Subsidiaries***

The details of the Company's subsidiaries are as follows:

| Name of subsidiary | Principal activities | Place of in-corporation and business | Effective equity held by the Group 30 April 2022 % | Effective equity held by the Group 30 April 2021 % |
|---|---|---|---|---|
| **Held by the Company** | | | | |
| Del Monte Pacific Resources Limited ("DMPRL") [6] | Investment holding | British Virgin Islands | 100.00 | 100.00 |
| DMPL India Pte Ltd ("DMPLI") [3] | Investment holding | Singapore | 100.00 | 100.00 |
| DMPL Management Services Pte Ltd [3] | Providing administrative support and liaison services to the Group | Singapore | 100.00 | 100.00 |
| GTL Limited [4] | Trading food products mainly under the brand names: "Del Monte" and buyer's own label | Federal Territory of Labuan, Malaysia | 100.00 | 100.00 |
| S&W Fine Foods International Limited ("S&W") [6] | Selling processed and fresh food products under the "S&W" trademark; Owner of the "S&W" trademark in Asia (excluding Australia and New Zealand), the Middle East, Western Europe, Eastern Europe and Africa | British Virgin Islands | 100.00 | 100.00 |

| Name of subsidiary | Principal activities | Place of in-corporation and business | Effective equity held by the Group 30 April 2022 % | 30 April 2021 % |
|---|---|---|---|---|
| **Held by the Company (cont'd)** | | | | |
| DMPL Foods Limited ("DMPLFL") [7] [9] | Investment holding | British Virgin Islands | 93.57 | 93.57 |
| **Held by DMPRL** | | | | |
| Central American Resources, Inc. ("CARI")[6] | Investment holding | Panama | 100.00 | 100.00 |
| Dewey Limited ("Dewey") [7] | Mainly investment holding | Bermuda | 100.00 | 100.00 |
| **Held by CARI** | | | | |
| Del Monte Philippines, Inc ("DMPI") [1] [2] | Growing, processing and distribution of food products mainly under the brand name "Del Monte" | Philippines | 87.00 | 87.00 |
| South Bukidnon Fresh Trading Inc ("SBFTI") [1] | Inactive | Philippines | 100.00 | 100.00 |
| **Held by DMPI** | | | | |
| Philippines Packing Management Services Corporation [1] | Intellectual property holding and licensing, management, logistics and support services | Philippines | 87.00 | 87.00 |
| Del Monte Txanton Distribution Inc ("DMTDI") [a] [1][2] | Inactive | Philippines | 34.80 | 34.80 |
| **Held by Dewey** | | | | |
| Dewey Sdn. Bhd. [4] | Inactive | Malaysia | 100.00 | 100.00 |
| **Held by DMPLI** | | | | |
| DMPL India Limited[7] | Investment holding | Mauritius | 95.13 | 95.13 |
| **Held by S&W** | | | | |
| S&W Japan Limited [7] | Support and marketing services for S&W | Japan | 100.00 | 100.00 |
| **Held by DMPLFL** | | | | |
| Del Monte Foods Holdings Limited ("DMFHL") [1] [9] | Investment holding | British Virgin Islands | 93.57 | 93.57 |
| **Held by DMFHL** | | | | |
| Del Monte Foods Holdings II, Inc. ("DMFHII") [5] [9] | Investment holding | State of Delaware, U.S.A. | 93.57 | 93.57 |
| **Held by DMFHII** | | | | |
| Del Monte Foods Holdings Inc. ("DMFHI") [5] [9] | Investment holding | State of Delaware, U.S.A. | 93.57 | 93.57 |

| Name of subsidiary | Principal activities | Place of in-corporation and business | Effective equity held by the Group 30 April 2022 % | 30 April 2021 % |
|---|---|---|---|---|
| **Held by DMFHI** | | | | |
| Del Monte Foods, Inc. ("DMFI") [5] [9] | Manufacturing, processing and distributing food, beverages and other related products | State of Delaware, U.S.A | 93.57 | 93.57 |
| **Held by DMFI** | | | | |
| Sager Creek Foods, Inc. (formerly Vegetable Acquisition Corp.) [5] [9] | Real estate holding | State of Delaware, U.S.A. | 93.57 | 93.57 |
| Del Monte Andina C.A. [8] [9] | Manufacturing, processing and distributing food, beverages and other related products | Venezuela | – | – |
| Del Monte Colombiana S.A. [4] [9] | Manufacturing, processing and distributing food, beverages and other related products | Colombia | 76.35 | 76.35 |
| Industrias Citricolas de Montemorelos, S.A. de C.V. (ICMOSA) [4] [9] | Manufacturing, processing and distributing food, beverages and other related products | Mexico | 93.57 | 93.57 |
| Del Monte Peru S.A.C. [7] [9] | Distribution of food, beverages and other related products | Peru | 93.57 | 93.57 |
| Del Monte Ecuador DME C.A. [7] [9] | Distribution of food, beverages and other related products | Ecuador | 93.57 | 93.57 |
| Hi-Continental Corp. [7] [9] | Distributor of non-Del Monte Products | State of California, U.S.A. | 93.57 | 93.57 |
| College Inn Foods [7] [9] | Distributor of College Inn brand products | State of California, U.S.A. | 93.57 | 93.57 |
| Contadina Foods, Inc. [7] [9] | Distributor of Contadina brand products | State of Delaware, U.S.A. | 93.57 | 93.57 |
| S&W Fine Foods, Inc. [7] [9] | Distributor of S&W Fine Foods, Inc. | State of Delaware, U.S.A. | 93.57 | 93.57 |
| Del Monte Ventures, LLC ("DM Ventures") [b] [9] | Holding company | State of Delaware, U.S.A. | 93.57 | 93.57 |
| **Held by DM Ventures** | | | | |
| Del Monte Avo, LLC [b] [9] | Development, production, marketing, sale and distribution of UHP avocado products | State of Delaware, U.S.A. | 47.72 | 47.72 |

| Name of subsidiary | Principal activities | Place of in-corporation and business | Effective equity held by the Group 30 April 2022 % | 30 April 2021 % |
|---|---|---|---|---|
| Del Monte Argentina S.A. [8] | Inactive | Argentina | – | – |

(a) DMTDI is consolidated as the Group has de facto control over the entity. Management believes that the Group has control over DMTDI since it is exposed, or has rights, to variable returns and has the ability to affect those returns through its power over DMTDI. In its special meeting held on 22 April 2019, DMTDI's board of directors approved the dissolution and liquidation of DMTDI by shortening its corporate term to 30 April 2019. As at 30 April 2022, the dissolution and liquidation the application for the dissolution and liquidation is yet to be submitted with the SEC due to certain regulatory and documentary requirements.

(b) The Group incorporated its subsidiary, Del Monte Ventures, LLC on 21 June 2017 which acquired interests in four joint venture entities which were all incorporated in the state of Delaware, USA. These joint ventures will pursue sales of expanded refrigerated offerings across all distribution and sales channels, and will establish a new retail food and beverage concept. These joint ventures will initially focus on the U.S. market, with the potential for expansion into other territories. These joint venture entities are in their pre-operating stages and have no material assets or liabilities as of 30 April 2022 and 2021.

[1] Audited by SyCip Gorres Velayo & Co. ("SGV")

[2] On 20 May 2020, CARI completed the sale of 12% stake in DMPI to an investor. Conditions of the sale were already met as of 30 April 2020, as confirmed by both parties.

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%.

[3] Audited by Ernst and Young LLP ("EY") Singapore.

[4] Audited by Ernst & Young member firms in the respective countries.

[5] Not required to be audited in the country of incorporation. Audited by SGV for the purpose of group reporting.

[6] Not required to be audited in the country of incorporation. Audited by EY Singapore for the purpose of group reporting.

[7] Not required to be audited in the country of incorporation.

[8] Not required to be audited in the country of incorporation. The Venezuelan entity was deconsolidated in 2015. The Venezuelan exchange control regulations have resulted in other-than-temporary lack of exchangeability between the Venezuelan Bolivar and US Dollar. This has restricted the Venezuelan entity's ability to pay dividends and obligations denominated in US Dollars. The exchange regulations, combined with other recent Venezuelan regulations, have constrained the Venezuelan entity's ability to maintain normal production. Due to the Group's inability to effectively control the operations of the entity, the Group deconsolidated the subsidiary with effect from February 2015. The equity interest in this entity is determined to be the cost of investment of the entity at the date of deconsolidation. The investment is carried at cost less impairment losses.

[9] On 15 May 2020, DMFHII issued 64.546 shares of capital stock to DMFHL. On the same date, DMFHL issued 0.64546 shares of capital stock to DMPLFL and DMPLFL issued 645.46 shares of capital stock to the Company as full payment of the US$228.4 million loan to finance purchases of the Second Lien Term Loans. Upon issuance of the capital stock to the Company, DMFHL was unconditionally released of all liabilities for principal and interest through 30 April 2020 relating to the purchase of the Second Lien Term Loans. On 15 May 2020, DMFHL recorded US$229.5 million of additional paid-in capital related to this transaction. In addition, the Company and DMPLFL entered into a supplemental agreement dated 11 August 2020 for the issuance of additional 3.23 ordinary shares by DMPLFL to cover the additional accrued interest through 15 May 2020 which amounted to $1.1 million. On 15 May 2020, DMFHL issued 0.42395 of ordinary shares to DMPLFL and DMPLFL issued 432.95 shares of preferred stock to the Company in exchange for US$150.0 million of additional paid-in capital. As a result, DMFHL recorded US$150.0 million of additional paid-in capital related to this transaction.

The Company regularly reassesses whether it controls an investee when facts and circumstances indicate that there are changes to one or more of the three elements of control listed in Note 4 in the Notes to Financial Statements (Annex A). The Company determined that it exercised control on all its subsidiaries as it has all elements of control.

***Risk Factors relating to the Business***

**Risk Management**

The Del Monte Pacific Group has an established enterprise-wide risk management framework that sets out the governance structure to proactively manage risks, including financial, operational, information technology, compliance and sustainability risks in all levels of the organization, and mitigate the potential impact on people, the environment, corporate performance and reputation.

The framework provides the following considerations for the Board with respect to its risk oversight responsibilities: strategy and goal setting, performance and value creation, governance and policies, culture and practices, communication and reporting.

The Board, with the assistance of the Audit and Risk Committee (ARC), is responsible for the risk governance of the Group. The Board reviews the adequacy and effectiveness of the Group's risk management and internal controls system to safeguard shareholders' interest and the Group's assets. Internal controls are discussed under Principle 9, while the terms of reference of the ARC are outlined under Principle 10 of the Corporate Governance section of the Annual Report.

The Board reviews the principal risks as well as emerging risks. Based on their potential impact and probability, the top risks are mapped and categorized as critical, urgent or pre-emptive and are reviewed accordingly.

The assessment of risks includes actions taken to date and further action to mitigate the risks based on objectives, goals, strategies and measures, management responsible, timeline, an estimate of the potential impact, and an evaluation of whether the risks are rising or declining.

Risk assessment and mitigation are aligned with strategy and form an integral part of the annual planning and budgeting process. Risks are identified and managed to reduce the uncertainty associated with executing business strategies and to maximize opportunities that may arise. The Board believes that risk management provides the framework for management to assess risk and embrace a mindset of resilience.

**Risk Appetite**

The risk appetite framework ensures that the Group's risk profile remains within tolerable boundaries as it maximizes opportunities. The risk appetite sets out the nature and extent of risks the Group is willing to take and capable to manage as it seeks to achieve its strategic and business objectives.

- The Group is committed to delivering value to our shareholders through sustainable growth
- Markets where it has brand ownership and competitive advantage are the main focus of expansion
- Innovation initiatives and new investments are in line with the Group's vision and strategic objectives
- Due diligence is undertaken for new investments to prevent potential losses that may have a significant impact
- Market, operational and technological risks are minimized
- Actions that may negatively affect reputation and brand image are avoided
- Compliance with laws and regulations, including those with respect to health and safety of people, the environment and good corporate governance, is a core principle
- Shareholder value creation is pursued while financial prudence is exercised

The risk appetite framework recognizes the importance of balancing risks and rewards to achieve the optimal level of risk that the Group can tolerate in its pursuit of its strategic, business and sustainability objectives.

The following are the principal risks and mitigation measures of the Group.

| Principal Risk | Specific Risk We Face | Mitigation |
|---|---|---|
| Cost Increases and Inflationary Pressures | The Del Monte Pacific Group's subsidiaries are experiencing cost increases on raw materials, packaging and other inputs, including tin plate, fuel and labor. Inflation, geo-political conflict, the pandemic and supply chain challenges put pressure on the company's margins. | • Cost reduction initiatives, productivity improvements and price adjustment<br>• Socialize inflationary cost increases with customers and private labels to mitigate the risk on price actions to address inflation<br>• Expand plant direct shipment to minimize freight cost and explore giving incentives for customers who can pick-up their orders<br>• Expand the global sourcing strategy focusing on fruits<br>• Collaborate value engineering initiatives with cross-functional teams<br>• Renegotiate supplier contracts, vendor bidding and contracts by collaborating with a cross functional team and prioritize strategic sourcing<br>• Rationalize trade spending where gross margins are not in accordance with strategy<br>• Reduce conversion cost by 3% year-on-year<br>• Fast-track base weight reduction through down gauge and downsize, and carton optimization<br>• Minimize increases in overhead spending |

| Principal Risk | Specific Risk We Face | Mitigation |
| --- | --- | --- |
| Workforce Management – Labor Shortage | In the U.S., seasonal labor is scarce and the minimum wage is high, especially in California and Washington State. Capabilities and skills need to be sustainable. Wages including overtime and training cost increases need to be addressed.<br>Challenges abound in locating, retraining and managing seasonal labor. | • Implement people strategy in the supply chain to address recruitment, retention, training and development, and identify areas to minimize reliance on seasonal workforce<br>• Ensure labor availability during pack season by improving the workforce plan and measure achievement by monitoring seasonal labor metrics<br>• Shift to year-round labor and centers of excellence to minimize overall labor<br>• Address cost inefficiencies through labor contract negotiation and management, and improve Human Resources systems to monitor costs and compliance<br>• Ensure labor standards and processes are at par with competitors to address inefficiencies and waste<br>• Automate work processes to reduce dependence on seasonal labor<br>• Roll out standardized work and visual factory methodologies to reduce inconsistencies |

| Principal Risk | Specific Risk We Face | Mitigation |
|---|---|---|
| Supply Chain Optimization and Excellence | The Group entered into supply agreements with third-party co-manufacturers which are subject to a number of regulations.<br>Unanticipated and unbudgeted cost increases on material, labor factory overheads, transportation, raw produce and tin plate cost exacerbate the risks.<br>Lower cost may not be realized due to organization culture, resources and capabilities of co-manufacturers. | • Put in place new plant management with strong leadership and transformation skills in most locations<br>• Implement a robust transformation program that instills ownership and accountability across the supply chain and support function to deliver the plans<br>• Standardize and simplify processes and procedures where appropriate, and embed new processes and procedures to control supply and costs<br>• Seek strategic partnerships with co-manufacturers to maximize production, introduce new capabilities, increase speed to market and find less seasonal options<br>• Improve planning, forecasting and communication with Demand Planning and Sales to ensure products are at the distribution centers to meet customer demand<br>• Optimize transportation rates through third parties<br>• Maximize rail transportation to realize savings<br>• Monitor inventory issues on quality, aging, slow moving and damaged products regularly to proactively provide solutions through the Waste Task Force<br>• Conduct regular contract review to seek cost saving opportunities and assess creative ways to ensure labor availability during the pack season<br>• Put in place a process with clear performance expectations and targets, and benchmarking per plant |

| Principal Risk | Specific Risk We Face | Mitigation |
|---|---|---|
| Market Trends and Commercial Excellence | The Group's results depend highly on the performance of our products in the categories where we compete. Inability to meet the plan may result to impairment of goodwill and the Group's ability to fund operations, manage obligations, and maintain its reputation.<br>Volume loss due to price increases, reduced promotional and marketing activities, category growth assumptions, acceptance of new products, private labels, customer service and execution are market challenges the Group needs to hurdle to deliver the objectives.<br><br>Consumer dining trends are shifting to fresh, convenient products away from the center of store. Consumers have strong preference to healthy, nutritious and sustainably grown or produced products, especially the younger generation.<br><br>Trade promotion activity is still significant and requires proactive monitoring and analysis. | • Monitor and manage price gaps<br>• Increase trade funding to reinstate price gaps by monitoring competitive price points<br>• Adjust customer price brackets to cover transportation cost based on weight and semi-annual analysis<br>• Enhance sales processes to improve forecasting and a new profit mindset to increase gross margin<br>• Enhance relevance of existing portfolio and brands through consumer communication and marketing strategy<br>• Identify categories and products that perform well<br>• Improve new products forecast accuracy from added knowledge from customers, velocities and marketing support needed<br>• Implement brand rationalization to improve profitability and increase market share<br>• Limit private labels to select strategic customers only in areas of excess capacity<br>• Establish new capabilities to expand the Group's presence in growing channels such as e-commerce through online retail sites<br>• Implement a quarterly customer business review with executive management to address challenges<br>• Minimize customer service issues<br>• Monitor market trends and vaccine distribution leading to reopening of schools, offices and food service businesses<br>• Drive distribution in new channels<br>• Build Latin America customer base by expanding distribution to all channels and countries, and improve profitability |

| Principal Risk | Specific Risk We Face | Mitigation |
|---|---|---|
| Effective Systems and Automation | Cyberattacks can disrupt operations by exploiting weaknesses in network devices and servers, corrupting information and stealing confidential data which can lead to financial losses, among others.<br>New systems and systems enhancements are complex and resource intensive. Inability to realize return on investment on these new systems and system enhancements, security upgrades and management processes may hamper the Group's digitization and transformation. | • Build and stabilize a high performance Information Technology organization and assess systems, processes, risks, and develop people resources<br><br>• Initiate an IT Steering Committee to provide oversight<br><br>• Establish IT Governance to rationalize and prioritize systems enhancements and project demand funnel to focus on business value, protect the overall IT environment, and simplify and harmonize business processes<br><br>• Implement digitization and transformation Initiatives and priorities:<br>– Warehouse Management System with harmonized business processes and integrated with SAP<br>– Procurement report analysis<br>– One planning solution for sales and promotion planning, supply and demand planning<br>– Toll manufacturing process<br>– Production grower payments<br>– Quality documents<br>– Maintenance management<br>– Digital asset management upgrade<br><br>• SAP 2.0 implementation to address key activities within the Supply Chain:<br>– Improve fill rate between plants and distribution centers, reduce supply chain cost and manual effort in deployment<br>– Establish new supply chain metrics on safety stocks, reorder points and logistics<br>– Reduce inventory costs and waste<br>– Synchronize planning between production and supply planning<br>– Enable asset light business strategy<br><br>• The Group develops and implements the following measures to counter and eliminate cyberattacks from outside sources:<br>– Use of software protection across all Del Monte regions<br>– Implement a dedicated Security Incident Monitoring and Operations group to address and monitor malicious activities identified by our system and vulnerability scans<br>– Security Information and Event monitoring<br>– Enhance firewalls at every site to protect traffic logs which are sent to our system for monitoring<br><br>Routine employee Security and Privacy training |

| Principal Risk | Specific Risk We Face | Mitigation |
|---|---|---|
| Talent and Culture | The Group's capability to recruit and retain diverse talents have an impact on the execution of the strategic plan and critical in enhancing organization success.<br>Organizational changes can cause employee fatigue, increase workload and job uncertainty. | • Recruit and retain talents who can execute corporate strategies:<br>– Rally behind the New Employee Value Proposition through all internal and external channels<br>– Rebrand DMFI Careers Website as well as Talent Network to generate candidate pipelines<br>– Improve recruitment and retention metrics<br>• Continue the positive momentum on corporate inclusion and diversity<br>• Assess the risk of the global Great Resignation phenomenon to the Group<br>New employee onboarding and training and development programs. |
| Product Supply | Insufficient product inventory to meet consumer demand may affect the Group's revenue and profitability.<br>Permanent loss of shelf space and non-acceptance of new products are possible consequences.<br>Adverse weather conditions and competing crops could limit raw product supply and increase prices.<br>Below plan pineapple tonnage brought about by climate change, pests and plant disease may affect our ability to meet our targets. | • Improve supply planning capability to match demand<br>• Reduce promotional spend and increase weeks supply to targeted levels<br>• Pack early season green bean products<br>• Supplement fresh pack supplies of certain vegetables with Individually Quick Frozen (IQF) – peas, peas and carrots, cream corn and whole kernel corn<br>• Develop alternate raw product sourcing and implement a global sourcing strategy<br>• Extend the growing season to improve plant capacity and utilization<br>• Identify alert fields<br>• Intensify soil conservation measures<br>• Convert the plantation to 50% big planting materials in five years<br>• Sustain better root health thru better pest and plant disease management<br>• Install grubs traps and fast-track alternative safe chemicals to control pest and disease |

| Principal Risk | Specific Risk We Face | Mitigation |
|---|---|---|
| Effective Third Party Risk Management | DMFI has strategic relationships with a number of key third parties. The frequency and scale of use by the company raises regulatory expectations as to how organizations manage third party risks.<br><br>These third parties include packaging suppliers, co-manufacturers and co-packers, global sourcing partners, accounting and IT partners and outsourced transportation.<br><br>The Group may not have the tools, guidance and time to effectively manage and monitor third-party risks. Current monitoring, risk assessment and communication may not be effective to elevate third-party risks to the leadership. | • Ensure secondary or back-up suppliers are in place or pursued where business continuity or relationship risks have a material impact to the Group<br>• Negotiate a win-win approach for long-term relationship<br>• Conduct regular contract review to seek cost savings<br>• Perform a risk assessment of key strategic partners and communicate the risks and action plans<br>• Implement a robust due diligence process for new or significant third parties<br>• Consider a third party due diligence vendor for broader and deeper due diligence process<br>• Conduct quarterly business reviews with clear key performance indicators addressing our priorities<br>• Implement regular benchmarking to measure competitiveness |
| Efficient and Effective Processes | Efficient and effective processes ensure the Group makes sound business decisions, overcomes challenges and disruptions and sustains its growth and profitability.<br><br>Certain processes may be inconsistent and/or not optimized. This could lead to poor business decisions on cost, regulatory compliance and business interruptions. | • Effective and energized leaders were put in place in Sales, Operations, Information Technology, Finance and plant management to drive results and improvements<br>• Implement a more rigorous review process along with performance rating alignment to incentivize and reward results<br>• Include cost reduction and improvement initiatives in employees' key objectives<br>• Fix the basics, enhance process improvements and include functional goals in several departments<br>• Use Information Technology and SAP functionality to drive process improvements<br>• Reduce variations through a revised packaging strategy and assessment to eliminate complexity and waste |

| Principal Risk | Specific Risk We Face | Mitigation |
|---|---|---|
| Operations | As an integrated producer of packaged, frozen and fresh fruit products for the world market, the Group's earnings are inevitably subject to certain other risk factors, which include general economic, market and business conditions, especially amid the coronavirus pandemic, change in business strategy or development plans, international business operations, production efficiencies, input costs and availability, disruption of logistics and transportation facilities, litigious counterparties, insurgent activities and changes in government regulations, including environmental regulations. | • Execute a long-term strategic plan and Annual Operating Plan with clear targets and accountabilities, supported by a BCP, especially in relation to the pandemic, risk management and a corporate sustainability program<br>• Enhance relevance of existing products across key brands and segments through marketing strategy and consumer communication<br>• Implement price adjustments to cover cost inflation<br>• Optimize packing operations, procurement, logistics and transportation cost<br>• Pursue productivity-enhancing and efficiency-generating work practices and capital projects<br>• Continue to comply with new legislations on the environment, taxation and labor that affect operations and proactively develop strategies to reduce the impact of these regulations<br>• Manage security risks in operating units by strengthening security measures and improving stakeholder relations in local communities |

| Principal Risk | Specific Risk We Face | Mitigation |
|---|---|---|
| Environmental Risks | Production output is subject to certain risk factors relating to weather conditions, calamities, crop yields, crop diseases, contract growers and service providers' performance, leasehold arrangements and changes in regulations.<br><br>There is no assurance that natural calamities or climate change will not materially disrupt the Group's business operations in the future or that the Group is fully capable to deal with these situations with respect to all the damages and economic losses resulting from these risks.<br><br>New regulations in packaging format, recyclability of materials or packaging taxes may increase product cost. | • The Group develops and executes a long-term strategic plan and Annual Operating Plan, supported by risk mitigation measures<br><br>• The Group also has disaster recovery plans and a Business Continuity Plan in place and has implemented programs and initiatives to mitigate the effects of climate change<br><br>• The Group has Good Agricultural Practices certifications and complies with agricultural standards<br><br>• Execute soil conservation initiatives and work on achieving Rainforest Alliance certification<br><br>• Increase renewable energy sources by implementing solar power<br>• Develop a strategic plan to address possible changes in regulations on sustainable packaging<br><br>• Implement phase-out program for hazardous materials through replacement with alternative materials<br><br>• Conduct safety training drills and chemical handling training which covers earthquake, firefighting , evacuation, medical response and chemical response drills<br>• Work with insurance brokers to assess the risk exposure and secure adequate insurance coverage, if cost effective<br><br>• Monitor and reduce carbon emissions |
| Innovation | The Group's branded business in the US, the Philippines and the Indian subcontinent through the Del Monte and other brands, and in Asia and the Middle East through the S&W brand, is affected by evolving consumer preferences and trends.<br>Product innovation is one of the Group's strategic pillars. The success of new product launches is a major driver to achieve the Group's strategic plan. | • Develop new products that capitalize on category trends, especially health and wellness, and generate sales<br><br>• Ensure new product launches and platform criteria are met to improve likelihood of new product success and breakthrough by implementing the following measures:<br><br>– Shift to branded, value-added and packaged products and limit private label business<br>– Leverage brand heritage for growth and position new products that address consumer needs and preferences<br>– Fast track innovation projects that have oversight from the Executive Leadership Team<br>– Prioritize effective execution and project management to improve margins, profitability and cash flow |

| Principal Risk | Specific Risk We Face | Mitigation |
| --- | --- | --- |
| COVID-19 Pandemic | The coronavirus pandemic could affect our business and results of operations. The Group may experience volatility in demand for and supply of our products due to pantry-loading, supply chain challenges, lockdown restrictions, closing of businesses and unemployment, among others.<br>The pandemic poses a risk to our employees' health and well-being and may reduce employee productivity due to illness, government restrictions, lack of reliable internet access and public transport. | • Capitalize on the Group's offering of health, wellness and nutrition, and long-shelf life culinary products suitable for home consumption as consumers stay at home and prepare more meals and snacks<br>• Leverage improved momentum of new products catering to health and wellness<br>• Leverage the trust in the Group brands' reputation for safety and reliability to sustain demand<br>• Marketing, including digital campaigns, highlighting the functional health benefits of the Group's products<br>• Foodservice take-out business apart from dine-in<br>• Increase sales in e-commerce channel and direct to customer deliveries<br>• Implement safeguards and protocols to minimize operational disruption, while adhering to government regulations on health and safety:<br>– Implement guidelines of global and national health agencies, including the Department of Health, Department of Labor and Employment and Inter-Agency Task Force to protect our employees<br>– Increase the Company's booster vaccination roll-out<br>– Use personal protective equipment such as face masks and sanitizers provided by the company to employees; conduct temperature checks, maintain physical distancing, disinfect facilities, encourage frequent hand washing and other safety protocols<br>– Partner with third party medical providers to test if employees are infected<br>– Provide work-from-home arrangement based on mandated quarantine levels with technology support allowing employees to have continuous access to the ERP network, various applications, emails, files and other necessary information<br>– Leverage the use of videoconferencing technology |

## Item 2. Properties

The list of the Group's properties are as follows:

| Description | Location/Address | Condition | Book Value (In US$ MM) |
|---|---|---|---|
| **Cannery** | | | |
| Administrative (Main) Office | Bugo, Cagayan de Oro City | Good | 1.68 |
| Can Plant | Bugo, Cagayan de Oro City | Good | 5.24 |
| Cannery Clothes and Shoes Changing | Bugo, Cagayan de Oro City | Good | 0.04 |
| Central Maintenance | Bugo, Cagayan de Oro City | Good | 1.18 |
| Coal-Fired Boiler Plant | Bugo, Cagayan de Oro City | Good | 1.52 |
| Compound & Yard | Bugo, Cagayan de Oro City | Good | 12.54 |
| Concentrate Plant | Bugo, Cagayan de Oro City | Good | 0.63 |
| DM Bugo Clinic | Bugo, Cagayan de Oro City | Good | 0.07 |
| Engineering & Design | Bugo, Cagayan de Oro City | Good | 0.01 |
| Factory Offices | Bugo, Cagayan de Oro City | Good | 0.11 |
| General Products Plant | Bugo, Cagayan de Oro City | Good | 0.00 |
| GPSL/PCL/GL Plant | Bugo, Cagayan de Oro City | Good | 2.73 |
| Labeling & Warehousing | Bugo, Cagayan de Oro City | Good | 3.01 |
| Machine Shop | Bugo, Cagayan de Oro City | Good | 0.01 |
| Mixed Fruit Plant | Bugo, Cagayan de Oro City | Good | 0.63 |
| Preparation Plant | Bugo, Cagayan de Oro City | Good | 1.93 |
| Processing Plant | Bugo, Cagayan de Oro City | Good | 3.97 |
| Quality Control | Bugo, Cagayan de Oro City | Good | 0.11 |
| Steam & Power Plant | Bugo, Cagayan de Oro City | Good | 1.39 |
| Sugar Recovery Plant | Bugo, Cagayan de Oro City | Good | 0.35 |
| Tetra Plant | Bugo, Cagayan de Oro City | Good | 2.42 |
| Waste Water Treatment Plant | Bugo, Cagayan de Oro City | Good | 5.29 |
| **Others** | | | |
| Customers Area | Various locations | Good | 0.50 |
| Forwarding Warehouses | Various locations | Good | 0.17 |
| Kalawaan Office | Pasig City | Good | 0.01 |
| Las Pinas Warehouse | Las Piñas City | Good | 0.02 |
| NutriAsia Plant (Cabuyao Laguna) | Cabuyao, Laguna | Good | 0.02 |
| PET Plant (Cabuyao, Laguna) | Cabuyao, Laguna | Good | 4.13 |
| Taguig Office | Taguig City | Good | 3.30 |
| Tollpacker - Dairy Zest | Valenzuela City | Good | 0.00 |
| Tollpacker - Innovative Packaging | Valenzuela City | Good | 0.09 |
| Tropical Asset Fruit Corp. (TFAC) | Malolos, Bulacan | Good | 0.05 |
| FG Warehouse-MITIMCO | | Good | 0.00 |
| MDC | Tagoloan, Misamis Oriental | Good | 0.29 |
| Iloilo Warehouse | Iloilo City | Good | 0.04 |
| **Plantation Operations** | | | |
| Baungon | Baungon, Bukidnon | Good | 0.23 |
| Camp 1 (JMC) | Manolo Fortich, Bukidnon | Good | 5.50 |
| Camp 14 | Manolo Fortich, Bukidnon | Good | 0.22 |

| Description | Location/Address | Condition | Book Value (In US$ MM) |
|---|---|---|---|
| Camp 9 | Manolo Fortich, Bukidnon | Good | 0.59 |
| Camp Fabia | Manolo Fortich, Bukidnon | Good | 0.29 |
| Camp Phillips | Manolo Fortich, Bukidnon | Good | 9.12 |
| Cawayanon | Manolo Fortich, Bukidnon | Good | 0.58 |
| Claveria | Claveria, Misamis Oriental | Good | 0.07 |
| Dalwangan | Malaybalay City, Bukidnon | Good | 0.05 |
| Pat-pat | Malaybalay City, Bukidnon | Good | 0.06 |
| Damilag | Manolo Fortich, Bukidnon | Good | 0.01 |
| Dehydro Freezing Plant | Manolo Fortich, Bukidnon | Good | 11.65 |
| El Salvador, Mis. Or. | El Salvador, Misamis Oriental | Good | 0.01 |
| FF Packing Shed | Manolo Fortich, Bukidnon | Good | 1.67 |
| Harvester Shop | Manolo Fortich, Bukidnon | Good | 0.00 |
| Hospital | Manolo Fortich, Bukidnon | Good | 0.12 |
| Impasug-ong | Impasug-ong, Bukidnon | Good | 0.22 |
| Kiantig Quezon, Buk. | Quezon, Bukidnon | Good | 0.08 |
| Land Preparation Assembly Area | | Good | 0.00 |
| Livestock & Cut-meat | Manolo Fortich, Bukidnon | Good | 0.11 |
| Montemar Industries | Manolo Fortich, Bukidnon | Good | 0.00 |
| Phillips Social Hall | Manolo Fortich, Bukidnon | Good | 0.00 |
| South Bukidnon | Quezon, Bukidnon | Good | 1.67 |
| Sumilao | Sumilao, Bukidnon | Good | 0.15 |
| Taliwan | Taliwan, Misamis Oriental | Good | 0.03 |
| **DMFI Facilities** | | | |
| Production facilities | Continental United States and Mexico | Good | 264.15 |
| **Grand Total** | | | **350.06** |

### Item 3. Legal Proceedings

*Legal cases*

The Group is the subject of, or a party to, other various suits and pending or threatened litigation. While it is not feasible to predict or determine the ultimate outcome of these matters, the Group believes that none of these legal proceedings will have a material adverse effect on its financial position.

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

Except for the matters taken up during the Annual General Meeting of Stockholders last 27 August 2021, there was no other matter submitted to a vote of security holders during the period covered by this report.

## Part II – OPERATIONAL AND FINANCIAL INFORMATION

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

The Company has been listed on the SGX-ST for over 20 years since 1999. The Company also listed its Ordinary- Shares on the PSE on 10 June 2013, making DMPL the first entity to be dual-listed on the SGX-ST and the PSE. The Company's US dollar-denominated Series A-1 and Series A-2 Preference Shares were additionally listed on the PSE on 7 April 2017 and 15 December 2017, respectively.

The Company's share price highlights for its Ordinary Shares are as follows:

| Year | Quarter | PSE (PHP) | | SGX (SGD) | |
|---|---|---|---|---|---|
| | | High | Low | High | Low |
| 2022 | 2Q 2022 | 14.78 | 13.00 | 0.385 | 0.345 |
| | 1Q 2022 | 16.16 | 13.52 | 0.420 | 0.345 |
| 2021 | 4Q 2021 | 16.48 | 14.10 | 0.405 | 0.355 |
| | 3Q 2021 | 17.98 | 12.48 | 0.445 | 0.335 |
| | 2Q 2021 | 16.68 | 9.08 | 0.465 | 0.260 |
| | 1Q 2021 | 9.80 | 7.21 | 0.265 | 0.194 |
| 2020 | 4Q 2020 | 8.10 | 4.61 | 0.225 | 0.122 |
| | 3Q 2020 | 6.21 | 4.00 | 0.142 | 0.097 |
| | 2Q 2020 | 4.50 | 3.40 | 0.114 | 0.090 |
| | 1Q 2020 | 5.40 | 2.50 | 0.148 | 0.079 |
| 2019 | 4Q 2019 | 6.05 | 4.82 | 0.144 | 0.121 |
| | 3Q 2019 | 6.40 | 5.40 | 0.157 | 0.129 |
| | 2Q 2019 | 6.18 | 5.30 | 0.15 | 0.12 |
| | 1Q 2019 | 6.85 | 6.00 | 0.15 | 0.12 |
| 2018 | 4Q 2018 | 7.45 | 6.32 | 0.19 | 0.12 |
| | 3Q 2018 | 8.27 | 6.56 | 0.20 | 0.17 |
| | 2Q 2018 | 10.48 | 7.62 | 0.24 | 0.16 |
| | 1Q 2018 | 11.20 | 10.00 | 0.29 | 0.24 |
| 2017 | 4Q 2017 | 11.80 | 10.80 | 0.31 | 0.28 |
| | 3Q 2017 | 12.00 | 11.18 | 0.33 | 0.29 |
| | 2Q 2017 | 12.40 | 11.20 | 0.35 | 0.32 |
| | 1Q 2017 | 12.80 | 11.74 | 0.36 | 0.33 |
| 2016 | 4Q 2016 | 13.18 | 11.74 | 0.37 | 0.33 |
| | 3Q 2016 | 13.04 | 11.46 | 0.38 | 0.34 |
| | 2Q 2016 | 12.50 | 10.60 | 0.37 | 0.29 |
| | 1Q 2016 | 13.40 | 11.00 | 0.40 | 0.30 |
| 2015 | 4Q 2015 | 13.44 | 9.49 | 0.45 | 0.29 |
| | 3Q 2015 | 13.00 | 9.94 | 0.42 | 0.30 |
| | 2Q 2015 | 13.98 | 11.50 | 0.47 | 0.34 |
| | 1Q 2015 | 15.09 | 11.28 | 0.47 | 0.31 |
| 2014 | 4Q 2014 | 17.60 | 13.80 | 0.55 | 0.46 |
| | 3Q 2014 | 20.75 | 17.40 | 0.56 | 0.51 |
| | 2Q 2014 | 23.70 | 20.50 | 0.63 | 0.52 |
| | 1Q 2014 | 24.00 | 21.75 | 0.65 | 0.59 |
| 2013 | 4Q 2013 | 33.45 | 22.50 | 0.96 | 0.58 |
| | 3Q 2013 | 29.95 | 25.00 | 0.94 | 0.74 |
| | 2Q 2013 | 27.20 | 23.00 | 0.95 | 0.69 |
| | 1Q 2013 | - | - | 0.96 | 0.64 |

On 7 April 2017 and 15 December 2017, the Company listed its Series A-1 and Series A-2 Preference Shares, respectively on the PSE. The Company's share price highlights for its Preference Shares are as follows:

Series A-1 Preference Shares:

| Year | Quarter | PSE (USD) | |
|---|---|---|---|
| | | High | Low |
| 2022 | 1Q 2022 | 10.20 | 9.40 |
| 2021 | 4Q 2021 | 10.30 | 9.40 |
| | 3Q 2021 | 10.28 | 10.02 |
| | 2Q 2021 | 10.28 | 9.94 |
| | 1Q 2021 | 10.50 | 9.50 |
| 2020 | 4Q 2020 | 10.44 | 9.90 |
| | 3Q 2020 | 10.40 | 9.50 |
| | 2Q 2020 | 10.30 | 9.60 |
| | 1Q 2020 | 10.30 | 10.00 |
| 2019 | 4Q 2019 | 10.40 | 10.00 |
| | 3Q 2019 | 10.40 | 10.10 |
| | 2Q 2019 | 10.40 | 10.00 |
| | 1Q 2019 | 10.40 | 10.00 |
| 2018 | 4Q 2018 | 10.70 | 10.00 |
| | 3Q 2018 | 10.32 | 10.00 |
| | 2Q 2018 | 10.30 | 10.00 |
| | 1Q 2018 | 10.50 | 10.10 |
| 2017 | 4Q 2017 | 11.10 | 10.00 |
| | 3Q 2017 | 11.00 | 10.50 |
| | 2Q 2017 | 10.90 | 10.00 |
| | 1Q 2017 | - | - |

Series A-2 Preference Shares:

| Year | Quarter | PSE (USD) | |
|---|---|---|---|
| | | High | Low |
| 2022 | 2Q 2022 | 10.18 | 9.93 |
| | 1Q 2022 | 10.80 | 9.92 |
| 2021 | 4Q 2021 | 10.30 | 9.95 |
| | 3Q 2021 | 10.50 | 10.00 |
| | 2Q 2021 | 10.50 | 10.02 |
| | 1Q 2021 | 10.60 | 9.95 |
| 2020 | 4Q 2020 | 10.30 | 10.00 |
| | 3Q 2020 | 10.50 | 9.88 |
| | 2Q 2020 | 10.28 | 9.60 |
| | 1Q 2020 | 10.30 | 9.70 |
| 2019 | 4Q 2019 | 10.30 | 9.90 |
| | 3Q 2019 | 10.50 | 10.00 |
| | 2Q 2019 | 10.40 | 10.00 |
| | 1Q 2019 | 10.20 | 10.00 |
| 2018 | 4Q 2018 | 10.26 | 9.70 |
| | 3Q 2018 | 10.26 | 9.80 |
| | 2Q 2018 | 10.28 | 10.00 |
| | 1Q 2018 | 10.40 | 10.00 |
| 2017 | 4Q 2017 | 10.30 | 10.00 |

The Company has an authorized capital stock of US $630.0 million consisting of 3,000,000,000 Ordinary Shares, each with a par value of US $0.01 and 600,000,000 Preference Shares, each with a par value of US $1.00. Out of the authorized capital stock, the Company has (i) 1,943,960,024 Ordinary Shares and (ii) 10,000,000 Series A-2 Preference Shares outstanding. On 7 April 2022, the Company redeemed all of the outstanding 20,000,000 Series A-1 Preference Shares.

The number of Ordinary Shares outstanding excludes 975,802 Ordinary Shares held by the Company as treasury shares. The Company has a total of 1,944,935,826 issued Ordinary Shares, including treasury shares.

The top 20 shareholders of the Company's Ordinary Shares and Series A-2 Preference Shares as of 30 June 2022 are as follows:

a. Ordinary Shares

| **Rank** | **Name** | **No. of Shares** | **%** |
|---|---|---|---|
| 1 | Nutriasia Pacific Limited | 1,196,539,958 | 61.55 |
| 2 | Bluebell Group Holdings Limited | 189,736,540 | 9.76 |
| 3 | Lee Pineapple Company Pte Ltd | 100,422,000 | 5.17 |
| 4 | BNP Paribas Noms Spore PL | 54,393,432 | 2.80 |
| 5 | DBS Nominees Pte Ltd | 43,448,189 | 2.24 |
| 6 | Raffles Nominees(Pte) Limited | 41,261,225 | 2.12 |
| 7 | Citibank Noms Spore Pte Ltd | 27,003,134 | 1.39 |
| 8 | Wee Poh Chan Phyllis | 17,360,000 | 0.89 |
| 9 | Government Service Insurance System | 15,957,937 | 0.82 |
| 10 | BDO Securities Corporation | 9,449,858 | 0.49 |
| 11 | United Overseas Bank Nominees P L | 8,566,180 | 0.44 |
| 12 | Maybank Securities Pte.Ltd | 8,240,320 | 0.42 |
| 13 | HSBC (Singapore) Nominees Pte Ltd | 8,226,080 | 0.42 |
| 14 | Joselito Jr Dee Campos | 7,621,466 | 0.39 |
| 15 | Phillip Securities Pte Ltd | 6,510,563 | 0.33 |
| 16 | Pineapples Of Malaya Private Limited | 6,432,000 | 0.33 |
| 17 | Col Financial Group, Inc. | 5,174,005 | 0.27 |
| 18 | Banco De Oro - Trust Banking Group | 4,845,876 | 0.25 |
| 19 | DBS Vickers Securities (S) Pte Ltd | 4,740,072 | 0.24 |
| 20 | IGC Securities Inc. | 4,358,784 | 0.22 |
| | **Subtotal (Top 20 Stockholders)** | **1,760,287,619** | **90.55** |
| | Others | 183,672,405 | 9.45 |
| | **Total Outstanding** | **1,943,960,024** | **100.00** |

b. Series A-2 Preference Shares

| Rank | Name | No. of Shares | % |
|---|---|---|---|
| 1 | BDO Securities Corporation | 2,402,530 | 24.03 |
| 2 | China Banking Corporation - Trust Group | 2,059,800 | 20.60 |
| 3 | Citibank N.A. | 1,428,150 | 14.28 |
| 4 | Banco De Oro - Trust Banking Group | 1,347,620 | 13.48 |
| 5 | PNB Trust Banking Group | 1,306,450 | 13.06 |
| 6 | China Bank Securities Corp | 368,240 | 3.68 |
| 7 | Standard Chartered Bank | 216,490 | 2.16 |
| 8 | United Coconut Planters Life Assurance Corporation | 190,000 | 1.90 |
| 9 | RCBC Trust & Investment Division | 187,400 | 1.87 |
| 10 | First Metro Securities Brokerage Corp | 173,720 | 1.74 |
| 11 | Eastwest Banking Corporation | 105,220 | 1.05 |
| 12 | Wealth Securities Inc | 63,540 | 0.64 |
| 13 | BPI Securities Corporation | 57,560 | 0.58 |
| 14 | Sterling Bank Of Asia Trust Group | 38,550 | 0.39 |
| 15 | Astra Securities Corporation | 15,390 | 0.15 |
| 16 | MBTC - Trust Banking Group | 12,960 | 0.13 |
| 17 | United Fund, Inc. | 10,000 | 0.10 |
| 18 | The Hongkong And Shanghai Banking Corp. Ltd. | 9,700 | 0.10 |
| 19 | Sunsecurities, Inc. | 2,880 | 0.03 |
| 20 | Mandarin Securities Corp. | 1,390 | 0.01 |
| | **Subtotal (Top 20 Stockholders)** | **9,997,590** | **99.98** |
| | Others | 2,410 | 0.02 |
| | **Total Outstanding** | **10,000,000** | **100.00** |

**DIVIDENDS**

Under the Company's Articles of Association and the terms of the Company's Preference Shares, the Company may, by a resolution of directors, declare and pay dividends on Ordinary Shares provided there are adequate and available funds for dividends on Preference Shares which have priority over Ordinary Shares.

Dividends shall only be declared and paid out of surplus. No dividends shall be declared and paid, unless the Directors determine that, immediately after the payment of the dividends: (a) the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business; and (b) the realizable value of the assets of the Company will not be less than the sum of its total liabilities, other than its deferred taxes, as shown in its books of accounts, and its capital.

| | 30 April 2022 US$'000 | 30 April 2021 US$'000 | 30 April 2020 US$'000 |
|---|---|---|---|
| **Declared and paid during the financial year:** | | | |
| *Dividends on ordinary shares* | | | |
| 2022: US$0.0120 (2021: US$0.0154; 2020: US$0.0052) | 23,310 | 30,055 | 10,112 |
| *Dividends on preference shares* | | | |
| A-1 preference shares for 2022, 2021 and 2020: US$0.6625 | 13,250 | 13,250 | 13,250 |
| A-2 preference shares for 2022, 2021 and 2020: US$0.6500 | 6,500 | 6,500 | 6,500 |
| | 19,750 | 19,750 | 19,750 |
| | 43,060 | 49,805 | 29,862 |
| **Proposed but not recognized as a liability as at reporting date:** | | | |
| *Dividends on ordinary shares* | | | |
| 2022: US$0.0170 (2021: US$0.0120; 2020: US$0.0154) | 33,047 | 23,328 | 29,937 |

*Dividends on Ordinary Shares*

The Company's dividend payment policy for Ordinary Shares has been to distribute a minimum of 33% of full year profit. The holders of Ordinary Shares are entitled to receive dividends, as declared from time to time, after dividends of Preference Shares are paid.

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

On 23 June 2021, the Company declared dividends of US$0.0120 per share to ordinary shareholders on record as at 13 July 2021. The final dividend was paid on 27 July 2021.

On 24 July 2020, the Company declared a special dividend of US$0.0154 per share to ordinary shareholders on record as at 12 August 2020. The special dividend was paid on 19 August 2020.

*Dividends on Preference Shares*

The holders of Preference Shares are entitled to cash dividends based on the issue price, at the dividend rate per annum from the issue date, payable every 7 October and 7 April of each year following the issue date, upon declaration by the Company.

On 11 March 2022, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 8 October 2021 to 7 April 2022. The Company also declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per Series A-2 Preference Share for the six-month period from 8 October 2021 to 7 April 2022. The final dividends were paid on 7 April 2022.

On 10 September 2021, the Company declared dividends to the holders of the Series A-1 Preference Shares at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference and Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per series A-2 Preference Shares for the six-month period from 8 April 2021 to 7 October 2021. The final dividends were paid on 7 October 2021.

On 10 March 2021, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 8 October 2020 to 7 April 2021. The Company also declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per Series A-2 Preference Share for the six-month period from 8 October 2020 to 7 April 2021. The final dividends were paid on 7 April 2021.

On 11 September 2020, the Company declared dividends to the holders of the Series A-1 Preference Shares at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference and Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per series A-2 Preference Shares for the six-month period from 8 April 2020 to 7 October 2020. The final dividends were paid on 7 October 2020.

The Company endeavors to pay dividends to its shareholders in a timely manner within 30 days after being declared. The dividend policy and terms, including the declaration and payment dates, are provided in the Company's website.

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

***<u>As of the fiscal year ended 30 April 2022</u>***

The financial statements of the Group as of 30 April 2022 are attached and incorporated herein by reference.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

***<u>Review of Operating Performance for FY2022 vs FY2021</u>***

**Summary**

Amidst the ongoing challenges of a pandemic and high global inflation, Del Monte Pacific achieved a commendable performance in FY2022, delivering strong operating results with operating profit up 26% to a record US$267.3 million from US$211.9 million. Net profit soared 58% to US$100.0 million, its highest ever, from US$63.3 million in the prior year. The Group improved its sales mix and margins from higher sales of higher-margin branded segments and active cost management.

The Group's U.S. subsidiary, Del Monte Foods, Inc. (DMFI), more than tripled its net profit to US$54.3 million from US$15.1 million from higher sales and better revenue mix, continued benefits from asset-light strategy (where it closed seven plants from FY2016-2020) and other cost reduction initiatives coupled with select price increases to help offset higher costs.

The Group's second largest subsidiary, Del Monte Philippines, Inc. (DMPI), achieved record sales of US$729.5 million, up 6% in peso terms versus the prior year, and generated a record net profit of US$97.7 million, up 6% in peso terms. More than half of DMPI's sales are in the Philippines, with the balance in the international market.

**Sales**

DMPL generated its highest sales ever of US$2.3 billion in FY2022, up 8% on higher revenue in the USA and international markets, offsetting the decline in the Philippines.

**USA**

Del Monte Foods, Inc. generated 12% higher sales of US$1.65 billion or about 70% of Group sales, with sustained sales growth across all major segments primarily core branded retail driven by canned vegetables and fruits following improvement in supply and distribution gains which more than offset the planned reduced sales of private labels. DMFI achieved record market share growth in the core vegetable and fruit categories as branded retail sales rose 13%. It successfully expanded into new categories of beverage and frozen, and accelerated growth in key sales channels of dollar stores, convenience stores, e-commerce and foodservice. Its foodservice channel grew significantly by 36% compared to prior year driven by a surge in fruit sales as demand continued to increase post pandemic from schools, hotels and restaurants.

DMFI's innovation pipeline continued to offer exciting products to consumers. In the snacking area, it launched Del Monte Fruit Infusions and Joyba Bubble Tea. Fruit Infusions are energizing fruit cup snacks infused with antioxidants and other healthy functional ingredients. Joyba Bubble Tea is a new brand targeting Millennials and Gen Z with a line of boba shop-inspired beverages made with real brewed tea infused with vibrant fruit flavors and "popping" boba. In the Meals area, DMFI continued its Frozen Foods expansion with the launch of Del Monte Veggieful Riced Veggies, a line of flavorful vegetables replacing the higher calorie and carbohydrate regular rice.

New product sales reached US$90 million and contributed 5.3% to DMFI's total sales in FY2022.

DMFI won the "Product of the Year" award for the fourth straight year. Product of the Year is the world's largest consumer-voted award. Winners were determined by the votes of 40,000 consumers in a national survey conducted by Kantar, a global leader in consumer research. DMFI won two awards for Del Monte Fruit Infusions in the fruit snack category and Joyba Bubble Tea in the coffee and tea category. These latest wins build on past awards for Del Monte Deluxe Gold Pineapple and Del Monte Veggieful Pocket Pies (2021) Del Monte Veggie Bowls, Fruit Crunch Parfait and Pizzettas (2020), Fruit & Oats (2019), and Fruit Refreshers (2017) in recognition of DMFI's strong innovation pipeline.

DMFI is in the Top 3 position for canned vegetable, fruit, tomato, fruit cup snacks and broth. Del Monte canned vegetable, which had the highest contribution to branded retail sales, saw a 4.6-ppt increase in market share to 22% on the back of strong commercial execution, increased distribution of core products, and new product expansion, all supported by superior supply chain service. It reached a five-year high of 24% market share in November. Canned fruit, canned tomato and fruit cup snacks also achieved higher shares.

**Market Position in Key Categories in the USA**

| **Products** | **Market Position** | **Market Share** | **Change vs prior year** | **Brands** |
|---|---|---|---|---|
| Canned Vegetable | #1 | 22.0% | +4.6 ppts | |
| Canned Fruit | #2 | 21.5% | +2.3 ppts | |
| Fruit Cup Snacks | #2 | 26.5% | +1.3 ppts | |
| Canned Tomato | #3 | 5.8%* | +0.4 ppt | |
| Broth | #2 | 6.5% | -0.2 ppt | |

*Canned market shares are for branded only, ex-private labels*
**Combined share for Del Monte, S&W and Contadina brands*
*Source: Nielsen RMS / Scantrack DMFI Custom DBs, Equivalent Volume share, Total xAOC, 12M ending 30 April 2022*

The U.S. foodservice sales improved by 36% to US$89 million bringing it to 5% of total DMFI sales. This was achieved by building strong distributor partnerships and targeting both commercial and non-commercial segments which demand high quality branded fruits and vegetables. The U.S. foodservice business continued to show strong recovery and it is positioned well to continue to deliver strong growth as its customers build back their businesses.

In FY2022, an e-commerce team was established for DMFI, making it a priority for the company. The e-commerce business grew by 20%, with focus on deeply penetrating the e-commerce account base as well as focusing on foundational, e-commerce principles that can be scaled across the businesses.

Cross-selling

As part of DMPL's growth and globalization initiative, the distribution of products from the Philippines has extended its reach beyond traditional Asian retail channels to a broader ethnic market to mainstream grocery channels within the U.S. As mentioned earlier, canned premium pineapple Del Monte Deluxe Gold from Del Monte Philippines is sold in mainstream channels in USA. Meanwhile, DMFI exports certain Del Monte, S&W and Contadina products to Asia.

**Philippines**

Sales in the Philippines in FY2022 slightly declined by 1% in peso terms and 4% in US dollar terms to US$377.9 million as seasonal and special occasion items were unfavorably affected by an inflationary environment plus a high base last year from pandemic buying. However, compared to two years ago, sales in the Philippines rose 9%, while retail sales improved by 12%.

While there was a decline in volume, Del Monte's packaged pineapple grew to record-high market shares from new marketing programs promoting Del Monte's new Chunks 200-gram value pouch in everyday meal recipes. This was coupled with expanding its distribution into 200+ additional supermarkets and 2,000+ mom and pop stores.

Packaged fruit and spaghetti sauce category consumption was down due to shifting consumer priorities in the face of food inflation. Spaghetti sauce lost share from low-priced brands. Del Monte continues to promote the "Iba ang Sarap Del Monte" (Del Monte's Distinct Taste) campaign, and focus behind its special Carbonara sauce now available in a larger family-sized pack.

After over two years of pandemic, consumers are looking beyond having healthy juice drinks and are looking for enjoyable experiences which will address their need to feel good about themselves. Consumers are now looking for more variety and/or affordable options. In the summer of 2021, the company launched new variants for Del Monte Juice Drinks - refreshing Melon Cucumber and Tropical Punch. It also launched 100% Tipco Kiwi and Lychee flavors. It continues to support key brands to drive regular consumption behind health and enjoyment.

Del Monte continues to enjoy strong market share leadership across all its major categories, with higher shares in packaged pineapple behind consumption-building efforts. However, RTD juices lost share due to aggressive growth of a competitor, which offers a low-priced product with broadened distribution downline. Canned mixed fruit, tomato and spaghetti sauce shares were impacted by price brands. Notably, spaghetti share loss has slowed down, in fact achieving 41.5% share in the last quarter, gaining +2.2 pts by focusing on product quality.

**Market Leader in Various Categories in the Philippines**

| Products | Market Position | Market Share | Change vs prior year | Brands |
|---|---|---|---|---|
| Packaged Pineapple | #1 | 93.3% | +3.7 ppts | Del Monte |
| Canned Mixed Fruit[1] | #1 | 75.9% | -0.9 ppt | Del Monte, Today's |
| RTD Juices ex-foil pouches | #1 | 43.3% | -6.4 ppts | Del Monte |
| Tomato Sauce | #1 | 85.8% | -1.1 ppts | Del Monte |
| Spaghetti Sauce[2] | #1 | 37.4% | -0.7 ppt | Del Monte, Today's, Contadina |

*[1]Combined share for Del Monte and Today's brands*
*[2]Combined share for Del Monte, Today's and Contadina brands*
*Source: The Nielsen Company - Retail Audit Data, 12M to April 2022*

Following the entry into the snacking category in FY2021 with baked biscuit Del Monte Potato Crisp, Del Monte further expanded to the next largest biscuits segment: crème-filled cookies. Del Monte Fruity Munchsters are cookies with delicious fruit flavors leveraging on Del Monte's equity on fruit and health.

On 16 August 2021, Del Monte Philippines, Inc. (DMPI) forged a strategic alliance with Vietnam Dairy Products JSC (Vinamilk), a leading regional dairy company. DMPI and Vinamilk entered into a joint venture (JV) to expand further into the dairy sector in the Philippines, synergizing Vinamilk's strength in dairy manufacturing and technology with Del Monte's strength in marketing and distribution in the Philippines. The JV imports products from Vietnam, and markets them under a co-branded label through DMPI, leveraging the trust and affinity built for the Del Monte brand among Filipino consumers, as well as DMPI's extensive distribution network and long-standing relationships with leading retailers and distributors throughout the country. The JV presents a growth opportunity for both partners as Vinamilk enters a new market and Del Monte expands into a new category with products consumed in Filipino households on a daily basis. The JV launched new products which have generated incremental revenue. These include Del Monte-Vinamilk Fresh Milk, Del Monte-Vinamilk IQ Smart Flavored Milk, Del Monte-Vinamilk YoGurt Drink and Del Monte-Vinamilk Tea Bliss Milk Tea.

New innovations consisting of Mr. Milk drink, Potato Crisp and Fruity Munchsters snacks, and the new Del Monte-Vinamilk dairy products contributed 6.5% of total Philippine sales in FY2022.

Del Monte's foodservice channel achieved much higher sales, up 27%, as it capitalized on increased restaurant foot traffic as consumers stepped out of their homes more, with menu features and partner tie-ups. Sales are now at 88% of pre-pandemic level. 14,775 outlets are now open at 78% of pre-pandemic level, with key accounts at 94% and general trade at 76% index. Del Monte generated new businesses as primary supplier of Jollibee for pineapple juice, Shakey's for 12oz ketchup bottle, Ikea for 3kg foil ketchup, Burger King, Domino's Pizza, S&R, Landers Superstore and Peri Peri Charcoal Chicken for 10g ketchup sachets.

Foodservice gross margin increased by 2.6 ppts vs. prior year, while operating profit rose 56% due to improved sales and margin. The company expects FY2023 to be a recovery year and to return to pre-pandemic volume going into FY2024.

E-commerce is a key emerging channel that will be a critical part of the Philippine economy. Over the past two years, Del Monte Philippines has grown its e-commerce 13x focusing on online marketplaces. Del Monte was one of the top performing grocery brands in Shopee and Lazada in FY2022. Del Monte's e-commerce efforts were also recognized by Asia eCommerce Awards which bestowed on the company three awards.

The company will develop its competitive advantage by leveraging its consumer recipe engagement program **Kitchenomics.com**, building on its online cooking education platform by adding e-commerce capability. Del Monte has also strengthened its internal e-commerce capability, reinforced by its partnership with e-commerce experts.

DMPI recently hired new sales operations heads for modern trade, general trade and e-commerce with extensive FMCG experience, to strengthen sales and commercial capabilities.

**S&W in Asia and the Middle East**

International sales of S&W fresh and packaged products rose 13% to US$119.4 million on higher sales of fresh pineapple, canned pineapple and juice. Fresh pineapple accounted for 70% while packaged products contributed 30% of total S&W sales.

Sales in the fresh segment, majority of which are branded S&W, grew by 10% to US$131.1 million with strong sales in China and South Korea, largely due to expansion in tier 2 and 3 cities in China. Goodme and ChaBaiDao fruit tea shops also used S&W pineapple in their offerings. The Group's pineapples are ranked number 1 in the imported pineapple category of Pinduoduo.com while S&W fresh cut pineapple is the best-selling among fresh cut pineapple products on South Korea's largest e-commerce platform, Coupang.

Building on the success of S&W Sweet 16 fresh pineapple, the Company launched S&W Deluxe Premium, a naturally-ripened extra sweet pineapple, in November 2021 in China, Japan and South Korea with favorable market feedback. Majority are sold in China through the company's distributors, and this premium fresh variety is gaining traction in China's retail segment.

The Group's high quality, premium MD2 pineapple makes it the largest fresh pineapple exporter to China with a 53% share and one of the three biggest exporters to Japan, South Korea and the Middle East.

Sales of canned pineapples did well in China while the Group continued to sell the premium canned pineapple Del Monte Deluxe Gold in the USA. The Company also started supplying 100% pineapple juice to Jollibee Malaysia, supporting their key outlet with an S&W-labelled juice dispenser.

The Group's frozen fruit product uses Nice Fruit's revolutionary technology. Extra sweet and golden yellow pineapples from fully ripened fruits are cut into spears then frozen without breaking the cellular structure of the fruit. This technology is superior to Individually Quick-Frozen (IQF) technology.

With the rising global trend on healthy snacks, the Group's frozen pineapple is now in foodservice channels such as Quick Service Restaurants. The Group recently sealed a deal with McDonald's Canada. This is a big win riding on the momentum built over the years, following its success with KFC in the UK and McDonald's in the Middle East.

Individually packaged frozen Pineapple Stick and frozen chunks called Golden Pineapple have been sold in 7-Eleven Japan since 2018, positioned as an on-the-go healthy snack in the store's chiller section. These are also sold in UK, Spain, Andorra, China, Hong Kong and South Korea.

**India**

Sales at our joint venture Del Monte Foods Private Limited in India (formerly FieldFresh Foods), which are equity accounted and not consolidated, were US$65.9 million in FY2022 from US$67.4 million, down 2% in both U.S. dollar and rupee terms versus prior year. The decline was due to the discontinuation of the fresh business, while the Del Monte-branded packaged segment performed well with sales of US$60.2 million, higher by 6%. Business continued to recover driven by focus on retail including strong growth in e-commerce on the back of manifold growth on local platforms such as Bigbasket and Flipkart.

Del Monte launched India's first ever "King Coconut Water" on e-commerce. King Coconut Water is unique to Sri Lanka and is known to be naturally sweeter than other coconut water, but still remains a low sugar, low calorie beverage great for hydration. It was among the top five brands on Amazon within two months of launch.

DMPL's share in Del Monte Foods in India was unfavorable at US$3.2 million loss, higher than US$1.0 million loss last year, as higher packaged business sales were offset by one-off losses from the discontinued low-margin fresh business.

## Gross Profit and Margin

DMPL's gross profit rose 12% to US$622.7 million while gross margin increased by 90 basis points to 26.6% driven by DMFI in the U.S. DMFI expanded its gross margin by 130 basis points to 23.9% from 22.6% on higher volume, better sales mix from improved sales of higher-margin retail branded products, savings generated by plant closures two years ago with the company's asset-light strategy, cost reduction initiatives coupled with select price increases to help offset higher pack costs and transportation headwinds driven by port congestions particularly in the second half.

DMPL ex-DMFI sustained its gross margin at 30.7% from 30.6% as selective inflationary price increases were partly offset by higher product costs driven by commodity headwinds particularly tin plates, sugar and tomato paste, and unfavorable sales mix primarily in the Philippines.

## EBITDA and Net Profit

The Group generated its highest ever EBITDA of US$351.5 million, 14% higher versus prior year's US$309.0 million, and a record net profit of US$100.0 million, 58% higher versus last year's US$63.3 million, mainly driven by the strong performance of DMFI and the international markets.

DMFI delivered an EBITDA of US$213.6 million, significantly up by 25% versus the US$170.5 million in the prior year, due to higher gross profit as explained above, as well as lower administrative expenses. DMFI more than tripled its net profit to US$54.3 million from US$15.1 million last year.

As part of the Group's Asset Light strategy to improve operational excellence, reduce fixed costs and increase competitiveness, DMFI closed/sold four of its facilities two years ago. These divestitures enabled DMFI to significantly improve capacity utilization at the remaining plants in its production network and lowered fixed costs.

DMPL ex-DMFI generated an EBITDA of US$149.2 million, higher by 5% and a net profit of US$82.5 million, higher by 12% versus US$73.6 million last year with improved sales and operating profit, lower interest expense and reduced tax.

The Group's second largest subsidiary, Del Monte Philippines, achieved its best ever sales of US$729.5 million, up 3% in US dollar terms and 6% in peso terms on higher exports of S&W branded fresh and packaged pineapple. DMPI generated a record EBITDA of US$154.2 million, up 1% and 4%, and a record net profit of US$97.7 million, up 3% and 6% in US dollar and peso terms, respectively. More than half of DMPI's sales are in the Philippines, with the balance in the international market.

## INVENTORIES

DMPL's inventories increased to US$686.0 million as at 30 April 2022, from US$557.6 million as at 30 April 2021 as a result of higher volume and production cost.

## CAPEX

Capital expenditures were US$205.2 million in FY2022, higher than US$166.1 million in FY2021. DMFI accounted for US$38.8 million of Group capex in FY2022, higher than US$28.3 million in FY2021 due to higher additions to CIP for various process and improvements. DMPL ex-DMFI's capex accounted for US$166.3 million in FY2022, up from US$137.8 million in FY2021 driven by higher additions to biological assets and completion of various projects for machinery and equipment. DMPL ex-DMFI capex was comprised mostly of biological assets at US$133.6 million, with the balance of US$32.7 million for building, CIP, machinery and equipment.

**SENIOR NOTES ISSUANCE**

In December 2021, DMPL successfully issued 3-year unrated Senior Notes amounting to US$90 million with a coupon rate of 3.75% per annum. This transaction marked DMPL's inaugural issuance in the international debt capital markets, establishing a new source of funding.

**REDEMPTION OF SERIES A-1 PREFERENCE SHARES**

In April 2022, DMPL redeemed US$200 million of its Series A-1 Preference Shares which had a dividend rate of 6.625% p.a. This was refinanced by a combination of the fixed rate Senior Notes mentioned above and floating rate loans with a current average rate of 3.8% p.a.

**DEL MONTE FOODS REFINANCING**

In May 2022, DMFI raised US$600 million through a 7-year Term Loan B facility at Adjusted SOFR, with a floor of 0.5% plus 4.25% p.a., to primarily redeem the US$500 million Senior Secured Notes which had an interest rate of 11.875% p.a. The much lower interest rate is expected to result in about US$20-30 million interest savings per year. The redemption of the Notes incurred one-off transaction costs of about US$70 million which will be booked in FY2023. US$26 million of the US$70 million is non-cash.

DMFI achieved a credit rating upgrade to "B2" from "B3" from Moody's and an upgrade to Positive Outlook from S&P. This reflects DMFI's strengthening operating performance following prior year's recapitalization and major operational restructuring which has improved liquidity and leverage.

**CASH FLOW AND DEBT**

The Group's cash flow from operations in FY2022 was US$280.7 million, lower versus prior year's cash flow of US$315.3 million mainly from higher inventories as a result of higher sales volume and production cost.

The Group's working capital in FY2022 decreased to US$168.4 million from US$200.4 million. This was driven by short-term loans obtained to finance the redemption of US$200 million Series A-1 preference shares.

The Group's net debt (borrowings less cash and bank balances) amounted to US$1.5 billion as at 30 April 2022, higher than US$1.3 billion as at 30 April 2021. Out of the total net debt of US$1.5 billion, DMFI accounted for US$612.4 million while DMPL ex-DMFI accounted for US$933.1 million.

The Group net debt to equity ratio increased to 312.4% from 195.5% while net debt to EBITDA rose to 4.4x from 4.1x.

Although total loans and gearing ratios of the Group increased as a result of the redemption of the preference shares, the cash flow impact will be favorable with the lower interest rate of the loans versus the preferred dividends.

## REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

| *% of Turnover* | For the year ended 30 April | | |
|---|---|---|---|
| | **FY2022** | **FY2021** | **Explanatory Notes** |
| Cost of Goods Sold | **73.4** | 74.3 | Overall, increase in costs was more than covered by higher sales |
| Distribution and Selling Expenses | **9.5** | 9.3 | Higher ocean freight cost in DMFI and DMPI |
| G&A Expenses | **5.5** | 6.7 | Lower administrative expenses in DMFI driven by lower computer costs and miscellaneous overhead. |
| Other Operating Expenses (Income) | **0.2** | 0.0 | Driven by impairment loss on Del Monte Foods (previously named FieldFresh). Last year was offset by gain on disposal of assets in the US |

## REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

| *In US$'000* | For the year ended 30 April | | | |
|---|---|---|---|---|
| | **FY2022** | **FY2021** | **%** | **Explanatory Notes** |
| Depreciation and amortization | **(193,499)** | (187,320) | (3.3) | Higher depreciation of bearer plants from DMPI due to higher harvested tons |
| Reversal/ (Provision) for inventory obsolescence | **97** | (800) | 112.1 | Driven by reversal of obsolescence on DMPI's finished goods |
| Reversal/ (Provision) for doubtful debts | **(1,059)** | (141) | (651.1) | Additional bad debt provision for trade receivables of DMPI |
| Net gain/(loss) on disposal of fixed assets | **(789)** | 1,333 | (159.2) | Loss from disposal of assets in the US |
| Foreign exchange gain/(loss)- net | **1,523** | 3,921 | (61.2) | Higher gain last year driven by ICMOSA |
| Interest income | **771** | 547 | 41.0 | Driven by DMPI from interest income on receivable from sale and leaseback of land |
| Interest expense | **(109,800)** | (111,044) | 1.1 | Lower market interest rates in the Philippines |
| Share in net loss of JV | **(4,954)** | (1,531) | (223.6) | Advertising expenses for the new venture, Del Monte-Vinamilk, as well as one-off cost in on Del Monte Foods (previously named FieldFresh) for the discontinued low-margin fresh business. |
| Taxation benefit (expense) | **(39,300)** | (27,273) | (44.1) | Higher taxes as a result of higher income from DMFI compared to last year |

## REVIEW OF GROUP ASSETS AND LIABILITIES

| Balance Sheet | 30 Apr 2022 (Audited) | 30 Apr 2021 (Audited) | 30 Apr 2020 (Audited) | % Variance vs April FY21 | Explanatory Notes |
|---|---|---|---|---|---|
| ***In US$'000*** | | | | | |
| ***ASSETS*** | | | | | |
| Property, plant and equipment - net | **577,647** | 544,776 | 517,585 | 6.0 | Increase mainly due to additions to bearer plants in the Philippines and higher CIP in the US |
| Right-of-use (ROU) assets | **123,539** | 135,208 | 166,085 | (8.6) | Mainly due to amortizations on ROU assets |
| Investment in joint ventures | **17,172** | 22,530 | 25,317 | (23.8) | Decrease driven by joint venture losses, inclusive of impairment loss |
| Intangible assets and goodwill | **688,047** | 694,697 | 701,347 | (1.0) | nm |
| Other noncurrent assets | **30,411** | 25,325 | 26,181 | 20.1 | Driven by DMPI from higher advance rentals and deposits to growers and landowners; as well as downpayments for capital expenditures |
| Deferred tax assets - net | **116,745** | 130,538 | 144,974 | (10.6) | Reduction on tax loss carryforward for DMFI as it continues to generate profit |
| Pension assets | **9,799** | 7,889 | 6,675 | 24.2 | nm |
| Biological assets | **50,081** | 47,568 | 63,278 | 5.3 | Increase mainly due to additions to growing crops |
| Inventories | **685,958** | 557,602 | 482,463 | 23.0 | Mainly due to higher cost of production as well as higher volumes |
| Trade and other receivables | **214,553** | 185,049 | 320,603 | 15.9 | Timing of collection of sales |
| Prepaid expenses and other current assets | **49,052** | 37,286 | 66,380 | 31.6 | Driven by higher downpayments to suppliers |
| Cash and cash equivalents | **21,853** | 29,435 | 33,465 | (25.8) | Cash outflow mainly from redemption of preference shares and capital expenditures |
| ***EQUITY*** | | | | | |
| Share capital | **29,449** | 49,449 | 49,449 | (40.4) | Redemption of A-1 preference shares |
| Share premium | **298,339** | 478,339 | 478,339 | (37.6) | Redemption of A-1 preference shares |
| Retained earnings | **140,320** | 83,349 | 60,763 | 68.4 | Net profit partially offset by dividends declared |
| Reserves | **(42,541)** | (29,953) | (77,474) | (42.0) | Driven by translation adjustment |
| Non-controlling interest | **69,138** | 61,312 | 54,820 | 12.8 | Share in net profit partially offset by dividends received |
| ***LIABILITIES*** | | | | | |
| Loans and borrowings | **1,567,366** | 1,285,743 | 1,396,029 | 21.9 | Driven by loan drawdowns of DMPL to finance preference redemption |
| Lease liabilities | **121,320** | 128,803 | 158,525 | (5.8) | Driven by lease payments |
| Other noncurrent liabilities | **23,023** | 18,697 | 23,380 | 23.1 | Decrease in liability related to DMFI's worker's compensation due to settlement from closed plants and reversal of over accrual |
| Employee benefits | **61,300** | 70,141 | 105,345 | (12.6) | Driven by remeasurement gain on retirement plans in DMFI |
| Environmental remediation liabilities | **203** | 7,429 | 9,587 | (97.3) | Settlement related to closed Mendota plant |
| Deferred tax liabilities - net | **12,421** | 6,599 | 12,447 | 88.2 | Driven by increase in deferred taxes related to final tax on intercompany dividends |
| Trade and other current liabilities | **302,833** | 254,729 | 276,893 | 18.9 | Driven by higher trade payables |
| Current tax liabilities | **1,686** | 3,266 | 6,250 | (48.4) | Timing of tax payment for DMPI |

**Key Performance Indicators**

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

**A. Current Ratio**

| | 30-Apr-22 | 30-Apr-21 | Benchmark |
|---|---|---|---|
| **Current Ratio** | **1.2** | **1.3** | **Minimum of 1.2** |

Lower current ratio driven by higher current liabilities from short-term loans obtained to finance redemption of preference shares.

**B. Debt to Equity**

| | 30-Apr-22 | 30-Apr-21 | Benchmark |
|---|---|---|---|
| **Debt to Equity** | **4.2** | **2.8** | **Maximum of 2.5** |

Higher debt to equity ratio was due to redemption of A-1 preference shares, financed by new loans.

**C. Net Profit Margin**

| | 30-Apr-22 | 30-Apr-21 | Benchmark |
|---|---|---|---|
| **Net Profit/(Loss) Margin attributable to owners of the company** | **4.27%** | **2.92%** | **Minimum of 3%** |

Higher net profit margin driven by higher gross margin, lower general and administrative expenses and interest expense.

**D. Return on Asset**

| | 30-Apr-22 | 30-Apr-21 | Benchmark |
|---|---|---|---|
| **Return on Asset** | **4.47%** | **3.16%** | **Minimum of 1.21** |

Higher profit this year driven by higher sales, lower general and administrative expenses and lower interest expense.

**E. Return on Equity**

| | 30-Apr-22 | 30-Apr-21 | Benchmark |
|---|---|---|---|
| **Return on Equity** | **23.35%** | **11.90%** | **Minimum of 8%** |

Higher net profit this year and also lower equity from redemption of A-1 preference shares.

**Material Changes in Accounts**

**A. Inventories**

Mainly due to higher cost of production as well as higher volumes.

**B. Property, plant and equipment**

Increase mainly due to additions to bearer plants in the Philippines and higher CIP in the US.

**C. Trade and other receivables**

Timing of collection of sales.

**D. Trade and other current liabilities**

Driven by higher trade payables.

**E. Loans and borrowings**

Driven by loan drawdowns of DMPL to finance preference redemption.

**F. Share Capital and Share Premium**

Redemption of A-1 preference shares.

**G. Retained Earnings**

Net profit partially offset by dividends declared

***Review of Operating Performance for FY2021 vs FY2020***

**Summary**

Del Monte Pacific achieved a very commendable performance and delivered strong profitability with full year EBITDA more than doubling to US$309.0 million from US$142.2 million. Net profit soared to US$63.3 million, reversing the US$81.4 million loss in the prior year. The Group improved its sales mix and margins from lower sales of low-margin segments, lower trade promotions, costs and interest expense.

The Group’s U.S. subsidiary, Del Monte Foods Inc. (DMFI), generated a net profit of US$15.1 million, reversing the loss of US$100.4 million in the prior year which included one-off expenses incurred in plant closures. DMFI’s assetlight strategy and other cost saving initiatives yielded about US$40 million savings in FY2021, on track to recouping the aforementioned one-off expenses.

The Group’s second largest subsidiary, Del Monte Philippines, Inc. (DMPI), achieved record sales of US$705.8 million, up 14% versus the prior year, and generated a record net profit of US$94.5 million, up 40%. Close to two thirds of DMPI’s sales are in the Philippines, with the balance in the international market.

**Sales**

DMPL generated sales of US$2.2 billion in FY2021, up 2% versus the prior year on higher sales in the Philippines, exports of processed pineapples and S&W in Asia and Europe, offsetting the planned withdrawal from non-core segments in the US.

**USA**

Del Monte Foods, Inc. generated sales of US$1.5 billion or about 70% of Group sales, lower by 3% due to strategic exit from non-branded private label business, and the presence of a 53rd week in the prior year. Notwithstanding the latter, branded retail sales still grew by 2.5% and e-commerce sales significantly increased, maintaining the strong growth momentum.

DMFI continued to innovate and expand its product portfolio. In June last year, DMFI successfully launched the premium canned pineapple ‘Deluxe Gold’ produced by Del Monte Philippines. Deluxe Gold is a naturally extra sweet pineapple variety with double the amount of vitamin C. DMFI also introduced a new Del Monte Veggieful line of frozen vegetarian pocket pies which are delicious handheld snacks with plant-based ingredients. These two new products won a “Product of the Year” award for innovation this year. Other new products included College Inn Savory Infusions, a versatile cooking base that makes it easy to boost flavor in a variety of dishes and soups, and Del Monte Oats To Go, ready-to-eat single-serve oatmeal. New products launched in the past three years contributed 6% to DMFI’s total sales in FY2021.

Del Monte Foods developed a parent portal on its Del Monte website with its GrowingGreat non-profit partner, to give parents online access to lessons about the science of healthy eating. Consumers are showing their love – Blueberry Fruit Crunch Parfait earned ‘Best New Product Awards’ from Convenience Store News while Canned Diced Mangos in Light Syrup was selected by Parents Magazine as a ‘pantry item they couldn’t live without’.

DMFI is in the Top 3 position for canned vegetable, fruit, tomato and fruit cup snacks.

| Market Position in Key Categories in the USA | | | | |
|---|---|---|---|---|
| **Products** | **Market Position** | **Market Share** | **Change vs prior year** | **Brands** |
| Canned Vegetable | #1 | 17.4% | -0.2 ppt | |
| Canned Fruit | #2 | 19.2% | +0.2 ppt | |
| Fruit Cup Snacks | #2 | 25.3% | +1.5 ppts | |
| Canned Tomato* | #3 | 5.4%* | -0.3 ppt | |

*Canned market shares are for branded only, ex-private labels*
**Combined share for Del Monte, S&W and Contadina brands*
*Source: Nielsen RMS / Scantrack DMFI Custom DBs, Equivalent Volume share, Total xAOC, 12M ending 1 May 2021*

In the foodservice channel, there were some of the Company's wins:

- Secured new strategic partnerships with all 5 of the top 5 broadline foodservice distributors in the USA – Sysco, U.S. Foods, Gordon Foodservice, Reinhart Foodservice and Performance Food Group. This is key to expanding distribution on Del Monte foodservice products across the U.S.

- 3-Year Contract Renewal with Foodbuy - Foodbuy is owned by Compass, the largest foodservice company in the world. After a competitive bid process, Del Monte has been retained as the "Preferred Vendor" for the #10 (large can) Fruit, Pineapple and Vegetable categories. The 4oz. Fruit Cups were also awarded Preferred status

- Renewed and expanded KFC green bean business and Del Monte now the primary supplier

- Los Angeles Unified School District, the second largest school district in the USA, added Del Monte Fruit Cups to its menu. The reformulation of these Fruit Cups to 100% Juice continues to be popular with schools

- Bojangles' Famous Chicken 'n Biscuits, a 750-unit chain, has selected Del Monte Green Beans to be their primary vegetable side dish

- Schlotzsky's, a 350-unit chain specializing in gourmet sandwiches and pizzas, recently converted to Contadina Pizza Sauce

- Red Lobster's market tested Del Monte Tropical Bubble Fruit in its kids' menu in 17 stores

- Advocate Aurora Health with 37 health locations bought Del Monte Grab & Go products for its onsite retail locations, cafes and coffee shops

<u>Cross-selling</u>

As part of DMPL's growth and globalization initiative, the distribution of products from the Philippines has extended its reach beyond traditional Asian retail channels to a broader ethnic market to mainstream grocery channels within the U.S. As mentioned earlier, canned premium pineapple Del Monte Deluxe Gold from Del Monte Philippines is sold in mainstream channels in USA. Meanwhile, DMFI exports certain S&W and Contadina products to Asia.

**Philippines**

Sales in the Philippines in FY2021 rose 16% to US$392.9 million, as strong retail sales more than offset the decline in food service sales. The company's spaghetti sauce, pasta, ketchup and packaged fruit products performed well as a result of an increase in home cooking, anchored on quality and nutrition, supported by campaigns promoting regular cooking with Del Monte pineapples and tomato sauces, as well as meal planning and preparation by Del Monte Kitchenomics. Beverage sales also improved, with Del Monte's equity associated with immunity-boosting products.

The Company initiated entry into the fast-growing ready-to-drink milk and biscuits categories with the launch of Del Monte Mr. Milk, a fruit- and yoghurt-flavored milk drink, and Del Monte Potato Crisp Biscuits, made with real potato but baked, not fried. This generated incremental revenue for the company, while expanding the brand footprint into daily snacking as a new consumption occasion. Leveraging the Del Monte brand and its nationwide distribution reach, the Company's new products have achieved strong annual sales levels in a short time frame.

Del Monte Philippines also launched Quick 'n Easy Asian variants such as Teriyaki marinade, Green Curry mix and Red Curry mix. It introduced Del Monte Deluxe Gold, premium pineapple in a can. This is of the same pineapple variety sold in Asia as fresh for its naturally extra sweet taste. The Company also introduced Del Monte Fiesta Fruit Cocktail mixed with limited edition summer fruits of Mandarin Orange and Langka (Jackfruit).

Del Monte Philippines expanded its e-commerce presence, investing in both digital capability and partnerships with leading online platforms Lazada and Shopee. This resulted in significant growth albeit from a low base. Del Monte broke into the top 10 brand rankings on both Shopee and Lazada. It also launched the all new Del Monte Kitchenomics app which features thousands of recipes with Del Monte products, as well as meal planners, shopping lists, and easy links to e-commerce platforms. The Company promoted an array of Del Monte cooking ingredients online via "Del Monte Love to be Home Food Box".

Del Monte continues to enjoy strong market share leadership across all its major categories, and further strengthened share during the pandemic throughout FY2021, as Del Monte is sought as a trusted, healthy, high quality brand perfect for increased home cooking. Market share further improved, particularly in RTD Juices, which is known for their health and immunity proposition and was supported by the "FruiTection" campaign, as well as in Canned Mixed Fruit with increased consumption among small at-home celebrations with the "Stay-lebrations" campaign.

**Market Leader in Various Categories in the Philippines**

| **Products** | **Market Position** | **Market Share** | **Change vs prior year** | **Brands** |
|---|---|---|---|---|
| Packaged Pineapple | #1 | 89.4% | +2.4 ppts | Del Monte |
| Canned Mixed Fruit[1] | #1 | 77.0% | +4.7 ppts | Del Monte, Today's |
| RTD Juices ex-SUP[2] | #1 | 49.5% | +4.9 ppts | Del Monte |
| Tomato Sauce | #1 | 87.0% | +2.6 ppts | Del Monte |
| Spaghetti Sauce[3] | #1 | 38.7% | -0.2 ppt | Del Monte, Today's, Contadina |

[1]*Combined share for Del Monte and Today's brands*
[2]*SUP is Stand Up Pouch or what is locally referred to as "doy pack"*
[3]*Combined share for Del Monte, Today's and Contadina brands*
*Source: The Nielsen Company - Retail Audit Data for 12M to April 2021*

**S&W in Asia and the Middle East**

International sales of S&W processed products rose 33% to US$44.2 million on higher sales of healthy, shelf-stable packaged products such as canned pineapples, mixed fruits and juices.

Sales in the fresh segment, majority of which are branded S&W, grew by 6% to US$118.9 million. Coming from a weak first half, fresh sales recovered in the second half of the year, growing by 31% as logistics and retail restrictions in China and other North Asian markets eased, allowing the company to meet growing demand for premium fresh pineapples as key markets re-opened.

The Group's branded pineapples are ranked number 1 in the pineapple category of China's JD.com and number 1 in the imported pineapple category of Pinduoduo.com. The Group is the largest fresh pineapple exporter to China with a 53% share and one of the three biggest exporters to Japan, South Korea and the Middle East. In China alone, penetration of imported pineapples remains low giving substantial prospects for continued growth.

The Group's Nice Fruit joint venture launched frozen pineapple spears in 7-Eleven stores in Japan in June 2018. These frozen pineapples known as Pineapple Stick are individually packaged and positioned as an on-the-go healthy snack placed in the store's chiller section. These are also sold in Spain, Germany, Hong Kong, China and South Korea. The frozen pineapples are produced in Bukidnon utilizing patented technology that allows fruits to be picked at their optimal ripeness and frozen for up to 3 years while preserving their nutrients and original properties.

With the rising global trend on healthy snacks, we are now making waves in the foodservice channels such as the Quick Service Restaurants including KFC in the UK and McDonalds in the Middle East, while also beginning to gain more acceptance and support from the youth in the United States as substitute for ice cream and other frozen snacks.

The Group has also supplied to these fast food chains during their promotion periods:

- Hong Kong: Over 250 McDonald's outlets included S&W sliced pineapples in their McSpicy burgers, and the S&W Fiesta Fruit Cocktail in the Prosperity McFizz drink

China: 9 Popeyes outlets included S&W sliced pineapples in their Pineapple Fish-o-Burger, and KFC included the same in their Bacon Chicken Burger. McDonald's included S&W pineapple chunks in their Pineapple and Coconut Milk Juice

**FieldFresh India (equity accounted)**

Sales at FieldFresh Foods, our Indian joint venture, which are equity accounted and not consolidated, were US$67.4 million in FY2021, down 8% in Rupee terms and down 12% in US dollar terms, versus prior year. US$56.7 million came from the Del Monte-branded packaged segment and US$10.7 million from the FieldFresh-branded fresh segment. The pandemic significantly impacted the foodservice category which accounted for half of total sales in India.

DMPL's share of loss was reduced to US$1.0 million from US$2.0 million as retail sales continued to improve while sales on e-commerce platforms grew more than 2.5x versus prior year.

These were some of the initiatives in India in FY2021:

- Launched two new juices exclusively on Amazon for a month, followed by extension to offline trade across top stores. Del Monte ACE and Del Monte Heart Smart juices from Del Monte Philippines are highly relevant given India's high incidence of cardiovascular diseases, coupled with immunity concerns during the pandemic

- Introduced Del Monte Olive Oil in a 1-liter pouch, offering olive oil at a never before price which is 30% cheaper than bottled olive oil

- Launched Del Monte Raw Seeds exclusively on Amazon. These include raw flax, chia, sunflower and pumpkin seeds. This range has been well accepted on Amazon as seen by the high ratings and reviews and will be extended to brick and mortar retail soon

- Introduced Del Monte Dark Soy Sauce in glass bottle and spout pack formats completing our range of oriental sauces enabling Del Monte to play in a Rs7 billion (US$94 million) annual opportunity

- Revamped the Mayo Bottle range by shifting from glass packaging to the more convenient squeezable to better tap into a Rs1.2 billion (US$16 million) annual opportunity. 'Squeeze, Spread, Smile' messaging crafted to communicate the product/format proposition

**Gross Profit and Margin**

DMPL generated a gross profit of US$556.0 million, higher by 23% versus the prior year, while gross margin leaped to 25.7% from 21.2% in the same period last year.

DMFI in the US expanded its gross margin by 500 basis points to 22.6% from 17.6% on favorable sales mix from improved sales of higher-margin retail branded products, lower trade spending and costs, including savings generated by plant closures in the prior year in line with the company's asset-light strategy.

DMPL ex-DMFI delivered higher gross margin of 30.6% from 28.1% in the same period last year mainly from higher volume, favorable mix, price increases across almost all markets in line with inflation and lower delivered cost.

**EBITDA and Net Profit**

The Group more than doubled its EBITDA in FY2021 to US$309.0 million from US$142.2 million due to strong operating results and the presence of one-off expenses last year. DMFI accounted for US$170.5 million of the US$309.0 million EBITDA. Excluding one-off expenses, the Group's EBITDA was 36.9% higher versus the recurring EBITDA of US$225.7 million in the prior year. There were no one-off items for the full year ended FY2021.

The Group's net profit jumped to US$63.3 million, a turnaround versus the prior year's net loss of US$81.4 million. Last year's net loss included one-off expenses incurred by DMFI due to plant closures, final tax on dividend from DMPI, etc. Without these one-off expenses, the Group's net income of US$63.3 million was 96.6% higher than the recurring net income of US$32.2 million last year.

As part of the Group's strategy to improve operational excellence, reduce fixed costs and increase competitiveness, DMFI closed/sold four of its facilities in the prior year. Production at rationalized facilities had been transitioned to other DMFI production facilities in the USA as well as to strategic co-packers. These divestitures are enabling DMFI to significantly improve capacity utilization at the remaining plants in its production network. DMFI's asset-light strategy and other cost saving initiatives yielded about US$40 million savings in FY2021, on track to recouping the one-off expenses incurred in plant closures in the prior year. DMFI generated a net profit of US$15.1 million in FY2021, reversing the loss of US$100.4 million in the prior year.

The Group's second largest subsidiary, Del Monte Philippines, Inc., achieved its best ever sales of US$705.8 million, up 14% versus the prior year, and generated a record net profit of US$94.5 million, up 40%. Close to two-thirds of DMPI's sales are in the Philippines, with the balance in the international market.

Please refer to the following table for the schedule of one-off items in the prior year.

| Non-Recurring Expense/(Income) (in US$m) | FY2020 | FY2021 | Booked under |
|---|---|---|---|
| Closure/sale of plants[1] | 79.8 | - | G&A and other income /expense |
| Severance and others | 3.6 | - | G&A and other income/ expense |
| Gain due to loan purchase | (1.5) | - | Interest income |
| Loan retirement (swap settlement etc) | 11.2 | - | Interest expense |
| Total expense/(income) (pre-tax basis) | 93.1 | - | |
| Dividends tax[2] | 47.1 | - | Tax Expense |
| Total (net of tax and non-controlling interest of 10.6%) | 113.6 | - | |

[1]*As part of its multiyear restructuring project to streamline operations and improve profitability, the Group closed/sold four plants in the US in FY2020*

[2]*In preparation for its capital raising initiatives, DMPL's Philippine subsidiary, Del Monte Philippines, Inc, declared a dividend to its parent in the first quarter of FY2020 which was taxed at 15%*

**INVENTORIES**

DMPL's inventories increased to US$557.6 million as at 30 April 2021, from US$482.5 million as at 30 April 2020 as inventories returned to normal levels following higher sales last year in the US due to pandemic pantry stocking.

**CAPEX**

Capital expenditures were US$166.1 million in FY2021, higher than the US$132.1 million in FY2020. DMFI accounted for US$28.3 million of Group capex in FY2021, higher than the US$20.7 million in FY2020 due to higher additions in CIP for various process and improvements which were mostly completed in FY2021. DMPL ex-DMFI's capex accounted for US$137.8 million in FY2021, up from US$111.4 million in FY2020 driven by higher additions to biological assets.

**DEL MONTE FOODS REFINANCING**

In May 2020, the Group completed the refinancing of Del Monte Foods, Inc. DMFI raised new financing of US$1.3 billion consisting of a US$500 million five-year bond issue, a new three-year Asset-Based Loan of US$450 million, and equity contribution of US$379.5 million from DMPL, thereby recapitalizing DMFI's balance sheet. DMPL invested US$150 million in new preference equity and converted US$229.5 million of Second Lien Repurchase Loans into common equity in DMFI. As a result, DMPL's effective stake in DMFI increased to 93.6% from 89.4%.

With Del Monte Foods' refinancing and much improved operating performance, Moody's and Standard & Poor upgraded its credit ratings in April 2021. This provides DMFI with a solid foundation to improve its financial performance and capture market opportunities

**DEL MONTE PHILIPPINES BOND ISSUANCE**

In October 2020, DMPI successfully raised PhP6.47 billion (US$134 million) worth of fixed-rate bonds. The issuance, which consisted of three-year bonds at 3.484% pa interest rate and five-year bonds at

3.7563% pa, was oversubscribed. It was well-received by a good mix of retail and institutional investors that included insurance companies, retirement funds and asset management groups, among others. DMPI's credit rating for this bond is Aaa, the highest rating assigned by the Philippine Rating Services Corporation. The proceeds of the offering were used to refinance existing loans with lower cost funding and longer maturities.

**PRIVATE EQUITY INVESTMENT IN DEL MONTE PHILIPPINES**

In May and December 2020, the Group completed the private equity placement of a 13% stake in DMPI for US$130 million to SEA Diner Holdings (S) Pte. Ltd. (SEA Diner). The proceeds from the private placement were used for repayment of DMPL's bank loans.

This transaction is a testament to Del Monte Philippines' solid standing and future prospects for growth as a food company. Del Monte is well-positioned in this environment given its nutritious long shelf-life products which consumers are using to prepare more meals at home as well as build their immunity.

**DEL MONTE PHILIPPINES IPO**

As announced on 28 April 2021, DMPI had submitted a registration statement to the Philippine Securities and Exchange Commission relating to a proposed initial public offering of its Common Shares (the Offer).

DMPL, through its subsidiary Central American Resources, Inc. (CARI), and SEA Diner intend to offer up to 15% and up to 10% of their stake in DMPI, respectively, for a combined offering of up to 25% to be floated in the proposed IPO. There is an over-allotment option of up to 15% of the total Offer shares. The minimum public float requirement in the Philippines is 20%.

DMPL will use the proceeds from the IPO to reduce gearing and retire some of its Preference Shares leading to significant interest and preferred dividend savings going forward. DMPL also intends to retain a majority stake in DMPI post IPO and will remain significantly invested in DMPI's long term success. SEA Diner will also be retaining a holding in DMPI following its proposed listing.

The timing of the Offer, final offer price, final number of Offer Shares, and allocation of the proceeds will depend on, among other things, market conditions, the circumstances surrounding the Offer, and will be subject to securing the necessary regulatory approvals.

**CASH FLOW AND DEBT**

The Group's cash flow from operations in FY2021 was US$315.3 million, lower versus prior year's cash flow of US$377.4 million mainly from higher inventories.

The Group improved its working capital to US$200.4 million from a negative working capital of US$671.1 million at the end of FY2020. This was driven by the successful refinancing of DMFI's secured loans as mentioned earlier, reduced inventory days and longer payable days.

The Group's net debt (borrowings less cash and bank balances) amounted to US$1.26 billion as at 30 April 2021, lower than US$1.36 billion as at 30 April 2020 due to DMFI's repayment of its First and Second Lien Loans as well as improved operating performance and increased shareholder's equity from the gain on sale of 13% stake in DMPI.

Out of the total net debt of US$1.26 billion, DMFI accounted for US$529.9 million while DMPL ex-DMFI accounted for US$726.5 million.

The Group net debt to equity ratio improved to 195.5% from 240.8% in the prior year.

## REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

| *% of Turnover* | For the year ended 30 April | | |
|---|---|---|---|
| | **FY2021** | **FY2020** | **Explanatory Notes** |
| Cost of Goods Sold | **74.3** | 78.8 | Savings in asset light, improvement in cost from favorable purchase price on metal packaging and favorable absorption due to higher tomato/fruit packs. |
| Distribution and Selling Expenses | **9.3** | 10.0 | Driven by lower marketing spend in the US |
| G&A Expenses | **6.7** | 5.6 | Higher administrative expenses in DMFI driven by higher personnel cost. |
| Other Operating Expenses (Income) | **0.0** | 3.2 | Lower miscellaneous expenses from DMFI's discontinued operations |

## REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

| *In US$'000* | For the year ended 30 April | | | |
|---|---|---|---|---|
| | **FY2021** | **FY2020** | **%** | **Explanatory Notes** |
| Depreciation and amortization | **(187,320)** | (179,716) | (4.2) | Higher depreciation on right-of-use asset |
| Reversal/ (Provision) of asset impairment | **-** | (40,746) | 100.0 | Provision for impairment of assets last year from DMFI plant closures |
| Reversal/ (Provision) for inventory obsolescence | **(800)** | 859 | (193.1) | Driven by DMPI provisions for inventory obsolescence |
| Reversal/ (Provision) for doubtful debts | **(141)** | 23 | (713.0) | Driven by provisions for bad debts from offshore companies. |
| Net gain/(loss) on disposal of fixed assets | **1,333** | (2,502) | 153.3 | Driven by DMFI due to gain on sale of plant assets |
| Foreign exchange gain/(loss)- net | **3,921** | (631) | 721.4 | Driven by appreciation of Mexican Peso |
| Interest income | **547** | 2,569 | (78.7) | Higher recognised gain on DMFI second lien buy-out last year |
| Interest expense | **(111,044)** | (114,693) | 3.2 | Higher interest last year driven by writeoff of deferred transaction costs and loss on interest rate swap settlement. Also group interest is lower this year due to lower borrowing and lower interest market rates. |
| Share in net loss of JV | **(1,531)** | (3,085) | 50.4 | Lower losses in FieldFresh |
| Taxation Benefit (Expense) | **(27,273)** | (29,176) | 6.5 | Higher final taxes paid on intercompany dividends last year |

## REVIEW OF GROUP ASSETS AND LIABILITIES

| Balance Sheet | 30 Apr 2021 (Audited) | 30 Apr 2020 (Audited) | 30 April 2019 (Audited) | % Variance vs April FY20 | Explanatory Notes |
|---|---|---|---|---|---|
| ***In US$'000*** | | | | | |
| ***ASSETS*** | | | | | |
| Property, plant and equipment - net | **544,776** | 517,585 | 591,458 | 5.3 | Mainly driven by increase in bearer plants |
| Right-of-use (ROU) assets | **135,208** | 166,085 | - | (18.6) | Mainly due to amortisation during the year |
| Investment in joint ventures | **22,530** | 25,317 | 26,732 | (11.0) | Recognition of impairment on FieldFresh |
| Intangible assets and goodwill | **694,697** | 701,347 | 707,997 | (0.9) | nm |
| Other noncurrent assets | **25,325** | 26,181 | 33,392 | (3.3) | Driven by DMPI from lower advance rentals and deposits |
| Deferred tax assets - net | **130,538** | 144,974 | 106,321 | (10.0) | Decrease driven by deferred tax from remeasurement gain on retirement plans |
| Pension assets | **7,889** | 6,675 | 8,240 | 18.2 | Increase mainly driven by actuarial gain in DMPI |
| Biological assets | **47,568** | 63,278 | 54,002 | (24.8) | Due to higher harvested tons this year |
| Inventories | **557,602** | 482,463 | 664,922 | 15.6 | Lower inventory last year driven by higher sales in the US due to COVID 19 pandemic pantry stocking |
| Trade and other receivables | **185,049** | 320,603 | 146,534 | (42.3) | Mainly on collection of US$120M receivable from sale of shares |
| Prepaid expenses and other current assets | **37,286** | 66,380 | 32,995 | (43.8) | Reclassification of prepaid consultancy fees to deferred financing costs following completion of DMFI refinancing |
| Cash and cash equivalents | **29,435** | 33,465 | 21,636 | (12.0) | Mainly driven by cash flows used financing activities |
| Noncurrent assets held for sale | **-** | - | 4,465 | nm | nm |
| ***EQUITY*** | | | | | |
| Share capital | **49,449** | 49,449 | 49,449 | nm | nm |
| Share premium | **478,339** | 478,339 | 478,339 | nm | nm |
| Retained earnings | **83,349** | 60,763 | 96,074 | 37.2 | Net profit for the year and gain on sale of DMPI shares partly offset by dividend payments |
| Reserves | **(29,953)** | (77,474) | (65,827) | 61.3 | Driven by remeasurement gain on retirement plans in DMFI |
| Non-controlling interest | **61,312** | 54,820 | 43,106 | 11.8 | Share in net income of NCI, additional 1% share of subsidiary partly offset by dividends received |
| ***LIABILITIES*** | | | | | |
| Loans and borrowings | **1,285,743** | 1,396,029 | 1,478,655 | (7.9) | Driven by lower DMFI loans from settlement of First and Second Lien Loan |
| Lease liabilities | **128,803** | 158,525 | - | (18.7) | Due to lease payments |
| Derivative liabilities | **-** | 2,565 | - | (100.0) | Call option was exercised in FY21 |
| Other noncurrent liabilities | **18,697** | 20,815 | 30,015 | (10.2) | Decrease in worker's compensation liability in DMFI |
| Employee benefits | **70,141** | 105,345 | 91,421 | (33.4) | Driven by remeasurement gain on retirement plans in DMFI |
| Environmental remediation liabilities | **7,429** | 9,587 | 697 | (22.5) | Environmental remediation liabilities released for the following closed plants (Mendota , Sleepy Eye and Crystal City) with the sale of facilities that were closed |
| Deferred tax liabilities - net | **6,599** | 12,447 | 6,404 | (47.0) | Lower deferred tax liability for undistributed profits of subsidiary |
| Trade and other current liabilities | **254,729** | 276,893 | 188,669 | (8.0) | Driven by DMFI for the payment of accrued transaction costs last April 2020 relating to the issuance of Senior Secured Notes |
| Current tax liabilities | **3,266** | 6,250 | 1,692 | (47.7) | Lower tax liability for DMPI resulting from tax payments |

## Key Performance Indicators

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

### A. Current Ratio

| | 30-Apr-21 | 30-Apr-20 | Benchmark |
|---|---|---|---|
| **Current Ratio** | **1.3** | **0.6** | **Minimum of 1.2** |

Decrease in current loans resulting from completion of DMFI refinancing.

### B. Debt to Equity

| | 30-Apr-21 | 30-Apr-20 | Benchmark |
|---|---|---|---|
| **Debt to Equity** | **2.8** | **3.5** | **Maximum of 2.5** |

Decrease in total debt driven by reduction in loans; and increase in equity driven by net comprehensive income during the year, as well as equity reserve recognized from additional sale of DMPI shares.

### C. Net Profit Margin

| | 30-Apr-21 | 30-Apr-20 | Benchmark |
|---|---|---|---|
| **Net Profit/(Loss) Margin attributable to owners of the company** | **2.92%** | **-3.82%** | **Minimum of 3%** |

DMPL Group generated a net profit for the year driven by higher sales. Last year's net loss included one-off expenses incurred by DMFI due to plant closures, severance cost, write-off of deferred financing cost and loss from interest rate swap settlement as well as final tax on dividend from DMPI.

### D. Return on Asset

| | 30-Apr-21 | 30-Apr-20 | Benchmark |
|---|---|---|---|
| **Return on Asset** | **3.16%** | **-3.67%** | **Minimum of 1.21** |

DMPL Group generated a net profit for the year following the net loss recognized in FY20 from losses incurred on plant closures.

### E. Return on Equity

| | 30-Apr-21 | 30-Apr-20 | Benchmark |
|---|---|---|---|
| **Return on Equity** | **11.90%** | **-16.58%** | **Minimum of 8%** |

DMPL Group generated a net profit for the year following the net loss recognized in FY20 from losses incurred on plant closures.

**Material Changes in Accounts**

**A. Trade and other receivables**

Decrease in other receivables due to collection of US$120.0 million receivable from the sale of DMPI shares in FY20.

**B. Inventories**

Inventories increased to normal levels following lower inventories last year from higher sales in the US due to COVID 19 pandemic pantry stocking.

**C. Prepaid and other current assets**

Decrease due to reclassification of prepaid consultancy fees to deferred financing costs following completion of DMFI refinancing.

**D. Biological assets**

Decrease due to higher harvested tons during the year.

**F. Deferred tax assets**

Lower deferred tax assets, driven by remeasurement gain on retirement plans.

**G. Trade & Other Payables**

Lower trade and other payables, driven by payment of accrued transaction costs in FY20, relating to issuance of Senior Secured Notes.

**H. Employee benefits**

Driven by re-measurement gain on retirement plans in DMFI.

**I. Loans and borrowings**

Driven by lower DMFI loans from settlement of First and Second Lien Loan.

## Financial Ratios

### Supplementary Schedule of Financial Soundness Indicator

| Ratio | Formula | 30 April 2022 | 30 April 2021 | 30 April 2020 |
|---|---|---|---|---|
| (i) Liquidity Analysis Ratios: | | | | |
| Current Ratio or Working Capital Ratio | Current Assets / Current Liabilities | 1.2 | 1.3 | 0.6 |
| Quick Ratio | (Current Assets - Inventories - Prepaid expenses and other current assets - Biological Assets – Noncurrent assets held for sale) / Current Liabilities | 0.3 | 0.3 | 0.2 |
| (ii) Solvency Ratio | Total Assets / Total Liabilities | 1.2 | 1.4 | 1.3 |
| Financial Leverage Ratios: | | | | |
| Debt Ratio | Total Debt/Total Assets | 0.8 | 0.7 | 0.8 |
| Debt-to-Equity Ratio | Total Debt/Total Stockholders' Equity | 4.2 | 2.8 | 3.5 |
| (iii) Asset to Equity Ratio | Total Assets / Total Stockholders' Equity | 5.2 | 3.8 | 4.5 |
| (iv) Interest Coverage | Earnings Before Interest and Taxes (EBIT) / Interest Charges | 3.0 | 1.9 | 0.4 |
| (v) Debt/EBITDA Ratios | Total Debt/ Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) | 5.9 | 5.7 | 14.0 |
| (vi) Profitability Ratios | | | | |
| Gross Profit Margin | Revenue - Cost of Sales / Revenue | 26.59% | 25.71% | 21.24% |
| Net Profit Margin attributable to owners of the company | Net Profit attributable to owners / Revenue | 4.27% | 2.92% | -3.82% |
| Net Profit Margin | Net Profit / Revenue | 4.93% | 3.54% | -4.41% |
| Return on Assets | Net Profit / Total Assets | 4.47% | 3.16% | -3.67% |
| Return on Equity | Net Profit / Total Stockholders' Equity | 23.35% | 11.90% | -16.58% |

**BUSINESS OUTLOOK**

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

True to its vision, "Nourishing Families. Enriching Lives. Every Day." the Group will continue to improve and expand its offering of high quality products, while making these more readily available to consumers through traditional and digital channels including e-commerce, and through more convenient formats. Amidst a high-cost environment, the Group has taken both revenue generation and cost initiatives to protect the margins. DMFI has embarked on a number of cost optimization initiatives including network consolidation and increased use of rail instead of trucks to optimize distribution and transportation costs.

The Group will continue to optimize its production facilities while implementing strict safety measures and protecting its people against COVID-19.

Barring unforeseen circumstances, the Group expects to generate higher net profit (before one-off refinancing expenses) in FY2023.

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

The FY 2022 Audited Financial Statements of the Company is attached hereto as Annex "A". The additional components of the FS are hereto attached as follows:

Index to Supplementary Schedules

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

**Item 8. Independent Public Accountant and External Audit Fees**

(a) The external auditor of the Company for the most recently completed fiscal year was Ernst and Young LLP ("**EY Singapore**"), which is the same accounting firm tabled for reappointment for the current fiscal year at the AGM of shareholders. Sycip Gorres Velayo & Co. ("**EY Philippines**"), the Group's auditors in the Philippines for the most recently completed fiscal year, is likewise tabled for reappointment for the current fiscal year at the AGM.

(b) Mr. Philip Ling Soon Hwa is the partner-in-charge from EY Singapore for the audited financial statements of the Company and the Group for the fiscal year ended 30 April 2022. On the other hand, Mr. Johnny F. Ang is the partner-in-charge from EY Philippines for the audited financial statements of the Company and the Group for the fiscal year ended 30 April 2022.

(c) The aggregate annual external audit fees billed for each of the last two (2) fiscal years for the audit of the Company's annual financial statements or services that are normally provided by the external auditor are as follows:

| | FY2022 U.S.$ | FY2021 U.S.$ | FY2020 U.S.$ |
|---|---|---|---|
| 1. Audit, other Assurance and Related Fees | 384,854 | 382,743 | 353,132 |

During the Company's two (2) most recent fiscal years or any subsequent interim period:

1) No independent accountant who was previously engaged as the principal accountant to audit the Group's financial statements, or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned or was dismissed; and

2) There were no disagreements with the former accountant on any matter of accounting principles or policies, financial disclosures, or auditing procedure.

(d) EY Singapore was appointed as the external auditors of the Group at the AGM of the Company held on 23 August 2021. EY Philippines was also appointed at the said AGM as the Group's auditors in the Philippines. They were the auditors of the Group for the most recently completed fiscal year.

(e) The Audit and Risk Committee (the "**ARC**") reviews the scope and results of the audit and its cost effectiveness. It also ensures the independence and objectivity of the external auditors. Likewise, it reviews the non-audit services provided by the Company's external auditors. In the year in review, the ARC had reviewed the audit and non-audit services of the external auditors and was satisfied that the auditors continue to be independent.

# Part III – CONTROL AND COMPENSATION INFORMATION

## Item 9. Directors and Executive Officers of the Registrant

Board of Directors and Senior Management

The following comprises the Company's Board of Directors:

| Name | Age | Citizenship | Position |
|---|---|---|---|
| Rolando C. Gapud | 81 | Filipino | Executive Chairman |
| Joselito D. Campos, Jr. | 72 | Filipino | Managing Director & Chief Executive Officer |
| Edgardo M. Cruz, Jr. | 68 | Filipino | Executive Director |
| Benedict Kwek Gim Song | 76 | Singaporean | Lead Independent Director |
| Godfrey E. Scotchbrook | 77 | British | Independent Director |
| Emil Q. Javier | 82 | Filipino | Independent Director |
| Yvonne Goh | 70 | Singaporean | Independent Director |

The following comprises the Group's Senior Management:

| Name | Age | Citizenship | Position |
|---|---|---|---|
| Joselito D. Campos, Jr. | 72 | Filipino | Managing Director and CEO |
| Luis F. Alejandro | 69 | Filipino | Chief Operating Officer |
| Ignacio C. O. Sison | 59 | Filipino | Chief Corporate Officer |
| Parag Sachdeva | 53 | Indian | Chief Financial Officer |
| Antonio E. S. Ungson | 50 | Filipino | Chief Legal Counsel and Chief Compliance Officer |
| | | | Company Secretary |
| Ruiz G. Salazar | 59 | Filipino | Chief Human Resource Officer |

The following is a brief description of the business experience of the Company's Board of Directors and Senior Management for the past five (5) years.

***Mr Rolando C Gapud***
**Executive Chairman, 81**
Appointed on 20 January 2006 and last re-elected on 17 September 2020

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

***Mr Joselito D Campos, Jr***
**Executive Director, 72**
Appointed on 20 January 2006 and last elected on 28 April 2006

Mr Joselito D Campos, Jr is Chairman and CEO of the NutriAsia Group of Companies, a major food conglomerate in the Philippines. He is also Chairman of Fort Bonifacio Development Corp and Chairman of Ayala-Greenfield Development Corp, two major Philippines property developers. He is a Director of San Miguel Corporation, one of the largest and oldest business conglomerates in the Philippines. Mr Campos is the Vice Chairman of Del Monte Foods, Inc, DMPL's US subsidiary, and a Director of Del Monte Philippines, Inc, DMPL's Philippine subsidiary. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of the Company with the Bharti Group of India. He was formerly Chairman and CEO of United Laboratories, Inc and its regional subsidiaries and affiliates. Unilab is the Philippines' largest pharmaceutical company with substantial operations in the Asian region. Mr Campos is the Consul General in the Philippines for the Republic of Seychelles. He is also Chairman of the Metropolitan Museum of Manila, Bonifacio Arts Foundation Inc, The Mind Museum and the Del Monte Foundation, Inc. He is a Trustee and Global Council Member of the Asia Society in the Philippines; a Trustee of the Philippines-China Business Council and the Philippines Center for Entrepreneurship; a National Advisory Council Member of the World Wildlife Fund-Philippines; and a Director of the Philippine Eagle Conservation Program Foundation, Inc. Mr Campos holds an MBA from Cornell University.

***Mr Edgardo M Cruz, Jr***
**Executive Director, 68**
Appointed on 2 May 2006 and last re-elected on 27 August 2021

Mr Edgardo M Cruz, Jr is a member of the Board of the NutriAsia Group of Companies. Mr Cruz is a Director of Del Monte Foods, Inc, DMPL's US subsidiary, and an Executive Director of Del Monte Philippines, Inc, DMPL's Philippine subsidiary. He is the Chairman of the Board of Bonifacio Gas Corporation, Bonifacio Water Corporation, Bonifacio Transport Corporation and Crescent West Development Corporation. He is a member of the Board of Evergreen Holdings Inc, Fort Bonifacio Development Corporation and the BG Group of Companies. He is also a Board member and Chief Financial Officer of Bonifacio Land Corporation. He sits on the Boards of Ayala Greenfield Development Corporation and Ayala Greenfield Golf and Leisure Club Inc. He is a member of the Board of Trustees of Bonifacio Arts Foundation Inc, The Mind Museum and the Del Monte Foundation, Inc. Mr Cruz earned his MBA degree from the Asian Institute of Management after graduating from De La Salle University. He is a Certified Public Accountant.

***Mr Benedict Kwek Gim Song***
**Lead Independent Director, 76**
Appointed on 30 April 2007 and last re-appointed on 17 September 2020
Appointed as Lead Independent Director on 11 September 2013

Mr Benedict Kwek Gim Song is a Director of Del Monte Foods, Inc, DMPL's US subsidiary. Mr Kwek was Chairman of previously SGX-listed Pacific Shipping Trust from 2008 to 2012. He was also a Director and Chairman of the Audit Committee of listed companies including Ascendas REIT. He has over 30 years of banking experience, having served as the President and CEO of Keppel TatLee Bank. He has held various key positions at Citibank in the Philippines, Hong Kong, New York and Singapore. He holds a Bachelor of Social Science (Economics) degree from the then University of Singapore and attended a management development programme at Columbia University in the United States.

***Mr Godfrey E Scotchbrook***
**Independent Director, 77**
Appointed on 28 December 2000 and last re-appointed on 27 August 2021

Mr Godfrey E Scotchbrook is an independent practitioner in corporate communications, issues management and investor relations with more than 40 years of experience in Asia. In 1990, he founded Scotchbrook Communications and his prior appointments included being an executive director of the then publicly listed Shui On Group. A proponent of good corporate governance, he is an Independent Director of Boustead Singapore Ltd and a Non-Executive Director of Hong Kong-listed Convenience Retail Asia. He is a Fellow of the Hong Kong Management Association and also of the British Chartered Institute of Public Relations. He is also a Director of Del Monte Foods, Inc, DMPL’s US subsidiary. Mr Scotchbrook earned his DipCam PR having studied Media and Communications at City University, London.

***Dr Emil Q Javier***
**Independent Director, 82**
Appointed on 30 April 2007 and last re-appointed on 28 August 2019

Dr Emil Q Javier is a Filipino agronomist with a broad understanding of developing country agriculture. He was the first and only developing country scientist to Chair the Technical Advisory Committee of the prestigious Consultative Group for International Agricultural Research (CGIAR), a global consortium led by the World Bank and the Food and Agriculture Organization of the United Nations (FAO). He was Director General of the Asian Vegetable Research and Development Center (AVRDC) based in Taiwan and has served as Chairman of the Board of International Rice Research Institute (IRRI), and as Chairman and Acting Director of the Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA). In the Philippines at various periods, he had been President of the University of the Philippines, Minister for Science and Technology and President of the National Academy of Science and Technology, Philippines (NAST PHL). In May 2019, he was elected by his peers in NAST as a National Scientist, the highest honour conferred by the President of the Philippines to a Filipino in the field of science and technology. Dr Javier is an Independent Director of Del Monte Foods, Inc, DMPL’s US subsidiary, and of Del Monte Philippines, Inc, DMPL’s Philippine subsidiary, and is an Independent Director of Philippine-listed Centro Escolar University. He holds doctorate and master’s degrees in plant breeding and agronomy from Cornell University and University of Illinois at Urbana-Champaign, respectively. He completed his bachelor’s degree in agriculture at the University of the Philippines Los Baños.

***Mrs Yvonne Goh***
**Independent Director, 70**
Appointed on 4 September 2015 and last re-appointed on 28 August 2019

Mrs Goh is a Director of UNLV Singapore Limited, the Singapore campus of the University of Nevada Las Vegas (UNLV), USA. Mrs Goh is also a Director of EQUAL-ARK Singapore Ltd, a charity registered under the Charities Act and an Institution of a Public Character (IPC), assisting at-risk-kids and the elderly through equine-assisted learning and therapy. She also serves on the Board of Del Monte Foods, Inc, DMPL's US subsidiary. Mrs Goh was previously Managing Director of the KCS Group in Singapore, a professional services organisation and Managing Director of Boardroom Limited, a company listed on the SGX. Mrs Goh had served on the Board of WWF Singapore Limited, the Singapore chapter of WWF International, a leading global NGO. She was a Council Member and Vice Chairman of the Singapore Institute of Directors as well as Chairman of its Professional Development Committee. Mrs Goh was also a Director of the Accounting and Corporate Regulatory Authority (ACRA) and a past Chairman of the Singapore Association of the Institute of Chartered Secretaries and Administrators. Mrs Goh is a Fellow of the Singapore Institute of Directors and a Fellow of the Institute of Chartered Secretaries and Administrators, UK.

***Luis F. Alejandro***
Chief Operating Officer

Mr Luis F Alejandro has over 30 years of experience in consumer product operations and management. He started his career with Procter & Gamble where he spent 15 years in brand management before joining Kraft Foods Philippines Inc as President and General Manager. Later, he joined Southeast Asia Food Inc and Heinz UFC Philippines, Inc, two leading consumer packaged condiment companies of the NutriAsia Group, as President and Chief Operating Officer. He then became President and Chief Operating Officer of ABS-CBN Broadcasting Corporation, a leading media conglomerate in the Philippines. Mr Alejandro is a Director of Del Monte Foods, Inc, DMPL's US subsidiary, and Del Monte Philippines, Inc, DMPL's Philippine subsidiary. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. He holds a Bachelor's degree in Economics from the Ateneo de Manila University and an MBA from the Asian Institute of Management.

***Ignacio C. O. Sison***
Chief Corporate Officer

Mr Ignacio C O Sison is DMPL's Chief Corporate Officer responsible for strategic planning, sustainability, risk management and investor relations. He has been with DMPL since 1999 and was the group's Chief Financial Officer for nine years. Mr Sison has nearly 30 years of experience spanning corporate and strategic planning, financial planning, treasury, controllership, corporate sustainability, risk management and investor relations. Before joining Del Monte Pacific, he was CFO of Macondray and Company, Inc, then DMPL's parent company, for three years. Amongst others, he also worked for Pepsi-Cola Products Philippines and SGV & Co, the largest audit firm in the Philippines. Mr Sison holds an MSc degree in Agricultural Economics from Oxford University; an MA, Major in Economics, from the International University of Japan; a BA in Economics, magna cum laude, from the University of the Philippines; and an International Baccalaureate from the Lester B Pearson United World College of the Pacific in Canada. In 2010, Mr Sison received the Best CFO award from the Singapore Corporate Awards.

***Parag Sachdeva***
Chief Financial Officer

Mr Parag Sachdeva has 25 years of management and finance experience spanning planning and controllership, performance management, mergers and acquisitions, treasury, IT and human resources. Before joining DMPL, he was with Carlsberg Asia for more than a year and supported efficiency and effectiveness programmes across the Asian and African regions. Prior to Carlsberg, he was with HJ Heinz for 20 years and held leadership positions in Asia Pacific regions in finance, IT and human resources. Mr Sachdeva graduated from the Aligarh Muslim University in India, Major in Accounting and Commerce. He also has an MBA degree, Major in Finance from the same university.

***Antonio E. S. Ungson***
Chief Legal Counsel, Chief Compliance Officer, and Company Secretary

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

***Ruiz G. Salazar***
Chief Human Resource Officer

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

Directorships in Other Listed Companies

The table below sets forth the directorships in other listed companies, both current and in the past three (3) years:

| Name | Position | Company | Date |
|---|---|---|---|
| Joselito D Campos, Jr | Director | San Miguel Corporation | 2010 – Present |
| Emil Q Javier | Independent Director | Centro Escolar University | 2002 – Present |
| Godfrey E Scotchbrook | Independent Director | Boustead Singapore Ltd. (Singapore) | 2000 – Present |
| | Non-Executive Director | Convenience Retail Asia (HK) | 2002 – Present |

None of the Company's Directors are Chairman in other listed companies.

Significant Employees

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

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

Family Relationships

Other than as provided below, there are no other family relationships known to the Company:

Ms. Jeanette Beatrice Campos Naughton is Vice President, Strategic Planning of the Company's U.S. subsidiary, Del Monte Foods, Inc ("**DMFI**"). She is the daughter of Mr. Joselito D Campos, Jr., the Company's Managing Director and CEO, and DMFI's Vice Chairman and Director.

Involvement in Certain Legal Proceedings

*As to Directors, Executive Officers and Nominees for Election:*

Except as set out below, the Company is not aware that any of the incumbent Directors and any nominee for election as director, executive officer or control person of the Company has been the subject of any: (a) bankruptcy petition; (b) conviction by final judgment in a criminal proceeding, domestic or foreign; (c) order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction, in a civil action, the Philippine SEC or a comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the latest date that is material to the evaluation of his ability or integrity to hold the relevant position in the Company:

Mr. Luis F. Alejandro, the Group's Chief Operating Officer, is not involved in any criminal, bankruptcy or insolvency investigation or any other proceeding against him, except only the libel case pending between GMA Network, Inc and ABS-CBN Broadcasting Corp where he was impleaded eight years ago as co-accused in his capacity as then President and Chief Operating Officer of ABS-CBN Broadcasting Corp.

*As to the Company and its Subsidiaries:*

The Group is the subject of, or a party to, other various suits and pending or threatened litigation. While it is not feasible to predict or determine the ultimate outcome of these matters, the Company believes that none of these legal proceedings will have a material adverse effect on its financial position.

## Item 10. Compensation of Directors and Executive Officers

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the CEO and senior executive officers of the Company are as follows:

| Name and principal position | Year | Salary (in PhP) | Bonus (in PhP) |
|---|---|---|---|
| Chief Executive Officer and most highly compensated executive officers* | FY 2023 (Est) | 263,486,948 | 278,052,973 |
| | FY 2022 | 235,016,197 | 227,880,942 |
| | FY 2021 | 218,353,898 | 175,178,647 |
| | | | |
| B. All other officers and directors as a group unnamed | FY 2023 (Est) | 173,220,007 | 449,840,446 |
| | FY 2022 | 170,666,567 | 46,120,954 |
| | FY 2021 | 171,141,238 | 45,157,724 |

**The CEO and executive officers of the Company are as follows: Managing Director & CEO, Mr. Joselito D Campos, Jr. and the executives (in alphabetical order): Luis F. Alejandro, Parag Sachdeva, Ignacio Carmelo O. Sison, and Antonio Eugenio S. Ungson.*

Standard Arrangement

The Directors receive a fixed remuneration annually based on the following fee structure:

a. Board Chairman: US$99,000 per annum;
b. Directors: US$54,000 per annum;
c. ARC Chairman: US$24,750 per annum;
d. RSOC Chairman: US$12,375 per annum;
e. NGC Chairman: US$12,375 per annum;
f. ARC Members: US$13,500 per annum;
g. RSOC Members: US$6,750 per annum; and
h. NGC Members: US$6,750 per annum.

The Directors do not receive any allowance for attending Board or Board committee meetings.

*Other Arrangements*

Dr. Emil Q. Javier has a consultancy agreement with the Company to act as a consultant, amongst other things, to provide guidance and support to the Group on its plantation operations and development of agri-based initiatives.

Except as described above, there are no other arrangements pursuant to which any of the Company's Directors and officers are compensated, or are to be compensated, directly or indirectly.

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

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

**Share Options**

There are no outstanding share options as of the date of this Information Statement. All unexercised options which were granted pursuant to the Del Monte Pacific Executive Stock Option Plan 1999 had already lapsed on 6 March 2018.

**Share Awards**

All share awards granted to Directors had since 20 September 2017 been vested and released to Directors.

Except as disclosed [in the Company's Annual Report], no Director who held office at the end of the financial year had interests in shares, debentures, warrants, share options or share-based incentives of the Company or of related corporations, either at the beginning or at the end of the financial year.

## Item 11. Security Ownership of Certain Beneficial Owners and Management

i) Security Ownership of Certain Record and Beneficial Owners of More Than 5%

The table below sets forth the security ownership of certain record and beneficial owners of more than 5% of the Company's voting securities as of the date of this Information Statement.

| Title of Class | Name and Address of Record Owner and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Common Shares Held | % of Total Outstanding Shares |
|---|---|---|---|---|---|
| Ordinary Shares | NutriAsia Pacific Limited ("**NAPL**")<br><br>Trident Chambers Road Town, Tortola, British Virgin Islands<br><br>Shareholder | NAPL is the beneficial and record owner of the shares indicated.* | British Virgin Islands | 1,196,539,958 Ordinary Shares | 61.52% |
| Ordinary Shares | HSBC (Singapore) Nom's Pte. Ltd. ("**HSBC**")<br><br>21 Collyer Quay #13-01 HSBC Building Singapore 049320<br><br>Shareholder | Bluebell Group Holdings Limited ("**Bluebell**") is the beneficial owner of the shares indicated.*<br><br>The shares are held in nominee by HSBC. | British Virgin Islands | 189,736,540 Ordinary Shares | 9.76% |
| Ordinary Shares | Lee Pineapple Company Pte. Ltd. ("**Lee**")<br><br>65 Chulia St, #44-01 OCBC Centre Singapore 049513<br><br>Shareholder | Lee is the beneficial and record owner of the shares indicated.** | Singapore | 100,422,000 Ordinary Shares | 5.16% |

*Notes:*
** NAPL and Bluebell are beneficially owned by Mr. Joselito D. Campos, Jr. and the Campos family of the Philippines.*
*** Lee is beneficially owned by the Lee Family of Malaysia.*

ii) Security Ownership of Management

The table below sets forth the security ownership of the Company's directors and executive officers as of the date of this Information Statement.

| Title of Class | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | | Citizenship | Percent of Class |
|---|---|---|---|---|---|
| Ordinary | Joselito D. Campos, Jr. | 7,621,466 | Direct | Filipino | 0.39% |
| Ordinary | Rolando C. Gapud | 2,651,203 | Direct | Filipino | 0.14% |
| Ordinary | Edgardo M. Cruz, Jr. | 2,984,632 | Direct | Filipino | 0.15% |
| Ordinary | Emil Q. Javier | 611,828 | Direct | Filipino | 0.03% |
| Ordinary | Benedict Kwek Gim Song | 117,092 | Direct | Singaporean | 0.01% |
| Ordinary | Godfrey E. Scotchbrook | 117,092 | Direct | British | 0.01% |
| Ordinary | Luis F. Alejandro | 3,381,000 | Indirect | Filipino | 0.19% |
| | | 299,400 | Direct | | |
| Ordinary | Ignacio C. O. Sison | 1,079,736 | Direct | Filipino | 0.06% |
| Ordinary | Antonio E. S. Ungson | 597,864 | Direct | Filipino | 0.03% |
| Ordinary | Ma. Bella B. Javier | 377,430 | Direct | Filipino | 0.02% |

iii) Voting Trust Holders of 5% or More

There are no persons holding more than 5% of a class of shares of the Company under a voting trust or similar agreement as of the date of this Information Statement.

iv) Changes in Control

There are no arrangements which may result in a change in control of the Company as of the date of this Information Statement.

## Item 12. Certain Relationships and Related Transactions

The Company and its subsidiaries, in the ordinary course of business, engage in transactions with affiliates. The Company's policy with respect to related transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

The Company and its subsidiaries (the "**Group**") have the following major transactions with related parties.

For purposes of this section, 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.

| **Related Party Transaction** | **Relationship** | **Nature** | **FY2022 US$'000** | **FY2021 US$'000** | **FY2020 US$'000** |
|---|---|---|---|---|---|
| Del Monte Philippines, Inc (DMPI Retirement Fund) | Retirement fund of the Company's subsidiary | Rental to DMPI Retirement Fund | 1,837 | 1,747 | 1,662 |
| | | Security Deposit to DMPI Retirement Fund | - | 2 | 21 |
| | | Management fees from DMPI Retirement Fund | (4) | (4) | (4) |
| Del Monte Philippines, Inc (DMPI Provident Fund) | Retirement fund of the Company's subsidiary | Rental to DMPI Provident Fund | 7 | - | - |
| NutriAsia Inc (NAI) | Affiliate of the Company | Rental to NAI Retirement Fund | 652 | 602 | 586 |
| | | Security deposit to NAI Retirement Fund | 7 | 7 | 6 |
| | | Purchases of Production Materials | 25 | 24 | 28 |
| | | Toll Pack Fees | 12 | - | 128 |
| | | Utilities / Parking Space Rental | 97 | 40 | 55 |
| | | Recharge of Inventory Count Shortage | - | - | - |
| | | Management fee | (49) | (65) | - |
| | | Shared IT & Other Services from NAI | (112) | (185) | (177) |
| | | Sale of other Raw Materials with NAI | 48 | (11) | - |
| | | Sale of apple juice concentrate with NAI | (12) | (17) | (5) |
| | | Cash Advances | - | (703) | (8,731) |
| NAPL | Affiliate of the Company | Cash Advances | (1,261) | - | - |
| **TOTAL** | | | **1,247** | **1,437** | **(6,431)** |

# Part IV – CORPORATE GOVERNANCE

## Item 13. Annual Corporate Governance

Please refer to the 2021 Integrated Annual Corporate Governance Report (SEC Form i-ACGR) of DMPL, which was filed with the SEC and PSE, and posted in the Company's website www.delmontepacific.com, in compliance with SEC Memorandum Circular No. 15, Series of 2017.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY**
**FOR CONSOLIDATED FINANCIAL STATEMENTS**

The management of **Del Monte Pacific Limited and its Subsidiaries** (collectively referred to as the "**Company**") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at April 30, 2022, and 2021 and for each of the three years in the period ended April 30, 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing and, in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature ______________________
**Rolando C. Gapud, Executive Chairman**

Signature ______________________
**Joselito D. Campos, Jr., Managing Director & Chief Executive Officer**

Signature ______________________
**Parag Sachdeva, Chief Financial Officer**

Signed on the 15th day of July 2022.

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES )
CITY OF MAKATI, METRO MANILA ) S.S.

BEFORE ME, a Notary Public for and in the City of Makati, on this JUL 18 2022, personally came and appeared:

| Name | Passport No. | Date/Place Issued |
|---|---|---|
| Joselito D. Campos, Jr. | P7796935B | 07 Oct 2021 / DFA-Manila |
| Parag Sachdeva | Z4816522 | 16 May 2018 / Manila |

known to me and to me known to be the same persons who executed the foregoing instrument, and acknowledged that the same is their true and voluntary act and deed.

WITNESS MY HAND AND SEAL on the date and place first above-written.

Doc. No: 250;
Page No: 51;
Book No: 37;
Series of 2022.

JUANITO H. VINCULADO
NOTARY PUBLIC Until Dec. 31, 2022
PTR 11891754 J, Las Pinas, 1/2/30
IBP 090636, 8/15/19 for 2020, PPLM
Roll No. 41092/ MCLE VI-0019646 up to 4/14/22
Notarial Appt. No. M- ,1/17/20, Makati City
No. 7, Ipil Road, Forbes Park, Makati City
CP No. 0916-420-3253

1 August 2022

**CORPORATE GOVERNANCE AND FINANCE DEPARTMENT**
**Securities & Exchange Commission**
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Attention: **Rachel Esther J. Gumtang-Remalante**
Director

Re: **Request for Exemption from Notarization**

Gentlemen:

Del Monte Pacific Limited (the "Company"), through the undersigned, respectfully requests for the exemption of its **Mr. Rolando C. Gapud**, **Chairman of the Board**, from the notarization requirement for the Company's submission of its Statement of Management Responsibility, forming part of the Company's Information Statement as at 30 April 2022.

Mr. Gapud is currently not based in the Philippines, and has been holding his residence in Bangkok City for the past several months. In view of the on-going pandemic, the capability of Mr. Gapud, who is now 81 years old, to travel outside of his home and to different locations has been limited.

In view of the foregoing, we respectfully request for the exemption of Mr. Gapud from the notarization requirement for the Company's submission of its Statement of Management Responsibility.

We hope for your favorable consideration on this matter.

Very truly yours,

**DEL MONTE PACIFIC LIMITED**
By:

**ANTONIO EUGENIO S. UNGSON**
*Company Secretary*

# C O V E R  S H E E T

**for**

**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |

**C O M P A N Y  N A M E**

DEL MONTE PACIFIC LIMITED AND
SUBSIDIARIES

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

CRAIGMUIR CHAMBERS, PO BOX 71
ROAD TOWN, TORTOLA BRITISH
VIRGIN ISLANDS

| Form Type | Department requiring the report | Secondary License Type, If Applicable |
|---|---|---|
| AAFS | CRMD | – |

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

| Company's Email Address | Company's Telephone Number | Mobile Number |
|---|---|---|
| www.delmontepacific.com | **+65 6324 6822** | **–** |

| No. of Stockholders | Annual Meeting (Month / Day) | Fiscal Year (Month / Day) |
|---|---|---|
| **7,310** | **August 27** | **April 30** |

**CONTACT PERSON INFORMATION**

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

| Name of Contact Person | Email Address | Telephone Number/s | Mobile Number |
|---|---|---|---|
| **Antonio E.S. Ungson** | **UngsonAES@delmonte-phil.com** | **(02) 8856-2888** | **–** |

**CONTACT PERSON's ADDRESS**

**JY Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City**

***NOTE1 :*** *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

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Building a better working world

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

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

# INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Del Monte Pacific Limited
Craigmuir Chambers
PO Box 71 Road Town, Tortola
British Virgin Islands

## Opinion

We have audited the accompanying consolidated financial statements of Del Monte Pacific Limited and its Subsidiaries (the Group) and the separate financial statements of Del Monte Pacific Limited (the Company), which comprise the statements of financial position as at 30 April 2022 and 2021, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended 30 April 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the Company present fairly, in all material respects, the financial position of the Group and the Company as at 30 April 2022 and 2021, and their financial performance and their cash flows for each of the three years in the period ended 30 April 2022 in accordance with International Financial Reporting Standards (IFRSs).

## Basis for Opinion

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

## Key Audit Matters

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

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

*Applicable to the audit of the consolidated financial statements of the Group*

Fair value of biological assets

| Why significant | How our audit addressed the matter |
|---|---|
| As at 30 April 2022, the Group has biological assets amounting to US$50.1 million.<br><br>The valuation of biological assets was significant to our audit as the estimation process is complex, involves significant management estimate, and is based on assumptions that could be affected by natural phenomena. The key assumptions in determining the fair value of harvested produce include expected selling prices and gross margins. The key assumptions for the fair value of produce prior to harvest include its expected selling prices, gross margin, estimated tonnage of harvests and future growing costs.<br><br>The Group's disclosures relating to biological assets and sources of estimation uncertainty are included in Notes 11 and 34 to the financial statements. | We obtained an understanding of management's fair value measurement methodology and their process in deriving the fair value of the biological assets. We assessed the appropriateness of the methodology used in estimating the fair value. We tested the key assumptions used in the valuation, which include expected selling prices and gross margin for harvested produce; and expected selling prices, gross margin, estimated tonnage of harvests and future growing costs for produce prior to harvest, by comparing them to external data such as selling prices in the principal market and historical information.<br><br>We also assessed the adequacy of the related disclosures related to biological assets. |

Impairment assessment of goodwill and indefinite life trademarks

| Why significant | How our audit addressed the matter |
|---|---|
| As at 30 April 2022, the Group carries goodwill of US$203.4 million and indefinite life trademarks of US$408.1 million, representing 13% and 26% of the total noncurrent assets, respectively. | |
| a. *Goodwill and indefinite life trademarks allocated to Del Monte Foods, Inc. and its subsidiaries* | |
| The Group's goodwill is allocated to a Cash Generating Unit ("CGU"), Del Monte Foods, Inc., a subsidiary in the United States of America, and its subsidiaries (collectively, "DMFI"). Included within the CGU are the indefinite life America trademarks "Del Monte" and "College Inn" amounting to US$394.0 million. The Group uses the value in use calculation to estimate the recoverable amount of the CGU for purposes of assessing whether there is any impairment to be recognized.<br><br>The annual impairment test is significant to our audit because the assessment process is complex, involves significant management judgement and is dependent on certain key estimates such as expected cash flow covering a four-year period and the long-term growth rate and discount rate of the CGU.<br><br>The Group's disclosures relating to the goodwill and indefinite life America trademarks allocated to DMFI, sources of estimation uncertainty and sensitivity of the recoverable amounts are included in Note 8 to the financial statements. | We obtained an understanding of the Group's impairment assessment process and the related controls. We tested the reasonableness of the key assumptions, which include revenue growth rate, gross margin, earnings before interest, taxation, depreciation and amortization ("EBITDA") margin, discount rate and long-term growth rate against management plans, historical data and available market information in light of current market and economic conditions. We also performed independent sensitivity analysis on the key assumptions to consider the extent of reasonable change in these assumptions that individually or collectively would result in the impairment of these assets. We involved our internal specialist in evaluating certain key assumptions and methodology used.<br><br>We also reviewed the Group's disclosures in Note 8 to the financial statements, about those assumptions to which the outcome of the impairment test was most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the CGU. |

| Why significant | How our audit addressed the matter |
|---|---|
| *b. Other indefinite life trademarks* | |
| As at 30 April 2022, other indefinite life trademarks comprising of “Del Monte” in the Philippines and India, “S&W” in Asia, and “Todays” in the Philippines are carried at US$14.1 million.<br><br>The annual impairment test is significant to our audit because the assessment process is complex, involves significant management judgment and is dependent on certain estimates that can be affected by future market and economic conditions as well as trademark and royalty rates in the market.<br><br>The Group used the Relief-from-Royalty methodology in valuing its Philippines and S&W Asia trademarks. This approach relies on the forecasted revenue for the related brand or trademark and applies the royalty rates observed in the market. For the India trademark, the Group used the discounted cash flows of the related CGU. This method relies on forecasted financial results which uses significant assumptions such as revenue growth rates, EBITDA and long-term margins, terminal growth rates and discount rates.<br><br>The Group’s disclosures relating to its indefinite life trademarks, sources of estimation uncertainty and sensitivity of the recoverable amounts are included in Notes 7 and 8 to the financial statements. | We assessed the reasonableness of the forecasted revenue and royalty rates used to derive the recoverable amount of the brand and trademarks by comparing against available market and historical information.<br><br>We also evaluated the significant assumptions used in the financial forecast of the CGU, which include revenue growth rates, EBITDA and long-term margins, terminal growth rates and discount rates, by comparing them against management plans, historical data and available market information in light of current market and economic conditions. We involved our internal specialist in evaluating certain key assumptions and methodologies used.<br><br>We performed independent sensitivity analysis on the key assumptions to consider the extent of reasonable change in these assumptions that individually or collectively would result in impairment of these assets.<br><br>We also reviewed the Group’s disclosures in Notes 7 and 8 to the financial statements, about those assumptions to which the outcome of the impairment tests were most sensitive, that is, those that have the most significant effect on the determination of the recoverable amounts of the CGUs. |

Recognition of deferred tax assets

| Why significant | How our audit addressed the matter |
|---|---|
| As at 30 April 2022, the Group has recognized net deferred tax assets of US$116.7 million, of which US$113.2 million was attributable to DMFI.<br><br>The recognition of the deferred tax asset was significant to our audit because it involves significant management judgment and is based on assumptions that are affected by future market or economic conditions. The key assumptions in the taxable income forecast include revenue growth rates and gross and EBITDA margins.<br><br>The Group's disclosures relating to deferred tax and sources of estimation uncertainty are included in Note 9 to the financial statements. | We assessed the reasonableness of deferred tax assets recognized by comparing it to the taxable income forecast. We tested the key assumptions in estimating the taxable income forecast such as revenue growth rates and gross and EBITDA margins against available market information, management plans, historical performance and industry/market outlook in light of current market and economic conditions. We compared the consistency of management's taxable income forecasts with those included in the budget approved by the Board of Directors. We also evaluated the reasonableness of the timing of the reversal of future taxable and deductible temporary differences by considering the taxable income forecast and current tax laws.<br><br>We assessed the robustness of management's forecasting process by comparing the actual results of the subsidiary against prior year forecast.<br><br>We involved our internal tax specialist in reviewing the deductibility of the temporary differences. |

Valuation of defined benefit liability and assets

| Why significant | How our audit addressed the matter |
|---|---|
| As at 30 April 2022, the Group has defined benefit plans attributable to DMFI, giving rise to net defined benefit liability of US$18.2 million, which is measured using the projected unit credit valuation methodology.<br><br>We considered this to be a key audit matter because of the magnitude of the amounts, management's judgement in the use of assumptions such as future salary increases, discount rates, mortality rates and health care trends and technical expertise required to determine these amounts.<br><br>The Group's disclosures relating to its defined benefit liability and asset and sources of estimation uncertainty are included in Note 20 to the financial statements. | Our procedures included, among others, involving our internal specialist to assist us in reviewing the valuation methodology and the actuarial and demographic assumptions used by management to value the Group's pension obligations attributable to DMFI. We evaluated the competence, capabilities and objectivity of management's specialist.<br><br>We evaluated the key actuarial assumptions such as future salary increases, discount rates, mortality rates and health care trends by comparing them to market data and historical information.<br><br>We tested the employees' payroll data on a sample basis, and reviewed the reconciliation of the membership census data used in the actuarial models to the payroll data of the Group. |

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended 30 April 2022, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended 30 April 2022 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Johnny F. Ang
Partner
CPA Certificate No. 0108257
Tax Identification No. 221-717-423
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 108257-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-101-2021, October 1, 2021, valid until September 30, 2024
PTR No. 8853464, January 3, 2022, Makati City

15 July 2022

## Del Monte Pacific Limited and its Subsidiaries

## Statements of financial position
## As at 30 April 2022 and 2021
## (In US$'000)

| | Note | Group 30 April 2022 | Group 30 April 2021 | Company 30 April 2022 | Company 30 April 2021 |
|---|---|---|---|---|---|
| **Noncurrent assets** | | | | | |
| Property, plant and equipment - net | 5 | **577,647** | 544,776 | **–** | – |
| Right-of-use assets | 23 | **123,539** | 135,208 | **132** | 25 |
| Investments in subsidiaries | 6 | **–** | – | **980,008** | 901,015 |
| Investments in joint ventures | 7 | **17,172** | 22,530 | **2,836** | 2,789 |
| Intangible assets and goodwill | 8 | **688,047** | 694,697 | **–** | – |
| Deferred tax assets - net | 9 | **116,745** | 130,538 | **–** | 90 |
| Biological assets | 11 | **2,735** | 2,655 | **–** | – |
| Pension assets | 20 | **9,799** | 7,889 | **–** | – |
| Other noncurrent assets | 10 | **30,411** | 25,325 | **49** | – |
| | | **1,566,095** | 1,563,618 | **983,025** | 903,919 |
| **Current assets** | | | | | |
| Biological assets | 11 | **47,346** | 44,913 | **–** | – |
| Inventories | 12 | **685,958** | 557,602 | **–** | – |
| Trade and other receivables | 13 | **214,553** | 185,049 | **84,832** | 82,282 |
| Prepaid expenses and other current assets | 14 | **49,052** | 37,286 | **931** | 998 |
| Cash and cash equivalents | 15 | **21,853** | 29,435 | **2,129** | 2,104 |
| | | **1,018,762** | 854,285 | **87,892** | 85,384 |
| **Total assets** | | **2,584,857** | 2,417,903 | **1,070,917** | 989,303 |
| **Equity** | | | | | |
| Share capital | 16 | **29,449** | 49,449 | **29,449** | 49,449 |
| Share premium | | **298,339** | 478,339 | **298,478** | 478,478 |
| Retained earnings | 17 | **140,320** | 83,349 | **140,320** | 83,349 |
| Reserves | 17 | **(42,541)** | (29,953) | **(42,541)** | (29,953) |
| **Equity attributable to owners of the Company** | | **425,567** | 581,184 | **425,706** | 581,323 |
| Non-controlling interests | | **69,138** | 61,312 | **–** | – |
| **Total equity** | | **494,705** | 642,496 | **425,706** | 581,323 |
| **Noncurrent liabilities** | | | | | |
| Loans and borrowings | 18 | **1,088,012** | 953,290 | **434,587** | 293,561 |
| Employee benefits | 20 | **24,342** | 31,866 | **12** | 376 |
| Environmental remediation liabilities | 21 | **203** | 7,429 | **–** | – |
| Lease liabilities | 23 | **91,771** | 103,690 | **–** | – |
| Deferred tax liabilities - net | 9 | **12,421** | 6,599 | **8** | – |
| Other noncurrent liabilities | 19 | **23,023** | 18,697 | **–** | – |
| | | **1,239,772** | 1,121,571 | **434,607** | 293,937 |
| **Current liabilities** | | | | | |
| Loans and borrowings | 18 | **479,354** | 332,453 | **170,571** | 69,810 |
| Employee benefits | 20 | **36,958** | 38,275 | **–** | – |
| Trade payables and other current liabilities | 22 | **302,833** | 254,729 | **40,029** | 44,233 |
| Lease liabilities | 23 | **29,549** | 25,113 | **–** | – |
| Current tax liabilities | | **1,686** | 3,266 | **4** | – |
| | | **850,380** | 653,836 | **210,604** | 114,043 |
| **Total liabilities** | | **2,090,152** | 1,775,407 | **645,211** | 407,980 |
| **Total equity and liabilities** | | **2,584,857** | 2,417,903 | **1,070,917** | 989,303 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## Del Monte Pacific Limited and its Subsidiaries

## Income statements
## Years ended 30 April 2022, 2021 and 2020
**(In US$'000)**

| | Note | <------ Group | ------ | ------> | <------ Company | ------ | ------> |
|---|---|---|---|---|---|---|---|
| | | **Year ended 30 April 2022** | **Year ended 30 April 2021** | **Year ended 30 April 2020** | **Year ended 30 April 2022** | **Year ended 30 April 2021** | **Year ended 30 April 2020** |
| Revenue | 24, 29 | **2,342,086** | 2,162,709 | 2,128,343 | **–** | – | – |
| Cost of sales | | **(1,719,429)** | (1,606,746) | (1,676,186) | **–** | – | – |
| **Gross profit** | | **622,657** | 555,963 | 452,157 | **–** | – | – |
| Distribution and selling expenses | | **(221,798)** | (200,417) | (213,414) | **–** | – | – |
| General and administrative expenses | | **(129,311)** | (144,053) | (120,010) | **(12,983)** | (13,158) | (11,099) |
| Other (expenses) income - net | | **(4,258)** | 357 | (67,547) | **1,674** | 1,714 | 1,524 |
| **Results from operating activities** | | **267,290** | 211,850 | 51,186 | **(11,309)** | (11,444) | (9,575) |
| Finance income | 26 | **5,201** | 7,534 | 7,738 | **145** | 851 | 22,111 |
| Finance expense | 26 | **(112,707)** | (114,110) | (120,493) | **(13,238)** | (13,134) | (16,323) |
| Net finance (expense) income | | **(107,506)** | (106,576) | (112,755) | **(13,093)** | (12,283) | 5,788 |
| Share in net (loss) income of joint ventures and subsidiaries | 7 | **(4,954)** | (1,531) | (3,085) | **124,437** | 86,990 | (77,592) |
| **Profit (loss) before taxation** | 25 | **154,830** | 103,743 | (64,654) | **100,035** | 63,263 | (81,379) |
| Tax expense - net | 27 | **(39,300)** | (27,273) | (29,176) | **(4)** | (7) | (15) |
| **Profit (loss) for the year** | | **115,530** | 76,470 | (93,830) | **100,031** | 63,256 | (81,394) |
| **Profit (loss) attributable to:** | | | | | | | |
| Owners of the Company | 28 | **100,031** | 63,256 | (81,394) | **100,031** | 63,256 | (81,394) |
| Non-controlling interests | | **15,499** | 13,214 | (12,436) | **–** | – | – |
| | | **115,530** | 76,470 | (93,830) | **100,031** | 63,256 | (81,394) |
| **Earnings (loss) per share** | | | | | | | |
| Basic earnings (loss) per share (US cents) | 28 | **4.17** | 2.24 | (5.20) | **–** | – | – |
| Diluted earnings (loss) per share (US cents) | 28 | **4.17** | 2.24 | (5.20) | **–** | – | – |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## Statements of comprehensive income
## Years ended 30 April 2022, 2021 and 2020
**(In US$'000)**

| Group | Note | Year ended 30 April 2022 | Year ended 30 April 2021 | Year ended 30 April 2020 |
|---|---|---|---|---|
| **Profit (loss) for the year** | | **115,530** | 76,470 | (93,830) |
| **Other comprehensive income (loss)** | | | | |
| **Items that will or may be reclassified subsequently to profit or loss:** | | | | |
| Currency translation difference | | **(15,302)** | 6,900 | 5,401 |
| Effective portion of changes in fair value of cash flow hedges | | **(8,805)** | 4,283 | 962 |
| Tax impact on share in cash flow hedges | | **2,193** | (1,049) | (236) |
| | | **(21,914)** | 10,134 | 6,127 |
| **Items that will not be reclassified to profit or loss:** | | | | |
| Remeasurement of retirement plans | 20 | **12,760** | 54,580 | (28,993) |
| Tax impact on remeasurement of retirement plans | 9 | **(3,255)** | (13,880) | 6,113 |
| Gain on property revaluation | 5 | **–** | – | 4,066 |
| Impact of tax on revaluation reserve | 9 | **–** | 629 | (1,220) |
| | | **9,505** | 41,329 | (20,034) |
| **Other comprehensive income (loss) for the year, net of tax** | | **(12,409)** | 51,463 | (13,907) |
| **Total comprehensive income (loss) for the year** | | **103,121** | 127,933 | (107,737) |
| **Total comprehensive income (loss) attributable to:** | | | | |
| Owners of the Company | | **89,196** | 110,777 | (93,041) |
| Non-controlling interests | | **13,925** | 17,156 | (14,696) |
| | | **103,121** | 127,933 | (107,737) |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## Del Monte Pacific Limited and its Subsidiaries

## Statements of comprehensive income
**Years ended 30 April 2022, 2021 and 2020**
**(In US$'000)**

| Company | Year ended 30 April 2022 | Year ended 30 April 2021 | Year ended 30 April 2020 |
|---|---|---|---|
| **Profit (loss) for the year** | **100,031** | 63,256 | (81,394) |
| | | | |
| **Other comprehensive income (loss)** | | | |
| **Items that will or may be reclassified subsequently to profit or loss:** | | | |
| Currency translation difference | **(13,351)** | 6,026 | 5,378 |
| Effective portion of changes in fair value of cash flow hedges | **(8,239)** | 4,008 | 860 |
| Tax impact on share in cash flow hedges | **2,052** | (982) | (210) |
| | **(19,538)** | 9,052 | 6,028 |
| | | | |
| **Items that will not be reclassified to profit or loss:** | | | |
| Remeasurement of retirement plans | **11,685** | 50,856 | (26,014) |
| Tax impact on remeasurement of retirement plans | **(2,982)** | (12,934) | 5,493 |
| Gain on property revaluation | **–** | – | 4,066 |
| Derecognition (impact) of tax on revaluation reserve | **–** | 547 | (1,220) |
| | **8,703** | 38,469 | (17,675) |
| | | | |
| **Other comprehensive income (loss) for the year, net of tax** | **(10,835)** | 47,521 | (11,647) |
| **Total comprehensive income (loss) for the year** | **89,196** | 110,777 | (93,041) |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**Del Monte Pacific Limited and its Subsidiaries**

## Statements of changes in equity
## Years ended 30 April 2022, 2021 and 2020
## (In US$'000)

| | Note | Share capital | Share premium | Translation reserve | Revaluation reserve | Remeasure-ment Retirement plans | Hedging reserve | Share option reserve | Reserve for own shares | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | <------ Attributable to owners of the Company | | | | | | | | | ------> | | |
| **Group** | | | | | | | | | | | | | |
| **2022** | | | | | | | | | | | | | |
| At 30 April 2021 | | 49,449 | 478,339 | (81,971) | 14,278 | 35,049 | 1,224 | 1,753 | (286) | 83,349 | 581,184 | 61,312 | 642,496 |
| **Total comprehensive income for the year** | | | | | | | | | | | | | |
| Profit for the year | | – | – | – | – | – | – | – | – | 100,031 | 100,031 | 15,499 | 115,530 |
| **Other comprehensive income (loss)** | | | | | | | | | | | | | |
| Currency translation differences | | – | – | (13,351) | – | – | – | – | – | – | (13,351) | (1,951) | (15,302) |
| Remeasurement of retirement plans, net of tax | 20 | – | – | – | – | 8,703 | – | – | – | – | 8,703 | 802 | 9,505 |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | – | – | – | – | – | (6,187) | – | – | – | (6,187) | (425) | (6,612) |
| **Total other comprehensive income (loss)** | | – | – | (13,351) | – | 8,703 | (6,187) | – | – | – | (10,835) | (1,574) | (12,409) |
| **Total comprehensive income (loss) for the year** | | – | – | (13,351) | – | 8,703 | (6,187) | – | – | 100,031 | 89,196 | 13,925 | 103,121 |
| **Transactions with owners of the Company recognized directly in equity** | | | | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | | | | |
| Redemption of A-1 preference shares | 2, 16 | (20,000) | (180,000) | – | – | – | – | – | – | – | (200,000) | – | (200,000) |
| Cancelled options | 31 | – | – | – | – | – | – | (1,753) | – | – | (1,753) | (207) | (1,960) |
| Dividends | 17 | – | – | – | – | – | – | – | – | (43,060) | (43,060) | (5,892) | (48,952) |
| **Total contributions by and distributions to owners** | | (20,000) | (180,000) | – | – | – | – | (1,753) | – | (43,060) | (244,813) | (6,099) | (250,912) |
| **At 30 April 2022** | **16, 17** | **29,449** | **298,339** | **(95,322)** | **14,278** | **43,752** | **(4,963)** | **–** | **(286)** | **140,320** | **425,567** | **69,138** | **494,705** |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## Del Monte Pacific Limited and its Subsidiaries

## Statements of changes in equity (cont'd)
## Years ended 30 April 2022, 2021 and 2020
## (In US$'000)

| | | <---- Attributable to owners of the Company ----> | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital | Share premium | Translation reserve | Revaluation reserve | Remeasure-ment Retirement plans | Hedging reserve | Share option reserve | Reserve for own shares | Retained earnings | Total | Non-controlling interests | Total equity |
| **Group** | | | | | | | | | | | | | |
| **2021** | | | | | | | | | | | | | |
| At 30 April 2020 | | 49,449 | 478,339 | (87,997) | 13,731 | (2,873) | (1,802) | 1,753 | (286) | 60,763 | 511,077 | 54,820 | 565,897 |
| **Total comprehensive income for the year** | | | | | | | | | | | | | |
| Profit for the year | | – | – | – | – | – | – | – | – | 63,256 | 63,256 | 13,214 | 76,470 |
| **Other comprehensive income** | | | | | | | | | | | | | |
| Currency translation differences | | – | – | 6,026 | – | – | – | – | – | – | 6,026 | 874 | 6,900 |
| Gain on property revaluation, net of tax | | – | – | – | 547 | – | – | – | – | – | 547 | 82 | 629 |
| Remeasurement of retirement plans, net of tax | 20 | – | – | – | – | 37,922 | – | – | – | – | 37,922 | 2,778 | 40,700 |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | – | – | – | – | – | 3,026 | – | – | – | 3,026 | 208 | 3,234 |
| **Total other comprehensive income** | | – | – | 6,026 | 547 | 37,922 | 3,026 | – | – | – | 47,521 | 3,942 | 51,463 |
| **Total comprehensive income for the year** | | – | – | 6,026 | 547 | 37,922 | 3,026 | – | – | 63,256 | 110,777 | 17,156 | 127,933 |
| **Transactions with owners of the Company recognized directly in equity** | | | | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | | | | |
| Sale of shares of a subsidiary | 6 | – | – | – | – | – | – | – | – | 9,135 | 9,135 | 2,201 | 11,336 |
| Dividends | 17 | – | – | – | – | – | – | – | – | (49,805) | (49,805) | (12,865) | (62,670) |
| **Total contributions by and distributions to owners** | | – | – | – | – | – | – | – | – | (40,670) | (40,670) | (10,664) | (51,334) |
| **At 30 April 2021** | **16, 17** | **49,449** | **478,339** | **(81,971)** | **14,278** | **35,049** | **1,224** | **1,753** | **(286)** | **83,349** | **581,184** | **61,312** | **642,496** |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## Del Monte Pacific Limited and its Subsidiaries

## Statements of changes in equity (cont'd)
## Years ended 30 April 2022, 2021 and 2020
## (In US$'000)

| | Note | Share capital | Share premium | Translation reserve | Revaluation reserve | Remeasure -ment of retirement plans | Hedging reserve | Share option reserve | Reserve for own shares | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | <-------- Attributable to owners of the Company | | | | | | | | | --------> | | |
| **Group** | | | | | | | | | | | | | |
| **2020** | | | | | | | | | | | | | |
| At 30 April 2019 | | 49,449 | 478,339 | (93,375) | 10,885 | 17,648 | (2,452) | 1,753 | (286) | 96,074 | 558,035 | 43,106 | 601,141 |
| Effect of adoption of IFRS 16, *Leases* | | – | – | – | – | – | – | – | – | (1,013) | (1,013) | – | (1,013) |
| At 30 April 2019 | | 49,449 | 478,339 | (93,375) | 10,885 | 17,648 | (2,452) | 1,753 | (286) | 95,061 | 557,022 | 43,106 | 600,128 |
| **Total comprehensive loss for the year** | | | | | | | | | | | | | |
| Loss for the year | | – | – | – | – | – | – | – | – | (81,394) | (81,394) | (12,436) | (93,830) |
| **Other comprehensive income (loss)** | | | | | | | | | | | | | |
| Currency translation differences | | – | – | 5,378 | – | – | – | – | – | – | 5,378 | 23 | 5,401 |
| Gain on property revaluation, net of tax | | – | – | – | 2,846 | – | – | – | – | – | 2,846 | – | 2,846 |
| Remeasurement of retirement plans, net of tax | 20 | | | | | (20,521) | | | | | (20,521) | (2,359) | (22,880) |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | – | – | – | – | – | 650 | – | – | – | 650 | 76 | 726 |
| **Total other comprehensive income (loss)** | | – | – | 5,378 | 2,846 | (20,521) | 650 | – | – | – | (11,647) | (2,260) | (13,907) |
| **Total comprehensive income (loss) for the Year** | | – | – | 5,378 | 2,846 | (20,521) | 650 | – | – | (81,394) | (93,041) | (14,696) | (107,737) |
| **Transactions with owners of the Company recognized directly in equity** | | | | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | | | | |
| Sale of shares of a subsidiary | 6 | – | – | – | – | – | – | – | – | 76,958 | 76,958 | 26,410 | 103,368 |
| Dividends | 17 | – | – | – | – | – | – | – | – | (29,862) | (29,862) | – | (29,862) |
| **Total contributions by and distributions to owners** | | – | – | – | – | – | – | – | – | 47,096 | 47,096 | 26,410 | 73,506 |
| **At 30 April 2020** | 16, 17 | 49,449 | 478,339 | (87,997) | 13,731 | (2,873) | (1,802) | 1,753 | (286) | 60,763 | 511,077 | 54,820 | 565,897 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**Del Monte Pacific Limited and its Subsidiaries**

**Statements of changes in equity (cont'd)**
**Years ended 30 April 2022, 2021 and 2020**
**(In US$'000)**

| | Note | Share capital | Share premium | Share in translation reserve of subsidiaries | Share in revaluation reserve of subsidiaries | Share in remeasure-ment of retirement plans of subsidiaries | Share in hedging reserve of a subsidiary | Share option reserve | Reserve for own shares | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | | | | | |
| **2022** | | | | | | | | | | | |
| At 30 April 2021 | | 49,449 | 478,478 | (81,971) | 14,278 | 35,049 | 1,224 | 1,753 | (286) | 83,349 | 581,323 |
| **Total comprehensive income for the year** | | | | | | | | | | | |
| Profit for the year | | – | – | – | – | – | – | – | – | 100,031 | 100,031 |
| **Other comprehensive income (loss)** | | | | | | | | | | | |
| Currency translation differences | | – | – | (13,351) | – | – | – | – | – | – | (13,351) |
| Remeasurement of retirement plans, net of tax | 20 | – | – | – | – | 8,703 | – | – | – | – | 8,703 |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | – | – | – | – | – | (6,187) | – | – | – | (6,187) |
| **Total other comprehensive income (loss)** | | – | – | (13,351) | – | 8,703 | (6,187) | – | – | – | (10,835) |
| **Total comprehensive income (loss) for the year** | | – | – | (13,351) | – | 8,703 | (6,187) | – | – | 100,031 | 89,196 |
| **Transactions with owners of the Company recognized directly in equity** | | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | | |
| Redemption of A-1 preference shares | 16 | (20,000) | (180,000) | – | – | – | – | – | – | – | (200,000) |
| Cancelled options | 31 | – | – | – | – | – | – | (1,753) | – | – | (1,753) |
| Dividends | 17 | – | – | – | – | – | – | – | – | (43,060) | (43,060) |
| **Total contributions by and distributions to owners** | | (20,000) | (180,000) | – | – | – | – | (1,753) | – | (43,060) | (244,813) |
| **At 30 April 2022** | 16, 17 | 29,449 | 298,478 | (95,322) | 14,278 | 43,752 | (4,963) | – | (286) | 140,320 | 425,706 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## Statements of changes in equity (cont'd)
## Years ended 30 April 2022, 2021 and 2020
## (In US$'000)

| | Note | Share capital | Share premium | Share in translation reserve of subsidiaries | Share in revaluation reserve of subsidiaries | Share in remeasure-ment of retirement plans of subsidiaries | Share in hedging reserve of a subsidiary | Share option reserve | Reserve for own shares | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | | | | | |
| **2021** | | | | | | | | | | | |
| At 30 April 2020 | | 49,449 | 478,478 | (87,997) | 13,731 | (2,873) | (1,802) | 1,753 | (286) | 60,763 | 511,216 |
| **Total comprehensive income for the year** | | | | | | | | | | | |
| Profit for the year | | – | – | – | – | – | – | – | – | 63,256 | 63,256 |
| **Other comprehensive income** | | | | | | | | | | | |
| Currency translation differences | | – | – | 6,026 | – | – | – | – | – | – | 6,026 |
| Gain on property revaluation, net of tax | | – | – | – | 547 | – | – | – | – | – | 547 |
| Remeasurement of retirement plans, net of tax | 20 | – | – | – | – | 37,922 | – | – | – | – | 37,922 |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | – | – | – | – | – | 3,026 | – | – | – | 3,026 |
| **Total other comprehensive income** | | – | – | 6,026 | 547 | 37,922 | 3,026 | – | – | – | 47,521 |
| **Total comprehensive income for the year** | | – | – | 6,026 | 547 | 37,922 | 3,026 | – | – | 63,256 | 110,777 |
| **Transactions with owners of the Company recognized directly in equity** | | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | | |
| Sale of shares of a subsidiary | 6 | – | – | – | – | – | – | – | – | 9,135 | 9,135 |
| Dividends | 17 | – | – | – | – | – | – | – | – | (49,805) | (49,805) |
| **Total contributions by and distributions to owners** | | – | – | – | – | – | – | – | – | (40,670) | (40,670) |
| **At 30 April 2021** | 16, 17 | 49,449 | 478,478 | (81,971) | 14,278 | 35,049 | 1,224 | 1,753 | (286) | 83,349 | 581,323 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## Del Monte Pacific Limited and its Subsidiaries

## Statements of changes in equity (cont'd)
## Years ended 30 April 2022, 2021 and 2020
## (In US$'000)

| | Note | Share capital | Share premium | Share in translation reserve of subsidiaries | Share in revaluation reserve of subsidiaries | Share in remeasure-ment of retirement plans of subsidiaries | Share in hedging reserve of a subsidiary | Share option reserve | Reserve for own shares | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | | | | | |
| **2020** | | | | | | | | | | | |
| At 30 April 2019 | | 49,449 | 478,478 | (93,375) | 10,885 | 17,648 | (2,452) | 1,753 | (286) | 96,074 | 558,174 |
| Effect of adoption of IFRS 16, *Leases* | 3 | – | – | – | – | – | – | – | – | (1,013) | (1,013) |
| At 30 April 2019 | | 49,449 | 478,478 | (93,375) | 10,885 | 17,648 | (2,452) | 1,753 | (286) | 95,061 | 557,161 |
| **Total comprehensive loss for the year** | | | | | | | | | | | |
| Loss for the year | | – | – | – | – | – | – | – | – | (81,394) | (81,394) |
| **Other comprehensive income (loss)** | | | | | | | | | | | |
| Currency translation differences | | – | – | 5,378 | – | – | – | – | – | – | 5,378 |
| Gain on property revaluation, net of tax | | – | – | – | 2,846 | – | – | – | – | – | 2,846 |
| Remeasurement of retirement plans, net of tax | 20 | – | – | – | – | (20,521) | – | – | – | – | (20,521) |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | – | – | – | – | – | 650 | – | – | – | 650 |
| **Total other comprehensive income (loss)** | | – | – | 5,378 | 2,846 | (20,521) | 650 | – | – | – | (11,647) |
| **Total comprehensive income (loss) for the year** | | – | – | 5,378 | 2,846 | (20,521) | 650 | – | – | (81,394) | (93,041) |
| **Transactions with owners of the Company recognized directly in equity** | | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | | |
| Sale of shares of a subsidiary | 6 | – | – | – | – | – | – | – | – | 76,958 | 76,958 |
| Dividends | 17 | – | – | – | – | – | – | – | – | (29,862) | (29,862) |
| **Total contributions by and distributions to owners** | | – | – | – | – | – | – | – | – | 47,096 | 47,096 |
| **At 30 April 2020** | 16, 17 | 49,449 | 478,478 | (87,997) | 13,731 | (2,873) | (1,802) | 1,753 | (286) | 60,763 | 511,216 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## Statements of cash flows
## Years ended 30 April 2022, 2021 and 2020
## (In US$'000)

| | Note | Group Year ended 30 April 2022 | Group Year ended 30 April 2021 | Group Year ended 30 April 2020 | Company Year ended 30 April 2022 | Company Year ended 30 April 2021 | Company Year ended 30 April 2020 |
|---|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | | |
| Profit (loss) for the year | | **115,530** | 76,470 | (93,830) | **100,031** | 63,256 | (81,394) |
| Adjustments to reconcile profit (loss) for the year to net cash flows: | | | | | | | |
| Depreciation of property, plant and equipment | 5 | **146,480** | 139,950 | 137,887 | **–** | – | – |
| Finance expense | | **111,986** | 113,615 | 119,198 | **12,977** | 13,116 | 16,317 |
| Amortization of right-of-use assets | 23 | **40,369** | 40,720 | 35,179 | **93** | 106 | – |
| Tax expense - current | 27 | **20,605** | 33,059 | 55,424 | **22** | 51 | 21 |
| Tax credit - deferred | 9, 27 | **18,695** | (5,786) | (26,248) | **(18)** | (44) | (6) |
| Amortization of intangible assets | 8 | **6,650** | 6,650 | 6,650 | **–** | – | – |
| Share in losses (earnings) of joint ventures and subsidiaries | 7 | **4,954** | 1,531 | 3,085 | **(124,437)** | (86,990) | 77,592 |
| Allowance for inventory obsolescence | 13 | **4,135** | 7,043 | 9,649 | **–** | – | – |
| Finance income | | **(2,629)** | (7,028) | (7,738) | **(11)** | (846) | (22,111) |
| Impairment loss in joint ventures | 7 | **2,000** | 2,096 | – | **–** | – | – |
| Equity-settled share-based payment transactions | | **(1,960)** | – | – | **–** | – | – |
| Unrealized foreign exchange (gain) loss | | **(1,851)** | (11) | 1,295 | **127** | 13 | 6 |
| Impairment (reversal) of trade and nontrade receivables | 13 | **1,060** | 144 | (292) | **–** | – | – |
| (Gain) loss on disposal of property, plant and equipment | 25 | **789** | (1,333) | 2,502 | **–** | – | – |
| Impairment loss of property, plant and equipment | 5 | **–** | – | 40,746 | **–** | – | – |
| Ineffective portion of cash flow hedges | | **–** | – | 941 | **–** | – | – |
| | | **466,813** | 407,120 | 284,448 | **(11,216)** | (11,338) | (9,575) |
| Changes in: | | | | | | | |
| Other assets | | **(9,039)** | 3,853 | (28,190) | **(49)** | – | – |
| Inventories | | **(139,021)** | (79,117) | 172,695 | **–** | – | – |
| Biological assets | | **(6,311)** | 18,716 | (7,505) | **–** | – | – |
| Trade and other receivables | | **(40,020)** | 24,053 | (48,722) | **1** | 55 | (29) |
| Prepaid expenses and other current assets | | **(9,334)** | (3,161) | (6,824) | **(110)** | (868) | (17) |
| Employee benefits | | **1,809** | 18,345 | 14,144 | **192** | 90 | 17 |
| Trade payables and other current liabilities | | **31,757** | (43,071) | 44,377 | **(494)** | 2,236 | 1,837 |
| Operating cash flows | | **296,654** | 346,738 | 424,423 | **(11,676)** | (9,825) | (7,767) |
| Taxes paid | | **(15,916)** | (31,464) | (46,982) | **(6)** | (76) | (22) |
| **Net cash flows provided by (used in) operating activities** | | **280,738** | 315,274 | 377,441 | **(11,682)** | (9,901) | (7,789) |

## Statements of cash flows (cont'd)
## Years ended 30 April 2022, 2021 and 2020
## (In US$'000)

| | Note | Group Year ended 30 April 2022 | Group Year ended 30 April 2021 | Group Year ended 30 April 2020 | Company Year ended 30 April 2022 | Company Year ended 30 April 2021 | Company Year ended 30 April 2020 |
|---|---|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | | | |
| Acquisitions of property, plant and equipment | | **(202,659)** | (163,974) | (132,453) | **–** | – | – |
| Interest received | | **1,169** | 514 | 756 | **11** | 14 | 1 |
| Investments in joint ventures | 7 | **(1,001)** | – | (1,530) | **–** | – | – |
| Advances to joint ventures | | **(595)** | (840) | (140) | **(595)** | (840) | (140) |
| Proceeds from disposal of property, plant and equipment and noncurrent assets held for sale | | **231** | 11,705 | 29,238 | **–** | – | – |
| Collection of receivable from prior year sale of shares of subsidiary and settlement of transaction costs | | **–** | 106,520 | – | **–** | – | – |
| Proceeds from additional sale of shares of subsidiary | | **–** | 8,954 | – | **–** | – | – |
| Investments in subsidiaries | | **–** | – | – | **–** | (150,000) | – |
| Advances to related company | | **–** | – | – | **(67,874)** | (33,505) | (235,388) |
| Dividend received | | **–** | – | – | **33,519** | 242,721 | 230,474 |
| **Net cash flows (used in) provided by investing activities** | | **(202,855)** | (37,121) | (104,129) | **(34,939)** | 58,390 | (5,053) |
| **Cash flows from financing activities** | | | | | | | |
| Proceeds from borrowings | 39 | **2,848,113** | 4,299,181 | 788,696 | **333,000** | 157,300 | 105,000 |
| Repayment of borrowings | 39 | **(2,547,034)** | (4,380,653) | (891,423) | **(89,810)** | (158,911) | (115,000) |
| Redemption of preference share capital | 16 | **(200,000)** | – | – | **(200,000)** | – | – |
| Interest paid | | **(89,359)** | (77,349) | (87,117) | **(11,004)** | (11,686) | (15,637) |
| Dividends paid to equity holders of the parent | 17 | **(43,060)** | (49,805) | (29,862) | **(43,060)** | (49,805) | (29,862) |
| Payments of lease liability | 23 | **(38,870)** | (43,377) | (41,958) | **(52)** | (107) | – |
| Dividends paid to non-controlling interests | | **(5,892)** | (12,865) | – | **–** | – | – |
| Payment of debt related costs | | **(2,383)** | (20,551) | – | **(2,383)** | (1,948) | – |
| Net collections (repayments) of advances from related companies | | **–** | – | – | **20,941** | (238,611) | (46,864) |
| Advances from related companies | | **–** | – | – | **39,034** | 256,597 | 115,036 |
| **Net cash flows (used in) provided by financing activities** | | **(78,485)** | (285,419) | (261,664) | **46,666** | (47,171) | 12,673 |

## Statements of cash flows (cont'd)
## Years ended 30 April 2022, 2021 and 2020
## (In US$'000)

| | Note | Group: Year ended 30 April 2022 | Group: Year ended 30 April 2021 | Group: Year ended 30 April 2020 | Company: Year ended 30 April 2022 | Company: Year ended 30 April 2021 | Company: Year ended 30 April 2020 |
|---|---|---|---|---|---|---|---|
| **Net (decrease) increase in cash and cash equivalents** | | **(602)** | (7,266) | 11,648 | **45** | 1,318 | (169) |
| Effect of exchange rate changes on cash and cash equivalents held in foreign currency | | **(6,980)** | 3,236 | 181 | **(20)** | 20 | 49 |
| Cash and cash equivalents at beginning of year | | **29,435** | 33,465 | 21,636 | **2,104** | 766 | 886 |
| Cash and cash equivalents at end of year | | **21,853** | 29,435 | 33,465 | **2,129** | 2,104 | 766 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

These notes form an integral part of the financial statements.

The accompanying financial statements were approved and authorized for issuance by the Board of Directors (the "Board") on 15 July 2022.

## 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 30 April 2022, 2021 and 2020, 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 Philippine 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 financial statements of the Group as at 30 April 2022 and 2021 and for each of the three years in the period ended 30 April 2022 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. Going concern

The Company's current liabilities were higher by US$122.7 million compared to current assets as at 30 April 2022 (30 April 2021: US$28.7 million). The Group's at a consolidated level is in net current asset position of US$168.4 million as at 30 April 2022 (30 April 2021: US$200.4 million)

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

- The Group's net current asset position of US$168.4 million as at 30 April 2022 and the Company continues to receive dividend payments from its subsidiaries and expects the same in the next 12 months;
- The Group generated net operating cash flows of US$280.7 million for the current year (30 April 2021: US$315.3 million) and remains vigilant in managing its cost. Management has undertaken various measures to improve operating costs such as Del Monte Foods, Inc.'s ("DMFI") asset light strategy undertaken in FY2020 and cost optimization initiatives including distribution center consolidations, among others, which has contributed to DMFI's improved operating performance following prior year's major operational restructuring and refinancing. The Group continuously reviews its manufacturing and distribution footprint in the US as well as continue to improve and streamline its operations to further promote operational efficiency with the intent of increasing future operating cash flows.
- The Company continues to find new sources of funding and had issued a 3-year unrated Senior Notes amounting to US$90.0 million which was utilized to redeem its Series A-1 Preferred Shares on 7 April 2022 which were otherwise due for a step-up rate on 7 April 2022.
- 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.

## 3. Basis of preparation

### *3.1 Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

### *3.2 Basis of measurement*

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

### *3.3 Functional and presentation currency*

The 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.

### *3.4 Use of estimates and judgements*

The preparation of the financial statements in conformity with IFRSs 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.

## 3. Basis of preparation (cont'd)

### *3.4 Use of estimates and judgements (cont'd)*

***Judgements***

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

Note 6 – Determination of control over subsidiaries
Note 6 – Deconsolidation of Del Monte Andina C.A.
Note 6 – Recognition of Share Purchase Agreement as at 30 April 2020
Note 6 – Debt versus equity classification
Note 7 – Determination of joint control and the type of joint arrangement
Note 8 – Assessment of useful life of intangible assets with indefinite useful life
Note 23 – Determination of lease term of contracts with renewal options
Note 36 – Contingencies

***Estimates and underlying assumptions***

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.

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 5 – Useful lives of property, plant and equipment, revaluation of freehold land, estimate of harvest for bearer plant's depreciation
Note 5 – Impairment of property, plant and equipment
Note 6 – Recoverability of investments in subsidiaries
Note 6 – Obligation to deliver additional Redeemable and Convertible Preferred Shares ("RCPS")
Note 6 – Obligation to purchase excess shares or sell shortfall shares
Note 6 – Fair valuation of derivative liability on the call option
Note 7 – Recoverability of investments in joint ventures
Note 8 – Useful lives of intangible assets and impairment of goodwill and intangible assets
Note 9 – Recoverability of deferred tax assets
Note 11 – Future cost of growing crops and fair value of livestock, harvested crops, and produce prior to harvest and future volume of harvest
Note 12 – Allowance for inventory obsolescence and net realizable value
Note 13 – Impairment of trade and nontrade receivables
Note 20 – Measurement of employee benefit obligations
Note 21 – Estimation of environmental remediation liabilities
Note 22 – Estimation of trade promotion accruals
Note 23 – Determination of incremental borrowing rate for lease liabilities
Note 27 – Measurement of income tax
Note 34 – Determination of fair values
Note 36 – Contingencies

## 3. Basis of preparation (cont'd)

### *3.5 Measurement of fair value*

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

- In the principal market for the asset or liability, or
- In the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

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

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

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

- 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 financial statements or a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, 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 fair value hierarchy as explained above.

## 3. Basis of preparation (cont'd)

### *3.6 Adoption of New or Revised Standards, Amendments to Standards and Interpretations*

The accounting policies adopted are consistent with those of the previous fiscal year, except that the Group has adopted the following new accounting pronouncements starting 1 May 2021. Unless otherwise indicated, adoption of these new standards did not have any significant impact on the Group's consolidated financial statements.

- Amendments to IFRS 16, *COVID-19-related Rent Concessions.* The amendments provide relief to lessees from applying the IFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
  - There is no substantive change to other terms and conditions of the lease.

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

  The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Early adoption is permitted.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest Rate Benchmark Reform – Phase 2*. The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:

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

## 4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 3.6, which addresses the changes in accounting policies.

### *4.1 Basis of consolidation*

*(i)* Business combination

Business combinations are accounted for using the acquisition method in accordance with IFRS 3, *Business Combinations,* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group's goodwill is initially measured at cost, measures goodwill at the acquisition date as:

- the fair value of consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognized immediately in the income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the income statement.

Any contingent consideration payable is recognized at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the income statement.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other components of non-controlling interests are measured at acquisition-date fair value unless another measurement is required by another standard.

## 4. Significant accounting policies (cont'd)

### *4.1 Basis of consolidation (cont'd)*

*(i)* Business combination (cont'd)

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period it occurs, provisional amounts for the items for which the accounting is incomplete is reported in the financial statements. During the measurement period, which is not more than one year from acquisition date, the provisional amounts recognized are retrospectively adjusted, and any additional assets or liabilities recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Comparative information for prior periods are revised, as needed.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognized in the income statement. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

*(ii)* Investments in subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through power over the investee. Specifically, the Company controls an investee if and only if the Company has:

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

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

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date control is transferred to the Company and cease to be consolidated from the date control is lost. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the income statement from the date the Company gains control until the date the Company ceases to control the subsidiary.

## 4. Significant accounting policies (cont'd)

### *4.1 Basis of consolidation (cont'd)*

*(ii)* Investments in subsidiaries (cont'd)

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

*(iii)* Acquisition under common control

The formation of the Group in 1999 was accounted for as a reorganization of companies under common control using merger accounting. The financial statements therefore reflect the combined financial statements of all companies that form the Group as if they were a Group for all periods presented. The assets and liabilities of Del Monte Pacific Resources Limited and its subsidiaries contributed to the Company have been reflected at predecessor cost in these financial statements.

*(iv)* Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in the income statement.

*(v)* Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill on initial recognition, see Note 8.

*Subsequent measurement*

Goodwill is measured at cost less accumulated impairment losses. In respect of the joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the joint ventures.

Impairment of goodwill is discussed in Note 4.11.

*(vi)* Investments in joint ventures

Joint ventures are those entities in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is the contractually sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

## 4. Significant accounting policies (cont'd)

### *4.1 Basis of consolidation (cont'd)*

*(vi)* Investments in joint ventures (cont'd)

Investments in joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs.

Subsequent to the initial recognition, the financial statements include the Group's share of profit or loss and other comprehensive income of the joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in joint ventures, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Impairment of investments in joint ventures is discussed in Note 4.11.

*(vii)* Transactions eliminated on consolidation

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

*(viii)* Investments in subsidiaries and joint ventures in the separate financial statements

Interest in subsidiaries and joint ventures are accounted for using the equity method. It is initially recognized at cost, which includes transactions costs. Subsequent to the initial recognition, the financial statements include the Company's share of profit or loss and other comprehensive income of the equity-accounted investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

When the Company's share of losses exceeds its interest in subsidiaries and joint ventures, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation to fund the investee's operations or has made payments on behalf of the investee.

### *4.2 Foreign currency*

*(i)* Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

## 4. Significant accounting policies (cont'd)

### *4.2 Foreign currency (cont'd)*

*(i)* Foreign currency transactions

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the income statement, except for differences which are recognized in OCI arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective.

*(ii)* Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US Dollars using monthly average exchange rates.

Foreign currency differences are recognized in OCI and presented in the foreign currency translation reserve ("translation reserve") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

When the settlement of a monetary item that is a receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in OCI, and presented in the translation reserve in equity.

### *4.3 Current versus Noncurrent Classification*

The Group presents assets and liabilities in the statement of financial position based on current and noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

## 4. Significant accounting policies (cont'd)

### *4.3 Current versus Noncurrent Classification (cont'd)*

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and deferred tax liabilities are classified as noncurrent assets and liabilities, respectively.

### *4.4 Intangible assets*

*(i)* Indefinite useful life intangible assets

Intangible assets are measured at cost less accumulated impairment losses.

The Group assess intangible assets as having indefinite useful life if there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the entity.

*(ii)* Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in the income statement as incurred. Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

*(iii)* Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

## 4. Significant accounting policies (cont'd)

### *4.4 Intangible assets (cont'd)*

*(iv)* Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the income statement as incurred.

*(v)* Amortization

Amortization is calculated based on the cost of the asset.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and, from the date that they are available for use. The estimated useful lives for the current period and comparative years are as follows:

| | | |
|---|---|---|
| Trademarks | - | 10 to 20 years |
| Customer relationships | - | 20 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### *4.5 Financial instruments*

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

*(i)* Recognition and measurement

Financial instruments are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset, unless it is a trade receivable without a financing component, or financial liability is initially measured at fair value plus, for an item not at financial assets at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price determined under IFRS 15, *Revenue from Contracts with Customers*.

## 4. Significant accounting policies (cont'd)

### *4.5 Financial instruments (cont'd)*

*(ii)* Classification and subsequent measurement

*Financial assets*

On initial recognition, the Group classifies its financial assets into the following categories: financial assets at amortized cost, financial assets at FVTPL, and financial assets at financial assets through other comprehensive income ("FVOCI"). The classification depends on the Group's business model for managing financial instruments and the contractual cash flow characteristics of the financial instruments. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case, all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL: (1) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL: (1) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

The Group's financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group has insignificant investment in club shares classified and measured at FVOCI.

*Financial assets at amortized cost*

These assets are subsequently measured at amortized cost using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Impairment losses on trade receivables are recognized under distribution and selling expenses. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at amortized cost comprise cash in banks and cash equivalents, trade and other receivables, due from a subsidiary, refundable deposits and note receivables recognized under "Other noncurrent assets".

## 4. Significant accounting policies (cont'd)

### *4.5 Financial instruments (cont'd)*

*(ii)* Classification and subsequent measurement (cont'd)

*Business model assessment*

The Group's business model refers to how an entity manages its financial assets in order to generate cash flows. It determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group makes an assessment of the objective of the business model in which financial assets held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the policies and objectives in managing the Group's financial assets for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets; how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior period, the reasons for such sales and expectations about future sales activity.

*Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest ("SPPI")*

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

## 4. Significant accounting policies (cont'd)

### *4.5 Financial instruments (cont'd)*

*(ii)* Classification and subsequent measurement (cont'd)

*Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest ("SPPI") (cont'd)*

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial liabilities*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities at amortized cost comprise bank loans, trade and other payables.

*Classification of Financial Instruments between Debt and Equity*

A financial instrument is classified as debt instrument if it provides for a contractual obligation to:

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

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

## 4. Significant accounting policies (cont'd)

### *4.5 Financial instruments (cont'd)*

*(iii)* Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or has expired. Repurchases of a portion of a financial liability result in the allocation of the original carrying value of the financial liability between the portion that continues to be recognized and the portion that was repurchased based on the relative fair values on the date of the repurchase.

*(iv)* Exchange or modification of financial liabilities

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

## 4. Significant accounting policies (cont'd)

### *4.5 Financial instruments (cont'd)*

*(v)* Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

*Derivative financial instruments, including hedge accounting*

The Group uses derivative financial instruments for the purpose of managing risks associated with interest rates, currencies, transportation and certain commodities. The Group does not trade or use instruments with the objective of earning financial gains on fluctuations in the derivative instrument alone, nor does it use instruments where there are no underlying exposures. All derivative instruments are recorded in the statement of financial position at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether the instrument has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are not designated as hedging instruments, changes in fair value subsequent to initial recognition are recognized in the income statement. For those derivative instruments that are designated and qualify as hedging instruments, the Group designates the hedging instrument as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation based upon the exposure being hedged.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are generally expected to offset each other. To qualify for hedge accounting, the hedging relationship has to meet the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item; and

## 4. Significant accounting policies (cont'd)

### *4.5 Financial instruments (cont'd)*

*(v)* Offsetting (cont'd)

*Derivative financial instruments, including hedge accounting (cont'd)*

- the hedged item and the hedging instrument are not intentionally weighted to create hedge ineffectiveness, whether recognized or not, to achieve an accounting outcome that would be inconsistent with the purpose of hedge accounting.

Derivatives are recognized initially at fair value; any directly attributable transaction costs are recognized in the income statement as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value. Changes therein are recognized in OCI, generally for derivatives designated as effective hedges, or the consolidated income statement, for other derivatives.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

*Cash flow hedges*

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the income statement.

The amount accumulated in equity is retained in OCI and reclassified to the consolidated income statement in the same period or periods during which the hedged item affects the income statement, except when a hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, in which case the amount retained in OCI is included directly in the initial cost of the non-financial item when it is recognized.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in OCI remains in equity until, for hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the income statement in the same period or periods as the hedged expected future cash flows affect the income statement. If a hedged forecast transaction is no longer expected to occur, then the amount accumulated in equity is immediately reclassified to the income statement.

## 4. Significant accounting policies (cont'd)

### *4.6 Property, plant and equipment*

*(i)* Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for freehold land, which are stated at its revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated impairment losses. Revaluation is carried out by independent professional values regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in the revaluation amount is recognized in OCI and presented in the revaluation reserve in equity unless it offsets a previous decrease in value of the same asset that was recognized in the income statement. A decrease in value is recognized in the income statement where it exceeds the increase previously recognized in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from OCI to retained earnings.

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, estimated costs of dismantling and removing the items and restoring the site on which they are located (when the Group has an obligation to remove the asset or restore the site), and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Construction in-progress represents plant and properties under construction or development and is stated at cost. This includes cost of construction, plant and equipment, borrowing costs directly attributable to such asset during the construction period and other direct costs. Construction in-progress is not depreciated until such time when the relevant assets are substantially completed and available for its intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item, and is recognized net within other income/other expenses in the income statement.

## 4. Significant accounting policies (cont'd)

### *4.6 Property, plant and equipment (cont'd)*

*(ii)* Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the income statement as incurred.

*(iii)* Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation (except bearer plants) is recognized in the income statement on a straight-line basis over their estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Freehold land is not depreciated.

Depreciation is recognized from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current period and comparative years are as follows:

| | | |
|---|---|---|
| Buildings, land improvements and leasehold improvements | - | 3 to 50 years or lease term, whichever is shorter |
| Machineries and equipment | - | 3 to 30 years |

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

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

*(iv)* Borrowing costs

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

## 4. Significant accounting policies (cont'd)

### *4.6 Property, plant and equipment (cont'd)*

*(iv)* Borrowing costs (cont'd)

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

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

### *4.7 Biological assets*

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

The Group's biological assets are accounted for as follows:

*Breeding and Dairy Herd*

The breeding and dairy herd are measured at cost. The breeding and dairy herd have useful lives of 3 ½ to 6 years. The cost method was used since fair value cannot be measured reliably. The breeding and dairy herd have no active markets and no similar assets are available in the relevant markets. In addition, existing sector benchmarks are irrelevant and estimates necessary to compute for the present value of expected net cash flows comprise a wide range of data which will not result in a reliable basis for determining the fair value. Breeding and dairy herd are classified as noncurrent assets in the statement of financial position of the Group.

*Growing Herd*

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

## 4. Significant accounting policies (cont'd)

### *4.7 Biological assets (cont'd)*

The Group's agricultural produce are accounted for as follows:

*Agricultural Produce*

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

*Cutmeat*

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

### *4.8 Leases*

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

Right-of-use assets and lease liabilities are presented separately in the consolidated statement of financial position.

*Group as a lessee*

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

## 4. Significant accounting policies (cont'd)

### *4.8 Leases (cont'd)*

*Right-of-use Assets*

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

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

The estimated useful lives are as follows:

| | | |
|---|---|---|
| Buildings, land improvements and leasehold improvements | - | 2 to 6 years |
| Land | - | 2 to 26 years |
| Machineries and equipment | - | 2 to 17 years |

The right-of-use assets are presented separately in the statement of financial position.

*Lease liabilities*

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate ("IBR"). After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

## 4. Significant accounting policies (cont'd)

### *4.8 Leases (cont'd)*

*Short-term leases and leases of low-value assets*

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

*Sale and Leaseback*

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

For sale or transfer of an asset that satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

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

*Sublease arrangements*

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

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

### *4.9 Inventories*

Inventories are measured at the lower of cost and net realizable value.

The cost of raw materials, packaging materials, traded goods, cost of production materials and storeroom items is based on the FIFO (First-in First-out) method. Cost of processed inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

## 4. Significant accounting policies (cont'd)

### *4.9 Inventories (cont'd)*

The costs of conversion include costs directly related to the units of production, and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

The allocation of fixed production overheads is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average for the periods or seasons under normal circumstances, taking into account the seasonal business cycle of the Group.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of growing crops transferred from biological assets is its fair value less cost to sell at the date of harvest.

### *4.10 Cash and cash equivalents*

Cash and cash equivalents consist of cash and short-term, highly liquid investments that are readily convertible to known amount of cash with original maturities of three months or less that are subject to insignificant risk of change in value.

### *4.11 Impairment*

*(i)* Non-derivative financial assets

The Group recognizes loss allowances for expected credit losses ("ECLs") on financial assets measured at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

Impairment loss allowances are measured on either lifetime ECLs or 12-month ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date, or a shorter period if the expected life of the instrument is less than 12 months.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for debt securities that are determined to have low credit risk at the reporting date and other debt securities, non-trade and other receivables and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Impairment loss allowances for trade receivables without a significant financing component are measured at an amount equal to lifetime ECL.

## 4. Significant accounting policies (cont'd)

### *4.11 Impairment (cont'd)*

*(i)* Non-derivative financial assets (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held), or when the financial asset is more than 90 days past due.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired may include significant financial difficulty of the debtor, a breach of contract such as a default, the restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that the debtor or issuer will enter bankruptcy or other financial reorganization, the disappearance of an active market for that financial asset because of financial difficulties, adverse changes in the payment status of borrowers or issuers, or economic conditions that correlate with defaults.

Impairment loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets in the statement of financial position. The gross carrying amount of a financial asset is written-off when the Group has no realistic prospects of recovery of the asset.

*(ii)* Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

## 4. Significant accounting policies (cont'd)

### *4.11 Impairment (cont'd)*

*(ii)* Non-financial assets (cont'd)

The recoverable amount of an asset or CGU is the greater of its value-in-use ("VIU") and its fair value less costs to sell. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in the income statement. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

*Joint ventures and investments in subsidiaries*

An impairment loss in respect of joint ventures is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in the income statement. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

*Goodwill*

Goodwill that forms part of the carrying amount of an investment in a joint venture is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in a joint venture may be impaired.

When conducting the annual impairment test for goodwill, the Group compares the estimated fair value of the CGU containing goodwill to its recoverable amount.

Goodwill is allocated to a CGU or group of CGUs that represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The recoverable amount is computed using two approaches: the VIU approach, which is the present value of expected cash flows, discounted at a risk adjusted weighted average cost of capital; and the fair value less cost to sell approach, which is based on the Income Approach, which indicates the recoverable amount of an asset based on the value of the cash flows that the asset can be expected to generate in the future.

## 4. Significant accounting policies (cont'd)

### *4.11 Impairment (cont'd)*

*(ii)* Non-financial assets (cont'd)

*Goodwill (cont'd)*

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill attributable to acquisition of a subsidiary is not reversed.

Intangible assets with indefinite useful lives, are components of the CGU containing goodwill and the impairment assessment is as described above.

### *4.12 Employee benefits*

*(i)* Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

*(ii)* Defined benefit pension plan

A defined benefit pension plan requires contributions to be made to separately administered funds. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

## 4. Significant accounting policies (cont'd)

### *4.12 Employee benefits (cont'd)*

*(ii)* Defined benefit pension plan (cont'd)

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognizes them immediately in other comprehensive income and all expenses related to defined benefit plans in staff cost in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the income statement.

When the plan amendment or curtailment occurs, the Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement. In fiscal year 2020, there were amendments to the employee benefit plans, eliminating certain benefits in fiscal year 2020 and after fiscal year 2022 (see Note 20).

*Multi-employer plans*

The Group participates in several multi-employer pension plans, which provide defined benefits to certain union employees. The Group accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as a defined contribution plan. For certain union employee related retirement plans where sufficient information is not available to use defined benefit accounting, the Group accounts for these plans as if they were defined contribution plans.

*(iii)* Other plans

The Group has various other non-qualified retirement plans and supplemental retirement plans for executives, designed to provide benefits in excess of those otherwise permitted under the Group's qualified retirement plans. These plans are unfunded and comply with Internal Revenue Service (IRS) rules for non-qualified plans.

*(iv)* Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in the income statement in the period in which they arise. Other long-term employee benefits include the Group's long-term executive cash incentive awards (see Note 31).

## 4. Significant accounting policies (cont'd)

### *4.12 Employee benefits (cont'd)*

*(v)* Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits arising from involuntary termination are recognized as an expense once the Group has announced the plan to affected employees.

*(vi)* Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*(vii)* Share-based payment transactions

The Group grants share awards and share options to employees of the Group. The fair value of incentives granted is recognized as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and accounted for as described below.

*Share awards*

The fair value, measured at grant date, is recognized over the period during which the employees become unconditionally entitled to the shares.

*Share options*

The fair value, measured at grant date, is recognized over the vesting period during which the employees become unconditionally entitled to the options. At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates in employee benefit expense and as a corresponding adjustment to equity over the remaining vesting period.

### *4.13 Share Capital and Retained earnings*

*(i)* Share capital

*Ordinary shares*

Ordinary shares are classified as equity. Holders of these shares are entitled to dividends as declared from time to time, and to one vote per share at general meetings of the Company.

## 4. Significant accounting policies (cont'd)

### *4.13 Share Capital and Retained earnings (cont'd)*

*(i)* Share capital (cont'd)

*Preference shares*

Preference shares are classified as equity. Holders of these shares are entitled to cash dividends based on the issue price, at the dividend rate per annum from the issue date, payable every 7 October and 7 April of each year following the issue date, upon declaration by the Board.

The transaction costs directly attributable to the issue of ordinary and preference shares are accounted for as deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

*Repurchase, disposal and reissue of share capital (treasury shares)*

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

*Share premium*

Share premium represents the excess of consideration received over the par value of ordinary and preference shares net of transaction costs from issuance of share capital, share options exercised and released of share awards granted.

*(ii)* Retained Earnings

Retained earnings include profit attributable to the equity holders of the Group and reduced by dividends declared on share capital.

Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

*(iii)* Dividends

Dividends are recognized as a liability and deducted from retained earnings when they are declared.

## 4. Significant accounting policies (cont'd)

### *4.14 Provisions*

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

*(i)* Environment remediation liabilities

In accordance with the Group's environment policy and applicable legal requirements, a provision for environmental remediation obligations and the related expense is recognized when such losses are probable, and the amounts of such losses can be estimated reliably. Accruals for estimated losses for environmental remediation obligations are recognized no later than the completion of the remedial feasibility study. These accruals are adjusted as further information develops or circumstances change.

*(ii)* Retained insurance liabilities

The Group accrues for retained insurance risks associated with the deductible portion of any potential liabilities that might arise out of claims of employees, customers or other third parties for personal injury or property damage occurring in the course of the Group's operations.

A third-party actuary is engaged to assist the Group in estimating the ultimate cost of certain retained insurance risks. Additionally, the Group's estimate of retained insurance liabilities is subject to change as new events or circumstances develop which might materially impact the ultimate cost to settle these losses.

### *4.15 Revenue recognition*

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognized:

*(i)* Sales of goods

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

Each contract with a customer specifies minimum quantity, fixed prices and effective period and is not subject to change for the contractual period unless mutually agreed by the parties. Invoices are usually payable within 30 days from delivery.

## 4. Significant accounting policies (cont'd)

### *4.15 Revenue recognition (cont'd)*

(i) Sales of goods (cont'd)

The Group provides allowances under trade promotions to customers and coupons to end consumers which are reimbursable by the Group to customers when redeemed. Allowances and coupons are generally considered as reductions of the transaction price and recognized at the later of when the Group recognizes revenue for the transfer of the related goods and when the Group pays or promises to pay the allowances or coupons.

Variable amounts related to these allowances and coupons are estimated using the expected value method and included in the transaction price to the extent it is highly probable that a significant revenue reversal will not subsequently occur. Accruals for trade promotions are based on expected levels of performance. Settlement typically occurs in subsequent periods primarily through an off-invoice allowance at the time of sale or through an authorized process for deductions taken by a customer from amounts otherwise due to the Group. Evaluation of trade promotions are performed monthly and adjustments are made where appropriate to reflect changes in the Group's estimates. The Group accrues coupon redemption costs based on estimates of redemption rates that are developed by management. Management's estimates are based on recommendations from independent coupon redemption clearing-houses as well as historical information. Should actual redemption rates vary from amounts estimated, adjustments may be required.

(ii) Sales returns

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

(iii) Contract balances arising from revenue with customer contracts

*Contract Assets*

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

*Receivables*

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

## 4. Significant accounting policies (cont'd)

### *4.15 Revenue recognition (cont'd)*

(iii) Contract balances arising from revenue with customer contracts (cont'd)

*Contract Liabilities*

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

(iv) Bill-and-hold arrangements

Bill-and-hold arrangements pertain to sales of the Group wherein the customers are billed for goods that are ready for delivery, but the Group retains physical possession of the product until it is transferred to the customer at a future date. The Group assessed whether control has transferred to the customers, even though the customers do not have physical possession of the goods. The following criteria must all be met in order for the customers to have obtained control in bill-and-hold arrangements:

- the reason for the bill-and-hold arrangement must be substantive;
- the product must be identified separately as belonging to the customer;
- the product currently must be ready for physical transfer to the customer; and
- the entity cannot have the ability to use the product or to direct it to another customer.

Custodial services provided to the customers are identified as a separate performance obligation. A portion of the contract price should be allocated to the custodial services and separately recognized over the period of time the product is being held by the Group, along with the related costs of storing the product.

Penalty on the late payment of the invoices affects the estimate of the transaction price.

Other income:

*(i)* Finance income

Such income is recognized as the interest accrues taking into account the effective interest yield on the asset.

*(ii)* Other income

Other income is recognized when earned.

## 4. Significant accounting policies (cont'd)

### *4.16 Finance income and finance costs*

Finance income comprises interest income earned mainly from bank deposits and amounts or balances due from related parties of the Group. Interest income is recognized as it accrues in the income statement, using the effective interest method.

Finance expense comprises interest expense on finance leases and borrowings. All finance lease borrowing costs are recognized using the Group's incremental borrowing rate. All borrowing costs are recognized in income statement using the effective interest method, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

### *4.17 Tax*

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income statement except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 4. Significant accounting policies (cont'd)

### *4.17 Tax (cont'd)*

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

### *4.18 Earnings per share*

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined in the same manner, adjusted for the effects of any dilutive potential ordinary shares, which comprise the restricted share plan and share options granted to employees.

### *4.19 Segment reporting*

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of non-recurring expenses.

### *4.20 Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognized because:
- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) The amount of the obligation cannot be measured with sufficient reliability.

## 4. Significant accounting policies (cont'd)

### *4.20 Contingencies (cont'd)*

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognized on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

### *4.21 New standards and interpretations issued but not yet effective*

Standards Issued but not yet effective
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Unless otherwise indicated, adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

*Effective beginning on or after 1 May 2022*

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

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

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

- Amendments to IAS 16, *Plant and Equipment: Proceeds before Intended Use.* The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

## 4. Significant accounting policies (cont'd)

### *4.21 New standards and interpretations issued but not yet effective (cont'd)*

*Effective beginning on or after 1 May 2022 (cont'd)*

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

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

- *Annual Improvements to IFRSs* 2018-2020 Cycle

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

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

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

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

  - Amendments to IAS 41, *Agriculture, Taxation in fair value measurements.* The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

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

## 4. Significant accounting policies (cont'd)

### *4.21 New standards and interpretations issued but not yet effective (cont'd)*

*Effective beginning on or after 1 May 2023*

- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction.* The amendment narrows 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 May 2023.

- 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 May 2023 with earlier adoption permitted.

- Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies.* The amendment provides 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 May 2023. Early application is permitted as long as this fact is disclosed.

## 4. Significant accounting policies (cont'd)

### *4.21 New standards and interpretations issued but not yet effective (cont'd)*

*Effective beginning on or after 1 May 2024*

- Amendments to IAS 1, *Classification of Liabilities as Current or Non-current.* The amendments clarify paragraphs 69 to 76 of IAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning o or after 1 January 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than 1 January 2024.

*Effective beginning on or after 1 May 2025*

- 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 specific adaptation for contracts with direct participation features (the variable fee approach)
  - 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 2025, with comparative figures required. Early application is permitted.

## 4. Significant accounting policies (cont'd)

### *4.21 New standards and interpretations issued but not yet effective (cont'd)*

*Deferred effectivity*

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

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

## 5. Property, plant and equipment – net

| | <---------- At cost | | | ----------> | At appraised value | |
|---|---|---|---|---|---|---|
| | **Buildings, land improvements and leasehold improvements US$'000** | **Machineries and equipment US$'000** | **Construction -in-progress ("CIP") US$'000** | **Bearer plants US$'000** | **Freehold land US$'000** | **Total US$'000** |
| **Group** | | | | | | |
| **Cost/Valuation** | | | | | | |
| At 1 May 2021 | 227,519 | 593,896 | 34,953 | 374,803 | 63,145 | 1,294,316 |
| Additions | 6,596 | 17,429 | 47,509 | 133,622 | – | 205,156 |
| Disposals | (167) | (12,106) | – | – | – | (12,273) |
| Write off - closed fields | – | – | – | (95,754) | – | (95,754) |
| Reclassifications from CIP | 1,942 | 21,871 | (23,813) | – | – | – |
| Currency realignment | (5,990) | (18,691) | (1,265) | (29,889) | (1,267) | (57,102) |
| At 30 April 2022 | 229,900 | 602,399 | 57,384 | 382,782 | 61,878 | 1,334,343 |
| | | | | | | |
| At 1 May 2020 | 224,926 | 561,392 | 29,151 | 361,982 | 63,294 | 1,240,745 |
| Additions | 4,328 | 3,725 | 36,430 | 121,586 | – | 166,069 |
| Disposals | (8,095) | (9,897) | – | – | (870) | (18,862) |
| Write off - closed fields | – | – | – | (125,362) | – | (125,362) |
| Reclassifications from CIP | 2,897 | 28,295 | (31,192) | – | – | – |
| Currency realignment | 3,463 | 10,381 | 564 | 16,597 | 721 | 31,726 |
| At 30 April 2021 | 227,519 | 593,896 | 34,953 | 374,803 | 63,145 | 1,294,316 |

## 5. Property, plant and equipment – net (cont'd)

| | <------ At cost | | ------> | | At appraised value | |
|---|---|---|---|---|---|---|
| | Buildings, land improvements and leasehold improvements US$'000 | Machineries and equipment US$'000 | Construction -in-progress ("CIP") US$'000 | Bearer plants US$'000 | Freehold land US$'000 | Total US$'000 |
| **Accumulated depreciation and impairment losses** | | | | | | |
| At 1 May 2021 | 110,782 | 415,584 | – | 214,638 | 8,536 | 749,540 |
| Charge for the year | 10,163 | 35,201 | – | 104,753 | – | 150,117 |
| Write off - closed fields | – | – | – | (95,754) | – | (95,754) |
| Disposals | (138) | (11,098) | – | – | – | (11,236) |
| Other adjustments | – | 62 | – | – | – | 62 |
| Currency realignment | (3,185) | (14,930) | – | (17,918) | – | (36,033) |
| At 30 April 2022 | 117,622 | 424,819 | – | 205,719 | 8,536 | 756,696 |
| | | | | | | |
| At 1 May 2020 | 101,750 | 371,508 | – | 241,366 | 8,536 | 723,160 |
| Charge for the year | 10,553 | 43,990 | – | 87,715 | – | 142,258 |
| Write off - closed fields | – | – | – | (125,362) | – | (125,362) |
| Disposals | (3,223) | (7,702) | – | – | – | (10,925) |
| Currency realignment | 1,702 | 7,788 | – | 10,919 | – | 20,409 |
| At 30 April 2021 | 110,782 | 415,584 | – | 214,638 | 8,536 | 749,540 |

## 5. Property, plant and equipment - net (cont'd)

| | <------ At cost | ------ | ------ | ------> | At appraised value | |
|---|---|---|---|---|---|---|
| | Buildings, land improvements and leasehold improvements US$'000 | Machineries and equipment US$'000 | Construction -in-progress ("CIP") US$'000 | Bearer plants US$'000 | Freehold land US$'000 | Total US$'000 |
| **Carrying amounts** | | | | | | |
| At 30 April 2022 | 112,278 | 177,580 | 57,384 | 177,063 | 53,342 | 577,647 |
| At 30 April 2021 | 116,737 | 178,312 | 34,953 | 160,165 | 54,609 | 544,776 |

## 5. Property, plant and equipment - net (cont'd)

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$3.0 million as of 30 April 2022 (2021: US$2.9 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$4.2 million as of 30 April 2022 (2021: to US$1.1 million) recorded under "Advances to suppliers" in "Other noncurrent assets". In addition, the Group has reclassified certain prepaid and other current assets to property, plant and equipment which amounted to US$3.7 million (2021: US$0.2 million). The cost of fields closed and written off in 2022 amounted to US$95.8 million, which have been fully depreciated during the year (2021: US$125.4 million).

### Bearer Plants

| | Group | |
|---|---|---|
| | **30 April 2022** | **30 April 2021** |
| Hectares planted with growing crops: | | |
| - Pineapples | 16,130 | 15,027 |
| - Papaya | 123 | 111 |
| | | |
| Fruits harvested from the growing crops: | | |
| (in metric tons) | | |
| - Pineapples | 785,876 | 778,464 |
| - Papaya | 1,266 | 1,008 |

Bearer plants are stated at cost which comprises actual costs incurred in nurturing the crops reduced by depreciation. Depreciation represents the estimated cost of fruits harvested from the Group's plant crops. An estimated cost is necessary since the growth cycle of the plant crops is beyond twelve months, hence total growing costs are not yet known as of reporting date. The estimated cost is developed by allocating estimated growing costs for the estimated growth cycle of two to three years over the estimated harvests to be made during the life cycle of the plant crops. Estimated growing costs are affected by inflation and foreign exchange rates, volume and labor requirements. Estimated harvest is affected by natural phenomenon such as weather patterns and volume of rainfall. Field performance and market demand also affect the level of estimated harvests. The Group reviews and monitors the estimated cost of harvested fruits regularly.

### Leasehold Improvements

As at 30 April 2022 and 2021, the Group has no significant legal or constructive obligation to dismantle any of its leasehold improvements as the lease contracts provide, among other things, that the improvements introduced on the leased assets shall become the property of the lessor upon termination of the lease.

## 5. Property, plant and equipment - net (cont'd)

### Freehold Land

The table below summarizes the valuation of freehold land held by the Group as at 30 April 2022 in various locations:

| Located in | 30 April 2022 US$'000 | 30 April 2021 US$'000 | Date of Latest Valuation |
|---|---|---|---|
| The Philippines | 10,799 | 11,809 | 2020 (Various) |
| United States of America | 32,459 | 32,459 | 1 May 2020 |
| Singapore | 10,084 | 10,341 | 18 May 2020 |
| | 53,342 | 54,609 | |

The Group engaged independent appraisers to determine the fair values of its freehold land. Revaluations are performed at regular intervals to ensure that the fair value of the freehold land does not differ materially from its carrying amount. Management evaluated that the fair values of its freehold land at the respective valuation dates approximate their fair values as of the reporting date. The assumptions used in determining the fair value are disclosed in Note 34. Management believes that there are no events or changes in circumstances indicating a significant change in fair value of the land from the last appraisal made. In relation to the revaluation of its freehold land in DMFI, management believes that the cost approximates their fair values as at 30 April 2022 and 2021.

In fiscal year 2022, the Group disposed freehold land with a net book value amounting to nil (2021: US$0.9 million).

The carrying amount of the Group's freehold land as at 30 April 2022 would be US$34.6 million (2021: US$34.8 million) had the freehold land been carried at cost less impairment losses.

### Construction-in-Progress ("CIP")

CIP includes on-going item expansion projects for the Group's operations.

Major items in CIP as of 30 April 2022 include plastic sleeveless cartoning for Modesto, new labeling line for packaging club and retail items for Markesan, installation of corn cutters on the process line, higher capacity palletizer for Toppenish, installation of additional FDM 202 Line at the Bugo Cannery, construction of North DC warehouse in Marilao, Bulacan and purchase of Tetra Line for Cabuyao Plant, which are among the significant projects implemented in fiscal year 2022. These projects are expected to be completed by fiscal year 2023.

Major items in CIP as of 30 April 2021 include plastic sleeveless cartooning for Modesto, various line improvements such as capacity upgrade of Plover, installation of can making equipment from Ball Corporation, installation of automated line for 2.3kg tidbits and the integration of 202 cans in the filling process, which are the same major items for fiscal year 2020. These projects are expected to be completed in fiscal year 2023.

## 5. Property, plant and equipment - net (cont'd)

### Construction-in-Progress ("CIP") (cont'd)

Capitalized borrowing costs for the year ended 30 April 2022 amounting to US$0.01 million is related to the installation of additional FDM 202 Line, Can Making Equipment, installation of Automated Line for 2.3kg Tidbits and Acquisition of 307 Line 6 Autocaser. For the year ended 30 April 2021, capitalized borrowing costs amounting to US$0.03 million is related to the installation of Can Making Equipment and installation of Automated Line for 2.3kg Tidbits.

The Group also capitalized interest expense arising from general borrowings and lease liabilities to bearer plants amounting to US$1.2 million and US$1.0 million for the years ended 30 April 2022 and 2021, respectively. Average capitalization rate used is 2.25% and 2.62% for the fiscal years ended 30 April 2022 and 2021, respectively.

### Plant closures and divestiture of Sager Creek business

In connection with the plant closures, the Group recognized impairment losses amounting to US$40.7 million in fiscal year 2020.

*Vegetable plants*

The Group announced on 20 August 2019 its intention to close its Sleepy Eye plant in Minnesota, its Mendota plant in Illinois, the sale of its Cambria plant in Wisconsin to new ownership, and intends to sell the production assets from its Crystal City plant in Texas. In connection with the Sleepy Eye and Mendota plant closures, the Group recognized impairment losses on related property, plant and equipment amounting to US$21.1 million for the year ended 30 April 2020. In connection with the Cambria plant sale on 1 November 2019, the Group recognized impairment losses on related property, plant and equipment amounting to US$5.1 million for the year ended 30 April 2020. In connection with the Crystal City production equipment sale, the Group recognized impairment losses on related property, plant and equipment amounting to US$14.6 million for the year ended 30 April 2020.

Under these plant closures, approximately 910 employees were terminated as of 30 April 2020. During the fiscal year 2020, the Group recognized provisions for employee severance benefits amounting to US$4.5 million, with nothing outstanding as of 30 April 2021 (2020: US$2.3 million). The employee severance benefits are presented under "Employee benefits" (see Note 20) and were fully paid in fiscal year 2021. Environmental liabilities of US$9.6 million were also recognized as of 30 April 2020 (see Note 21). The majority of this liability relates to the obligations to treat and remove the waste-water ponds at Sleepy Eye, Mendota and Crystal City. In fiscal year 2021, the Group released its provision amounting to US$1.8 million due to adjustment of Mendota lagoon cost based on the purchase and sale agreement entered by DMFI with the City of Mendota on 22 March 2021. Remaining balance pertains to US$0.4 million provision for Crystal City and Gilroy that were already settled. Related inventory and property, plant and equipment write-downs amounting to US$9.2 million were recognized for the year ended 30 April 2020.

In connection with these announcements, the Group has recorded expenses of US$68.4 million in "Other (expenses) income – net" for the year ended 30 April 2020.

As of 30 April 2020, the assets from Cambria, Crystal City, Sleepy Eye and Mendota, have been sold.

## 5. Property, plant and equipment - net (cont'd)

**Plant closures and divestiture of Sager Creek business (cont'd)**

*Plymouth Plant*

In relation to the closure of its Plymouth, Indiana plant in fiscal year 2018, the Group sold its Plymouth building and land in fiscal year 2019. As of 30 April 2022 and 2021, a non-current receivable of US$1.0 million has been recorded in "Note receivables" under "Other Non-current Assets" related to this sale (see Note 10). This receivable is due on 2 July 2023.

***Source of estimation uncertainty***

The Group estimates the useful lives of its buildings, land improvements, leasehold improvements and machineries and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

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

The depreciation of bearer plants requires estimation of future harvest which is affected by natural phenomena and weather patterns.

The valuation of freehold land is based on comparable transaction subject to adjustments. These adjustments require judgement.

In fiscal year 2020, the recoverable amount of the impaired assets was based on fair value less cost to sell, which is subject to estimation. Such estimate relies on comparable sales in the market adjusted to account for the differences in the characteristics of the assets (Level 3).

## 6. Investments in subsidiaries

| | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
|---|---|---|
| Unquoted equity shares, at cost, at the beginning of the year | 1,020,215 | 640,699 |
| Conversion of loan receivable to investment in equity | – | 229,516 |
| Investment in preference shares | – | 150,000 |
| Unquoted equity shares, at cost, at the end of the year | 1,020,215 | 1,020,215 |
| Amounts due from subsidiaries (nontrade) | 237,516 | 237,074 |
| | 1,257,731 | 1,257,289 |
| | | |
| Accumulated share in losses at the beginning of the year | (356,274) | (257,746) |
| Dividends declared by subsidiaries | (33,519) | (242,721) |
| Share in net profit of subsidiaries | 124,985 | 87,504 |
| Share in other comprehensive income (losses) of subsidiaries, net of tax | (11,162) | 47,554 |
| Reserve from sale of shares of a subsidiary | – | 6,570 |
| Change in fair value of the derivative liability for the call option | – | 2,565 |
| Cancelled options of a subsidiary | (1,753) | – |
| | (277,723) | (356,274) |
| Interests in subsidiaries at the end of the year | 980,008 | 901,015 |

The amounts due from subsidiaries are unsecured and interest-free. Settlement of the balances are neither planned nor likely to occur in the foreseeable future as they are, in substance, a part of the Company's net investments in the subsidiaries.

On 15 May 2020, the Company converted its long-term loans receivable from Del Monte Foods Holdings Limited ("DMFHL") amounting to US$229.5 million (including accrued interest of US$0.8 million from 30 April 2020 to conversion date) to equity investment. On the same date, DMFHII issued 64.546 shares of capital stock to DMFHL, DMFHL issued 0.64546 shares of capital stock to DMPLFL and DMPLFL issued 645.46 shares of capital stock to the Company as full payment of the US$228.4 million loan to finance purchases of the Second Lien Term Loans. Upon issuance of the capital stock to the Company, DMFHL was unconditionally released of all liabilities for principal and interest through 30 April 2020 relating to the purchase of the Second Lien Term Loans. On 15 May 2020, DMFHL recorded US$229.5 million of additional paid-in capital related to this transaction. In addition, the Company and DMPLFL entered into a supplemental agreement dated 11 August 2020 for the issuance of additional 3.23 ordinary shares by DMPLFL to cover the additional accrued interest through 15 May 2020 which amounted to US$1.1 million.

On 15 May 2020, the Company invested US$150.0 million of additional paid-in capital to DMPLFL in exchange for 423.95 shares of preferred stock.

## 6. Investments in subsidiaries (cont'd)

<u>Share Purchase Agreement and Shareholders' Agreement with Sea Diner Holdings (S) Pte. Ltd. ("SEA Diner")</u>

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 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 were as follows:

- 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 initial public offering (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%.

## 6. Investments in subsidiaries (cont'd)

<u>Share Purchase Agreement and Shareholders' Agreement with Sea Diner Holdings (S) Pte. Ltd. ("SEA Diner") (cont'd)</u>

*Terms of the RCPS (cont'd)*

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

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

<u>Call Option Agreement</u>

On 24 January 2020, the Company, CARI, DMPI and SEA Diner entered into a call option agreement which gives SEA Diner 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 capitalization 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 capitalization 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 Shareholders' Agreement that provides the SEA Diner with a rate of return of no less than eight (8) per cent.

## 6. Investments in subsidiaries (cont'd)

Share Purchase Agreement and Shareholders' Agreement with Sea Diner Holdings (S) Pte. Ltd. ("SEA Diner") (cont'd)

Impact on the Group

In relation to the above transaction, as at 30 April 2020, the Group recognized the gross consideration of US$120.0 million under "Trade and other receivables", transaction costs of US$14.0 million (US$0.7 million of which was already paid as at 20 April 2020 and the outstanding balance of US$13.3 million as at 30 April 2020 is recorded as accrued operating expenses under "Trade payables and other current liabilities", long-term derivative liability of US$2.6 million for the call option in accordance with the call option agreement, equity reserve under "Retained earnings" of US$77.0 million due to change in ownership interest in DMPI without loss of control (see Note 17) and "Non-controlling interests" of US$26.4 million representing investor's proportionate share in the net assets of DMPI (see Note 38).

In relation to the additional sale of DMPI shares in fiscal year 2021, the Group recognized an additional "Non-controlling interests" of US$2.2 million and paid transaction costs amounting to US$1.2 million. The resulting gain of US$6.6 million was recorded as equity reserve under "Retained earnings".

Management assessed that the fair value of derivative liability related to the call option is nil as at 30 April 2022 and 2021. The change in fair value amounting to nil (2021: US$2.6 million) was recognized in equity reserve in fiscal year 2021.

Impact on the Company

In fiscal year 2020, the Company recognized an increase in investment in subsidiary and retained earnings equal to its share in the net equity reserve amounting to US$77.0 million recognized by CARI, accrued transaction costs of US$1.3 million, and receivable from CARI amounting to US$2.1 million.

As a result of the additional sale of DMPI shares in fiscal year 2021, the Company recognized an increase in investment in subsidiary and equity reserve amounting to US$6.6 million, net of transaction costs of US$1.2 million. The equity reserve recognized in fiscal year 2021 was subsequently closed to retained earnings.

***Significant judgments***

1. Recognition as at 30 April 2020

   The Share Purchase Agreement is subject to conditions precedent and closing conditions. The conditions precedent were completed as at 30 April 2020 while the parties agreed the closing date to be 20 May 2020. Management assessed that the closing conditions are administrative in nature and accounted for the transaction as at 30 April 2020.

   Moreover, management assessed that the actual conversion of the common shares to RCPS in records and the issuance of related stock certificates are administrative and procedural in nature. The Board and stockholders of DMPI also approved the conversion of the convertible common shares to RCPS in March 2020. Considering this, the Group has accounted for the instrument as RCPS in substance as at 30 April 2020.

## 6. Investments in subsidiaries (cont'd)

***Significant judgments (cont'd)***

2. Equity Classification

   Management assessed that the RCPS sold to SEA Diner met the equity classification since both conditions below are met:

   (a) The Group has no contractual obligation to deliver cash or another financial asset to the investor as the "RCPS Default Events", among the other terms in Share Purchase Agreement, Shareholders' Agreement and Call Option Agreement, are assessed to be within the control of the Group and the redemption of the RCPS in case of "Other Redemption Events" is subject to the mutual consent of both parties; and

   (b) The RCPS which is convertible to common shares at the ratio of 1:1 does not include any contractual obligation for DMPI to deliver a variable number of its own equity instruments upon conversion.

***Source of estimation uncertainty***

1. Obligation to Deliver Additional RCPS

   The Shareholders' Agreement between the Company, CARI, DMPI and SEA Diner provides for a conditional obligation for DMPI to deliver additional RCPS if DMPI would be unable to meet a certain level of net income and adjusted equity value as defined in the agreement for fiscal year ended 30 April 2021. Management assessed that the Group's derivative liability to deliver additional RCPS has a carrying value of nil as at 30 April 2022 and 2021 based on its actual net income for the year ended 31 April 2021 which has exceeded the target. Also, on 5 February 2021, the Board and stockholders of DMPI approved the amendment to DMPI's Articles of Incorporation to change the authorized capital stock to common shares from RCPS. The SEC approved this amendment to the Articles of Incorporation on 1 March 2021.

2. Obligation to Purchase Excess Shares or Sell Shortfall Shares

   The Shareholders' Agreement provides for a conditional obligation for CARI to purchase excess shares or sell shortfall shares to SEA Diner at par value subject to certain conditions (amount of IPO pre-money market capitalization exceeding the US$2 billion threshold amount or an IPO being consummated more than 275 days from a conversion date) set out in the Shareholders' Agreement. Management assessed that the Group's derivative asset or liability to purchase excess shares or sell shortfall shares to SEA Diner has a carrying value of nil as at 30 April 2022 and 2021 since the IPO did not occur during such periods. As a result, the probability of the options relating to the excess shares and shortfall shares being triggered is nil or minimal.

3. Fair Value of Derivative Liability on the Call Option

   The fair value of the derivative liability related to the call option is measured using Cox-Ross-Rubinstein ("CRR") binomial tree model. The inputs to this model are taken from a combination of observable markets and unobservable market data. Changes in inputs about these factors could affect the reported fair value of the derivative liabilities and impact profit or loss. Management assessed that the fair value of the derivative liability is nil as at 30 April 2022 and 2021 as the estimated pre-money market capitalization is higher than the threshold in the Call Option Agreement.

## 6. Investments in subsidiaries (cont'd)

Details of the Company's subsidiaries are as follows:

| Name of subsidiary | Principal activities | Place of incorporation and business | Effective equity held by the Group 30 April 2022 % | Effective equity held by the Group 30 April 2021 % |
|---|---|---|---|---|
| **Held by the Company** | | | | |
| Del Monte Pacific Resources Limited ("DMPRL") [6] | Investment holding | British Virgin Islands | 100.00 | 100.00 |
| DMPL India Pte Ltd ("DMPLI") [3] | Investment holding | Singapore | 100.00 | 100.00 |
| DMPL Management Services Pte Ltd [3] | Providing administrative support and liaison services to the Group | Singapore | 100.00 | 100.00 |
| GTL Limited [4] | Trading food products mainly under the brand names: "Del Monte" and buyer's own label | Federal Territory of Labuan, Malaysia | 100.00 | 100.00 |
| S&W Fine Foods International Limited ("S&W") [6] | Selling processed food products under the "S&W" trademark; Owner of the "S&W" trademark in Asia (excluding Australia and New Zealand), the Middle East, Western Europe, Eastern Europe and Africa | British Virgin Islands | 100.00 | 100.00 |
| DMPL Foods Limited ("DMPLFL") [7] [9] | Investment holding | British Virgin Islands | 93.57 | 93.57 |
| **Held by DMPRL** | | | | |
| Central American Resources, Inc. ("CARI")[6] | Investment holding | Panama | 100.00 | 100.00 |
| Dewey Limited ("Dewey") [7] | Mainly investment holding | Bermuda | 100.00 | 100.00 |
| **Held by CARI** | | | | |
| DMPI [1] [2] | Growing, processing and distribution of food products mainly under the brand name "Del Monte" | Philippines | 87.00 | 87.00 |
| South Bukidnon Fresh Trading Inc ("SBFTI") [1] | Inactive | Philippines | 100.00 | 100.00 |

## 6. Investments in subsidiaries (cont'd)

| Name of subsidiary | Principal activities | Place of incorporation and business | Effective equity held by the Group 30 April 2022 % | Effective equity held by the Group 30 April 2021 % |
|---|---|---|---|---|
| **Held by DMPI** | | | | |
| Philippine Packing Management Services Corporation ("PPMSC") [1] [2] | Intellectual property holding and licensing, management, logistics and support services | Philippines | 87.00 | 87.00 |
| Del Monte Txanton Distribution Inc ("DMTDI") [a] [1] [2] | Inactive | Philippines | 34.80 | 34.80 |
| **Held by Dewey** | | | | |
| Dewey Sdn. Bhd. [4] | Inactive | Malaysia | 100.00 | 100.00 |
| **Held by DMPLI** | | | | |
| DMPL India Limited [7] | Investment holding | Mauritius | 95.13 | 95.13 |
| **Held by S&W** | | | | |
| S&W Japan Limited [7] | Support and marketing services | Japan | 100.00 | 100.00 |
| **Held by DMPLFL** | | | | |
| Del Monte Foods Holdings Limited ("DMFHL") [1] [9] | Investment holding | British Virgin Islands | 93.57 | 93.57 |
| **Held by DMFHL** | | | | |
| Del Monte Foods Holdings II, Inc. ("DMFHII") [5] [9] | Investment holding | State of Delaware, U.S.A. | 93.57 | 93.57 |
| **Held by DMFHII** | | | | |
| Del Monte Foods Holdings Inc. ("DMFHI") [5] [9] | Investment holding | State of Delaware, U.S.A. | 93.57 | 93.57 |
| **Held by DMFHI** | | | | |
| Del Monte Foods, Inc. ("DMFI") [5] [9] | Manufacturing, processing and distributing food, beverages and other related products | State of Delaware, U.S.A | 93.57 | 93.57 |
| **Held by DMFI** | | | | |
| Sager Creek Foods, Inc. (formerly Vegetable Acquisition Corp.) [5] [9] | Real estate holding | State of Delaware, U.S.A. | 93.57 | 93.57 |
| Del Monte Andina C.A. [8] [9] | Manufacturing, processing and distributing food, beverages and other related products | Venezuela | – | – |

## 6. Investments in subsidiaries (cont'd)

| Name of subsidiary | Principal activities | Place of incorporation and business | Effective equity held by the Group 30 April 2022 % | Effective equity held by the Group 30 April 2021 % |
|---|---|---|---|---|
| **Held by DMFI (cont'd)** | | | | |
| Del Monte Colombiana S.A. [4] [9] | Manufacturing, processing and distributing food, beverages and other related products | Colombia | 76.35 | 76.35 |
| Industrias Citricolas de Montemorelos, S.A. de C.V. ("ICMOSA") [4] [9] | Manufacturing, processing and distributing food, beverages and other related products | Mexico | 93.57 | 93.57 |
| Del Monte Peru S.A.C. [7] [9] | Distribution of food, beverages and other related products | Peru | 93.57 | 93.57 |
| Del Monte Ecuador DME C.A. [7] [9] | Distribution of food, beverages and other related products | Ecuador | 93.57 | 93.57 |
| Hi-Continental Corp. [7] [9] | Distributor of non-Del Monte products | State of California, U.S.A. | 93.57 | 93.57 |
| College Inn Foods [7] [9] | Distributor of College Inn brand products | State of California, U.S.A. | 93.57 | 93.57 |
| Contadina Foods, Inc. [7] [9] | Distributor of Contadina brand products | State of Delaware, U.S.A. | 93.57 | 93.57 |
| S&W Fine Foods, Inc. [7] [9] | Distributor of S&W Fine Foods, Inc, | State of Delaware, U.S.A. | 93.57 | 93.57 |
| Del Monte Ventures, LLC ("DM Ventures") [b] [9] | Holding company | State of Delaware, U.S.A. | 93.57 | 93.57 |
| ***Held by DM Ventures*** | | | | |
| Del Monte Avo, LLC [b][9] | Development, production, marketing, sale and distribution of UHP avocado products | State of Delaware, U.S.A. | 47.72 | 47.72 |
| Del Monte Chilled Fruit Snacks, LLC [b] [9] | Development, production, marketing, sale and distribution of processed refrigerated fruit products | State of Delaware, U.S.A. | 47.72 | 47.72 |
| **Held by Del Monte Andina C.A.** | | | | |
| Del Monte Argentina S.A. [7] | Inactive | Argentina | – | – |

## 6. Investments in subsidiaries (cont'd)

(a) DMTDI is consolidated as the Group has de facto control over the entity. Even with less than the majority voting rights, the Group concluded that DMTDI is a subsidiary and that it has power to direct the relevant activities of DMTDI due to DMPI having majority seats in the Board through a shareholders agreement with the other shareholders of DMTDI. The key management personnel (i.e., President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Treasurer and Corporate Secretary) of DMPI also serve in the same positions in DMTDI. In its special meeting held on 22 April 2019, DMTDI's Board approved the dissolution and liquidation of DMTDI by shortening its corporate term. As at 30 April 2022, the application for the dissolution and liquidation is yet to be submitted with the SEC due to certain regulatory and documentary requirements.

(b) The Group incorporated its subsidiary, Del Monte Ventures, LLC on 21 June 2017 which acquired interests in four joint venture entities which were all incorporated in the state of Delaware, USA. These joint ventures will pursue sales of expanded refrigerated offerings across all distribution and sales channels, and will establish a new retail food and beverage concept. These joint ventures will initially focus on the U.S. market, with the potential for expansion into other territories. These joint venture entities are in their pre-operating stages and have no material assets or liabilities as of 30 April 2022 and 2021.

[1] Audited by SyCip Gorres Velayo & Co. ("SGV"), member firm of Ernst & Young Global.

[2] On 20 May 2020, CARI completed the sale of 12% stake in DMPI to SEA Diner. Conditions of the sale were already met as of 30 April 2020, as confirmed by both parties.
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%.

[3] Audited by Ernst and Young LLP ("EY") Singapore.

[4] Audited by Ernst & Young Global member firms in the respective countries.

[5] Not required to be audited in the country of incorporation. Audited by SGV for the purpose of group reporting.

[6] Not required to be audited in the country of incorporation. Audited by EY Singapore for the purpose of group reporting.

[7] Not required to be audited in the country of incorporation.

[8] Not required to be audited in the country of incorporation. The Venezuelan entity was deconsolidated in 2015. The Venezuelan exchange control regulations have resulted in an other-than-temporary lack of exchangeability between the Venezuelan Bolivar and US dollar. This has restricted the Venezuelan entity's ability to pay dividends and obligations denominated in US dollars. The exchange regulations, combined with other recent Venezuelan regulations, have constrained the Venezuelan entity's ability to maintain normal production. Due to the Group's inability to effectively control the operations of the Venezuelan entity, the Group deconsolidated its subsidiary effective February 2015. The equity interest in this entity is determined to be the cost of investment of the entity at the date of deconsolidation. The investment is carried at cost less impairment losses.

## 6. Investments in subsidiaries (cont'd)

[9] On 15 May 2020, DMFHII issued 64.546 shares of capital stock to DMFHL. On the same date, DMFHL issued 0.64546 shares of capital stock to DMPLFL and DMPLFL issued 645.46 shares of capital stock to the Company as full payment of the US$228.4 million loan to finance purchases of the Second Lien Term Loans. Upon issuance of the capital stock to the Company, DMFHL was unconditionally released of all liabilities for principal and interest through 30 April 2020 relating to the purchase of the Second Lien Term Loans. On 15 May 2020, DMFHL recorded US$229.5 million of additional paid-in capital related to this transaction. In addition, the Company and DMPLFL entered into a supplemental agreement dated 11 August 2020 for the issuance of additional 3.23 ordinary shares by DMPLFL to cover the additional accrued interest through 15 May 2020 which amounted to US$1.1 million. On 15 May 2020, DMFHL issued 0.42395 of ordinary shares to DMPLFL and DMPLFL issued 423.95 shares of preferred stock to the Company in exchange for US$150.0 million of additional paid-in capital. As a result, DMFHL recorded US$150.0 million of additional paid-in capital related to this transaction.

Information relating to the Group's subsidiaries with shareholder/s with material non-controlling interests are disclosed in Note 38.

The Company regularly reassesses whether it controls an investee when facts and circumstances indicate that there are changes to one or more of the three elements of control listed in Note 4. The Company determined that it exercised control on all its subsidiaries as it has all elements of control.

***Source of estimation uncertainty***

When the subsidiary has suffered recurring operating losses, a test is made to assess whether the interests in subsidiary has suffered any impairment by determining the recoverable amount. This determination requires significant judgement and estimation. An estimate is made of the future profitability, cash flow, financial health and near-term business outlook of the subsidiary, 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.

## 7. Investments in joint ventures

| Name of joint venture | Principal activities | Place of incorporation and business | Effective equity held by the Group 30 April 2022 % | 30 April 2021 % |
|---|---|---|---|---|
| FieldFresh Foods Private Limited ("FFPL") [1] | Production and sale of fresh and processed fruits and vegetable food products | India | 47.56 | 47.56 |
| Nice Fruit Hong Kong Limited ("NFHKL") [2] | Production and sale of frozen fruits and vegetable food products | Hong Kong | 35.00 | 35.00 |
| Del Monte – Vinamilk Dairy Philippines, Inc. (DVDPI) [3] | Distribution of dairy and milk products | Philippines | 43.50 | – |

1 Audited by Deloitte Haskins & Sells, Gurgaon, India. It had been renamed to Del Monte Foods Private Limited.
2 Audited by Ernst and Young Hong Kong.
3 Audited by SyCip Gorres Velayo & Co. ("SGV"), member firm of Ernst & Young Global.

## 7. Investments in joint ventures (cont'd)

DVDPI is a new joint venture entered into by Del Monte Philippines, Inc. with Vietnam Dairy Products Joint Stock Company, a leading regional dairy company to expand further into the dairy sector in the Philippines. This joint venture was incorporated and registered with SEC on 12 July 2021.

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

| | **Year ended 30 April 2022 US$'000** | **Year ended 30 April 2021 US$'000** |
|---|---|---|
| Revenue | 66,871 | 71,055 |
| Loss from continuing operations [a] | (6,810) | (2,035) |
| Other comprehensive income | – | – |
| **Total comprehensive loss** | (6,810) | (2,035) |
| [a] Includes: | | |
| - depreciation | 59 | 66 |
| - interest expense | 1,681 | 1,760 |
| Noncurrent assets | 11,600 | 11,962 |
| Current assets | 23,686 | 23,501 |
| Noncurrent liabilities | (21,890) | (22,572) |
| Current liabilities | (12,879) | (12,595) |
| Net assets | 517 | 296 |
| Proportion of the Group's ownership including non-controlling interest | 50% | 50% |
| | 259 | 148 |
| Goodwill | 20,000 | 20,000 |
| Impairment loss | (4,096) | (2,096) |
| Translation adjustment | (1,827) | 1,689 |
| Carrying amount of investment | 14,336 | 19,741 |

| | **Year ended 30 April 2022 US$'000** | **Year ended 30 April 2021 US$'000** |
|---|---|---|
| **Carrying amount of interest in FFPL at beginning of the year** | 19,741 | 22,855 |
| Capital injection during the year | – | – |
| Impairment loss | (2,000) | (2,096) |
| Group's share of: | | |
| - loss from continuing operations | (3,405) | (1,018) |
| - other comprehensive income | – | – |
| total comprehensive loss | (3,405) | (1,018) |
| **Carrying amount of interest at end of the year** | 14,336 | 19,741 |

In fiscal year 2022, the Group recognized an impairment loss amounting to US$2.0 million due to the continuous net loss position of FFPL (2021: US$2.1 million). The impairment loss was included in "other (expenses) income – net" in the income statement.

## 7. Investments in joint ventures (cont'd)

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

| | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 |
|---|---|---|
| **Carrying amount of interest in NFHKL at beginning of the year** | 2,789 | 2,462 |
| Additional advances during the year | 595 | 840 |
| Group's share of: | | |
| - loss from continuing operations | (548) | (513) |
| - other comprehensive income | – | – |
| total comprehensive loss | (548) | (513) |
| **Carrying amount of interest at end of the year** | 2,836 | 2,789 |

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

| | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 |
|---|---|---|
| **Carrying amount of interest in DVDPI at beginning of the year** | – | – |
| Capital injection | 1,001 | – |
| Group's share of: | | |
| - loss from continuing operations | (1,001) | – |
| - other comprehensive income | – | – |
| total comprehensive loss | (1,001) | – |
| **Carrying amount of interest at end of the year** | – | – |

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

| | Group | | Company | |
|---|---|---|---|---|
| | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 |
| **Group's interest in joint ventures** | | | | |
| FFPL | 14,336 | 19,741 | – | – |
| NFHKL | 2,836 | 2,789 | 2,836 | 2,789 |
| **Carrying amount of investments in joint ventures** | 17,172 | 22,530 | 2,836 | 2,789 |

### *Determination of joint control and the type of joint arrangement*

Joint control is presumed to exist when the investors contractually agreed sharing of control of 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.

## 7. Investments in joint ventures (cont'd)

***Determination of joint control and the type of joint arrangement (cont'd)***

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 its interests in FFPL, NFHKL and DVDPI are joint ventures as the arrangements are structured in a separate vehicle and that it has 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***

When the 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 of 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.

Since its acquisition, the Indian sub-continent trademark and the investment in FFPL 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.

***Key assumptions used in discounted cash flow projection calculations***

Key assumptions used in the calculation of recoverable amounts are discount rates, revenue growth rates, earnings before interest, taxes, depreciation and amortization ("EBITDA") margin and terminal growth rate. The values assigned to the key assumptions represented management's assessment of future trends in the industries and were based on both external and internal sources.

| | 30 April 2022 % | 30 April 2021 % |
|---|---|---|
| Pre-tax discount rate | 14.9 | 14.1 |
| Revenue growth rate | 5.0 – 19.6 | 5.0 – 23.0 |
| EBITDA margin | 1.2 – 10.4 | 4.1 – 10.2 |
| Long-term EBITDA margin | 10.4 | 10.2 |
| Terminal growth rate | 5.0 | 5.0 |

## 7. Investments in joint ventures (cont'd)

***Key assumptions used in discounted cash flow projection calculations (cont'd)***

In fiscal year 2022, discount rate is a pre-tax measure estimated based on past experience, and industry average weighted average cost of capital, which is based on a rate of debt leveraging rate of 23.60% in 2022 (2021: 22.78%), at a market interest rate of 7.80% in 2022 (2021: 8.13%).

Revenue growth rate is expressed as compound annual growth rates in the initial five years of the plan. In the first year of the business plan, revenue growth rate was projected at 7% (2021: -23%) based on the near-term business plan and market demand. The annual revenue growth included in the cash flow projections for four years was projected at the growth rate based on the historical growth in volume and prices and industry growth.

A long-term growth rate into perpetuity has been determined based on management's estimate of the long-term compound annual growth rate in the Indian economy which management believed was consistent with the assumption that a market participant would make.

EBITDA margin has been a factor of the revenue forecast based on business plan and market demand coupled with the cost saving initiatives.

***Sensitivity to changes in assumptions***

In fiscal year 2022, the carrying amount of interest in a joint venture and trademark exceed the estimated recoverable amount, accordingly, impairment loss of US$2.0 million (2021: US$2.1 million) was recognized.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The implication of the key assumptions for the recoverable amount is discussed below:

Long-term growth rates – A reduction of 0.5% (2021: 0.5%) in the long-term growth rate would result in a further impairment of approximately US$1.1 million (2021: US$0.5 million).

Discount rates – An increase of 1.0% (2021: 1.0%) in the discount rate would result in a further impairment of approximately US$3.4 million (2021: US$2.9 million).

## 8. Intangible assets and goodwill

| | Note | Goodwill US$'000 | Indefinite life trademarks US$'000 | Amortizable trademarks US$'000 | Customer relationship US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 May 2020, 30 April 2021, 1 May 2021 and 30 April 2022 | | 203,432 | 408,043 | 24,180 | 107,000 | 742,655 |
| **Accumulated amortization** | | | | | | |
| At 1 May 2021 | | – | – | 9,519 | 38,439 | 47,958 |
| Amortization | 25 | – | – | 1,300 | 5,350 | 6,650 |
| At 30 April 2022 | | – | – | 10,819 | 43,789 | 54,608 |
| At 1 May 2020 | | – | – | 8,219 | 33,089 | 41,308 |
| Amortization | 25 | – | – | 1,300 | 5,350 | 6,650 |
| At 30 April 2021 | | – | – | 9,519 | 38,439 | 47,958 |
| **Carrying amounts** | | | | | | |
| At 30 April 2022 | | 203,432 | 408,043 | 13,361 | 63,211 | 688,047 |
| At 30 April 2021 | | 203,432 | 408,043 | 14,661 | 68,561 | 694,697 |

***Goodwill***

Goodwill arising from the acquisition of Consumer Food Business was allocated to DMFI and its subsidiaries, which is considered as one CGU.

***Indefinite life trademarks***

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

**America trademarks**

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

**The Philippines trademarks**

A subsidiary, Dewey Sdn Bhd, owned 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.

**8. Intangible assets and goodwill (cont'd)**

**The Philippines trademarks (cont'd)**

On 1 May 2020, Dewey Sdn. Bhd. assigned various trademarks in the Philippines including the "Del Monte" and "Today's" trademarks to PPMSC.

**Indian sub-continent and Myanmar trademarks**

In November 1996, a subsidiary, 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 FFPL and caused the licensing of trademarks to FFPL to market its products under the "Del Monte" brand in India. These trademarks have a carrying value of US$4.1 million.

**S&W trademarks**

In November 2007, a subsidiary, 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 has performed impairment testing for all indefinite life trademarks and concluded that no impairment exists at the reporting date.

***Philippines Trademarks***

In 2022 and 2021, the recoverable amounts of the Philippines Trademarks were based on fair value less cost of disposal using the Relief from Royalty ("RFR") method, and value in use ("VIU"), respectively.

The RFR and VIU calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The Philippines Trademarks' cash flows beyond the five-year period is extrapolated using a steady 6.1% (2021: 5.4%) cumulative annual growth rate which Management believes is reasonable and that any reasonably possible change in the key assumptions on which the Philippines Trademarks' recoverable amount is based would not cause the Philippines Trademarks' carrying amount to exceed its recoverable amount.

The key assumptions used in the estimation of the fair value less cost of disposal and VIU represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

## 8. Intangible assets and goodwill (cont'd)

***Philippines Trademarks (cont'd)***

As of 30 April 2022 and 2021, the carrying values of the intangible assets do not exceed the fair values less cost of disposal and VIU, respectively, hence, no impairment has been recorded. Below are the key assumptions used in fiscal year 2022 and 2021:

| | **2022** | 2021 |
|---|---|---|
| | **%** | **%** |
| Discount rate | 8.7 | 10.1 |
| Terminal growth rate | 6.1 | 5.4 |
| Royalty rate | 1.0 | N/A |
| Revenue growth rate | 7.7 | 6.1 |

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections included specific estimates for five years.

Revenue growth was projected taking into account the average growth levels experienced over the past five years and estimated sales volume and price growth for the next five years. It was assumed that sales price would increase in line with forecast inflation over the next five years.

***S&W Asia trademark***

In 2022 and 2021, the recoverable amount was based on fair value less cost of disposal using the RFR method. The key assumptions used in the estimation of the fair value less cost of disposal are set out below.

| | **2022** | 2021 |
|---|---|---|
| | **%** | **%** |
| Discount rate | 10.5 | 10.7 |
| Royalty rate | 3.0 | 3.0 |
| Revenue growth rate | 6.5 | 6.7 |

***Indian sub-continent trademark***

The Indian sub-continent trademark and the investment in FFPL were allocated to Indian sub-continent CGU (see Note 7).

## 8. Intangible assets and goodwill (cont'd)

***America trademarks and Goodwill***

In 2022 and 2021, the recoverable amount of the CGU was based on VIU being greater than the fair value less costs of disposal:

| | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
|---|---|---|
| Value-in-use | 6,130,000 | 4,010,000 |
| Fair value less costs of disposal – income approach | 6,050,000 | 3,190,000 |
| Recoverable amount | 6,130,000 | 4,010,000 |

The Americas trademarks were also included in the CGU used in the goodwill impairment testing.

As of valuation date in April 2022 and January 2021, the estimated recoverable amount of the CGU exceeded its carrying amount of US$1,402.0 million and US$1,318.8 million, respectively, by approximately US$4,728.0 million and US$2,691.2 million, respectively. Therefore, the CGU is not impaired. The change in valuation date in fiscal 2022 was due to the approval of long-range plan (LRP) which happened on April 2022.

*VIU*

The VIU is the present value of expected cash flows, discounted at a risk-adjusted weighted average cost of capital.

The key assumptions used in the estimation of the recoverable amount using the VIU approach are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

| | 2022 % | 2021 % |
|---|---|---|
| Pre-tax discount rate | 8.9 | 8.7 |
| Terminal growth rate | 2.0 | 2.0 |
| Long-term EBITDA margin | 15.8 | 14.0 |
| Revenue growth rate | 3.5 – 8.3 | (1.9) – 7.3 |
| Gross margin | 24.4 – 27.0 | 22.7 – 26.8 |

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible range of debt leveraging of 21% as at 30 April 2022 (2021: 22%) at a risk-free interest rate of 3.1% as of 30 April 2022 (2021: 2.5%).

The cash flow projections included specific estimates for four years for fiscal year 2022 (2021: ten years) and a terminal growth rate thereafter. Due to various growth initiatives of the Company, management shortened the cashflow forecast period to four years in fiscal year 2022 (2021: ten years) to meet the minimum requirement in terms of forecasted period and allow for its operations to reach a steady state in gradually in terms of its long-term compound annual EBITDA growth rate. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate. This growth rate is consistent with the assumption that a

## 8. Intangible assets and goodwill (cont'd)

***America trademarks and Goodwill (cont'd)***

market participant would make and with industry expectations and internal estimates of sustainable long-term growth for the business.

Budgeted EBITDA was estimated taking into account past experience adjusted as follows:

- Revenue growth was projected taking into account the average growth levels experienced over the past four years and estimated sales volume and price growth for the next four years (2021: ten years). It was assumed that sales price would increase in line with forecasted inflation over the next four years. The amounts are probability-weighted.

***Sensitivity analysis***

Management has identified that a reasonably possible change in the discount rate or long-term margin could cause the carrying amount to exceed the recoverable amount. The following table shows the amount to which these would need to change independently for the estimated recoverable amount of the DMFI CGU to be equal to its carrying amount.

| | 2022 | 2021 |
|---|---|---|
| | % | % |
| Discount rate | 22.9 | 15.3 |
| Long-term EBITDA margin | 4.8 | 4.4 |

***Source of estimation uncertainty***

Goodwill and the indefinite life trademarks are assessed for impairment annually. The impairment assessment requires an estimation of the VIU and fair value less costs of disposal of the CGU to which the goodwill and indefinite life trademarks are allocated.

Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and apply an appropriate discount rate in order to calculate the present value of those cash flows. Actual cash flows will differ from these estimates as a result of differences between assumptions used and actual operations.

Estimating fair value less costs of disposal requires the use of estimates and assumptions. The estimated fair value would change depending on the assumptions used, such as the discount rate and long-term margin.

The outbreak of COVID-19 was declared a pandemic by the World Health Organization on 11 March 2020 and has severely impacted global financial markets. The current response to COVID-19 presents an unprecedented set of circumstances on which to base a valuation judgement.

The Group managed to continue operating in the middle of the pandemic since its products are considered to be essential. There were no significant internal operational interruptions and disruptions caused by external factors. Restrictions to movement of materials were managed, thus, there was no major adverse impacts to the overall results of the Group's operations for the fiscal years ended 30 April 2022 and 2021.

## 8. Intangible assets and goodwill (cont'd)

***Amortizable trademarks and customer relationship***

| | Net carrying amount | | Remaining amortization period (years) | |
|---|---|---|---|---|
| | 30 April 2022 US$'000 | 30 April 2021 US$'000 | 30 April 2022 | 30 April 2021 |
| Asia S&W trademark | – | – | – | – |
| America S&W trademark | 363 | 563 | 1.8 | 2.8 |
| America Contadina trademark | 12,998 | 14,098 | 11.8 | 12.8 |
| | 13,361 | 14,661 | | |

**S&W Asia trademark**

The amortizable trademark pertains to "Label Development" trademark. As at 30 April 2022 and 2021, the trademark has been fully amortized.

**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.

Management has included these trademarks in the CGU impairment assessment and concluded that no impairment exists at the reporting date.

**Customer relationships**

Customer relationships relate to the network of customers where DMFI has established relationships with the customers, particularly in the United States market through contracts. The Sager Creek customer relationships were included in the sale of certain assets of Sager Creek in September 2017.

| | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
|---|---|---|
| Net carrying amount | 63,211 | 68,561 |
| Remaining amortization period (years) | 11.8 | 12.8 |

Management has included the customer relationships in the CGU impairment assessment and concluded no impairment exists at the reporting date.

## 8. Intangible assets and goodwill (cont'd)

***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.

## 9. Deferred tax assets – net

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Deferred tax assets and liabilities of the Group are attributable to the following:

| | **Assets** | | **Liabilities** | |
|---|---|---|---|---|
| | **30 April 2022 US$'000** | **30 April 2021 US$'000** | **30 April 2022 US$'000** | **30 April 2021 US$'000** |
| **Group** | | | | |
| Provisions | 6,532 | 8,466 | – | – |
| Employee benefits | 13,954 | 13,935 | – | – |
| Property, plant and equipment - net | – | – | (14,959) | (17,228) |
| Intangible assets and goodwill | – | – | (92,089) | (79,671) |
| Effective portion of changes in fair value of cash flow hedges | 1,603 | – | – | (395) |
| Tax loss carry-forwards | 155,391 | 166,114 | – | – |
| Inventories | 1,409 | 2,127 | – | – |
| Biological assets | – | – | (1,916) | (1,796) |
| Interest | 29,234 | 24,450 | – | – |
| Undistributed profits from a subsidiary | – | – | (5,730) | (2,168) |
| Charitable contributions | 3,321 | 3,254 | – | – |
| Others | 7,574 | 6,851 | – | – |
| Deferred tax assets (liabilities) | 219,018 | 225,197 | (114,694) | (101,258) |
| Set off of tax | (102,273) | (94,659) | 102,273 | 94,659 |
| **Deferred Taxes** | 116,745 | 130,538 | (12,421) | (6,599) |

## 9. Deferred tax assets – net (cont'd)

Movements in deferred tax assets and deferred tax liabilities of the Group during the year are as follows:

| | At 1 May 2021 US$'000 | Recognized in profit or loss US$'000 | Recognized in other comprehensive income US$'000 | Currency realignment US$'000 | At 30 April 2022 US$'000 |
|---|---|---|---|---|---|
| **2022** | | | | | |
| Provisions | 8,466 | (1,606) | – | (328) | 6,532 |
| Employee benefits | 13,935 | 3,202 | (3,255) | 72 | 13,954 |
| Property, plant and equipment - net | (17,228) | 2,015 | – | 254 | (14,959) |
| Intangible assets and goodwill | (79,671) | (12,418) | – | – | (92,089) |
| Effective portion of changes in fair value of cash flow hedges | (395) | (195) | 2,193 | – | 1,603 |
| Tax loss carry-forwards | 166,114 | (10,723) | – | – | 155,391 |
| Inventories | 2,127 | (718) | – | – | 1,409 |
| Biological assets | (1,796) | (265) | – | 145 | (1,916) |
| Interest | 24,450 | 4,784 | – | – | 29,234 |
| Undistributed profits from a subsidiary | (2,168) | (3,562) | – | – | (5,730) |
| Charitable contributions | 3,254 | 67 | – | – | 3,321 |
| Others | 6,851 | 724 | – | (1) | 7,574 |
| | 123,939 | (18,695) | (1,062) | 142 | 104,324 |

| | At 1 May 2020 US$'000 | Recognized in profit or loss US$'000 | Recognized in other comprehensive income US$'000 | Currency realignment US$'000 | At 30 April 2021 US$'000 |
|---|---|---|---|---|---|
| **2021** | | | | | |
| Provisions | 8,257 | 28 | – | 181 | 8,466 |
| Employee benefits | 28,816 | (993) | (13,880) | (8) | 13,935 |
| Property, plant and equipment - net | (19,813) | 2,125 | 629 | (169) | (17,228) |
| Intangible assets and goodwill | (69,094) | (10,577) | – | – | (79,671) |
| Effective portion of changes in fair value of cash flow hedges | 2,162 | (1,508) | (1,049) | – | (395) |
| Tax loss carry-forwards | 160,414 | 5,700 | – | – | 166,114 |
| Inventories | 876 | 1,251 | – | – | 2,127 |
| Biological assets | (1,841) | 129 | – | (84) | (1,796) |
| Deferred income | (5,455) | 5,455 | – | – | – |
| Interest | 23,139 | 1,311 | – | – | 24,450 |
| Undistributed profits from a subsidiary | (7,514) | 5,346 | – | – | (2,168) |
| Charitable contributions | 3,856 | (602) | – | – | 3,254 |
| Accrued plant closure costs | 309 | (309) | – | – | – |
| Others | 8,415 | (1,570) | – | 6 | 6,851 |
| | 132,527 | 5,786 | (14,300) | (74) | 123,939 |

## 9. Deferred tax assets – net (cont'd)

In fiscal year 2021, the Group derecognized US$0.6 million of its deferred tax liability on property, plant and equipment – net related to the revaluation surplus on freehold land, resulting from the change in tax rate in the Philippines. The amount was recognized in other comprehensive income.

As at 30 April 2022, the Group recognized deferred tax liability related to undistributed profit of a subsidiary amounting to US$5.7 million (2021: US$2.2 million).

***Unrecognized deferred tax assets***

The following deferred tax assets have not been recognized as of 30 April 2022 and 2021:

| | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
|---|---|---|
| Deductible temporary differences | 5,266 | 23,991 |
| Tax losses and tax credits | 15,377 | 7,668 |
| | 20,643 | 31,659 |

The tax losses will expire in 2023 and 2024. The tax credits will expire between 2024 and 2028. Deferred tax assets have not been recognized with respect to these items because it is not probable that future taxable profits will be available to utilize the benefits.

***Sources of estimation uncertainty***

As of 30 April 2022, deferred tax assets amounting to US$155.4 million (2021: US$166.1 million) have been recognized in respect of the tax loss carry forwards because management assessed that it is probable that future taxable profit will be available against which the Group can utilize these benefits. Management expects profitable growth coming from revenue strategies and cost efficiencies in the future. To the extent that profitable growth does not materialize in the future periods, deferred tax assets as at 30 April 2022 may not be realized. Tax losses arising from fiscal years subsequent to 2017 can be carried forward indefinitely. Tax losses carry forwards prior to 30 April 2017 may be utilised up to a 20-year period.

The COVID-19 outbreak did not have a significant impact on the assumptions used in the recoverability of deferred tax assets. There was no adverse impact to the future taxable profits used in the assessment since the Group continued operating in the middle of the pandemic and there were no major interruptions to the business.

## 10. Other noncurrent assets

| | Note | Group 30 April 2022 US$'000 | Group 30 April 2021 US$'000 |
|---|---|---|---|
| Advance rentals and deposits | | 16,679 | 13,493 |
| Excess insurance | | 3,762 | 4,442 |
| Receivable from sale and leaseback | | 2,818 | 3,156 |
| Advances to suppliers | 5 | 4,212 | 1,036 |
| Note receivables | 5 | 1,000 | 1,000 |
| Lease receivable | | 194 | 750 |
| Others | | 1,746 | 1,448 |
| | | 30,411 | 25,325 |

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

Excess insurance relates mainly to reimbursements from insurers to cover certain workers' compensation claims liabilities (see Note 19).

Advances to suppliers represents advance payments made on capital projects.

As at 30 April 2022 and 2021, note receivables of US$1.0 million relates to the sale of certain assets of Plymouth (see Note 5).

Receivable from sale and leaseback is the noncurrent portion of receivable relating to assets sold to DMPI Employees Agrarian Reform Beneficiaries Cooperation ("DEARBC") and subsequently leased back to the Group in 2021 (see Note 23). The current portion of US$0.1 million is presented under "Trade and other receivables".

Lease receivable is the noncurrent portion of receipts to be received from the Group's sublease agreements (see Note 23).

## 11. Biological assets

| | Group | |
|---|---|---|
| | **30 April 2022 US$'000** | **30 April 2021 US$'000** |
| **Livestock** | | |
| At beginning of the year | 2,655 | 2,118 |
| Purchases of livestock | 895 | 1,065 |
| Sales of livestock | (601) | (631) |
| Currency realignment | (214) | 103 |
| At end of the year | 2,735 | 2,655 |

| | Group | |
|---|---|---|
| | **30 April 2022 US$'000** | **30 April 2021 US$'000** |
| **Agricultural produce** | | |
| At beginning of the year | 10,878 | 25,966 |
| Additions | 16,177 | 1,710 |
| Harvested | (12,016) | (17,896) |
| Currency realignment | (1,271) | 1,098 |
| At end of the year | 13,768 | 10,878 |
| | | |
| Fair value gain on produce prior to harvest | 33,578 | 34,035 |
| At end of the year | 47,346 | 44,913 |
| | | |
| Current | 47,346 | 44,913 |
| Noncurrent | 2,735 | 2,655 |
| **Totals** | 50,081 | 47,568 |

| | | Group | |
|---|---|---|---|
| | **Note** | **30 April 2022 US$'000** | **30 April 2021 US$'000** |
| **Fair value gain (loss) recognized under:** | | | |
| Harvested pine for cannery | | | |
| Inventories | 34 | 3,375 | 5,389 |
| Cost of sales | 25 | 37,532 | 34,652 |
| | | 40,907 | 40,041 |
| Inventories - cattle for slaughter | | (9) | (33) |
| Cost of sales - fresh pines | 25 | 22,704 | 18,912 |
| Unharvested agricultural produce | | 2,076 | (2,812) |
| Fair value gain recognized under revenues | | 65,678 | 56,108 |

The changes in fair values of the Group's biological assets are recorded as part of revenues (see Note 24).

## 11. Biological assets (cont'd)

*Livestock*

Livestock comprises growing herd and breeding and dairy herd that are stated at cost and cattle for slaughter that is stated at fair value less point-of-sale costs. The fair value is determined based on the actual selling prices approximating those at year end less estimated point-of-sale costs.

*Risk Management strategy related to agricultural activities*

The Group is exposed to risks arising from changes in cost and volume of fruits harvested from the growing crops which is influenced by natural phenomenon such as weather patterns, volume of rainfall and field performance. The cost of growing crops is also exposed to the change in cost and supply of agricultural supplies and labor which are determined by constantly changing market forces of supply and demand.

The Group is subject to risk relating to its ability to maintain the physical condition of its fruit crops. Plant diseases could adversely impact production and consumer confidence, which impact sales.

The Group secures favorable harvest of pineapples and other agricultural produce from biological assets by continuously assessing factors that could affect harvest and responding to them on a timely manner. The Group is equipped with necessary technical manpower, farm inputs, such as fertilizer, chemicals and equipment to respond to any changes brought about by the factors as mentioned above.

The Group is subject to laws and regulations in the Philippines where it operates its agricultural activities. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

***Source of estimation uncertainty***

*Fair Value of Harvested Agricultural Produce*

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

*Future Tonnage of Harvests*

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

## 11. Biological assets (cont'd)

*Fair Value of Unharvested Agricultural Produce*

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

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

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

The valuation techniques and significant unobservable inputs used in determining the fair value of these biological assets are discussed in Note 34.

## 12. Inventories

| | Group | |
|---|---|---|
| | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
| Finished goods | | |
| - at cost | 430,070 | 348,045 |
| - at net realizable value | 20,380 | 23,796 |
| Semi-finished goods | | |
| - at cost | 94,966 | 70,948 |
| - at net realizable value | 8,182 | 12,328 |
| Raw materials and packaging supplies | | |
| - at cost | 75,165 | 47,302 |
| - at net realizable value | 57,195 | 55,183 |
| | 685,958 | 557,602 |

Total cost of inventories carried at net realizable value amounted to US$92.2 million as at 30 April 2022 (2021: U$104.6 million). Inventories recognized as an expense in cost of sales amounted to US$1,300.3 million for the year ended 30 April 2022 (2021: US$1,193.7 million) (see Note 25).

## 12. Inventories (cont'd)

Inventories are stated at net realisable value after allowance for inventory obsolescence. Movements in the allowance for inventory obsolescence during the year are as follows:

| | Note | Group 30 April 2022 US$'000 | Group 30 April 2021 US$'000 |
|---|---|---|---|
| At beginning of the year | | 13,254 | 14,868 |
| Allowance for the year | 25 | 4,135 | 7,043 |
| Write-off against allowance | | (10,157) | (7,323) |
| Currency realignment | | (768) | (1,334) |
| At end of the year | | 6,464 | 13,254 |

***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 income statement and are written off. In addition to an allowance for 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 year. 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 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 the 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 operating expenses and decrease current assets.

## 13. Trade and other receivables

| | Note | Group 30 April 2022 US$'000 | Group 30 April 2021 US$'000 | Company 30 April 2022 US$'000 | Company 30 April 2021 US$'000 |
|---|---|---|---|---|---|
| Trade receivables | | 189,839 | 165,370 | – | – |
| Nontrade receivables | | 34,881 | 28,903 | 603 | 8 |
| Amounts due from subsidiaries (nontrade) | 37 | – | – | 84,229 | 82,274 |
| Allowance for expected credit loss - trade | | (5,850) | (4,801) | – | – |
| Allowance for expected credit loss - nontrade | | (4,317) | (4,423) | – | – |
| Trade and other receivables | | 214,553 | 185,049 | 84,832 | 82,282 |

## 13. Trade and other receivables (cont'd)

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. There is no allowance for allowance for expected credit losses ("ECL") arising from these outstanding balances.

Nontrade receivables consist of vendor rebates, plant receivables, claims from third party service providers, advances to growers, which are claimed upon delivery of fruits, and fuel withdrawals applied against truckers' bills when due.

The aging of trade and nontrade receivables at the reporting date is:

| | Group | | | |
|---|---|---|---|---|
| | Gross | | ECL allowance | |
| | Trade | Nontrade | Trade | Nontrade |
| **At 30 April 2022** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| Not past due | 121,769 | 16,377 | – | – |
| Past due 0 - 60 days | 42,343 | 2,471 | – | – |
| Past due 61 - 90 days | 5,565 | 690 | – | – |
| Past due 91 - 120 days | 1,948 | 1,112 | – | – |
| More than 120 days | 18,214 | 14,231 | (5,850) | (4,317) |
| | 189,839 | 34,881 | (5,850) | (4,317) |

| | Group | | | |
|---|---|---|---|---|
| | Gross | | ECL allowance | |
| | Trade | Nontrade | Trade | Nontrade |
| **At 30 April 2021** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| Not past due | 83,812 | 14,731 | – | – |
| Past due 0 - 60 days | 64,945 | 2,889 | – | – |
| Past due 61 - 90 days | 4,206 | 623 | – | – |
| Past due 91 - 120 days | 2,059 | 664 | – | – |
| More than 120 days | 10,348 | 9,996 | (4,801) | (4,423) |
| | 165,370 | 28,903 | (4,801) | (4,423) |

The recorded allowance for ECLs 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.

As at 30 April 2022 and 2021, the receivables of the Company were neither past due nor impaired.

Nontrade receivables include current portion of lease receivable amounting to US$0.5 million as at 30 April 2022 (2021: US$0.5 million) (see Note 23), and current portion of receivable from sale and leaseback amounting to US$0.1 million as at 30 April 2022 (2021: US$0.1 million). The noncurrent portion of lease receivable and receivable from sale and leaseback are presented under "Other noncurrent assets" (see Note 10).

## 13. Trade and other receivables (cont'd)

Movements in allowance for ECLs during the year are as follows:

| | Note | Trade US$'000 | Group Nontrade US$'000 | Total US$'000 |
|---|---|---|---|---|
| At 1 May 2021 | | 4,801 | 4,423 | 9,224 |
| Allowance for the year | 25 | 1,134 | (54) | 1,080 |
| Write-off for the year | | (20) | (14) | (34) |
| Reversal for the year | 25 | – | (20) | (20) |
| Currency realignment | | (65) | (18) | (83) |
| At 30 April 2022 | | 5,850 | 4,317 | 10,167 |

| | Note | Trade US$'000 | Group Nontrade US$'000 | Total US$'000 |
|---|---|---|---|---|
| At 1 May 2020 | | 4,975 | 4,544 | 9,519 |
| Allowance for the year | 25 | 289 | – | 289 |
| Write-off for the year | | (487) | – | (487) |
| Reversal for the year | 25 | (10) | (135) | (145) |
| Currency realignment | | 34 | 14 | 48 |
| At 30 April 2021 | | 4,801 | 4,423 | 9,224 |

***Source of estimation uncertainty***

The Group maintains an allowance for ECL at a level considered adequate to provide for potential uncollectible receivables based on the applicable 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 behaviour and known market factors. The Group reviews the age and status of trade 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 would decrease the Group's current assets.

The recorded allowance for ECL falls within the Group's historical experience in the collection of accounts receivables. The Group managed to continue operating in the middle of the pandemic since its products are essential. There were no significant internal operational interruptions and disruptions caused by external factors such as restrictions to movement of materials were managed so that there will be no major adverse impacts to the overall results of operations for the fiscal years ended 30 April 2022 and 2021.

## 14. Prepaid expenses and other current assets

| | Note | Group 30 April 2022 US$'000 | Group 30 April 2021 US$'000 | Company 30 April 2022 US$'000 | Company 30 April 2021 US$'000 |
|---|---|---|---|---|---|
| Prepaid expenses | | 32,622 | 29,875 | 48 | 83 |
| Down payment to suppliers | | 12,737 | 4,090 | – | – |
| Derivative assets | 19 | 1,486 | 1,694 | – | – |
| Short-term placements | | 1,288 | 1,327 | 883 | 889 |
| Others | | 919 | 300 | – | 26 |
| | | 49,052 | 37,286 | 931 | 998 |

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

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

Short-term placements have maturities of 4-6 months (2021: 5-6 months) and earn interest at 0.75%-1.00% per annum (2021: 0.875%-1.00% per annum) in 2022.

## 15. Cash and cash equivalents

| | Group 30 April 2022 US$'000 | Group 30 April 2021 US$'000 | Company 30 April 2022 US$'000 | Company 30 April 2021 US$'000 |
|---|---|---|---|---|
| Cash on hand | 67 | 68 | – | – |
| Cash in banks | 20,902 | 28,478 | 1,245 | 1,215 |
| Cash equivalents | 884 | 889 | 884 | 889 |
| Cash and cash equivalents | 21,853 | 29,435 | 2,129 | 2,104 |

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 in 2022 (2021: 0.01% to 0.50%). Cash equivalents are short-term placements which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest rate of 0.75% to 1.00% as of 30 April 2022 (30 April 2021: 0.88% to 2.00%) per annum.

## 16. Share capital

| | 30 April 2022 No. of shares ('000) | 30 April 2022 US$'000 | 30 April 2021 No. of shares ('000) | 30 April 2021 US$'000 |
|---|---|---|---|---|
| **Authorized:** | | | | |
| Ordinary shares of US$0.01 each | 3,000,000 | 30,000 | 3,000,000 | 30,000 |
| Preference shares of US$1.00 each | 600,000 | 600,000 | 600,000 | 600,000 |
| | 3,600,000 | 630,000 | 3,600,000 | 630,000 |
| **Issued and fully paid:** | | | | |
| Ordinary shares of US$0.01 each | 1,944,936 | 19,449 | 1,944,936 | 19,449 |
| Preference shares of US$1.00 each | 10,000 | 10,000 | 30,000 | 30,000 |
| | 1,954,936 | 29,449 | 1,974,936 | 49,449 |

*Reconciliation of number of outstanding ordinary shares in issue:*

| | Year ended 30 April 2022 No. of shares ('000) | Year ended 30 April 2021 No. of shares ('000) |
|---|---|---|
| At beginning/end of the year | 1,943,960 | 1,943,960 |

The number of outstanding ordinary shares excludes 975,802 ordinary shares held by the Company as treasury shares.

*Reconciliation of number of outstanding preference shares in issue:*

| | Year ended 30 April 2022 No. of shares ('000) | Year ended 30 April 2021 No. of shares ('000) |
|---|---|---|
| At beginning of the year | 30,000 | 30,000 |
| Redeemed | (20,000) | – |
| At end of the year | 10,000 | 30,000 |

## 16. Share capital (cont'd)

The following summarizes the information on the Company's registration of securities under the Revised Securities Regulation Code of the Philippines ("SRC"):

*Ordinary Shares*

| Date of SEC Approval | Authorized Shares | No. of Shares Issued | Issue/Offer Price |
|---|---|---|---|
| 28 May 2013* | 2,000,000,000 | 1,297,500,491 | Php29.80 |
| 15 October 2014** | 3,000,000,000 | 5,500,000 | Php17.00 |
| 14 January 2015*** | 3,000,000,000 | 641,935,335 | Php10.60 |

**The SEC issued an order rendering effective the registration of its issued shares. The Company was listed by way of introduction to The Philippine Stock Exchange, Inc. on 10 June 2013.*
***The SEC issued an order rendering effective the registration of additional 5,500,000 ordinary shares which were offered and sold to the public in the Philippines.*
****The rights shares were considered exempt from registration pursuant to Section 10(e) and 10(l) of the Securities Regulation Commission ("SRC"). The exemption from registration was confirmed by the SEC in a letter dated 14 January 2015.*

*Preference Shares*

| Date of SEC Approval | Authorized Shares | No. of Shares Issued | Issue/Offer Price |
|---|---|---|---|
| 21 March 2017 | 600,000,000 | 20,000,000 Series A-1 Preference Shares | US$10.00 |
| 21 March 2017* / 27 November 2017** | 600,000,000 | 10,000,000 Series A-2 Preference Shares | US$10.00 |

**No Order of Registration was issued for the second tranche offer of preference shares as it was part of the shelf-registration previously applied by the Company with the SEC.*
***Date of issuance of the SEC Permit to Sell.*

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

| | | 30 April 2022 | | | 30 April 2021 | | |
|---|---|---|---|---|---|---|---|
| **Preference Shares** | **Par Value** | **Share Capital US$'000** | **Share Premium US$'000** | **Contributed Capital US$'000** | **Share Capital US$'000** | **Share Premium US$'000** | **Contributed Capital US$'000** |
| Series A-1 | US$1.00 | – | – | – | 20,000 | 180,000 | 200,000 |
| Series A-2 | US$1.00 | 10,000 | 90,000 | 100,000 | 10,000 | 90,000 | 100,000 |
| | | 10,000 | 90,000 | 100,000 | 30,000 | 270,000 | 300,000 |

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

## 16. Share capital (cont'd)

*Preference Shares (cont'd)*

dividend rate is higher than the applicable Step Up Rate, there shall be no adjustment to the dividend rate, and the initial dividend rate shall continue to be the dividend rate. The preference shares rank ahead of the ordinary shares in the event of a liquidation.

On 7 April 2022, the Company has redeemed all of the outstanding 20,000,000 Series A-1 Preference Shares at a redemption price equal to the issue price of US$10 per share, plus the accrued and unpaid cash dividends due on such shares as of that date, after deduction of transfer costs customarily chargeable to stockholders, as applicable to effect the redemption (the "Redemption Price"). The Redemption Price were paid to holders of the Series A-1 Preference Shares as of 30 March 2022, which was the relevant record date, as announced on 11 March 2022.

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 directors.

The total number of ordinary shareholders as at 30 April 2022 and 2021 is 7,286 and 7,398, respectively. Additionally, the total number of Series A-1 preference shareholders as at 30 April 2022 and 2021 is nil and 19, respectively. The total number of Series A-2 preference shareholders as at 30 April 2022 and 2021 is 24 and 26, respectively.

The holders of ordinary shares are entitled to receive dividends after dividend of preference shares are paid, as declared from time to time, and are entitled to one vote per share at meetings of the Company. The preference shares are cumulative, non-voting, redeemable at the option of the issuer, non-participating and non-convertible. The preference share has a par value of US$1.0 per share and were issued at US$10.0 per share. Ordinary shares rank equally with regard to the Company's residual assets after preference shares are paid.

In April 2014, the Company increased its authorized share capital from US$20.0 million, divided into 2,000,000,000 ordinary shares at US$0.01 per share, to US$630.0 million, divided into 3,000,000,000 ordinary shares at US$0.01 per share and 600,000,000 preference shares at US$1.00 per share. The preference shares may be issued in one or more series, each such class of shares will have rights and restrictions as the Board may designate. The terms and conditions of the authorized preference shares are finalized upon each issuance.

On 30 October 2014, the Company had additional ordinary shares listed and traded on the SGX-ST and the PSE pursuant to a public offering conducted in the Philippines. The Company offered and sold by way of primary offer 5,500,000 ordinary shares at an offer price of 17.00 Philippine pesos (Php) per share.

In March 2015, additional 641,935,335 ordinary shares were listed on the SGX-ST and the PSE, which were offered and sold to eligible shareholders by way of a stock rights offering at an exercise price of S$0.325 or Php10.60 for each share in Singapore and the Philippines, respectively.

In April 2017, the Company completed the offering and listing of 20,000,000 Series A-1 Preference Shares which were sold at an offer price of US$10.0 per share (US$1.0 par value per share) in the Philippines, generating US$200 million in proceeds. The said shares were listed on the PSE.

In September 2017, the Company transferred 745,918 of its treasury shares to ordinary shares in connection with the release of share awards granted to certain Directors pursuant to the Del Monte Pacific Restricted Share Plan (Del Monte Pacific RSP).

## 16. Share capital (cont'd)

*Preference Shares (cont'd)*

In December 2017, the Company completed the offering and listing of 10,000,000 Series A-2 Preference Shares in the Philippines generating approximately US$100 million in proceeds (or a combined US$300 million including the US$200 million that was raised in April 2017). The Company used the net proceeds to substantially refinance the US$350 million bridging loan that was due in February 2019.

The Company also issued share awards under the Del Monte Pacific RSP (see Note 31) in fiscal year 2018.

***Capital management***

The Board's 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 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.

## 17. Retained Earnings and Reserves

***Retained earnings***

*Dividends*

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **30 April 2022 US$'000** | **30 April 2021 US$'000** | **30 April 2020 US$'000** | **30 April 2022 US$'000** | **30 April 2021 US$'000** | **30 April 2020 US$'000** |
| **Declared and paid during the financial year:** | | | | | | |
| *Dividends on ordinary shares* | | | | | | |
| 2022: US$0.0120 per share (2021:US$0.0154; 2020: US$0.0052) | 23,310 | 30,055 | 10,112 | 23,310 | 30,055 | 10,112 |
| *Dividends on preference shares* | | | | | | |
| A-1 preference shares for 2022, 2021 and 2020: US$0.6625 per share | 13,250 | 13,250 | 13,250 | 13,250 | 13,250 | 13,250 |
| A-2 preference shares for 2022 2021 and 2020: US$0.6500 per share | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 |
| | 19,750 | 19,750 | 19,750 | 19,750 | 19,750 | 19,750 |
| | 43,060 | 49,805 | 29,862 | 43,060 | 49,805 | 29,862 |

## 17. Retained Earnings and Reserves (cont'd)

### *Retained earnings (cont'd)*

*Dividends (cont'd)*

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **30 April 2022 US$'000** | **30 April 2021 US$'000** | **30 April 2020 US$'000** | **30 April 2022 US$'000** | **30 April 2021 US$'000** | **30 April 2020 US$'000** |
| **Proposed but not recognized as a liability as at reporting date:** | | | | | | |
| Dividends on ordinary shares 2022: US$0.0170 (2021: US$0.0120; 2019: US$0.0154) | 33,047 | 23,328 | 29,937 | 33,047 | 23,328 | 29,937 |

<u>Ordinary shares</u>

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

On 23 June 2021, the Company declared dividends of US$0.0120 per share to ordinary shareholders on record as at 13 July 2021. The special dividend was paid on 27 July 2021.

On 24 July 2020, the Company declared a special dividend of US$0.0154 per share to ordinary shareholders on record as at 12 August 2020. The special dividend was paid on 19 August 2020.

<u>Preference shares</u>

On 11 March 2022, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 8 October 2021 to 7 April 2022. The Company also declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per Series A-2 Preference Share for the six-month period from 8 October 2021 to 7 April 2022. The final dividends were paid on 7 April 2022.

On 10 September 2021, the Company declared dividends to the holders of the Series A-1 Preference Shares at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference and Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per series A-2 Preference Shares for the six-month period from 8 April 2021 to 7 October 2021. The final dividends were paid on 7 October 2021.

On 10 March 2021, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 8 October 2020 to 7 April 2021. The Company also declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per Series A-2 Preference Share for the six-month period from 8 October 2020 to 7 April 2021. The final dividends were paid on 7 April 2021.

## 17. Retained Earnings and Reserves (cont'd)

### *Retained earnings (cont'd)*

*Dividends (cont'd)*

<u>*Preference shares (cont'd)*</u>

On 11 September 2020, the Company declared dividends to the holders of the Series A-1 Preference Shares at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference and Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per series A-2 Preference Shares for the six-month period from 8 April 2020 to 7 October 2020. The final dividends were paid on 7 October 2020.

On 11 March 2020, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 8 October 2019 to 7 April 2020. The Company also declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per Series A-2 Preference Share for the six-month period from 8 October 2019 to 7 April 2020. The final dividends were paid on 7 April 2020.

The cumulative undeclared dividends on the preference shares amounted to US$0.4 million and US$1.3 million as of 30 April 2022 and 2021, respectively.

The retained earnings is restricted for the payment of dividends representing the accumulated equity in net earnings of the subsidiaries amounting to US$277.2 million as at 30 April 2022 (2021: US$233.0 million). The accumulated equity in net earnings of the subsidiaries will be available for dividend distribution upon receipt of dividends from the subsidiaries. As of 30 April 2022 and 2021, the Group's investment in joint ventures have no undistributed net earnings.

In fiscal year 2021, the Group recorded in retained earnings, a net equity reserve of US$6.6 million arising from the additional sale of DMPI shares to SEA Diner (see Note 6). On 30 April 2020, the Group recorded in retained earnings, a net equity reserve of US$77.0 million, arising from the sale of DMPI shares (see Note 6).

<u>*Share premium*</u>

Under the British Virgin Islands law in whose jurisdiction the Company operates, the Company's share premium and retained earnings form part of the Company's surplus that may be available for dividend distribution provided that the solvency test is met by the Company. The Group's share premium is shown net of a merger deficit of US$0.14 million, which arose from the acquisition of a subsidiary, DMPRL, under common control in 1999.

The share premium account includes any premium received on the initial issuance of the share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium account, net of any related income tax effects.

In fiscal year 2022, share premium decreased by US$180.0 million as a result of redemption of Series A-1 Preference Shares on 7 April 2022 (see Note 16).

## 17. Retained Earnings and Reserves (cont'd)

***Retained earnings (cont'd)***

Share premium (cont'd)

***Reserves***

| | Group | | Company | |
|---|---|---|---|---|
| | 30 April 2022 US$'000 | 30 April 2021 US$'000 | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
| Translation reserve | (95,322) | (81,971) | (95,322) | (81,971) |
| Remeasurement of retirement plan | 43,752 | 35,049 | 43,752 | 35,049 |
| Revaluation reserve | 14,278 | 14,278 | 14,278 | 14,278 |
| Hedging reserve | (4,963) | 1,224 | (4,963) | 1,224 |
| Share option reserve | – | 1,753 | – | 1,753 |
| Reserve for own shares | (286) | (286) | (286) | (286) |
| | (42,541) | (29,953) | (42,541) | (29,953) |

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

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 income statement of the Group (see Note 19).

The share option reserve comprises the cumulative value of employee services received for the issue of share options. In fiscal year 2022, the share option were cancelled by means of retirement (see Note 31). The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. As at 30 April 2022 and 2021, the Group held 975,802 of the Company's shares.

## 18. Loans and borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | 30 April 2022 US$'000 | 30 April 2021 US$'000 | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
| **Current liabilities** | | | | |
| Unsecured bank loans | 327,794 | 256,125 | 160,071 | 62,310 |
| Secured bank loans | 151,560 | 76,328 | 10,500 | 7,500 |
| | 479,354 | 332,453 | 170,571 | 69,810 |
| **Noncurrent liabilities** | | | | |
| Unsecured bank loans | 384,524 | 291,014 | 233,290 | 127,390 |
| Secured bank loans | 703,488 | 662,276 | 201,297 | 166,171 |
| | 1,088,012 | 953,290 | 434,587 | 293,561 |
| | 1,567,366 | 1,285,743 | 605,158 | 363,371 |

## 18. Loans and borrowings (cont'd)

### *Terms and debt repayment schedule*

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

| | Currency | Nominal interest rate | Year of maturity | 30 April 2022 Face value | 30 April 2022 Carrying amount | 30 April 2021 Face value | 30 April 2021 Carrying amount |
|---|---|---|---|---|---|---|---|
| | | % p. a. | | US$'000 | US$'000 | US$'000 | US$'000 |
| **Group** | | | | | | | |
| Secured bank loans | PHP | 4.125% | 2025 | 28,662 | 28,532 | 31,150 | 30,950 |
| Unsecured bank loans | PHP | 2.125%-3.00% | 2022-2025 | 141,015 | 140,870 | 129,164 | 128,950 |
| Unsecured 3Y bonds | PHP | 3.4840% | 2023 | 111,446 | 110,519 | 121,185 | 119,473 |
| Unsecured 5Y bonds | PHP | 3.7563% | 2025 | 12,342 | 12,198 | 13,346 | 13,216 |
| Unsecured bank loans | US$ | 1.85%-4.20% | 2022-2025 | 360,760 | 360,755 | 285,500 | 285,500 |
| Secured bank loans | US$ | 3.52%-4.17% | 2023-2025 | 145,000 | 144,309 | 100,000 | 98,671 |
| Secured bridging loan | US$ | 3.0585% | 2023 | 67,500 | 67,488 | 75,000 | 75,000 |
| Unsecured bonds | US$ | 3.75% | 2024 | 90,000 | 87,976 | – | – |
| Secured senior notes | US$ | 11.875% | 2025 | 500,000 | 473,659 | 500,000 | 465,155 |
| Secured bank loan under Asset-Based Lending (ABL) Credit Agreement | US$ | Swingline B- 5% ABL Base B- 5% Higher of London Interbank Offered Rate (LIBOR) or 1% +2.75% or total of 3.75% | 2022 | 146,000 | 141,060 | 75,100 | 68,828 |
| | | | | 1,602,725 | 1,567,366 | 1,330,445 | 1,285,743 |

| | Currency | Nominal interest rate | Year of maturity | 30 April 2022 Face value | 30 April 2022 Carrying amount | 30 April 2021 Face value | 30 April 2021 Carrying amount |
|---|---|---|---|---|---|---|---|
| | | % p. a. | | US$'000 | US$'000 | US$'000 | US$'000 |
| **Company** | | | | | | | |
| Unsecured bank loans | US$ | 2.26%-3.50% | 2022-2025 | 305,390 | 305,385 | 189,700 | 189,700 |
| Unsecured bonds | US$ | 3.75% | 2024 | 90,000 | 87,976 | – | – |
| Secured bank loans | US$ | 3.52%-4.17% | 2023-2025 | 145,000 | 144,309 | 100,000 | 98,697 |
| Secured bridging loans | US$ | 3.0585% | 2023 | 67,500 | 67,488 | 75,000 | 74,974 |
| | | | | 607,890 | 605,158 | 364,700 | 363,371 |

## 18. Loans and borrowings (cont'd)

| Long-term Borrowings | Original Principal (In '000) | Outstanding Balance (In '000) | Interest Rate % p.a. | Year of Maturity | Payment Terms (e.g., annually, quarterly, etc.) | Interest paid 1 May 2020 to 30 Apr 2022 (In '000) |
|---|---|---|---|---|---|---|
| Secured Loan [2] | US$100,000 | US$100,000 | 3.516% | 2023 | Semi-annual interest payments and principal on maturity date. | US$3,555 |
| Bonds Payable [4] | PHP 6,478,460 | PHP 6,478,460 | 3Y 3.4840% 5Y 3.7563% | 2023/ 2025 | Quarterly interest payments; and principal on maturity date | PHP 183,934 |
| Unsecured Loan [3] | US$75,000 | US$72,955 | 2.5627% | 2024 | Quarterly interest payments; and principal 15% on eleven equal quarterly installments starting January 2022 and 85% on maturity date. | US$1,266 |
| Unsecured Loan [3] | US$57,300 | US$54,435 | 2.75% | 2024 | Quarterly interest payments; and principal 5%, 10% and 85% in fiscal year 2022, 2023 and 2024, respectively. | US$1,568 |
| Unsecured Loan [5] | PHP 1,500,000 | PHP 1,500,000 | 3.00% | 2025 | Quarterly interest payments; and principal on eight quarterly installments starting February 2024 | PHP 58,968 |
| Secured Loan [6] | PHP 1,500,000 | PHP 1,500,000 | 4.125% | 2025 | Quarterly interest payments; and principal on nine quarterly installments starting August 2023 | PHP 76,976 |
| Bonds Payable [7] | US$90,000 | US$90,000 | 3.75% | 2024 | Semi-annual interest payments and principal on maturity date. | nil |
| Secured Loan [1] | US$75,000 | US$67,500 | 3.0585% | 2023 | Quarterly interest payments; and principal 10% on August 2021, 10% on August 2022 and 80% on maturity date. | US$2,707 |
| Secured Loan [8] | US$45,000 | US$45,000 | 4.17% | 2025 | Quarterly interest payments; and principal 5% on April 2023, 5% on April 2024 and 90% on maturity date. | nil |
| Unsecured Loan [8] | US$30,000 | US$30,000 | 4.20% | 2025 | Quarterly interest payments; and principal 20% on four equal semi-annual installments starting October 2022 and 80% on maturity date. | nil |
| Senior Secured Notes | US$500,000 | US$500,000 | 11.875% | 2025 | Semi-annual interest payments and principal on maturity date. | US$59,375 |

## 18. Loans and borrowings (cont'd)

[1] The secured bridging loans of US$67.5 million as at 30 April 2022 represent the remaining balance for the bridging loan that was obtained by the Company to finance the acquisition of Sager Creek and its related costs. In 2017, the Company signed a two-year extension of the US$350.0 million Banco de Oro Unibank, Inc ("BDO") loans from 10 February 2017 to 2019. In 2019, the Company settled an additional US$0.5 million and extended the maturity date from February 2019 to August 2020. In 2020, the Company settled another US$53.0 million bringing the balance to US$0.5 million. The loans are secured by pledge by CARI of its shares in DMPI. This loan was fully paid in October 2020 via a new long-term loan obtained amounting to US$75.0 million under the US$350.0 million facility. The new loan matures in August 2023.

In fiscal year 2022, the Company settled US$7.5 million bringing the balance to US$67.5 million. On 5 April 2022, the Company entered into a Sixth Amendment Agreement amending the Total Facility Commitment to US$67.5 million. The amended agreement also requires the Company to maintain a debt-to-equity ratio of 4.0x and interest coverage of 1.7x. The Company is compliant with these covenants as at 30 April 2022 and 2021.

[2] On 15 May 2020, the Company obtained long-term loan from Bank of the Philippine Islands ("BPI") amounting to US$100.0 million maturing in 15 May 2023, to finance the Company's subscription of equity shares in DMPL Foods Limited, the proceeds of which were used by DMFI to partially pay its borrowings. The loans are secured by first ranking security interest over DMPI shares.

[3] In fiscal year 2021, the Company obtained additional long-term loans from Development Bank of the Philippines ("DBP") amounting to US$57.3 million maturing in April 2024 (fiscal year 2020: US$75.0 million maturing in October 2024), to refinance existing debt.

[4] On 30 October 2020, DMPI issued peso-denominated fixed rate bonds with an aggregate principal amount of US$103.8 million (Php5.0 billion) with an oversubscription option of up to US$51.9 million (Php2.5 billion).

The following are the series of the bonds:
(i) 3.4840% p.a. three-year fixed-rate bonds due 2023 and
(ii) 3.7563% p.a. five-year fixed-rate bonds due 2025.

The net proceeds of the bonds were used by DMPI to repay its existing short-term and unsecured loans. As of 30 April 2022, US$111.4 million (Php5.8 billion) three-year fixed-rate and US$12.3 million (Php645.9 million) five-year fixed-rate bonds were issued.

[5] On 6 November 2020, DMPI availed of an unsecured long-term credit facility with DBP amounting to US$31.1 million (Php1.5 billion) at a variable interest rate (2021:3.00% per annum), maturing in 2025, to refinance existing debts. The loan shall be repaid in five years, inclusive of a three-year grace period on the principal, the principal payable in eight equal quarterly installments to commence at the end of the 13th quarter from the initial drawdown date until fully paid.

## 18. Loans and borrowings (cont'd)

[6] On 23 October 2020, DMPI obtained a long-term loan facility with BDO amounting to US$31.1 million (Php1.5 billion) payable over nine equal quarterly installments with the first repayment date due on 3 August 2023 and last repayment date due on 3 August 2025 at a fixed interest rate of 4.125% per annum. This loan is guaranteed by DMPL as its Surety.

[7] On 9 December 2022, the Company issued unsecured bonds amounting to US$90.0 million. The bonds bear fixed interest of 3.75% per annum and mature on 9 December 2024. The proceeds were used to partly finance redemption of series A-1 preference shares.

[8] On 4 April 2022, the Company obtained long-term loans from BDO and BOC amounting to US$45.0 million and US$30.0 million, respectively, to partly finance redemption of series A-1 preference shares. The loans mature in April 2025.

The terms of DMPI's bonds and loans require a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not exceeding 2.5x based on DMPI's consolidated financial statements. DMPI had been compliant with its debt covenants as at 30 April 2022.

The Company had also entered into an agreement with Development Bank of Singapore Limited (DBS) for uncommitted facilities comprising of a short-term dollar denominated loan (US$25.0 million) and export financing facility (US$5.0 million). The Company had drawn a short-term loan of US$25.0 million as of 30 April 2022 (2021: US$ 30.0 million)

Loans and borrowings are stated net of unamortized debt issuance cost. The balance of unamortized debt issuance cost follows:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 |
| Beginning of year | | 44,702 | 30 | 1,329 | 29 |
| Additions | | 2,915 | 56,153 | 2,383 | 1,947 |
| Amortization | 26 | (12,258) | (11,481) | (980) | (647) |
| End of year | | 35,359 | 44,702 | 2,732 | 1,329 |

## 18. Loans and borrowings (cont'd)

### Secured Term Loan Credit Agreements

Prior to fiscal year 2021, DMFI was a party to a First Lien term loan credit agreement and a Second Lien term loan credit agreement (the "Term Loan Credit Agreements") with the lenders party thereto, Citibank, N.A., as administrative agent and as collateral agent, and the other agents named therein, that provided for a US$710.0 million First Lien Term Loan and a US$260.0 million Second Lien Term Loan with terms of seven years and seven years plus six months, respectively. DMFI's assets are held as collateral for the benefit of lenders.

*Interest Rates.* Loans under the First and Second Lien Term Loans bear interest at a rate equal to an applicable margin, plus, at the Group's option, either (i) a LIBOR rate (with a floor of 1.00%) or (ii) a base rate (with a floor of 2.00%) equal to the highest of (a) the federal funds rate plus 0.50%, (b) CitiBank, N.A.'s "prime commercial rate" and (c) the one month LIBOR Quoted Rate plus 1.00%. As of 30 April 2020, the interest rate for First Lien Term Loans is 4.86% per annum and the interest rate for Second Lien Term Loans is 7.82% per annum. Loans under the Senior Secured Notes bear interest at a fixed rate of 11.875% per annum.

*Principal Payments.* The First Lien Term Loan generally requires quarterly scheduled principal payments of 0.25% of the outstanding principal per quarter from 30 April 2014 to 31 January 2021. The balance is due in full on the maturity date of 18 February 2021. Scheduled principal payments with respect to the First Lien Term Loan are subject to reduction following any mandatory or voluntary prepayments on terms and conditions set forth in the First Lien Term Loan Credit Agreement.

The Second Lien Term Loan was due in full on its maturity date of 18 August 2021.

The Term Loan Credit Agreements also require DMFI to prepay outstanding loans under the First Lien Term Loan and the Second Lien Term Loan, subject to certain exceptions, with, among other things:

- 50% (which percentage will be reduced to 25% if the leverage ratio is 4.0x or less and to 0% if the leverage ratio is 3.0x or less) of the annual excess cash flow, as defined in the First Lien Term Loan Credit Agreement;
- 100% of the net cash proceeds of certain casualty events and non-ordinary course asset sales or other dispositions of property for a purchase price above US$2.0 million, in each case, subject to DMFI's right to reinvest the proceeds; and
- 100% of the net cash proceeds of any incurrence of debt, other than proceeds from debt permitted under the First Lien Term Loan Credit Agreement.

The First Lien Term Loan and the Second Lien Term Loan was settled in full on 15 May 2020.

On 14 March 2018, the Company, a trust owned by DMFHII and certain seller lenders entered into a Purchase Agreement wherein the Company, or its designated affiliate, agreed to purchase certain Second Lien term loans from the seller lenders at an amount equal to 70% of the principal amount of the loans to be sold, plus accrued and unpaid interest thereon. On 27 March 2018, DMFI, DMFHI and the lenders signed the second amendment to the Second Lien term loan allowing the Company, or its eligible assignee, to purchase any and all loans outstanding under the amended agreement which were duly submitted by the lenders for purchase at a price equal to 70% of the principal amount.

## 18. Loans and borrowings (cont'd)

**Secured Term Loan Credit Agreements (cont'd)**

In March 2018, DMFHII, the affiliate assignee, through a trust, purchased DMFI's Second Lien term loans with principal amount of US$125.9 million from seller lenders for US$88.2 million. On 5 June 2018, 24 July 2018, 15 April 2019 and 27 November 2019, an additional US$4.0 million, US$95.1 million, US$6.5 million and US$5.8 million, respectively, of the Second Lien Term Loans were purchased. There were no additional purchases made in fiscal year ended 30 April 2022.

The pre-tax net gain from the purchase of the loans in 2020 amounting to US$1.7 million (2019: US$16.9 million) net of no transaction costs (2019:US$2.0 million) was recognized in the Group's consolidated financial statements and is presented under "Finance income" in the consolidated income statement. The non-controlling interests of DMPLFL agreed to waive its share in any economic benefits arising from the Group's purchase of the Second Lien term loans. DMFHII agreed to make an equity contribution to DMFI in the amount equivalent to the interest received from DMFI.

To finance the purchase of the Second Lien Term Loans, the Company extended a loan to DMFHII amounting to US$88.2 million in fiscal year 2018 with additional US$87.8 million and US$4.1 million loans extended in fiscal year 2019 and 2020, respectively.

On 15 May 2020, DMFHL issued 0.64546 shares of capital stock to DMPLFL and DMPLFL issued 645.46 shares of capital stock to DMPL as full payment of the US$228.4 million loan to finance purchases of the Second Lien Term Loans (including accumulated interest). Upon the issuance of the capital stock to the Company, DMFHL is unconditionally released of all liabilities for principal and interest through 3 May 2020 relating to the purchase of the Second Lien Term Loans. As of 15 May 2020, the Company recorded US$229.5 million of additional equity investment related to this transaction (see Note 6). Additionally, on 15 May 2020, DMFHII issued 64.546 shares of capital stock to DMFHL, DMFHL issued 0.64546 shares of capital stock to DMPLFL (see Note 6).

On 15 May 2020, the Group issued US$500.0 million of 11.875% Senior Secured Notes (the "Notes"). The Notes will mature on 15 May 2025 and are redeemable at the option of the Group beginning in May 2022. Proceeds of US$477.5 million from the issuance were used to pay-off the balance of the First Lien Term Loan.

***ABL Credit Agreement***

Prior to fiscal year 2021, DMFI is 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, that provides 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, DMFHL entered into an agreement to refinance the ABL Credit Agreement with JP Morgan Chase as the administrative agent, and other lenders and agents parties thereto, to provide for senior secured financing of up to 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 on this facility. Loans under the ABL Credit Agreement will bear 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.

## 18. Loans and borrowings (cont'd)

***ABL Credit Agreement (cont'd)***

On 29 April 2021, the ABL 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.

*Interest Rates*. Prior to fiscal year 2021, borrowings under the ABL Credit Agreement bear interest at an initial interest rate equal to an applicable margin, plus, at the Group's option, either (i) a LIBOR rate, or (ii) a base rate equal to the highest of (a) the federal funds rate plus 0.50%, (b) Citibank, N.A.'s "prime commercial rate" and (c) the one month LIBOR rate plus 1.00%. The applicable margin with respect to LIBOR borrowings is 2.25% for Tranche B at 3 May 2020 (and may increase to 2.50% or 2.75% depending on average excess availability) and with respect to base rate borrowings is 1.25% for Tranche B at 3 May 2020 (and may increase to 1.50% or 1.75% depending on average excess availability).

Effective 15 May 2020, borrowings under the ABL Credit Agreement bear interest of 1.75% in the case of the Alternative Base rate (ABR) plus applicable margin (from 2.0% or 1.75% or 1.5% depending on average excess availability). In the case of Eurodollar loans, 2.75% plus applicable margin (from 2.5% or 2.75% or 3.0% depending on average excess availability). Effective 29 April 2021, borrowings under the ABL Credit Agreement bear interest of 1.0% in the case of the Alternative Base rate (ABR) plus applicable margin (from 0.75% or 1.0% or 1.25% depending on average excess availability). In the case of Eurodollar loans, 2.0% plus applicable margin (from 1.75% or 2.0% or 2.25% depending on average excess availability).

*Commitment Fees.* In addition to paying interest on outstanding principal under the ABL Credit Agreement, the Group is required to pay a commitment fee that was initially 0.375% per annum in respect of the unutilized commitments thereunder. The commitment fee rate on Tranche A from time to time is 0.250% or 0.500% depending on the amount of unused commitments under the ABL Credit Agreement for the prior fiscal quarter. The commitment fee rate on Tranche B is 0.500%. The Group must also pay customary letter of credit fees between 1.75% to 2.75% based on average excess availability, and fronting fees equal to 0.125% of the face amount for each letter of credit issued.

Effective 15 May 2020, the Group is required to pay a commitment fee of 0.375% or 0.500% depending on the amount of unused commitments under the ABL Credit Agreement for the prior fiscal quarter. Effective 29 April 2021, the Group is required to pay a commitment fee of 0.250% or 0.375% depending on the amount of unused commitments under the ABL Credit Agreement for the prior fiscal quarter.

*Availability under the ABL Credit Agreement.* Prior to fiscal year 2021, availability under the ABL Credit Agreement is subject to a borrowing base. The borrowing base, determined at the time of calculation, is an amount equal to: (a) 85% of eligible accounts receivable and (b) the lesser of (1) 75% of the net book value of eligible inventory and (2) 85% of the net orderly liquidation value of eligible inventory, of the DMFI at such time, less customary reserves. The ABL Credit Agreement will terminate, and the commitments thereunder will mature.

## 18. Loans and borrowings (cont'd)

***ABL Credit Agreement (cont'd)***

Effective 15 May 2020 and the amendment thereto, the borrowing base, determined at the time of calculation, is an amount equal to: the sum of (a) (i) 85% of the book value of the parties' non-investment grade eligible accounts at such time and (ii) 90% of the book value of the parties' investment grade eligible accounts, (b) the lesser of (i) the amount equal to 85% multiplied by the net orderly liquidation value of eligible inventory percentage identified in the most recent inventory appraisal ordered by the administrative agent multiplied by the book value of the parties' eligible inventory and (ii) 75% multiplied by the cost of the parties' eligible inventory valued on a first-in-first-out basis, and minus (c) customary reserves.

As of 30 April 2022, there were US$146.0 million (30 April 2021: US$75.1 million) of loans outstanding and US$24.3 million of letters of credit issued (30 April 2021: US$24.6 million). The Group's net availability under the ABL Credit Agreement was US$279.7 million as of 30 April 2022 (30 April 2021: US$350.2 million). The weighted average interest rate on the ABL Credit Agreement was approximately 4.31% per annum on 30 April 2022 (2021: 5.12%). The ABL Credit Agreement includes a sub limit for letters of credit and for borrowings on same day notice, referred to as "swingline loans."

*Ability to Incur Additional Indebtedness.* Notwithstanding any increase in the facility size, the Group's ability to borrow under the facility will always remain limited by the borrowing base (to the extent the borrowing base is less than the commitments).

*Guarantee of Obligations under the Term Loan Credit Agreements and the ABL Credit Agreement*. All obligations of DMFI under the Term Loan Credit Agreements and the ABL Credit Agreement are unconditionally guaranteed by the DMFHL and by substantially all existing and future, direct and indirect, wholly owned material restricted domestic subsidiaries of DMFI, subject to certain exceptions. DMFI was released from the guarantees after payment of First and Second Lien Term Loans.

***Security interests***

Indebtedness under the First Lien Term Loan is generally secured by (i) a first priority pledge of all of the equity interests of DMFHL, (ii) a second priority lien on all ABL Priority Collateral of DMFHL and (iii) a first priority lien on substantially all other properties and assets of DMFHL. The Second Lien Term Loan is generally secured by (i) a second priority pledge of all of the equity interests of DMFHL, (ii) a third priority lien on all ABL Priority Collateral of DMFHL and (iii) a second priority lien on substantially all other properties and assets of DMFHL. 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. The Term Loans were fully paid on 15 May 2020 and the securities were released upon payment.

*Borrowing Base Reserve.* The Group is required to hold US$45.0 million borrowing base reserve during the term of the loan.

## 18. Loans and borrowings (cont'd)

***Security interests (cont'd)***

*Restrictive and Financial Covenants.* The Term Loan Credit Agreement and 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 Term Loan Credit Agreements and ABL Credit Agreement generally do not require that DMFI comply with financial maintenance covenants.

*Minimum Consolidated EBITDA.* Beginning on 1 May 2018, the DMFHL Group is subjected to an EBITDA financial covenant. Consolidated Trailing Twelve Month EBITDA of the Borrower and the Guarantors as of the last day of any fiscal quarter shall not be lower than specified amounts in the Credit Agreement.

*Effect of Restrictive and Financial Covenants.* The restrictive and financial covenants in the Term Loan Credit Agreements and 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 Term Loan Credit Agreements have been fully settled on 15 May 2020.

The Group is compliant with the ABL Credit Agreement loan covenants as of 30 April 2022 and 2021.

On 15 May 2020, DMFHL entered into an agreement to refinance the ABL Credit Agreement with JP Morgan Chase as the administrative agent, and other lenders and agents parties thereto, to provide for senior secured financing of up to US$450.0 million, subject to availability under the borrowing base, with a term of three years until 15 May 2023. Additionally, the Group fully amortized the remaining deferred financing fees related to the previous credit agreement of US$1.0 million for the year ended 30 April 2020.

**Senior Secured Notes**

The Group, with DMFI as the "Issuer", is a party to a credit agreement (the "Senior Secured Notes") with JP Morgan Chase, as administrative agent, and the other lenders and agents parties thereto, that provides for senior secured financing of up to US$500.0 million. The Notes will mature on 15 May 2025. Interest of 11.875% per annum will accrue from 15 May 2020, and payable every May 15 and November 15.

## 18. Loans and borrowings (cont'd)

### Senior Secured Notes (cont'd)

The issuer may redeem some or all of the Senior Secured Notes at any time on or after 15 May 2022. The Issuer may also redeem up to 35% of the Senior Secured Notes using the proceeds of certain equity offerings completed before 15 May 2022. In addition, at any time prior to 15 May 2022, the Issuer may redeem some or all of the Senior Secured Notes at a price equal to 100% of the principal amount, plus a "make-whole" premium, plus accrued and unpaid interest, if any, to the redemption date. Additionally, if the Senior Secured Notes become due and payable prior to their stated maturity, including upon acceleration, the applicable make-whole or redemption price premium, as the case may be, shall be due and payable as if the Notes had been redeemed on that date. If the Group sells certain assets or experience specific kinds of changes in control, the Group must offer to purchase the Senior Secured Notes.

DMFHL and each of its existing and future U.S. subsidiaries, other than the Issuer, that guarantees indebtedness of the Issuer or indebtedness of any guarantor will guarantee the Senior Secured Notes. The Senior Secured Notes will rank equally in right of payment with all of the Issuer's existing and future senior debt and senior in right of payment to all of the Issuer's future subordinated debt.

The Senior Secured Notes guarantees will rank equally in right of payment with all of the guarantors' existing and future senior debt and senior in right of payment to all of the guarantors' future subordinated debt. In addition, the Senior Secured Notes will be structurally subordinated to the liabilities of all non-guarantor subsidiaries of DMFHL.

The Senior Secured Notes and the note guarantees will be secured by (i) first-priority liens, subject to permitted liens, on the Notes Priority Collateral and (ii) second-priority liens, subject to permitted liens, on the ABL Priority Collateral now owned or acquired in the future by the Issuer and the guarantors. Obligations under the ABL Facility and certain hedging and cash management obligations will be secured by a first-priority lien on the ABL Priority Collateral and a second-priority lien on the Notes Priority Collateral (provided that such obligations will not be secured by liens on any real property that constitutes Notes Priority Collateral).

### *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.

| | **Bank** | **Debtor** | **Principal In '000** | **Debt-to equity ratio** | **Debt Service Coverage Ratio** | **Fixed Charge Ratio** |
|---|---|---|---|---|---|---|
| Unsecured loans | DBP | DMPI | PHP 1,500,000 | 2.5x | 1.2x | – |
| Unsecured loans | DBP | DMPL | US$57,300 | 3.0x | – | – |
| Unsecured loans | DBP | DMPL | US$75,000 | 3.0x | – | – |
| Unsecured bonds | N/A | DMPL | US$90,000 | – | – | 2.25x |

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

## 18. Loans and borrowings (cont'd)

*Ability to Incur Additional Indebtedness*

On 20 December 2021, Coöperatieve Rabobank U.A. ("Rabobank") had restated and amended the original Facility Letter dated 18 March 2021, increasing the facility limit from US$30 million to US$50 million. As of 30 April 2022 and 2021, US$50 million and US$30 million had been drawn, respectively.

On 5 April 2022, the Company entered into a Sixth Amendment Agreement with BDO that gives the Company the right to borrow an additional aggregate amount of US$45 Million, subject to the terms of such amendment agreement. As of 30 April 2022, the US$45 million had been fully drawn.

The Company also has uncommitted facilities with DBS totaling US$30 million comprising of short term loan of US$25 million and export financing facility of US$5 million. As of 30 April 2022 and 2021, US$25 million and US$30 million had been drawn, respectively.

## 19. Other noncurrent liabilities

| | Group | |
|---|---|---|
| | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
| Workers' compensation | 14,639 | 17,150 |
| Accrued vendors liabilities | 488 | 553 |
| Derivative liabilities | 7,896 | – |
| Other payables | – | 994 |
| | 23,023 | 18,697 |

Workers' compensation are 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 the tort of negligence.

## 19. Other noncurrent liabilities (cont'd)

### Derivative liabilities

The Group uses interest rate swaps, 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 the amount of credit exposure to any one party.

As at 30 April 2022 and 2021, 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:

| | Note | Group 30 April 2022 US$'000 | Group 30 April 2021 US$'000 |
|---|---|---|---|
| Commodity contracts | | 685 | 1,694 |
| Foreign currency forward contracts | | 801 | (80) |
| Interest rate cap | | (7,896) | – |
| Total | | (6,410) | 1,614 |
| | | | |
| Included in: | | | |
| Prepaid expenses and other current assets | 14 | 1,486 | 1,694 |
| Trade payables and other current liabilities | 22 | – | (80) |
| Other noncurrent liabilities | | (7,896) | – |
| | | (6,410) | 1,614 |

## 19. Other noncurrent liabilities (cont'd)

### Derivative liabilities (cont'd)

*Interest Rates*

As of 30 April 2022 and 2021, the Group designated each of its derivative contracts as a hedge of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge").

The Group adopts a policy of hedging its floating rate exposure in accordance with the current rate environment and expected debt balances. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate using interest rate cap and interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio in accordance with the risk management objectives.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional quantity or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. Changes in the fair value of the cap other than intrinsic value is excluded from the assessment of effectiveness and amortized over the hedging period using a straight-line method.

In these hedging relationships, the main sources of ineffectiveness are the effect of the counterparty's and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value hedged cash flows attributable to the change in interest rates, and differences in repricing dates between the swaps and the borrowings.

Significant terms of the interest rate swap and interest rate cap contracts are as follows:

<u>30 April 2022</u>

| Contract Date | Notional amount US$ '000 | Fixed Rate | Strike Rate | SOFR | Effective Date | Maturity Date |
|---|---|---|---|---|---|---|
| 8 April 2022 | 575,000 | 0.84% | 3.00% | 3.18% | 1 May 2023 | 1 April 2026 |

Notional amount of US$200.0 million, US$200.0 million and US$175.0 million will mature on 1 April 2024, 2025 and 2026, respectively. The floating rate is based on secured overnight financing rate (SOFR).

<u>30 April 2021</u>

| Contract Date | Notional amount US$ '000 | Fixed Rate | Effective Date | Maturity Date |
|---|---|---|---|---|
| 19 March 2014 | 284,000 | 3.30% | 18 February 2016 | 18 February 2021 |

## 19. Other noncurrent liabilities (cont'd)

### Derivative liabilities (cont'd)

*Commodities*

Certain commodities such as diesel fuel and natural gas (collectively, "commodity contracts") are used in the production and transportation of the Group's products. Generally, these commodities are purchased based upon market prices that are established with the vendors as part of the purchase process. The Group may use futures, swaps, and swaption or option contracts, as deemed appropriate, to reduce the effect of price fluctuations on anticipated purchases. These contracts may have a term of up to 24 months. The Group accounts for these commodity derivatives as cash flow hedges. The effective portion of derivative gains and losses is deferred in equity and recognized as part of cost of products sold in the appropriate period and the ineffective portion is recognized as cost of products sold.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e. notional amount and expected payment date). The Group established a hedge ration of 1:1 for the hedging relationships as the underlying risk of the commodity forward contracts are identical to the hedged risk components. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference index prices, purchase dates, maturities and the notional or par amounts.

To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the change in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributable to the hedged risks.

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

| | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
|---|---|---|
| Natural gas (MMBTU) | 1,329 | 1,065 |
| Diesel (gallons) | 1,029 | 3,663 |

*Foreign Currency*

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

| | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
|---|---|---|
| Mexican pesos | 221,199 | 379,628 |

## 19. Other noncurrent liabilities (cont'd)

### Derivative liabilities (cont'd)

### Amounts Relating to Hedged Items

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

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

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

## 19. Other noncurrent liabilities (cont'd)

### Derivative liabilities (cont'd)

### Amounts Relating to Hedging Instruments (cont'd)

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

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

## 19. Other noncurrent liabilities (cont'd)

### Derivative liabilities (cont'd)

### Amounts Relating to Hedging Instruments (cont'd)

| | 30 April 2021 | | | | During 2021 | | |
|---|---|---|---|---|---|---|---|
| | Notional amount | Carrying amount | | Line item in the statement of financial position where the hedged instrument is included | Change in the value of hedge instrument recognized in OCI | Amount reclassified from hedging reserve to profit or loss | Line item in profit or loss affected by the reclassification |
| | | Assets | Liabilities | | | | |
| | | US$'000 | | | US$'000 | | |
| **Interest rate risk** | | | | | | | |
| Interest rate caps | – | – | – | Derivative liabilities – Current | (240) | – | Net finance expense |
| **Commodity price risk** Commodity contracts | | | | | | | |
| Natural gas (MMBTU) | 1,065 | 194 | – | Prepaid and Other Current Assets | 123 | 15 | Cost of sales |
| Diesel (gallons) | 3,663 | 1,500 | – | Prepaid and Other Current Assets | 6,240 | (1,755) | Cost of sales |
| **Foreign exchange risk** | | | | | | | |
| Foreign currency forwards | 379,628 | – | (80) | Derivative Liabilities – Current Liabilities | (3,552) | 3,472 | Cost of sales |

## 19. Other noncurrent liabilities (cont'd)

### Derivative liabilities (cont'd)

### 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 | |
|---|---|---|
| | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
| Balance at beginning of year | 1,218 | (2,016) |
| Changes in fair value: | | |
| - Commodity risk | (5,986) | 6,363 |
| - Foreign exchange risk | (165) | (3,552) |
| - Interest rate risk | (7,896) | (240) |
| Amount reclassified to profit or loss | | |
| - Foreign exchange risk | – | 3,472 |
| - Commodity risk | – | (1,760) |
| - Interest rate risk | – | – |
| Amount included in cost of non-financial items | | |
| - Commodity risk | 4,531 | – |
| - Foreign exchange risk | 710 | – |
| Tax movements on reserves during the year | 2,193 | (1,049) |
| Balance at end of year | (5,395) | 1,218 |

*Sensitivity analysis*

The value of the Group's derivative liabilities related to the additional RCPS grant and call option are driven primarily by DMPI's forecasted net income which is not based on observable market data.

The following table demonstrates the sensitivity to a reasonably possible change in DMPI's forecasted net income, with all other variables held constant, on the fair value of the Group's derivative liabilities on additional RCPS grant and call option:

| 30 April 2021 | 10% increase US$'000 | 10% decrease US$'000 |
|---|---|---|
| Fair value of derivative liabilities – additional RCPS grant | – | – |
| Fair value of derivative liabilities – call option | – | – |

## 20. Employee benefits

| | Group | | Company | |
|---|---|---|---|---|
| | 30 April 2022 US$'000 | 30 April 2021 US$'000 | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
| Pension asset | 9,799 | 7,889 | – | – |
| Total pension asset (noncurrent) | 9,799 | 7,889 | – | – |
| Post-retirement benefit obligation | 6,754 | 9,675 | – | – |
| Executive retirement plan | 3,610 | 3,388 | – | – |
| Cash incentive award | 5,051 | 3,400 | – | – |
| Short-term employee benefits | 30,689 | 29,183 | – | – |
| Other plans | 3,756 | 6,908 | – | – |
| Net defined benefit liability | 11,440 | 17,587 | 12 | 376 |
| Total employee benefit liability | 61,300 | 70,141 | 12 | 376 |
| Current | 36,958 | 38,275 | – | – |
| Noncurrent | 24,342 | 31,866 | 12 | 376 |
| | 61,300 | 70,141 | 12 | 376 |

Included in pension asset is an amount of US$9.8 million (2021: US$7.9 million) relating to defined benefit and defined contribution retirement plan in DMPI.

Included in post-retirement benefit obligation is an amount of US$6.8 million (2021: US$9.7 million) relating to post-retirement medical benefits plan in DMFI.

Included in net defined benefit liability is an amount of US$11.4 million and US$0.01 million (2021: US$17.2 million and US$0.4 million) relating to qualified retirement plan in DMFI and ROHQ, respectively.

The Group contributes to the following post-employment defined benefit plans:

***<u>The DMPI Plan</u>***

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

## 20. Employee benefits (cont'd)

***<u>The DMPI Plan (cont'd)</u>***

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.

The Board of Trustees is responsible for investment strategy of the Plan.

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

***<u>The ROHQ Plan</u>***

ROHQ has a funded defined benefit plan wherein starting on the date of membership of an employee in the ROHQ Plan, ROHQ contributes to the retirement fund 7.00% of the member's salary as defined every month. In addition, ROHQ contributes 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 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 on retirement. ROHQ's annual contribution to the pension plan consists of payments covering the current service cost for the year plus payments towards funding the actuarial accrued liability, if any.

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

## 20. Employee benefits (cont'd)

***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 year.

In fiscal year 2020, there were amendments to the DMFI Plan and the post-retirement benefit plan. Under the 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 decreased by US$5.9 million. Both amendments were recognized immediately in "General and administrative expenses" in the consolidated income statement.

In fiscal year 2019, there were amendments to the post-retirement benefit plan. Under an amendment, certain benefits will be eliminated after fiscal year 2022. The net liability impact of this amendment was a decrease of US$13.4 million, which was recognized immediately in "General and administrative expenses" in the consolidated income statement.

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

## 20. Employee benefits (cont'd)

### Movement in net defined benefit liability (asset)

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability (asset) and its components:

| | Defined benefit obligation | | Fair value of plan assets | | Effect of Asset Ceiling | | Net defined benefit liability (asset) | |
|---|---|---|---|---|---|---|---|---|
| | 30 April 2022 US$'000 | 30 April 2021 US$'000 | 30 April 2022 US$'000 | 30 April 2021 US$'000 | 30 April 2022 US$'000 | 30 April 2021 US$'000 | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
| **Group** | | | | | | | | |
| Beginning balance | 332,272 | 372,484 | (313,505) | (302,102) | 606 | 546 | 19,373 | 70,928 |
| **Included in profit or loss:** | | | | | | | | |
| Current service cost | 2,794 | 2,957 | – | – | – | – | 2,794 | 2,957 |
| Plan administration cost | – | – | 557 | 1,405 | – | – | 557 | 1,405 |
| Interest cost/ (income) | 6,860 | 8,277 | (6,666) | (6,937) | 22 | 25 | 216 | 1,365 |
| | 341,926 | 383,718 | (319,614) | (307,634) | 628 | 571 | 22,940 | 76,655 |
| **Included in OCI** | | | | | | | | |
| Remeasurements loss (gain): | | | | | | | | |
| - Actuarial loss (gain) arising from: financial assumptions | (40,009) | (7,518) | – | – | – | – | (40,009) | (7,518) |
| - demographic assumptions | (904) | (4,705) | – | – | – | – | (904) | (4,705) |
| - experience adjustment | 1,353 | (1,136) | – | – | – | – | 1,353 | (1,136) |
| - Return on plan assets excluding interest income | – | – | 25,530 | (41,231) | – | – | 25,530 | (41,231) |
| - Changes in the effect of the asset ceiling | – | – | – | – | 1,104 | 9 | 1,104 | 9 |
| - Effect of movements in exchange rates | (2,810) | 1,513 | 3,478 | (1,967) | (59) | 26 | 609 | (428) |
| | (42,370) | (11,846) | 29,008 | (43,198) | 1,045 | 35 | (12,317) | (55,009) |
| **Others** | | | | | | | | |
| Contributions | – | – | (2,228) | (216) | – | – | (2,228) | (216) |
| Benefits paid | (30,462) | (39,600) | 30,462 | 37,543 | – | – | – | (2,057) |
| | (30,462) | (39,600) | 28,234 | 37,327 | – | – | (2,228) | (2,273) |
| **Ending balance** | 269,094 | 332,272 | (262,372) | (313,505) | 1,673 | 606 | 8,395 | 19,373 |

## 20. Employee benefits (cont'd)

### Movement in net defined benefit liability (asset) (cont'd)

Remeasurement loss recognized in OCI under executive retirement plan and other plans amounted to US$0.2 million for fiscal year ended 2022 (2021: nil).

**Represented by:**

| | Net defined benefit liability (asset) | |
|---|---|---|
| | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
| Net defined benefit asset | (9,799) | (7,889) |
| Post-retirement benefit obligation | 6,754 | 9,675 |
| Net defined benefit liability | 11,440 | 17,587 |
| | 8,395 | 19,373 |

***Plan assets***

Plan assets comprise:

| | Group | |
|---|---|---|
| | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
| Interest-bearing cash/bank deposits | 3,553 | 5,948 |
| Real estate (within Philippines) | 14,850 | 15,713 |
| Common collective trust funds: | | |
| Fixed income | 57,809 | 68,938 |
| Equity fund | 77,014 | 97,607 |
| Mutual funds - | | |
| Equity fund | 10,209 | 13,960 |
| Debt instruments: | | |
| Corporate | 42,078 | 41,597 |
| Government | 44,879 | 43,659 |
| Others | 4,822 | 9,543 |
| Equity securities - | | |
| Quoted | 7,109 | 5,594 |
| Others | 49 | 10,946 |
| Fair value of plan assets | 262,372 | 313,505 |

The Board of DMFI reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching ("ALM") strategy and investment risk management policy. DMFI's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Group monitors how the duration and expected yield of the investments match the expected cash outflows arising from the retirement benefit obligation.

## 20. Employee benefits (cont'd)

### *Plan assets (cont'd)*

DMFI's investment objectives are to ensure that the assets of its qualified defined benefit plan are invested to provide an optimal rate of investment return on the total investment portfolio, consistent with the assumption of a reasonable risk level, and to ensure that pension funds are available to meet the plan's benefit obligations as they become due.

DMFI believes that a well-diversified investment portfolio, including both equity and fixed income components, will result in the highest attainable investment return with an acceptable level of overall risk. DMFI's investment policies and procedures are designed to ensure that the plan's investments are in compliance with the Employee Retirement Income Security Act (ERISA).

### *Actuarial valuation*

The funded obligations and plan assets are measured and valued with the advice of qualified actuary who carries out a full valuation annually. The last valuation of these obligations and plan was performed in April 2022 wherein the results of these valuations form the basis of the fair value of the funded obligations and plan assets as at 30 April 2022.

The principal actuarial assumptions used for accounting purposes expressed as weighted average were:

| | <------------- DMFI ------------> | |
|---|---|---|
| | **30 April 2022** | **30 April 2021** |
| Discount rate (per annum) | 1.82%-4.35% | 1.82%-3.26% |
| Current health care cost trend rate (per annum) | 6.20% | 6.20% |
| Ultimate health care cost trend rate | 4.50% | 4.50% |
| Mortality rate | 2012 rates associated with the Pri-2012 table with generational projection of improvements in mortality from 2012 based on MP-2020 | 2012 rates associated with the Pri-2012 table with generational projection of improvements in mortality from 2012 based on MP-2020 |

| | <------------- DMPI ------------> | |
|---|---|---|
| | **30 April 2022** | **30 April 2021** |
| Discount rate (per annum) | 5.41% | 3.91% |
| Future salary increases (per annum) | 5.00% | 5.00% |

| | <------------- ROHQ ------------> | |
|---|---|---|
| | **30 April 2022** | **30 April 2021** |
| Discount rate (per annum) | 5.29% | 3.85% |
| Future salary increases (per annum) | 5.00% | 6.00% |

## 20. Employee benefits (cont'd)

***Actuarial valuation (cont'd)***

Since the defined benefit plans and other benefits liabilities are measured on a discounted basis, the discount rate is a significant assumption. The discount rate for DMFI plan was determined based on an analysis of interest rates for high-quality, long-term corporate debt at each measurement date. The discount rate for DMPI and ROHQ Plans were determined based on the theoretical spot yield curve calculated for the government securities market. In order to appropriately match the bond maturities with expected future cash payments, the Group utilized differing bond portfolios to estimate the discount rates for the defined benefits pension plans and for the post-retirement benefits.

The discount rate used to determine the defined benefit plans and for the post-retirement benefits projected benefit obligation as of the reporting date is the rate in effect at the measurement date. The same rate is also used to determine the defined benefit pension plans and post-retirement benefits for the following fiscal year. The defined benefits pension plans' investment guidelines are established based upon an evaluation of market conditions, tolerance for risk and cash requirements for benefit payments. Assumptions regarding future mortality have been based on published statistics and mortality tables.

As at 30 April 2022, the weighted average duration of DMPI's and ROHQ's defined benefit retirement obligation is 7.7 years and 5.5 years, respectively (2021: 8.4 years and 6.4 years, respectively).

The projected future benefit payments for the DMPI and ROHQ plans as of 30 April 2022 are as follows:

| | DMPI US$'000 | ROHQ US$'000 | Total Expected Benefit Payments US$'000 |
|---|---|---|---|
| 2023 | 2,939 | 61 | 3,000 |
| 2024 | 3,926 | 67 | 3,993 |
| 2025 | 3,034 | 522 | 3,556 |
| 2026 | 2,878 | 47 | 2,925 |
| 2027 | 2,413 | 60 | 2,473 |
| 2028 to 2032 | 17,702 | 754 | 18,456 |

The weighted average duration of DMFI's defined benefit retirement obligation are as follows:

| | Duration (years) | |
|---|---|---|
| | 30 April 2022 | 30 April 2021 |
| Qualified retirement plan | 8.9 | 10.2 |
| Post-retirement benefits plan | 8.9 | 8.6 |
| Executive retirement plans | N/A | N/A |

## 20. Employee benefits (cont'd)

### *Actuarial valuation (cont'd)*

The projected future benefit payments for the DMFI plan as of 30 April 2022 are as follows:

| | Normal Retirement | Other than Normal Retirement | Total |
|---|---|---|---|
| | US$'000 | US$'000 | US$'000 |
| Less than one year | 23,478 | 595 | 24,073 |
| More than one year to five years | 81,583 | 2,270 | 83,853 |
| More than five years | 79,729 | 2,390 | 82,119 |

The weighted-average asset allocation of the Group's pension plan assets and weighted-average target allocation as of the measurement date from date of incorporation is as follows:

| | 30 April 2022 | Target Allocation Range |
|---|---|---|
| Equity securities | 36% | 31-51% |
| Debt securities | 57% | 42-64% |
| Other | 7% | 2-19% |
| Total | 100% | |

| | 30 April 2021 | Target Allocation Range |
|---|---|---|
| Equity securities | 37% | 31-51% |
| Debt securities | 52% | 42-64% |
| Other | 11% | 2-19% |
| Total | 100% | |

The plan exposes the Group to market risk.

The Board of DMFI approves the percentage of asset to be allocated for fixed income instruments and equities. The retirement plan has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The Board of DMFI may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

### *Source of estimation uncertainty*

Pension expense and pension assets/liabilities are determined using certain actuarial estimates and assumptions relating to the discount rate used in valuing the subsidiary's defined benefit obligations and future experiences such as future salary increases, retirement date or age, mortality and turnover rate of covered employees. These estimates and assumptions directly influence the amount of the pension assets/liabilities and expense recognized in the financial statements.

## 20. Employee benefits (cont'd)

***Sensitivity analysis***

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of reporting period would have increased (decreased) as a result of a change in the respective assumptions by the respective percentages below.

| **Defined benefit obligation** | **<---DMFI** | | | **--->** |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | 0.50% increase US$'000 | 0.50% decrease US$'000 | 0.50% increase US$'000 | 0.50% decrease US$'000 |
| Discount rate (per annum) | (9,247) | 10,018 | (12,780) | 13,915 |
| Future salary increases (per annum) | N/A | N/A | N/A | N/A |

| **Defined benefit Obligation** | **<---DMPI** | | | **--->** |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | 1.0% increase US$'000 | 1.0% decrease US$'000 | 1.0% increase US$'000 | 1.0% decrease US$'000 |
| Discount rate (per annum) | (2,065) | 2,373 | (2,688) | 3,117 |
| Future salary increases (per annum) | 2,359 | (2,091) | 3,051 | (2,686) |

| **Defined benefit Obligation** | **<---ROHQ** | | | **--->** |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | 1.0% increase US$'000 | 1.0% decrease US$'000 | 1.0% increase US$'000 | 1.0% decrease US$'000 |
| Discount rate (per annum) | (49) | 55 | (60) | 67 |
| Future salary increases (per annum) | 55 | (50) | 65 | (59) |

## 20. Employee benefits (cont'd)

***Sensitivity analysis (cont'd)***

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 30 April 2022 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumption shown.

**Accumulated post-retirement benefit obligation**

The accumulated post-retirement benefit obligation is computed in accordance with IAS 19, *Employee Benefits*. This quantity is the actuarial present value of all benefits attributed under the projected unit credit method to service rendered prior to a particular date. Prior to an employee's full eligibility date, the accumulated post-retirement benefit obligation as of a particular date for an employee is the portion of the expected post-retirement benefit obligation attributed to that employee's service rendered to that date; on and after the full eligibility date, the accumulated and expected post-retirement benefit obligations for an employee are the same.

***Source of estimation uncertainty***

Accumulated post-retirement benefit obligation is determined using certain actuarial estimates and assumptions relating to the annual rate(s) of change in the cost of health care benefits currently provided by the post-retirement benefit plans due to factors other than changes in the composition of the plan population by age and dependency status, for each year from the measurement date until the end of the period in which benefits are expected to be paid. These estimates and assumptions directly influence the amount of the pension assets/liabilities and expense recognized in the financial statements.

**Multi-employer plans**

The Group participates in several multi-employer pension plans, which provide defined benefits to covered union employees. Contribution rates to the multi-employer plans are provided in the collective bargaining agreements for the covered union employees. The contribution rates are expressed in terms of specific amounts to be contributed based on hours worked by covered union employees. The Group made contributions of US$7.9 million, US$7.7 million and US$6.4 million during fiscal years 2022, 2021 and 2020, respectively.

The risks of participating in the multi-employer pension plans are as follows:

- assets contributed to the multi-employer plan by the Group may be used to provide benefits to employees of other participating employers;
- if a participating employer stops contributing to the plan, the unfunded obligations of the plan allocable to such withdrawing employer may be partially borne by the Group; and
- if the Group stops participating in some of its multi-employer pension plans, the Group may be required to pay those plans an amount based on its allocable share of the underfunded status of the plan, referred to as a withdrawal liability.

## 20. Employee benefits (cont'd)

### Defined Contribution Plans

The Group participates in two defined contribution plans. Group contributions to these defined contribution plans are based on employee contributions and compensation. The expense recognized under these plans for the year ended 30 April 2022 was US$4.2 million (2021: US$4.5 million; 2020: US$4.4 million).

### Other plans

The Group has various other nonqualified retirement plans and supplemental retirement plans for executives, designed to provide benefits in excess of those otherwise permitted under the Group's qualified retirement plans. These plans are unfunded and comply with IRS rules for nonqualified plans.

## 21. Environmental remediation liabilities

| | Group | |
|---|---|---|
| | **30 April 2022 US$'000** | **30 April 2021 US$'000** |
| At beginning of the year | 7,429 | 9,587 |
| Provision made during the year | – | 486 |
| Provisions used during the year | (7,164) | (375) |
| Provisions released during the year | (62) | (2,269) |
| At end of the year | 203 | 7,429 |

Provision for environmental remediation relates to legal or constructive obligations incurred by the Group in connection with its operations. The current portion of environmental liabilities is included in "Trade payables and other current liabilities" in the consolidated statement of financial position and were significantly settled during the year. In connection with the plant sales of Mendota, Sleepy Eye, and Crystal City, US$6.0 million, US$3.0 million and US$0.4 million, respectively, of environmental provisions were made in fiscal year 2020. The US$2.3 million provision released in fiscal 2021 was due to US$1.8 million adjustment of Mendota lagoon cost based on the purchase and sale agreement entered by DMFI with the City of Mendota on 22 March 2021. Remaining balance pertains to US$0.04 million provision for Crystal City and Gilroy that were already settled.

## 22. Trade payables and other current liabilities

| | Note | Group 30 April 2022 US$'000 | Group 30 April 2021 US$'000 | Company 30 April 2022 US$'000 | Company 30 April 2021 US$'000 |
|---|---|---|---|---|---|
| Trade payables | | 196,833 | 142,188 | 131 | 42 |
| Accrued operating expenses: | | | | | |
| Interest | 39 | 34,122 | 30,843 | 3,434 | 2,341 |
| Advertising | | 8,825 | 10,853 | – | – |
| Trade promotions | | 8,607 | 8,764 | – | – |
| Taxes and insurance | | 9,044 | 8,739 | – | – |
| Professional fees | | 6,762 | 8,496 | 388 | 375 |
| Freight and warehousing | | 8,898 | 7,274 | – | – |
| Salaries, bonuses and other employee benefits | | 3,042 | 4,566 | – | – |
| Utilities | | 3,704 | 3,584 | – | – |
| Tinplate and consigned stocks | | 2,569 | 2,222 | – | – |
| Miscellaneous | | 5,541 | 12,170 | 1,146 | 1,649 |
| Overdrafts | | 5,655 | 7,574 | – | – |
| Accrued payroll expenses | | 5,304 | 4,812 | 4,087 | 4,210 |
| Withheld from employees (taxes and social security cost) | | 1,466 | 1,548 | 37 | 32 |
| Contract liabilities | 24 | 2,091 | 543 | – | – |
| VAT payables | | 129 | 259 | – | – |
| Advances from customers | | 241 | 214 | – | – |
| Derivative liabilities | 19 | – | 80 | – | – |
| Amounts due to subsidiaries (non-trade) | 37 | – | – | 30,806 | 35,584 |
| | | 302,833 | 254,729 | 40,029 | 44,233 |

Contract liabilities pertains to contract liabilities relating to advances from customers which are generally expected to be recognized as revenue within a period 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.

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Accrued professional fees include the current portion of environmental remediation liabilities amounting to US$0.1 million and US$0.3 million as of 30 April 2022 and 2021, respectively (see Note 21).

## 22. Trade payables and other current liabilities (cont'd)

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

***Sources of estimation uncertainty***

The determination of the unbilled trade promotion accrual requires significant estimation of the amount of discount to be redeemed based on volumes sold when the services are performed and billings are received.

## 23. Leases

***Group as a lessee***

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

| | Buildings, land improvements and leasehold improvements US$'000 | Land US$'000 | Machineries and equipment US$'000 | Total US$'000 |
|---|---|---|---|---|
| **Cost/Valuation** | | | | |
| At 1 May 2021 | 128,492 | 50,166 | 37,384 | 216,042 |
| Additions | 16,131 | 12,174 | 3,534 | 31,839 |
| Disposals | (4,249) | (1,258) | – | (5,507) |
| Currency realignment | (2,897) | (4,006) | – | (6,903) |
| At 30 April 2022 | 137,477 | 57,076 | 40,918 | 235,471 |
| | | | | |
| At 1 May 2020 | 116,023 | 51,277 | 38,450 | 205,750 |
| Additions | 11,926 | 8,290 | 46 | 20,262 |
| Disposals | – | (735) | (1,112) | (1,847) |
| Transfers/Adjustments | (591) | (900) | – | (1,491) |
| Changes in lease term | – | (10,202) | – | (10,202) |
| Currency realignment | 1,134 | 2,436 | – | 3,570 |
| At 30 April 2021 | 128,492 | 50,166 | 37,384 | 216,042 |

## 23. Leases (cont'd)

***Group as a lessee (cont'd)***

| | | | | |
|---|---|---|---|---|
| **Accumulated amortization** | | | | |
| At 1 May 2021 | 43,632 | 14,521 | 22,681 | 80,834 |
| Amortization | 21,452 | 8,645 | 9,006 | 39,103 |
| Disposals | (4,222) | (1,258) | – | (5,480) |
| Currency realignment | (929) | (1,596) | – | (2,525) |
| At 30 April 2022 | 59,933 | 20,312 | 31,687 | 111,932 |
| | | | | |
| At 1 May 2020 | 20,752 | 6,932 | 11,981 | 39,665 |
| Amortization | 22,725 | 7,974 | 10,700 | 41,399 |
| Disposals | – | (735) | – | (735) |
| Transfers/Adjustments | (43) | (90) | – | (133) |
| Currency realignment | 198 | 440 | – | 638 |
| At 30 April 2021 | 43,632 | 14,521 | 22,681 | 80,834 |
| | | | | |
| **Carrying amounts** | | | | |
| At 30 April 2022 | **77,544** | **36,764** | **9,231** | **123,539** |
| At 30 April 2021 | 84,860 | 35,645 | 14,703 | 135,208 |

In April 2021, DMPI entered a sale and leaseback of buildings, warehouses and equipment located on foreshore land. The assets were sold to DEARBC and subsequently leased back to DMPI with payment and lease terms of 20 years for both the sale and the lease. Right-of-use assets recognized at commencement date amounted to US$7.1 million which comprises the proportion of the previous carrying amount of the assets that relates to right of use retained by DMPI and the adjustment for below-market terms on the sale of assets. Lease liability and gain on sale and leaseback at commencement date amounted to US$4.8 million and US$0.2 million, respectively.

The following are the amounts recognized in the income statement:

| | **Note** | **30 April 2022 US$'000** | **30 April 2021 US$'000** |
|---|---|---|---|
| Amortization expense of right-of-use assets | 25 | 39,292 | 37,205 |
| Interest expense on lease liabilities | 26 | 6,345 | 7,435 |
| Expenses relating to short-term leases | 25 | 13,710 | 29,676 |
| Variable lease payments | | 341 | 545 |
| **Total amount recognized in statement of income** | | 59,688 | 74,861 |

Amortization expense is net of amount capitalized to inventory during the year and includes amortization capitalized in prior years to inventory that was sold during the year.

## 23. Leases (cont'd)

***Group as a lessee (cont'd)***

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

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

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

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

In 2021, the Group reassessed the lease terms of certain land leases, to which the Group has rights to pre-terminate at the end of each pineapple life cycle, as a result of the Group's cost-effectiveness programs implemented in 2021. The Group reassessed the lease term to be for a period of 6 years instead of the full contractual term for identified land leases based on the pineapple's life cycle and time for land preparation. The Group is looking for ways to reduce pineapple costs by revisiting fields with low yields and/or high growing costs and expanding its outgrowership programs and the use of big planting materials which will save planting area. Due to the significant change of circumstance arising from the cost effectiveness strategy implemented in 2021 and the pre-termination option which is within the control of the Group, management revisited the lease term and recognized a reduction in right-of-use asset and lease liability amounting to US$10.2 million 2021.

## 23. Leases (cont'd)

### *Group as a lessee (cont'd)*

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

| | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
|---|---|---|
| **At the beginning of year** | 128,803 | 158,525 |
| Additions | 28,075 | 14,174 |
| Accretion of interest | 7,534 | 8,412 |
| Payments | (38,870) | (43,377) |
| Change in lease term | – | (10,199) |
| Adjustments | (10) | (1,119) |
| Terminations | (151) | (122) |
| Currency realignment | (4,061) | 2,509 |
| **At the end of year** | 121,320 | 128,803 |
| | | |
| Current | 29,549 | 25,113 |
| Non-current | 91,771 | 103,690 |
| | 121,320 | 128,803 |

### *Group as a lessor*

The Group has sublease agreements which provides for lease rentals based on an agreed fixed monthly rate. Rental income related to these sublease agreements amounted to US$0.5 million for the fiscal year 2022 (2021: US$0.6 million)

Lease receivables represents receipts to be received over the remaining lease term. Movement of the lease receivables during the period are as follows:

| | Note | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
|---|---|---|---|
| **At the beginning of year** | | 1,241 | – |
| Additions | | – | 1,678 |
| Adjustments | | 2 | 8 |
| Contractual receipts | | (487) | (499) |
| Interest income | | 37 | 53 |
| Currency realignment | | (102) | 1 |
| **At the end of year** | | 691 | 1,241 |
| | | | |
| Current | 13 | 497 | 491 |
| Non-current | 10 | 194 | 750 |
| | | 691 | 1,241 |

## 24. Revenue

Revenue of the Group comprises fair value gains arising from changes in fair value of the Group's biological assets recognized upon harvest of agricultural produce; and gross invoiced sales of goods, net of discounts and returns, recognized when goods are delivered. All intra-group transactions have been excluded from the Group revenue.

Revenue for fiscal year ended 30 April 2022 is net of discounts of US$84.3 million, returns of US$18.3 million and direct promotions of US$328.3 million. Revenue for fiscal year ended 30 April 2021 is net of discounts of US$78.6 million, returns of US$17.1 million and direct promotions of US$304.3 million. Revenue for fiscal year ended 30 April 2020 is net of discounts of US$82.9 million, returns of US$19.9 million and direct promotions of US$366.5 million.

Disaggregation of revenue is presented in Note 29.

*Contract balances*

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

| | | | Group | |
|---|---|---|---|---|
| | **Note** | **30 April 2022 US$'000** | **30 April 2021 US$'000** | **30 April 2020 US$'000** |
| Receivables, included in Trade and other receivables – Gross of ECL allowance | 13 | 189,839 | 165,370 | 175,794 |
| Contract liabilities, included in Trade payables and other current liabilities | 22 | 2,091 | 543 | 407 |

Contract liabilities pertain to advances from customers which are generally expected to be recognized as revenue within a period 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.

The Group recognized revenue adjustments from performance obligations satisfied or partially satisfied in previous periods due to changes in estimates of trade promotions, coupon redemptions, cash discounts and penalties amounting to US$0.7 million and US$0.4 million in fiscal year 2022 and 2021, respectively.

## 25. Profit (loss) before taxation

Profit (loss) before taxation is arrived at after charging (crediting):

| | Note | <------------------ Group ----------------> | | | <------------ Company ------------> | | |
|---|---|---|---|---|---|---|---|
| | | Year ended 30 April 2022 | Year ended 30 April 2021 | Year ended 30 April 2020 | Year ended 30 April 2022 | Year ended 30 April 2021 | Year ended 30 April 2020 |
| | | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Inventories recognized as cost of sales | 12 | 1,300,313 | 1,193,666 | 1,201,016 | – | – | – |
| Depreciation of property, plant and equipment | 5 | 146,480 | 139,950 | 136,674 | – | – | – |
| Amortization of right-of-use assets | 23 | 39,292 | 37,205 | 35,179 | 93 | 106 | – |
| Short-term leases | 23 | 13,710 | 29,676 | 15,365 | – | – | – |
| Changes in fair value of agricultural produce harvested and sold | 11 | (60,236) | (53,564) | (39,293) | – | – | – |
| Impairment loss on property, plant and equipment | 5 | – | – | 40,746 | – | – | – |
| Allowance for inventory obsolescence | 12 | 4,135 | 7,043 | 9,649 | – | – | – |
| Research and development expenses | | 9,970 | 10,157 | 11,489 | – | – | – |
| Amortization of intangible assets | 8 | 6,650 | 6,650 | 6,650 | – | – | – |
| Impairment (reversal of impairment) of trade and nontrade receivables | 13 | 1,060 | 144 | (292) | – | – | – |
| Audit fees paid to: | | | | | | | |
| - EY Singapore | | 95 | 93 | 93 | 60 | 57 | 57 |
| - SGV | | 1,297 | 1,216 | 1,002 | 450 | 326 | 296 |
| - affiliates of auditors of the Company | | 43 | 298 | 400 | – | – | – |
| - other auditor | | 6 | 6 | 8 | – | – | – |
| Non-audit fees paid to: | | | | | | | |
| - SGV | | – | – | 22 | – | – | – |
| - other auditors | | 80 | 39 | 131 | 2 | 2 | 57 |
| (Gain) loss on disposal of property, plant and equipment | | 401 | (1,333) | 2,502 | – | – | – |
| Legal expenses | | 2,318 | 2,257 | 2,566 | 8 | 6 | 3 |
| **Staff costs** | | | | | | | |
| Wages and salaries | | 308,951 | 263,113 | 272,006 | 5,174 | 4,901 | 4,761 |
| Social security costs | | 20,039 | 19,146 | 16,255 | 44 | 22 | 6 |
| Pension costs - defined benefit pension plan* | | 10,426 | 10,511 | 8,182 | 145 | 97 | 92 |
| Pension costs – provident fund | | 4,757 | 5,093 | 4,817 | 4 | 3 | 2 |
| Equity-settled share-based payment transactions** | 31 | (1,753) | – | – | – | – | – |

**Included the effect of post-retirement medical plan amendment and enhanced early retirement program.*
***Net of non-controlling interests amounting to US$0.2 million for 2022, nil for 2021 and nil for 2020.*

Other expenses not included above are advertising and marketing costs, freight, warehousing costs and others.

## 26. Net finance expense

As detailed in Note 18, the Group recognized a gain of nil in 2022 (2021: nil; 2020: US$1.7 million) on purchase of a portion of the Second Lien term loan.

| | Note | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 | Year ended 30 April 2020 US$'000 | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 | Year ended 30 April 2020 US$'000 |
| **Finance income** | | | | | | | |
| Realized foreign exchange gain | | 1,858 | 6,481 | 5,169 | – | – | – |
| Unrealized foreign exchange gain | | 2,572 | 506 | – | 134 | 5 | – |
| Interest income from: | | | | | | | |
| - Bank deposits | | 43 | 65 | 171 | 1 | 1 | 1 |
| - Due from a subsidiary | | – | – | – | – | 833 | 22,110 |
| - Others | | 728 | 482 | 682 | 10 | 12 | – |
| Gain on purchase of second lien term loan | 18 | – | – | 1,716 | – | – | – |
| | | 5,201 | 7,534 | 7,738 | 145 | 851 | 22,111 |
| **Finance expense** | | | | | | | |
| Interest expenses on bank loans | | (91,197) | (97,338) | (83,694) | (12,225) | (12,459) | (16,117) |
| Amortization of debt issue cost, discount | 18 | (12,258) | (11,481) | (13,737) | (980) | (647) | (197) |
| Leases | 23 | (6,345) | (7,435) | (8,567) | (3) | – | – |
| Interest rate swap settlement | | – | 5,210 | (8,695) | – | – | – |
| Realized foreign exchange loss | | (2,186) | (2,571) | (4,505) | (23) | (10) | (3) |
| Unrealized foreign exchange loss | | (721) | (495) | (1,295) | (7) | (18) | (6) |
| | | (112,707) | (114,110) | (120,493) | (13,238) | (13,134) | (16,323) |
| Net finance (expense) income | | (107,506) | (106,576) | (112,755) | (13,093) | (12,283) | 5,788 |

## 27. Tax expense (credit) - net

| | Note | Group<br>Year ended<br>30 April<br>2022<br>US$'000 | Year ended<br>30 April<br>2021<br>US$'000 | Year ended<br>30 April<br>2020<br>US$'000 |
|---|---|---|---|---|
| **Current tax expense** | | | | |
| - Current year | | 20,605 | 33,059 | 55,424 |
| **Deferred tax credit** | | | | |
| - Origination and reversal of temporary differences | 9 | 18,695 | (5,786) | (26,248) |
| | | 39,300 | 27,273 | 29,176 |

| | Group<br>Year ended<br>30 April<br>2022<br>US$'000 | Year ended<br>30 April<br>2021<br>US$'000 | Year ended<br>30 April<br>2020<br>US$'000 |
|---|---|---|---|
| ***Reconciliation of effective tax rate*** | | | |
| Profit (loss) before taxation | 154,830 | 103,743 | (64,654) |
| Taxation on profit at applicable tax rates | 31,048 | 17,829 | (25,313) |
| Final tax on dividend | 9,477 | 7,658 | 47,246 |
| Non-deductible expenses | 2,389 | 299 | 2,951 |
| Non-taxable income | (6) | (8) | (2,013) |
| Change in unrecognized deferred tax asset | (4,356) | (3,346) | 4,433 |
| Change in tax rate | 1,005 | – | – |
| Effect of CREATE Act | – | 4,611 | – |
| Others | (257) | 230 | 1,872 |
| | 39,300 | 27,273 | 29,176 |

| | Company<br>Year ended<br>30 April<br>2022<br>US$'000 | Year ended<br>30 April<br>2021<br>US$'000 | Year ended<br>30 April<br>2020<br>US$'000 |
|---|---|---|---|
| **Current tax expense** | | | |
| - Current year | 22 | 51 | 21 |
| **Deferred tax credit** | | | |
| - Origination and reversal of temporary differences | (18) | (44) | (6) |
| | 4 | 7 | 15 |

## 27. Tax expense (credit) – net (cont'd)

| | Group | | |
|---|---|---|---|
| | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 | Year ended 30 April 2020 US$'000 |
| ***Applicable tax rates*** | | | |
| - Philippines (non-PEZA) | 25.0% | 25.0% | 30.0% |
| - Philippines (PEZA)* | 5.0% | 5.0% | 5.0% |
| - India | 31.2% | 31.2% | 31.2% |
| - Singapore | 17.0% | 17.0% | 17.0% |
| - United States of America | 25.0% | 24.5% | 24.5% |
| - Mexico | 30.0% | 30.0% | 30.0% |

**based on gross profit for the year*

DMPI's production operations in Cagayan de Oro City, Philippines are undertaken in the Philippine Packing Agricultural Export Processing Zone ("PPAEPZ"). This zone was established in accordance with the regulations of the Philippine Economic Zone Authority ("PEZA"). DMPI enjoys several fiscal and non-fiscal incentives including a 5% tax on gross profit in lieu of the statutory 25% (2021: 25% and 2020: 30%) on profit before tax, duty free importation of capital equipment, raw materials and supplies used in pursuit of its Ecozone-registered activities, among other incentives. DMPI received PEZA approval for a second zone, the Bukidnon Agro-Resources Export Zone ("BAREZ"), for agri-development projects. The current tax incentive expired in fiscal year 2018 and was extended for an additional three years ending fiscal year 2021. On 21 December 2021, PEZA issued a Certificate of Board Resolution approving the retention of DMPI's status as an Export Ecozone Enterprise (EEE) beyond 31 December 2021. The incentives may be availed of for as long as DMPI complies with the PEZA's requirements which include exporting 70% of its production and these incentives are not rationalized by law.

On 7 May 2021, PEZA issued LOA No. 21-EOD-LS/F/EE-1006 that provides for extension of the DMPI's Ecozone Export Enterprise status until the Implementing Rules and Regulation of CREATE Act is issued. The status of DMPI as a PEZA registered export enterprise is expected to be retained being part of the Investment Priority Plan and for meeting the conditions set forth by PEZA to allow a company to continue availing of the incentives despite exceeding local sales.

On 17 August 2021, PEZA issued LOA No. 21-EOD-LS/FP/EE-1916 to renew DMPI's authority to sell to the domestic market a portion of its production of its registered products produced at the PPAEPZ / BAREZ. Said LOA expired December 31, 2021. On 24 January 2022, LOA No. 22-EOD-LS/FP/EE-0166 was issued to cover the period 1 January 2022 to 31 July 2022.

<u>Corporate Recovery and Tax Incentive for Enterprise ("CREATE") Act</u>

On 26 March 2021, President Rodrigo Duterte signed into law the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA No. 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or on 11 April 2021.

## 27. Tax expense (credit) – net (cont'd)

Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act (cont'd)

The following were the key changes to the Philippine tax law pursuant to the CREATE Act which has an impact on DMPI:

- Effective 1 July 2020, Regular Corporate Income Tax ("RCIT") rate was decreased from 30% to 20% for corporations with total assets (excluding the value of land on which the particular business entity's office, plant and equipment are situated during the taxable year) of Php100 million (US$2.1 million) or below and taxable income of Php5 million (US$1.0 million) and below. All other corporations not meeting the criteria are subject to lower RCIT rate of 25% from 30%;

- Effective 1 July 2020 and for a period of 3 years, Minimum Corporate Income Tax ("MCIT") rate was lowered from 2% to 1% of gross income; and

- Improperly accumulated earnings tax of 10% was repealed.

Applying the provisions of the CREATE Act, DMPI has been subjected to lower RCIT rate of 25% effective 1 July 2020.

- Based on the provisions of Revenue Regulations ("RR") No. 5-2021 dated 8 April 2021 issued by the BIR, the prorated CIT rate of DMPI for fiscal year 2021 is 25.83%. This resulted in lower provision for current income tax for the fiscal year ended 30 April 2021 amounting to US$11.0 million; and

- This resulted in a lower provision for deferred tax for the year then ended 30 April 2021 by US$0.1 million.

### Company

There is no tax expense for the Company as the income of the Company is exempt from all income taxes in the British Virgin Islands except for ROHQ in the Philippines which has a preferential tax rate of 10%.

### *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.

## 28. Earnings (loss) per share

### Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit (loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

Cumulative undeclared preference dividends amounted to US$0.4 million and US$1.3 million as of 30 April 2022 and 2021, respectively.

| | Group | | |
|---|---|---|---|
| | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 | Year ended 30 April 2020 US$'000 |
| Profit (Loss) attributable to owners of the Company | 100,031 | 63,256 | (81,394) |
| Cumulative preference share dividends for the year | (18,903) | (19,750) | (19,750) |
| | 81,128 | 43,506 | (101,144) |
| Weighted average number of ordinary shares ('000): | | | |
| Outstanding ordinary shares at 1 May, representing weighted average number of ordinary shares during the year | 1,943,960 | 1,943,960 | 1,943,960 |
| Basic earnings (loss) per share (in US cents) | 4.17 | 2.24 | (5.20) |

## 28. Earnings (loss) per share (cont'd)

### Diluted earnings (loss) per share

For the purpose of calculation of the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from Del Monte Pacific RSP, with the potential ordinary shares weighted for the period outstanding.

| | Group | | |
|---|---|---|---|
| | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 | Year ended 30 April 2020 US$'000 |
| Profit (Loss) profit attributable to owners of the Company | 100,031 | 63,256 | (81,394) |
| Cumulative preference share dividends for the year | (18,903) | (19,750) | (19,750) |
| | 81,128 | 43,506 | (101,144) |
| Diluted weighted average number of shares ('000): | | | |
| Weighted average number of ordinary shares at end of year (basic) | 1,943,960 | 1,943,960 | 1,943,960 |
| Potential ordinary shares issuable under share awards | – | – | – |
| Weighted average number of ordinary shares issued (diluted) | 1,943,960 | 1,943,960 | 1,943,960 |
| Diluted earnings (loss) earnings per share (in US cents) | 4.17 | 2.24 | (5.20) |

## 29. Operating segments

The Group has two 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.

## 29. Operating segments (cont'd)

### Geographical segments (cont'd)

*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, buyer's own label and unbranded products in Europe.

### Product segments

*Packaged fruit and vegetable*

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

*Beverage*

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

*Culinary*

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

*Fresh fruit and others*

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

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

### Segment assets

Segment assets consist primarily of property, plant and equipment, intangible assets, trade and other receivables, biological assets, inventories and investments in joint ventures.

## 29. Operating segments (cont'd)

### *Information about reportable segments*

| | Americas | | | Asia Pacific | | | Europe | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 | Year ended 30 April 2020 US$'000 | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 | Year ended 30 April 2020 US$'000 | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 | Year ended 30 April 2020 US$'000 | Year ended 30 April 2022 US$'000 | Year ended 30 April 2021 US$'000 | Year ended 30 April 2020 US$'000 |
| **Revenue** | | | | | | | | | | | | |
| Packaged/processed fruit and vegetable | 1,342,835 | 1,190,191 | 1,259,911 | 139,935 | 137,384 | 116,846 | 24,753 | 27,885 | 23,513 | 1,507,523 | 1,355,460 | 1,400,270 |
| Beverage | 35,772 | 18,498 | 14,393 | 141,630 | 150,026 | 135,009 | 10,171 | 10,326 | 10,485 | 187,573 | 178,850 | 159,887 |
| Culinary | 282,946 | 286,000 | 262,915 | 147,496 | 155,651 | 129,859 | 199 | 373 | 76 | 430,641 | 442,024 | 392,850 |
| Fresh fruit and others | 6,038 | 2,262 | 1,824 | 210,311 | 184,113 | 173,512 | – | – | – | 216,349 | 186,375 | 175,336 |
| **Total** | **1,667,591** | **1,496,951** | **1,539,043** | **639,372** | **627,174** | **555,226** | **35,123** | **38,584** | **34,074** | **2,342,086** | **2,162,709** | **2,128,343** |
| **Gross profit** | | | | | | | | | | | | |
| Packaged/processed fruit and vegetable | 351,722 | 288,651 | 233,073 | 43,184 | 42,180 | 30,238 | 8,936 | 8,086 | 1,471 | 403,842 | 338,917 | 264,782 |
| Beverage | 5,183 | 1,760 | 2,118 | 40,946 | 46,875 | 38,734 | 2,546 | 1,842 | (550) | 48,675 | 50,477 | 40,302 |
| Culinary | 48,045 | 52,689 | 42,783 | 57,273 | 63,441 | 47,705 | 79 | 172 | 26 | 105,397 | 116,302 | 90,514 |
| Fresh fruit and others | (921) | (2,244) | (1,314) | 65,664 | 52,511 | 57,873 | – | – | – | 64,743 | 50,267 | 56,559 |
| **Total** | **404,029** | **340,856** | **276,660** | **207,067** | **205,007** | **174,550** | **11,561** | **10,100** | **947** | **622,657** | **555,963** | **452,157** |
| **Share in net loss of joint ventures** | | | | | | | | | | | | |
| Packaged/processed fruit and vegetable | – | – | – | (1,162) | (737) | (1,451) | – | – | – | (1,162) | (737) | (1,451) |
| Beverage | – | – | – | (167) | (44) | (136) | – | – | – | (167) | (44) | (136) |
| Culinary | – | – | – | (2,349) | (622) | (1,365) | – | – | – | (2,349) | (622) | (1,365) |
| Fresh fruit and others | – | – | – | (1,276) | (128) | (133) | – | – | – | (1,276) | (128) | (133) |
| **Total** | **–** | **–** | **–** | **(4,954)** | **(1,531)** | **(3,085)** | **–** | **–** | **–** | **(4,954)** | **(1,531)** | **(3,085)** |

## 29. Operating segments (cont'd)

### *Information about reportable segments (cont'd)*

| | <------------------Americas------------------> | | | <------------------Asia Pacific------------> | | | <----------------Europe ----------------> | | | <------------------Total------------------> | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Year ended 30 April 2022 US$'000** | **Year ended 30 April 2021 US$'000** | **Year ended 30 April 2020 US$'000** | **Year ended 30 April 2022 US$'000** | **Year ended 30 April 2021 US$'000** | **Year ended 30 April 2020 US$'000** | **Year ended 30 April 2022 US$'000** | **Year ended 30 April 2021 US$'000** | **Year ended 30 April 2020 US$'000** | **Year ended 30 April 2022 US$'000** | **Year ended 30 April 2021 US$'000** | **Year ended 30 April 2020 US$'000** |
| **Profit (loss) before taxation** | | | | | | | | | | | | |
| Packaged/processed fruit and vegetable | 77,624 | 26,713 | (40,430) | 26,438 | 25,531 | 14,316 | 5,622 | 5,084 | (510) | 109,684 | 57,328 | (26,624) |
| Beverage | (918) | (1,556) | (2,256) | 17,488 | 24,139 | 17,174 | 1,398 | 913 | (1,557) | 17,968 | 23,496 | 13,361 |
| Culinary | (8,026) | (12,164) | (14,188) | 34,976 | 41,283 | 25,739 | 54 | 130 | (1) | 27,004 | 29,249 | 11,550 |
| Fresh fruit and others | (5,835) | (5,653) | (77,617) | 6,009 | (677) | 14,676 | – | – | – | 174 | (6,330) | (62,941) |
| **Total** | **62,845** | **7,340** | **(134,491)** | **84,911** | **90,276** | **71,905** | **7,074** | **6,127** | **(2,068)** | **154,830** | **103,743** | **(64,654)** |
| **Other Material Non-Cash Items** | | | | | | | | | | | | |
| Depreciation and amortization | 57,794 | 69,055 | 74,978 | 135,705 | 118,265 | 104,738 | – | – | – | 193,499 | 187,320 | 179,716 |
| **Capital expenditure** | **32,122** | **25,112** | **19,495** | **170,537** | **138,862** | **112,958** | **–** | **–** | **–** | **202,659** | **163,974** | **132,453** |
| **Segment assets** | **1,862,472** | **1,736,089** | **1,798,832** | **702,773** | **659,563** | **738,672** | **19,612** | **22,251** | **16,849** | **2,584,857** | **2,417,903** | **2,554,353** |
| **Segment liabilities** | **939,961** | **937,601** | **1,200,459** | **1,145,176** | **832,721** | **782,481** | **5,015** | **5,085** | **5,516** | **2,090,152** | **1,775,407** | **1,988,456** |

## 29. Operating segments (cont'd)

***Major customer***

Revenues from a major customer of the Americas segment for fiscal year 2022 amounted to approximately US$561.4 million or 24% (2021: 475.4 million or 22%, 2020: US$557.4 million or 26%) of the Group's total revenue. The customer accounted for approximately 14% of trade and other receivable as at 30 April 2022 and 2021.

## 30. 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 30 April 2022 and 30 April 2021. Fruit plants are located in California and Washington in the U.S. and in the Philippines. Most of its vegetable plants are located in the U.S. Midwest and its tomato plant is 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.

## 31. Share 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 ten 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).

**ESOP 2016**

On 30 April 2013, the Company approved the grant of 150,000 stock options, representing a 20% adjustment to the number of unexercised stock options previously granted. The exercise period therefore follows that of the options granted on 7 March 2008.

As at 30 April 2022 and 2021, there is no outstanding ESOP options due to the lapse of its exercise period.

## 31. Share option and incentive plans (cont'd)

### ESOP 2016 (cont'd)

***Del Monte Pacific RSP***

| Date of grant of share awards | Vesting period | Market price on date of grant S$ | Share awards granted | Share awards outstanding |
|---|---|---|---|---|
| 22 August 2013 | Up to 60%: 22 August 2013 - 21 August 2016<br>40%: 22 August 2016 - 21 August 2017 | 0.840 | 688,000 | – |
| 1 July 2015 | Up to 60%: 22 August 2016 - 21 August 2017<br>40%: 22 August 2017 - 21 August 2018 | 0.385 | 57,918 | – |
| | | | 745,918 | – |

Since the commencement of the employee share option plans until the end of the financial year, no options have been granted at a discount.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

On 20 September 2017, the Company released all of its outstanding share awards to its Directors. There were no additional share options exercised during the fiscal year ended 30 April 2022 and 2021.

***Fair value of share options/awards and assumptions***

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

## 31. Share option and incentive plans (cont'd)

### *Fair value of share options/awards and assumptions (cont'd)*

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

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

### *Del Monte Foods Holding Equity Compensation Plan*

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

In September 2016, the authorized shares reserved for grant under the plan was increased from 9,000,000 to 15,000,000. As of 30 April 2021, 14,776,500 share were available for future grant. The plan was already retired in fiscal year 2022.

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

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

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

| | **2022** | | **2021** | |
|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price** | **Number of options** | **Weighted average exercise price** |
| Outstanding at beginning of year | 223,500 | 5 | 283,500 | 5 |
| Cancelled | (223,500) | 5 | (60,000) | 5 |
| Outstanding at end of year | – | – | 223,500 | 5 |
| Exercisable at end of year | – | – | 223,500 | – |

## 31. Share option and incentive plans (cont'd)

***Del Monte Foods Holding Equity Compensation Plan (cont'd)***

There was no expense recognized in the consolidated income statement for equity-settled share based compensation for fiscal year 2022 and 2021. The expense recognized in profit or loss for equity-settled share-based payments amounting to US$0.3 million in fiscal year 2019 were included in personnel cost.

The remaining 223,500 options were cancelled in fiscal year 2022 through a "buy-out" as a means of retiring the plan. Each holder was offered $1 per share with a total cost of US$216 million.

**Cash incentives**

On 16 December 2019, DMFHI granted a total cash incentive of US$2.6 million to key executives under cash incentive award agreements. The grants require performance criteria to be achieved. The awards will vest in two equal annual parts over a period of approximately two years when the employee remains employed on each vesting date.

The accrued net obligation as of 30 April 2022 is US$5.1 million (2021: US$3.7 million). Total expense recognized under "Wages, salaries and other benefits" in the consolidated income statement of the Group amounted to US$5.0 million, US$3.5 million and US$1.6 million in fiscal years 2022, 2021 and 2020, respectively.

## 32. Financial risk management

The Group has exposure to the following risks from financial instruments:

- credit risk
- interest rate risk
- liquidity risk
- foreign exchange risk
- commodity price risk

***Risk management framework***

The Board of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Committee ("ARC") is responsible for monitoring the Group's risk management policies developed by management.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

## 32. Financial risk management (cont'd)

***Risk management framework (cont'd)***

The ARC oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARC.

***Financial risk management objectives and policies***

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Board of the Group continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

***Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and Company do not hold any collateral in respect of their financial assets.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and countries in which customers are located, as these factors may have an influence on credit risk.

The ARC has approved a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes credit ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount. Customers failing to meet the Group's benchmark credit worthiness may transact with the Group only on a prepayment or Letters of Credit basis.

## 32. Financial risk management (cont'd)

***Credit risk (cont'd)***

*Exposure to credit risk*

At the reporting date, the maximum exposure to credit risk for financial assets, excluding cash on hand, by geographic region was:

| | Group | |
|---|---|---|
| | **30 April 2022 US$'000** | **30 April 2021 US$'000** |
| Americas | 118,366 | 108,088 |
| Europe | 15,192 | 15,643 |
| Asia Pacific | 111,703 | 100,678 |
| | 245,261 | 224,409 |

At 30 April 2022, the Group's most significant customer accounted for 14% of the trade and other receivables carrying amount (2021: 14%).

*Impairment losses*

The aging of financial assets excluding cash on hand that were not impaired at the reporting date was:

| **Group** | **30 April 2022 US$'000** | **30 April 2021 US$'000** |
|---|---|---|
| Not past due | 168,854 | 137,903 |
| Past due 0 - 60 days | 44,814 | 67,834 |
| Past due 61 - 90 days | 6,255 | 4,829 |
| Past due 91 - 120 days | 3,060 | 2,723 |
| More than 120 days | 22,278 | 11,120 |
| | 245,261 | 224,409 |

As at 30 April 2022 and 2021, the Company's financial assets are all not past due.

## 32. Financial risk management (cont'd)

### *Financial risk management objectives and policies (cont'd)*

### *Credit risk (cont'd)*

The table below shows the credit quality of the Group's financial assets based on their historical experience with the corresponding third parties:

| | 2022 | | | | |
|---|---|---|---|---|---|
| | General approach | | | Simplified | |
| | Stage 1 | Stage 2 | Stage 3 | Approach | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Cash in banks and cash equivalents | 21,786 | – | – | – | 21,786 |
| Trade and other receivables* | 2,818 | – | – | 224,914 | 227,732 |
| Short-term placements | 1,288 | – | – | – | 1,288 |
| Note receivables | – | 1,000 | – | – | 1,000 |
| Refundable deposits** | 2,136 | – | – | – | 2,136 |
| | 28,028 | 1,000 | – | 224,914 | 253,942 |
| ECL Allowance | – | – | – | (10,167) | (10,167) |
| | 28,028 | 1,000 | – | 214,747 | 243,775 |

**includes noncurrent portion of receivables from sale and leaseback and lease receivables*
***included under advance rentals and deposits*

| | 2021 | | | | |
|---|---|---|---|---|---|
| | General approach | | | Simplified | |
| | Stage 1 | Stage 2 | Stage 3 | Approach | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Cash in banks and cash equivalents | 29,367 | – | – | – | 29,367 |
| Trade and other receivables* | 3,156 | – | – | 195,023 | 198,179 |
| Short-term placements | 1,327 | – | – | – | 1,327 |
| Note receivables | – | 1,000 | – | – | 1,000 |
| Refundable deposits** | 2,066 | – | – | – | 2,066 |
| | 35,916 | 1,000 | – | 195,023 | 231,939 |
| ECL Allowance | – | – | – | (9,224) | (9,224) |
| | 35,916 | 1,000 | – | 185,799 | 222,715 |

**includes noncurrent portion of receivables from sale and leaseback and lease receivables*
***included under advance rentals and deposits*

## 32. Financial risk management (cont'd)

***Financial risk management objectives and policies (cont'd)***

***Credit risk (cont'd)***

As at 30 April 2022 and 2021, the Company's financial assets were all classified under Stage 1.

| | 2022 | | | | |
|---|---|---|---|---|---|
| | General Approach | | | Simplified | |
| | Stage 1 | Stage 2 | Stage 3 | Approach | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Cash in banks and cash equivalents | 2,129 | – | – | – | 2,129 |
| Trade and other receivables | 84,832 | – | – | – | 84,832 |
| Short-term placements | 883 | – | – | – | 883 |
| | 87,844 | – | – | – | 87,844 |

| | 2021 | | | | |
|---|---|---|---|---|---|
| | General Approach | | | Simplified | |
| | Stage 1 | Stage 2 | Stage 3 | Approach | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Cash in banks and cash equivalents | 2,104 | – | – | – | 2,104 |
| Trade and other receivables | 82,282 | – | – | – | 82,282 |
| Short-term placements | 889 | – | – | – | 889 |
| | 85,275 | – | – | – | 85,275 |

Stage 1 financial assets pertain to those cash that are deposited in reputable banks. Stage 2 includes receivables that are collected on their due dates even without an effort from the Group to follow up with them.

The Group sells its products through major distributors and buyers in various geographical regions. Management has a credit risk policy which includes, among others, the requirement of certain securities to ensure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The Group monitors its outstanding trade receivables on an on-going basis. In addition, the Group also engages in sale of its trade receivables without recourse to certain financial institutions.

## 32. Financial risk management (cont'd)

***Financial risk management objectives and policies (cont'd)***

***Credit risk (cont'd)***

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

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Days past due | | | | | |
| | Current | <30 days | 30-60 days | 61-120 days | Over 120 days | Total |
| | US'000s | US'000s | US'000s | US'000s | US'000s | US'000s |
| Trade receivables | 121,770 | 23,290 | 7,137 | 4,214 | 33,428 | 189,839 |
| Expected credit loss rate | 0.00% | 0.00% | 0.00% | 0.00% | 17.50% | – |
| Expected credit loss | – | – | – | – | 5,850 | 5,850 |

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

The Group assessed that all balances under Stage 1 and Stage 2 have not experienced significant increase in credit risk as of 30 April 2022 and 2021.

The Group applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables. The Group uses a provision matrix to measure ECLs. Loss rates are based on actual credit loss experience over a period of three years. The Group has assessed that adjusting the loss rates for forward-looking information does not have a material effect considering the significantly low historical loss rates and the absence of economic factors that are highly correlated with the Group's credit loss experience on receivables.

For other financial assets such nontrade receivables and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

## 32. Financial risk management (cont'd)

***Financial risk management objectives and policies (cont'd)***

***Credit risk (cont'd)***

*Cash in banks and cash equivalents*

Cash in banks and cash equivalents are held with banks and financial institutions which are regulated.

The percentages of cash in banks and cash equivalents held in the following regions are:

| | 30 April 2022 | 30 April 2021 |
|---|---|---|
| | % | % |
| **Group** | | |
| United States of America | 11 | 15 |
| Philippines | 57 | 67 |
| Hong Kong | 32 | 19 |
| Singapore | <1 | <1 |
| | | |
| **Company** | | |
| Philippines | 97 | 98 |
| Hong Kong | 1 | 2 |
| Singapore | 1 | 1 |

Apart from the information stated above, the Group and Company have no significant concentration of credit risk with any single counterparty or group counterparties.

*Derivatives*

The derivatives are entered into with banks and financial institutions which are regulated.

***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short-term debt obligations with floating interest rates.

The Group's cash balances are placed with reputable global banks and financial institutions. The Group manages its interest rate risks by placing the cash balances with varying maturities and interest rate terms. This includes investing the Group's temporary excess liquidity in short-term low-risk securities from time to time. The Group also enters into interest rate swaps to manage the volatility. The Group obtains financing through bank borrowings and leasing arrangements. Funding is obtained from bank loan facilities for both short-term and long-term requirements. The Group's policy is to obtain the most favorable interest rate available without increasing its foreign currency exposure.

## 32. Financial risk management (cont’d)

***Financial risk management objectives and policies (cont’d)***

***Interest rate risk (cont’d)***

*Interest rate profile of interest-bearing financial instruments*

The interest rate profile of the interest-bearing financial instruments as reported to management of the Group is as follows:

| | <---------- Group -----------> | | <-------- Company --------> | |
|---|---|---|---|---|
| | **30 April 2022 US$’000** | **30 April 2021 US$’000** | **30 April 2022 US$’000** | **30 April 2021 US$’000** |
| **Fixed rate instruments** | | | | |
| Loans and borrowings | 788,372 | 238,639 | 163,464 | 74,974 |
| **Variable rate instruments** | | | | |
| Loans and borrowings | 778,994 | 1,047,104 | 441,694 | 288,397 |
| Interest rate caps | 7,896 | – | – | – |
| | 786,890 | 1,047,104 | 441,694 | 288,397 |
| | 1,575,262 | 1,285,743 | 605,158 | 363,371 |

*Cash flow sensitivity analysis for variable rate instruments*

At the reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, profit/loss before tax in the next 12 months would have been affected as follows:

| | **Profit before tax in the next 12 months** | |
|---|---|---|
| | **100 bp increase US$’000** | **100 bp decrease US$’000** |
| **Group** | | |
| **30 April 2022** | | |
| Variable rate instruments | (5,124) | 5,124 |
| Interest rate caps | 5,750 | (5,750) |
| | 626 | (626) |
| **30 April 2021** | | |
| Variable rate instruments | (3,536) | 3,536 |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing significantly higher volatility than in prior years.

As at 30 April 2022 and 2021, the Group designated each of its derivative contracts as a hedge of the variability of cash flows to be received or paid related to a recognized asset or liability (“cash flow hedge”).

## 32. Financial risk management (cont'd)

### *Financial risk management objectives and policies (cont'd)*

### *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains a balance between continuity of cash inflows and flexibility in the use of available and collateral free credit lines from local and international banks. Currently, the Group excluding DMFI is entitled to a total of US$1,040.5 million (2021: US$882.3 million) in credit lines, of which 29% (2021: 30%) remain available. The lines are mostly for short-term financing requirements since the long-term facilities have been fully drawn. The Group constantly maintains good relations with its banks, such that additional facilities, whether for short or long-term requirements, may be made available.

The Group is able to increase the commitments under the ABL Facility, subject only to the consent of the new or existing lenders providing such increases, such that the aggregate principal amount of commitments does not exceed US$450.0 million. The lenders under this facility are under no obligation to provide any such additional commitments, and any increase in commitments will be subject to customary conditions precedent. Notwithstanding any such increase in the facility size, the Group's ability to borrow under the facility will remain limited at all times by the borrowing base (to the extent the borrowing base is less than the commitments).

The following are the expected contractual undiscounted cash outflows of financial assets and liabilities, including interest payments and excluding the impact of netting agreements:

| Group | Note | Carrying amount US$'000 | Contractual cash flows US$'000 | Less than 1 year US$'000 | 1-5 years US$'000 | More than 5 years US$'000 |
|---|---|---|---|---|---|---|
| **30 April 2022** | | | | | | |
| **Derivative financial assets** | | | | | | |
| Foreign currency forward and commodity contracts | 14, 19, 34 | 1,486 | 1,486 | 1,486 | – | – |
| **Non-derivative financial assets** | | | | | | |
| Cash in banks and cash Equivalents | 15 | 21,786 | 21,786 | 21,786 | – | – |
| Trade and other receivables* | 10,13 | 217,565 | 219,579 | 214,553 | 1,192 | 3,834 |
| Short-term placements | 14 | 1,288 | 1,288 | 1,288 | – | – |
| Note receivables | 10 | 1,000 | 1,000 | – | 1,000 | – |
| Refundable deposits** | 10 | 2,136 | 2,136 | – | – | 2,136 |
| | | 245,261 | 247,275 | 239,113 | 2,192 | 5,970 |

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

***included under advance rentals and deposits*

## 32. Financial risk management (cont'd)

### *Financial risk management objectives and policies (cont'd)*

### *Liquidity risk (cont'd)*

| Group | Note | Carrying amount US$'000 | Contractual cash flows US$'000 | Less than 1 year US$'000 | 1-5 years US$'000 | More than 5 years US$'000 |
|---|---|---|---|---|---|---|
| **30 April 2022** | | | | | | |
| **Derivative financial liabilities** | | | | | | |
| Interest rate cap used for hedging, net-settled | 19 | 7,896 | 7,896 | 7,896 | – | – |
| **Non-derivative financial liabilities** | | | | | | |
| Unsecured bank loans | | | | | | |
| - Current | 18 | 327,794 | 330,353 | 330,353 | – | – |
| - Noncurrent | 18 | 384,524 | 418,599 | 13,656 | 404,943 | – |
| Secured bank loans | | | | | | |
| - Current | 18 | 151,560 | 155,960 | 155,960 | – | – |
| - Noncurrent | 18 | 703,488 | 955,694 | 67,828 | 887,866 | – |
| Lease liabilities | 23 | 121,320 | 180,515 | 42,203 | 80,009 | 58,303 |
| Trade payables and other current liabilities* | 22 | 298,906 | 298,906 | 298,906 | – | – |
| | | 1,987,592 | 2,340,027 | 908,906 | 1,372,818 | 58,303 |
| Net financial liabilities (assets) | | 1,750,227 | 2,100,648 | 677,689 | 1,370,626 | 52,333 |

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

| Group | Note | Carrying amount US$'000 | Contractual cash flows US$'000 | Less than 1 year US$'000 | 1-5 years US$'000 | More than 5 years US$'000 |
|---|---|---|---|---|---|---|
| **30 April 2021** | | | | | | |
| **Derivative financial assets** | | | | | | |
| Foreign currency forward contracts | 14, 19, 34 | 1,694 | 1,694 | 1,694 | – | – |
| **Non-derivative financial assets** | | | | | | |
| Cash in banks and cash equivalents | 15 | 29,367 | 29,367 | 29,367 | – | – |
| Trade and other receivables* | 13 | 188,955 | 191,258 | 185,232 | 1,821 | 4,205 |
| Short-term placements | | 1,327 | 1,327 | 1,327 | – | – |
| Note receivables | 10,13 | 1,000 | 1,087 | – | 1,087 | – |
| Refundable deposits** | 10 | 2,066 | 2,066 | – | – | 2,066 |
| | | 224,409 | 226,799 | 217,620 | 2,908 | 6,271 |

** includes noncurrent portion of receivables from sale and leaseback and lease receivables*
***included under advance rentals and deposits*

## 32. Financial risk management (cont'd)

### *Financial risk management objectives and policies (cont'd)*

### *Liquidity risk (cont'd)*

| Group | Note | Carrying amount US$'000 | Contractual cash flows US$'000 | Less than 1 year US$'000 | 1-5 years US$'000 | More than 5 years US$'000 |
|---|---|---|---|---|---|---|
| **30 April 2021** | | | | | | |
| **Derivative financial liabilities** | | | | | | |
| Foreign exchange contracts | 19 | 80 | 80 | 80 | – | – |
| **Non-derivative financial liabilities** | | | | | | |
| Unsecured bank loans | | | | | | |
| - Current | 18 | 256,125 | 256,575 | 256,575 | – | – |
| - Noncurrent | 18 | 291,014 | 321,984 | 9,849 | 312,135 | – |
| Secured bank loans | | | | | | |
| - Current | 18 | 76,328 | 81,208 | 81,208 | – | – |
| - Noncurrent | 18 | 662,276 | 954,647 | 66,357 | 888,290 | – |
| Lease liabilities | 23 | 128,803 | 165,045 | 41,980 | 87,882 | 35,183 |
| Trade payables and other current liabilities* | 22 | 252,085 | 252,085 | 252,085 | – | – |
| Net financial liabilities (assets) | | 1,666,631 | 2,031,544 | 708,054 | 1,288,307 | 35,183 |
| Foreign exchange contracts | | 1,442,302 | 1,804,825 | 490,514 | 1,285,399 | 28,912 |

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

## 32. Financial risk management (cont'd)

### *Financial risk management objectives and policies (cont'd)*

### *Liquidity risk (cont'd)*

| Company | Note | Carrying amount US$'000 | Contractual cash flows US$'000 | Less than 1 year US$'000 | 1-5 years US$'000 | More than 5 years US$'000 |
|---|---|---|---|---|---|---|
| **30 April 2022** | | | | | | |
| **Non-derivative financial assets** | | | | | | |
| Trade and other receivables | 13 | 84,832 | 84,832 | 84,832 | – | – |
| Short-term placements | 14 | 883 | 883 | 883 | – | – |
| Cash and cash equivalents | 15 | 2,129 | 2,129 | 2,129 | – | – |
| | | 87,844 | 87,844 | 87,844 | – | – |
| **Non-derivative financial liabilities** | | | | | | |
| Unsecured bank loans | | | | | | |
| - Short-term | 18 | 160,071 | 162,357 | 162,357 | – | – |
| - Long-term | 18 | 233,290 | 256,304 | 8,377 | 247,927 | – |
| Secured bank loans | | | | | | |
| - Short-term | 18 | 10,500 | 9,960 | 9,960 | – | – |
| - Long-term | 18 | 201,297 | 216,224 | 7,254 | 208,970 | – |
| Trade payables and other current liabilities* | 22 | 39,992 | 39,992 | 39,992 | – | – |
| | | 645,150 | 684,837 | 227,940 | 456,897 | – |
| Net financial liabilities (assets) | | 557,306 | 596,993 | 140,096 | 456,897 | – |

*excludes withheld from employees (taxes and social security cost) and VAT payables*

| Company | Note | Carrying amount US$'000 | Contractual cash flows US$'000 | Less than 1 year US$'000 | 1-5 years US$'000 | More than 5 years US$'000 |
|---|---|---|---|---|---|---|
| **30 April 2021** | | | | | | |
| **Non-derivative financial assets** | | | | | | |
| Trade and other receivables | 13 | 82,282 | 82,282 | 82,282 | – | – |
| Short-term placements | 14 | 889 | 889 | 889 | – | – |
| Cash and cash equivalents | 15 | 2,104 | 2,104 | 2,104 | – | – |
| | | 85,275 | 85,275 | 85,275 | – | – |
| **Non-derivative financial liabilities** | | | | | | |
| Unsecured bank loans | | | | | | |
| - Short-term | 18 | 62,310 | 62,487 | 62,487 | – | – |
| - Long-term | 18 | 127,390 | 139,874 | 4,118 | 135,756 | – |
| Secured bank loans | | | | | | |
| - Short-term | | 7,500 | 7,615 | 7,615 | – | – |
| - Long-term | 18 | 166,171 | 181,440 | 5,679 | 175,761 | – |
| Trade payables and other current liabilities* | 22 | 44,201 | 44,201 | 44,201 | – | – |
| | | 407,572 | 435,617 | 124,100 | 311,517 | – |
| Net financial liabilities (assets) | | 322,297 | 350,342 | 38,825 | 311,517 | – |

** excludes withheld from employees (taxes and social security cost) and VAT payables*

## 32. Financial risk management (cont'd)

***Financial risk management objectives and policies (cont'd)***

***Liquidity risk (cont'd)***

The Group's bank loans contain loan covenants, a default of which would require the Group to repay the loans earlier than indicated in the above table. The covenants are constantly monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance.

For derivative financial liabilities, the disclosure shows net cash from amounts for derivatives that are net cash settled.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

***Foreign exchange risk***

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The currency giving rise to this risk is primarily the Philippine Peso and Mexican Peso.

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 foreign currency. The Group accounts for these contracts as cash flow hedges.

At the reporting date, the Group's exposure to foreign currencies is as follows:

| | Philippine Peso US$'000 | Mexican Peso US$'000 |
|---|---|---|
| **30 April 2022** | | |
| Trade and other receivables | 68,940 | 2,904 |
| Cash and cash equivalents | 12,979 | 797 |
| Other noncurrent assets | 28,599 | 2,366 |
| Loans and borrowings | (223,093) | – |
| Trade and other payables | (90,901) | (12,450) |
| | (203,476) | (6,383) |
| **30 April 2021** | | |
| Trade and other receivables | 56,718 | 3,700 |
| Cash and cash equivalents | 9,433 | 783 |
| Other noncurrent assets | 13,055 | 1,052 |
| Loans and borrowings | (98,015) | – |
| Trade and other payables | (100,854) | (10,020) |
| | (119,663) | (4,485) |

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## 32. Financial risk management (cont'd)

***Financial risk management objectives and policies (cont'd)***

***Foreign exchange risk (cont'd)***

The Company has no significant exposure to foreign currencies as at 30 April 2022 and 2021.

*Sensitivity analysis*

A 10% strengthening of the group entities' foreign currencies against their respective functional currency at the reporting date would have increased (decreased) loss/profit before taxation and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% weakening of the group entities' foreign currencies against their respective functional currency would have the equal but opposite effect on the amounts shown below, on the basis that all other variables remain constant.

| | **US Dollar** | | **Mexican Peso** | |
|---|---|---|---|---|
| | **Increase (decrease) Profit Before Taxation US$'000** | **Equity US$'000** | **Increase (decrease) Profit before taxation US$'000** | **Equity US$'000** |
| **30 April 2022** | | | | |
| 10% strengthening | 20,348 | – | (638) | – |
| 10% weakening | (20,348) | – | 638 | – |
| **30 April 2021** | | | | |
| 10% strengthening | 11,966 | – | 449 | – |
| 10% weakening | (11,966) | – | (449) | – |

***Commodity price risk***

Certain commodities such as diesel fuel and natural gas (collectively, "commodity contracts") are used in the production and transportation of the Group's products. Generally, these commodities are purchased based upon market prices that are established with the vendors as part of the procurement process. The Group uses futures, swaps, and swaption or option contracts, as deemed appropriate, to reduce the effect of price fluctuations on anticipated purchases. These contracts may have a term of up to 24 months. The Group accounts for these commodity derivatives as cash flow hedges. The effective portion of derivative gains and losses is deferred in equity and recognized as part of cost of products sold in the appropriate period and the ineffective portion is recognized as cost of products sold.

## 32. Financial risk management (cont'd)

***Financial risk management objectives and policies (cont'd)***

***Commodity price risk (cont'd)***

In these hedge relationships, the main sources of ineffectiveness are the effect of the differences in timing of cash flows of the hedged item and the hedging instrument, difference in indexes linked to the hedged risk of the hedged item and the hedging instrument, the counterparties' credit risk differently impacting the fair value movements of the hedging instruments and changes to the forecasted amount of cash flows of hedged item and hedging instrument.

*Sensitivity analysis*

A 10% change in commodity prices at the reporting date would have decreased/(increased) profit/loss before tax and increased (decreased) equity by the amounts shown below.

| | 30 April 2022 | | 30 April 2021 | |
|---|---|---|---|---|
| | Profit before taxation US$'000 | Equity US$'000 | Profit before taxation US$'000 | Equity US$'000 |
| 10% increase in commodity price | – | 538 | – | 18 |
| 10% decrease in commodity price | – | (538) | – | (18) |

## 33. 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:

| Group | Note | Financial assets at amortized cost US$'000 | Derivatives US$'000 | Other financial liabilities US$'000 | Total carrying amount US$'000 | Fair value US$'000 |
|---|---|---|---|---|---|---|
| **30 April 2022** | | | | | | |
| Cash and cash equivalents | 15 | 21,853 | – | – | 21,853 | 21,853 |
| Trade and other receivables* | 10,13 | 217,565 | – | – | 217,565 | 217,565 |
| Short-term placements | 14 | 1,288 | | | 1,288 | 1,288 |
| Note receivables | 10 | 1,000 | – | – | 1,000 | 1,000 |
| Refundable deposits** | 10 | 2,136 | – | – | 2,136 | 2,136 |
| Derivative assets | 14 | – | 1,486 | – | 1,486 | 1,486 |
| | | 243,842 | 1,486 | – | 245,328 | 245,328 |

## 33. Accounting classification and fair values (cont'd)

### *Fair values versus carrying amounts (cont'd)*

| | 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 |
|---|---|---|---|---|---|---|
| Loans and borrowings | 18 | – | – | 1,567,366 | 1,567,366 | 1,642,995 |
| Trade and other payables*** | 22, 32 | – | – | 298,906 | 298,906 | 298,906 |
| Derivative liabilities | 19 | – | 7,896 | – | 7,896 | 7,896 |
| | | – | 7,896 | 1,866,272 | 1,874,168 | 1,949,797 |

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

**included under advance rentals and deposits

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

| | Note | Financial assets at amortized cost US$'000 | Derivatives US$'000 | Other financial liabilities US$'000 | Total carrying amount US$'000 | Fair value US$'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **30 April 2021** | | | | | | |
| Cash and cash equivalents | 15 | 29,435 | – | – | 29,435 | 29,435 |
| Trade and other receivables* | 10, 13 | 188,955 | – | – | 188,955 | 188,955 |
| Short-term placements | | 1,327 | | | 1,327 | 1,327 |
| Note receivables | 10 | 1,000 | – | – | 1,000 | 1,000 |
| Refundable deposits** | 10 | 2,066 | – | – | 2,066 | 2,066 |
| Derivative assets | 14 | – | 1,694 | – | 1,694 | 1,694 |
| | | 222,783 | 1,694 | – | 224,477 | 224,477 |
| | | | | | | |
| Loans and borrowings | 18 | – | – | 1,285,743 | 1,285,743 | 1,473,367 |
| Trade and other payables*** | 22, 32 | – | – | 252,085 | 252,085 | 252,085 |
| Derivative liabilities | 19, 22 | – | 80 | – | 80 | 80 |
| | | – | 80 | 1,537,828 | 1,537,908 | 1,725,532 |

* 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

## 33. Accounting classification and fair values (cont'd)

### *Fair values versus carrying amounts (cont'd)*

| | Note | Financial assets at amortized cost US$'000 | Other financial liabilities US$'000 | Total carrying amount US$'000 | Fair value US$'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **30 April 2022** | | | | | |
| Trade and other receivables | 13 | 84,832 | – | 84,832 | 84,832 |
| Short-term placements | 14 | 1,288 | – | 1,288 | 1,288 |
| Cash and cash equivalents | 15 | 2,129 | – | 2,129 | 2,129 |
| | | 88,249 | – | 88,249 | 88,249 |
| | | | | | |
| Loans and borrowings | 18 | – | 594,658 | 594,658 | 594,658 |
| Trade and other payables* | 22, 32 | – | 39,992 | 39,992 | 39,992 |
| | | – | 634,650 | 634,650 | 634,650 |

**excludes withheld from employees (taxes and social security cost) and VAT payables*

| | Note | Financial assets at amortized cost US$'000 | Other financial liabilities US$'000 | Total carrying amount US$'000 | Fair value US$'000 |
|---|---|---|---|---|---|
| **30 April 2021** | | | | | |
| Trade and other receivables | 13 | 82,282 | – | 82,282 | 82,282 |
| Short-term placements | 14 | 1,327 | – | 1,327 | 1,327 |
| Cash and cash equivalents | 15 | 2,104 | – | 2,104 | 2,104 |
| | | 85,713 | – | 85,713 | 85,713 |
| | | | | | |
| Loans and borrowings | 18 | – | 355,871 | 355,871 | 355,871 |
| Trade and other payables* | 22, 32 | – | 44,201 | 44,201 | 44,201 |
| | | – | 400,072 | 400,072 | 400,072 |

**excludes withheld from employees (taxes and social security cost) and VAT payables*

## 34. Determination of fair values

### *Fair value hierarchy*

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

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.

## 34. Determination of fair values (cont'd)

***Fair value hierarchy*** **(cont'd)**

Level 3: unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing the categorisation 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.

| **Group** | | | **30 April 2022** | | |
|---|---|---|---|---|---|
| | **Note** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets** | | | | | |
| Derivative assets | 14, 19 | – | 1,486 | – | 1,486 |
| Note receivables | 10 | – | – | 1,000 | 1,000 |
| **Non-financial assets** | | | | | |
| Fair value of agricultural produce harvested under inventories | 11 | – | – | 3,375 | 3,375 |
| Fair value of growing produce | 11 | – | – | 47,346 | 47,346 |
| Freehold land | 5 | – | – | 53,342 | 53,342 |
| **Financial liabilities** | | | | | |
| Derivative liabilities | 19 | – | 7,896 | – | 7,896 |
| Lease liabilities | 23 | – | – | 131,723 | 131,723 |
| Loans and borrowings | | – | 858,253 | 784,742 | 1,642,995 |

| | | | **30 April 2021** | | |
|---|---|---|---|---|---|
| | **Note** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets** | | | | | |
| Derivative assets | 14, 19 | – | 1,694 | – | 1,694 |
| Note receivables | 10 | – | – | 1,000 | 1,000 |
| **Non-financial assets** | | | | | |
| Fair value of agricultural produce harvested under inventories | 11 | – | – | 5,389 | 5,389 |
| Fair value of growing produce | 11 | – | – | 44,913 | 44,913 |
| Freehold land | 5 | – | – | 54,609 | 54,609 |
| **Financial liabilities** | | | | | |
| Derivative liabilities | 19, 22 | – | 80 | – | 80 |
| Lease liabilities | 23 | – | – | 144,092 | 144,092 |
| Loans and borrowings | | – | 880,845 | 592,522 | 1,473,367 |

## 34. Determination of fair values (cont'd)

***Fair value hierarchy*** **(cont'd)**

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.

The Company has no assets and liabilities measured at fair value as of 30 April 2022 and 2021.

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 30 April 2022 is based on the CRR binomial tree model. The value of these derivative liabilities is driven primarily by DMPI's forecasted net income which is not based on observable market data. |

## 34. Determination of fair values (cont'd)

### Financial instruments not measured at fair value

| Type | Valuation technique |
|---|---|
| Financial assets and liabilities | The fair value of the secured first lien term loans, second lien term loans, note receivable and refundable deposits are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2). |
| Other financial assets and liabilities | The notional amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are, because of the short period to maturity, assumed to approximate their fair values.<br><br>All financial assets and liabilities with maturity of more than one year are discounted using risk-free rates, LIBOR and credit spreads to determine their fair values ranging from 3.0% to 6.5% (2021: 3.5% to 7%) (Level 3). |

### Other non-financial assets

| Assets | Valuation technique | Significant unobservable inputs |
|---|---|---|
| Freehold land | 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.<br><br>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). | 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.<br><br>The market value per square meter ranges from US$75.4 to US$79.3. The market value per acre ranges from US$4,252 to US$94,556. |
| 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. |

## 34. Determination of fair values (cont'd)

### Other non-financial assets (cont'd)

| Assets | Valuation technique | Significant unobservable inputs |
|---|---|---|
| Harvested crops – sold as fresh fruit | The fair values of harvested crops are based on the most reliable estimate of 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. |

## 34. Determination of fair values (cont'd)

### Other non-financial assets (cont'd)

| Assets | Valuation technique | Significant unobservable inputs |
|---|---|---|
| Unharvested crops – fruits growing on the bearer plants | The growing produce are measured at fair value from the time of maturity of the bearer plant until harvest. Management used future selling prices and gross margin of finished goods, adjusted to remove the margin associated to further processing, less future growing costs applied to the estimated volume of harvest as the basis of fair value. | The unobservable inputs are 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.<br><br>The unobservable inputs are estimated pineapple selling price and gross margin per ton for fresh and processed products, estimated volume of harvest and future growing costs. |
| Noncurrent assets held for sale | Market comparison technique and cost technique: The valuation model considered quoted market prices for similar items when available, and depreciated replacement cost as appropriate. | The unobservable inputs used to determine the market value are net selling prices, sizes, and property location. The unobservable inputs used to determine replacement costs are purchase price of building, land, and furniture and fixtures reduced by related selling costs. |

Significant increase (decrease) in the significant unobservable inputs of freehold land, livestock, harvested crops sold as fresh fruit and harvested crop sold used in processed products would result in higher (lower) fair values. Significant increase (decrease) in the estimated future pineapple selling price, gross margin per ton and estimated volume of harvest would result in higher (lower) fair value of growing produce, while significant increase (decrease) in the future growing costs would result in lower (higher) fair value.

## 35. Commitments

***Purchase commitments***

The Group has 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, packaging services and ingredients.

At the reporting date, the Group have commitments for future minimum payments under non-cancellable agreements as follows:

| | Group | |
|---|---|---|
| | **30 April 2022 US$'000** | **30 April 2021 US$'000** |
| Within one year | 512,267 | 445,390 |
| After one year but within five years | 307,077 | 253,819 |
| After five years | 308,712 | 297,277 |
| | 1,128,056 | 996,486 |

***Future capital expenditure***

| | Group | |
|---|---|---|
| | **30 April 2022 US$'000** | **30 April 2021 US$'000** |
| **Capital expenditure not provided for in the financial statements** | | |
| - approved by Directors and contracted for | 20,356 | 6,384 |
| - approved by Directors but not contracted for | 23,523 | 50,459 |
| | 43,879 | 56,843 |

## 36. Contingencies

Legal cases

The Group is the subject of, or a party to, various suits and pending or threatened litigation. While it is not feasible to predict or determine the ultimate outcome of these matters, the Group believes that none of these legal proceedings will have a material adverse effect on its financial position.

**Source of estimation uncertainty**

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

## 36. Contingencies (cont'd)

### Source of estimation uncertainty (cont'd)

As at 30 April 2022, the Group is involved in various legal proceedings and regulatory assessments, and management believes that these proceedings will not have a material effect on the consolidated financial statements.

The Group, in consultation with its external and internal legal and tax counsels, believe that its position on these assessments are consistent with relevant laws and believe that these proceedings will not have a material adverse effect on the consolidated financial statements. However, it is possible that future results of operations could be materially affected by changes in the estimates or the effectiveness of management's strategies relating to these proceedings. As at 30 April 2022, management has assessed that the probable cash outflow to settle these assessments is not material.

As of 30 April 2022, provision for probable losses arising from environmental remediation amounted to US$0.3 million, US$0.2 million of which is noncurrent (2021: US$7.7 million, US$7.4 million of which is noncurrent) (see Note 21).

As of 30 April 2022, provision for retained liabilities arising from workers' compensation claims amounted to US$17.8 million, US$14.6 million of which is noncurrent (2021: US$20.1 million, US$17.2 million of which is noncurrent) (see Note 19).

## 37. Related parties

### *Related party transactions*

For the purposes of these 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.

All publicly-listed entities, including the Company, have Material Related Party Transaction Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

Other than those disclosed elsewhere in the financial statements, there are no other significant transactions with related parties.

## 37. Related parties (cont'd)

### *Related party transactions (cont'd)*

| Group<br>Category/<br>Transaction | Year | Amount of the transaction US$'000 | Outstanding Balance Due from Related Parties* US$'000 | Due to Related Parties** US$'000 | Terms | Conditions |
|---|---|---|---|---|---|---|
| **Under Common Control** | | | | | | |
| ■ Shared IT services | **2022** | **112** | **41** | **–** | Due and demandable; non-interest bearing | Unsecured; no impairment |
| | 2021 | 185 | 308 | – | | |
| | 2020 | 177 | 130 | – | | |
| ■ Sale of raw materials | **2022** | **48** | **–** | **(68)** | Due and demandable; non-interest bearing | Unsecured; no impairment |
| | 2021 | – | – | – | | |
| | 2020 | – | – | – | | |
| ■ Sale of apple juice concentrate /materials | **2022** | **12** | **–** | **–** | Due and demandable; non-interest bearing | Unsecured; no impairment |
| | 2021 | 28 | 5 | – | | |
| | 2020 | 5 | – | – | | |
| ■ Purchases | **2022** | **122** | **5** | **(11)** | Due and demandable; non-interest bearing | Unsecured |
| | 2021 | 64 | 12 | (3) | | |
| | 2020 | 83 | 5 | (9) | | |
| ■ Tollpack fees | **2022** | **12** | **58** | **–** | Due and demandable; non-interest bearing | Unsecured |
| | 2021 | – | 21 | – | | |
| | 2020 | 128 | 55 | – | | |

## 37. Related parties (cont'd)

### *Related party transactions (cont'd)*

| **Group**<br>**Category/ Transaction** | **Year** | **Amount of the transaction US$'000** | **Outstanding balance**<br>**Due from Related Parties* US$'000** | **Due to Related Parties** US$'000** | **Terms** | **Conditions** |
|---|---|---|---|---|---|---|
| **Under Common Control** | | | | | | |
| - Security deposit | **2022** | **7** | **–** | **–** | Due and demandable; non-interest bearing | Unsecured |
| | 2021 | 9 | – | – | | |
| | 2020 | 27 | – | – | | |
| **Other Related Party** | | | | | | |
| - Management fees from DMPI retirement fund | **2022** | **53** | **7** | **2** | Due and demandable; non-interest bearing | Unsecured; no impairment |
| | 2021 | 69 | 5 | (3) | | |
| | 2020 | 4 | 2 | – | | |
| - Rental to DMPI Retirement | **2022** | **1,837** | **–** | **(362)** | Due and demandable; non-interest bearing | Unsecured |
| | 2021 | 1,747 | – | (7) | | |
| | 2020 | 1,662 | – | (478) | | |
| - Rental to NAI Retirement | **2022** | **652** | **–** | **(121)** | Due and demandable; non-interest bearing | Unsecured |
| | 2021 | 602 | – | – | | |
| | 2020 | 586 | – | (160) | | |
| - Rental to DMPI Provident Fund | **2022** | **7** | **–** | **–** | Due and demandable; non-interest bearing | Unsecured |
| | 2021 | – | – | – | | |
| | 2020 | – | – | – | | |
| - Cash advances NAI | **2022** | **1,261** | **1,261** | **–** | Short-term; Non interest bearing | Unsecured; no impairment |
| | 2021 | 703 | – | – | | |
| | 2020 | 8,731 | 14,732 | – | | |
| | **2022** | **4,123** | **1,372** | **(560)** | | |
| | 2021 | 3,407 | 351 | (13) | | |
| | 2020 | 11,403 | 14,924 | (647) | | |

**included as part of trade and other receivables excluding long-term loans receivable*
***included as part of trade and other payables*

## 37. Related parties (cont'd)

### *Related party transactions (cont'd)*

**Company**

| Category/ Transaction | Year | Amount of the transaction US$'000 | Outstanding balance Due from Related Parties* US$'000 | Outstanding balance Due to Related Parties** US$'000 | Terms | Conditions |
|---|---|---|---|---|---|---|
| **Subsidiaries** | | | | | | |
| - Dividend income | **2022** | **33,519** | **–** | **–** | Due and | Unsecured; |
| | 2021 | 242,721 | – | – | demandable; | no |
| | 2020 | 230,473 | – | – | non-interest bearing | impairment |
| - Long-term loans | **2022** | **–** | **–** | **–** | Due on 2021; | Unsecured; |
| receivable | 2021 | – | – | – | Interest- | no |
| | 2020 | 4,107 | 228,683 | – | bearing | impairment |
| - Reimbursement | **2022** | **7,317** | **84,229** | **–** | Due and | Unsecured; |
| of expenses | 2021 | 15,512 | 82,274 | – | demandable; | no |
| | 2020 | 236,676 | 92,607 | – | non-interest bearing | impairment |
| - Cash advance | **2022** | **5,277** | **–** | **30,278** | Due and | Unsecured |
| | 2021 | 24,090 | – | 35,555 | demandable; | |
| | 2020 | 37,380 | – | 59,645 | non-interest bearing | |
| - Management | **2022** | **577** | **–** | **528** | Due and | Unsecured |
| fees payable to | 2021 | 463 | – | 29 | demandable; | |
| subsidiaries | 2020 | 445 | – | 445 | non-interest bearing | |
| **Joint Venture** | | | | | | |
| - Cash advance | **2022** | **595** | **2,835** | **–** | Due and | Unsecured; |
| | 2021 | 840 | 2,788 | – | demandable; | no |
| | 2020 | 140 | 2,462 | – | non-interest bearing | impairment |
| | **2022** | **47,285** | **87,064** | **30,806** | | |
| | 2021 | 283,626 | 85,062 | 35,584 | | |
| | 2020 | 509,221 | 323,752 | 60,090 | | |

**included as part of trade and other receivables excluding long-term loans receivable and advances to joint venture*
***included as part of trade and other payables*

## 37. Related parties (cont'd)

### *Related party transactions (cont'd)*

The transactions with related parties are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies and are carried out based on terms agreed between the parties. Pricing for the sales of products are market driven, less certain allowances. For purchases, the Group's policy is to solicit competitive quotations. Purchases are normally awarded based on the best products and/or services on the best terms. In determining whether the price and terms offered by vendors, including related parties, are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account.

Except for transactions identified in the previous section as interest-bearing, outstanding balances at financial reporting date are unsecured, interest-free and settlement occurs in cash and are collectible or payable on demand. For the years ended 30 April 2022 and 2021, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties.

As discussed in Note 18, the Company extended a loan to DMFHII that was used to finance DMFHII's purchase of DMFI's Second Lien term loans. The loan was converted into ordinary shares in DMPLFL in May 2020.

### *Key management personnel compensation*

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Directors of the Company and key executive officers (excluding executive directors) are considered as key management personnel of the Group.

The key management personnel compensation is as follows:

| | <---------------- Group ----------------> | | | <------------- Company -------------> | | |
|---|---|---|---|---|---|---|
| | **Year ended 30 April 2022 US$'000** | **Year ended 30 April 2021 US$'000** | **Year ended 30 April 2020 US$'000** | **Year ended 30 April 2022 US$'000** | **Year ended 30 April 2021 US$'000** | **Year ended 30 April 2020 US$'000** |
| **Directors:** | | | | | | |
| Fees and remuneration | 5,930 | 5,416 | 4,548 | 5,007 | 4,546 | 3,808 |
| **Key executive officers (excluding Directors):** | | | | | | |
| Short-term employee benefits | 4,625 | 3,616 | 1,892 | 3,525 | 2,604 | 1,013 |
| Post-employment benefits | 27 | 22 | 14 | – | – | – |

## 38. Non-controlling interest in subsidiaries

The following table summarizes the information relating to the Group's subsidiaries with shareholder/s with material non-controlling interests, based on their respective financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in Group's accounting policies.

| | 30 April 2022 US$'000 | 30 April 2021 US$'000 | 30 April 2020 US$'000 |
|---|---|---|---|
| **DMPLFL** | | | |
| Ownership interests held by non-controlling interests | 6.43% | 6.43% | 10.57% |
| Revenue | 1,654,913 | 1,483,057 | 1,529,840 |
| Profit (loss) | 45,818 | 16,117 | (116,671) |
| Other comprehensive income (loss) | 5,031 | 41,578 | (21,595) |
| **Total comprehensive income (loss)** | | | |
| Attributable to non-controlling interests: | | | |
| - Profit (loss) | 2,946 | 1,036 | (12,329) |
| - Other comprehensive income (loss) | 323 | 2,673 | (2,282) |
| **Total comprehensive income (loss)** | 3,269 | 3,709 | (14,611) |
| Noncurrent assets | 1,119,963 | 1,144,894 | 1,208,461 |
| Current assets | 727,810 | 574,108 | 577,653 |
| Noncurrent liabilities | (678,406) | (701,766) | (567,731) |
| Current liabilities | (356,362) | (258,576) | (896,652) |
| **Net assets** | 813,005 | 758,660 | 321,731 |
| **Net assets attributable to non-controlling interests** | 52,271 | 48,777 | 33,823 |
| Cash flows provided by operating activities | 54,848 | 112,817 | 212,019 |
| Cash flows provided by (used in) provided by investing activities | (31,998) | (24,101) | 9,511 |
| Cash flows used in financing activities, before dividends to non-controlling interests | (24,471) | (91,939) | (217,072) |
| Currency realignment | (149) | (15) | 32 |
| **Net increase (decrease) increase in cash and cash equivalents** | (1,770) | (3,238) | 4,490 |

On 15 May 2020, the Company increased its effective stake in DMPLFL after converting its long-term receivable from DMFHL into equity investment (see Note 6).

## 38. Non-controlling interest in subsidiaries (cont'd)

| | 30 April 2022 US$'000 | 30 April 2021 US$'000 |
|---|---|---|
| **DMPI** | | |
| Ownership interests held by non-controlling interests | 13% | 13% |
| Revenue | 728,435 | 706,032 |
| Profit | 97,482 | 94,616 |
| Other comprehensive income | 1,833 | 3,031 |
| **Total comprehensive income** | | |
| Attributable to non-controlling interests: | | |
| - Profit | 12,673 | 12,300 |
| - Other comprehensive income | 238 | 394 |
| **Total comprehensive income** | 12,911 | 12,694 |
| Noncurrent assets | 462,811 | 437,026 |
| Current assets | 330,667 | 310,816 |
| Noncurrent liabilities | (230,099) | (241,279) |
| Current liabilities | (308,345) | (284,228) |
| **Net assets** | 255,034 | 222,335 |
| **Net assets attributable to non-controlling interests** | 33,154 | 28,904 |
| Cash flows provided by operating activities | 181,701 | 105,765 |
| Cash flows used in investing activities | (175,855) | (137,429) |
| Cash flows provided by used in financing activities, before dividends to non-controlling interests | (7,090) | 28,303 |
| Currency realignment | 131 | (88) |
| **Net decrease in cash and cash equivalents** | (1,113) | (3,449) |

In the relation to the sale of 12% stake in DMPI, the Group recognized non-controlling interest amounting to US$26.4 million, representing 12% of the net asset value of DMPI as at 30 April 2021 (see Note 6).

On 16 December 2020, additional 1% stake was sold to SEA Diner. The increase in ownership interest of SEA Diner in DMPI resulted to an increase in equity reserve amounting to US$9.3 million (see Note 6).

## 39. Supplemental Disclosure of Cash Flow Information

The changes in liabilities arising from financing activities of the Group for the year ended 30 April 2022, 2021 and 2020 are as follows:

| | Note | 1 May 2021 US$'000 | Cash inflows US$'000 | Cash outflows US$'000 | Accrued interest but not yet paid US$'000 | Foreign exchange movement US$'000 | Reclassifi-cation and Others US$'000 | 30 April 2022 US$'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Fiscal Year 2022** | | | | | | | | |
| Current interest-bearing loans and borrowings | 18 | 332,453 | 2,683,113 | (2,547,034) | – | (13,081) | 23,903 | 479,354 |
| Noncurrent interest-bearing loans and borrowings | 18 | 953,290 | 165,000 | – | – | (15,717) | (14,561) | 1,088,012 |
| Lease liabilities | 23 | 128,803 | – | (38,870) | 7,534 | (4,061) | 27,914 | 121,320 |
| Accrued interest payable | 22 | 30,843 | – | (89,359) | 92,690 | (52) | – | 34,122 |
| Derivative liabilities | 19, 22 | – | – | – | – | – | 7,896 | 7,896 |
| Total liabilities from financing activities | | 1,445,389 | 2,848,113 | (2,675,263) | 100,224 | (32,911) | 45,152 | 1,730,704 |

| | Note | 1 May 2020 US$'000 | Cash inflows US$'000 | Cash outflows US$'000 | Accrued interest but not yet paid US$'000 | Foreign exchange movement US$'000 | Reclassifi-cation and others US$'000 | 30 April 2021 US$'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Fiscal Year 2021** | | | | | | | | |
| Current interest-bearing loans and borrowings | 18 | 1,298,292 | 3,447,918 | (4,357,916) | – | 15,857 | (71,698) | 332,453 |
| Noncurrent interest-bearing loans and borrowings | 18 | 97,737 | 851,263 | (22,737) | – | – | 27,027 | 953,290 |
| Lease liabilities | 23 | 158,525 | – | (43,376) | 8,412 | 2,508 | 2,734 | 128,803 |
| Accrued interest payable | 22 | 9,045 | – | (71,195) | 93,056 | 20 | (83) | 30,843 |
| Derivative liabilities | 19, 22 | 5,915 | – | (6,155) | – | – | 240 | – |
| Total liabilities from financing activities | | 1,569,514 | 4,299,181 | (4,501,379) | 101,468 | 18,385 | (41,780) | 1,445,389 |

| | Note | 1 May 2019 US$'000 | Cash inflows US$'000 | Cash outflows US$'000 | Accrued interest but not yet paid US$'000 | Foreign exchange movement US$'000 | Reclassifi-cation and others US$'000 | 30 April 2020 US$'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Fiscal Year 2020** | | | | | | | | |
| Current interest-bearing loans and borrowings | 18 | 492,740 | 713,696 | (832,321) | – | 8,079 | 916,098 | 1,298,292 |
| Noncurrent interest-bearing loans and borrowings | 18 | 985,915 | 75,000 | (59,102) | – | – | (904,076) | 97,737 |
| Lease liabilities | | 192,283 | – | (41,958) | 10,001 | 1,566 | (3,367) | 158,525 |
| Accrued interest payable | 23 | 10,481 | – | (84,250) | 82,259 | 13 | 542 | 9,045 |
| Derivative liabilities | 22 | 3,960 | – | (2,867) | – | – | 4,822 | 5,915 |
| Total liabilities from financing activities | | 1,685,379 | 788,696 | (1,020,498) | 92,260 | 9,658 | 14,019 | 1,569,514 |

## 39. Supplemental Disclosure of Cash Flow Information (cont'd)

| | Note | 1 May 2021 US$'000 | Cash inflows US$'000 | Cash outflows US$'000 | Accrued interest but not yet paid US$'000 | Reclassification and others US$'000 | 30 April 2022 US$'000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **Fiscal Year 2022** | | | | | | | |
| Current interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase Contracts | 18 | 69,810 | 168,000 | (89,810) | – | 22,571 | 170,571 |
| Noncurrent interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts | 18 | 293,561 | 165,000 | – | – | (23,974) | 434,587 |
| Accrued interest payable | 22 | 2,341 | – | (11,004) | 12,097 | – | 3,434 |
| Total liabilities from financing activities | | 365,712 | 333,000 | (100,814) | 12,097 | (1,403) | 608,592 |

| | Note | 1 May 2020 US$'000 | Cash inflows US$'000 | Cash outflows US$'000 | Accrued interest but not yet paid US$'000 | Reclassification and others US$'000 | 30 April 2021 US$'000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **Fiscal Year 2021** | | | | | | | |
| Current interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts | 18 | 291,282 | 2,865 | (158,911) | – | (65,426) | 69,810 |
| Noncurrent interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts | 18 | 75,000 | 154,435 | – | – | 64,126 | 293,561 |
| Accrued interest payable | 22 | 1,568 | – | (11,686) | 12,459 | – | 2,341 |
| Total liabilities from financing activities | | 367,850 | 157,300 | (170,597) | 12,459 | (1,300) | 365,712 |

## 39. Supplemental Disclosure of Cash Flow Information (cont'd)

| Company<br>Fiscal Year 2020 | Note | 1 May 2019 US$'000 | Cash inflows US$'000 | Cash outflows US$'000 | Accrued interest but not yet paid US$'000 | Reclassification and others US$'000 | 30 April 2020 US$'000 |
|---|---|---|---|---|---|---|---|
| Current interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts | 18 | 135,070 | 30,000 | (60,000) | – | 186,212 | 291,282 |
| Noncurrent interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts | 18 | 241,015 | 75,000 | (55,000) | – | (186,015) | 75,000 |
| Accrued interest payable | 22 | 2,159 | – | (15,637) | 15,046 | – | 1,568 |
| Total liabilities from financing activities | | 378,244 | 105,000 | (130,637) | 15,046 | 197 | 367,850 |

Reclassification and others include the effect of reclassification of noncurrent portion of interest-bearing loans and borrowings to current due to the passage of time, deferred financing costs, and fair value adjustments of hedge contracts. This also include additions and terminations of lease liabilities.

## 40. Subsequent events

On 16 May 2022, the DMFHL issued US$600.0 million Term Loan (TLB) with 1-month SOFR of 0.78165%, spread adjustment of 0.10% and margin of 4.25% with a total of 5.13165% all in rate per annum. Interest is initially payable monthly and can be paid quarterly at the Company's option. The Notes will mature on 16 May 2029. Proceeds of US$600.0 million from the issuance were used to pay the existing US$500.0 million Senior Secured Notes and the remainder was used for original issue discount (OID), interest, and fees. As of 26 June 2022, total transaction costs relating to issuance of the loan amounted to US$13.9 million. In fiscal year 2022, US$0.6 million of transaction cost was paid and included in "Prepaid and Other Current Assets" in the consolidated statement of financial position. In fiscal year 2023, US$13.3 million transaction cost was paid. The Notes include restrictive covenants limiting the Group's ability, and the ability of the Group's restricted subsidiaries, to incur additional indebtedness, create liens, engage in mergers or consolidations, sell or transfer assets, pay dividends and distributions or repurchase the Group's capital stock, make investments, loans or advances, prepay certain indebtedness, engage in certain transactions with affiliates, amend agreements governing certain subordinated indebtedness adverse to the lenders, and change the Group's lines of business.

SGV
Building a better working world

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

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

**INDEPENDENT AUDITOR'S REPORT ON**
**ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and Stockholders
Del Monte Pacific Limited
Craigmuir Chambers
PO Box 71 Road Town, Tortola
British Virgin Islands

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Del Monte Pacific Limited and Subsidiaries as at 30 April 31 2022 and 2021 and for each of the three years in the period ended 30 April 2022, included in this Form 17-A and have issued our report thereon dated 15 July 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Johnny F. Ang
Partner
CPA Certificate No. 0108257
Tax Identification No. 221-717-423
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 108257-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-101-2021, October 1, 2021, valid until September 30, 2024
PTR No. 8853464, January 3, 2022, Makati City

15 July 2022

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

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

**INDEPENDENT AUDITOR'S REPORT ON**
**COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Board of Directors and Stockholders
Del Monte Pacific Limited
Craigmuir Chambers
PO Box 71 Road Town, Tortola
British Virgin Islands

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Del Monte Pacific Limited and Subsidiaries (the Group) and the separate financial statements of Del Monte Pacific Limited (the Company), for each of the three years in the period ended 30 April 2022, and have issued our report thereon dated 15 July 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements and separate financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by International Financial Reporting Standards (IFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements and separate financial statements prepared in accordance with IFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements and separate financial statements as at 30 April 2022 and 2021 and for each of the three years in the period ended 30 April 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Johnny F. Ang
Partner
CPA Certificate No. 0108257
Tax Identification No. 221-717-423
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 108257-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-101-2021, October 1, 2021, valid until September 30, 2024
PTR No. 8853464, January 3, 2022, Makati City

15 July 2022

## Del Monte Pacific Limited and Subsidiaries
## Index to the Consolidated Financial Statements and Supplementary Schedules
## 30 April 2022

**Schedule A – Financial assets**

| Description of each issue | Number of shares or principal amount of bonds and notes | Amount shown in the Statements of Financial Position US$'000 | Value based on market quotations at 30 April 2022 US$'000 | Income received and accrued US$'000 |
|---|---|---|---|---|
| Cash and cash equivalents | – | 21,853 | 21,853 | 23 |
| Short-term placements | 1,171 | 1,288 | 1,288 | 12 |
| Trade and other receivables | – | 217,565 | 217,565 | 696 |
| Notes receivable, including current portion | – | 1,000 | 1,000 | 40 |
| Refundable deposits | – | 2,136 | 2,136 | – |
| Derivative assets | – | 1,486 | 1,486 | – |
| , | **1,171** | **245,328** | **245,328** | **771** |

**Schedule B – Amounts receivable from directors, officers, employees and related parties and principal stockholders (other than related parties)**

| Name and designation of debtor | Balance at beginning of period US$'000 | Additions US$'000 | Amounts collected US$'000 | Amounts written off US$'000 | Current US$'000 | Non-current US$'000 | Balance at end of period US$'000 |
|---|---|---|---|---|---|---|---|
| Advances to officers and employees | 594 | 6,246 | (5,978) | – | 862 | – | 862 |
| | 594 | 6,246 | (5,978) | – | 862 | – | 862 |

**Schedule C – Amounts receivable from related parties which are eliminated during the consolidation of the Financial Statements**

| Name and designation of debtor | Balance at beginning of period US$'000 | Additions US$'000 | Amounts collected US$'000 | Amounts assigned US$'000 | Current US$'000 | Non-current US$'000 | Balance at end of period US$'000 |
|---|---|---|---|---|---|---|---|
| Philippines Packing Management Services Corporation | 290 | 2,719 | (2,315) | – | 694 | – | 694 |
| Del Monte Philippines, Inc. | 130,078 | 159,299 | (128,186) | (33,519) | 127,672 | – | 127,672 |
| Central American Resources, Inc. | 14,588 | 33,519 | – | (33,519) | 14,588 | – | 14,588 |
| Dewey Sdn. Bhd. | 12,095 | – | – | – | – | 12,095 | 12,095 |
| Dewey Limited | 10,079 | – | – | – | 10,079 | – | 10,079 |
| Del Monte Pacific Resources Limited | 14,149 | 34,415 | – | (33,519) | 15,045 | – | 15,045 |
| GTL Limited | 105,959 | – | (14,999) | – | 90,960 | – | 90,960 |
| S&W Fine Foods International Limited | 40,576 | 10,972 | – | (8,965) | 42,583 | – | 42,583 |
| S&W Japan Limited | 23 | 93 | (53) | – | 63 | – | 63 |
| DMPL Management Services Pte Ltd. | 3,571 | 12,233 | – | (2,405) | 13,399 | – | 13,399 |
| DM Pacific Limited-ROHQ | 421 | 1,090 | (1,291) | – | 220 | – | 220 |
| Del Monte Pacific Limited | 81,836 | 52,403 | (16,204) | (33,519) | 84,516 | – | 84,516 |
| DMPL India Pte Ltd | – | – | – | – | – | – | – |
| Del Monte Foods Incorporated | – | – | – | – | – | – | – |
| South Bukidnon Fresh Trading, Inc. | 808 | 25 | – | – | 833 | – | 833 |
| Del Monte Foods Holdings II Inc. | – | – | – | – | – | – | – |
| | 414,473 | 306,768 | (163,048) | (145,446) | 400,652 | 12,095 | 412,747 |

**Schedule D – Intangible assets – Other assets**

| Description | Balance at beginning of period US$'000 | Additions through acquisition US$'000 | Additions US$'000 | Charged to cost and expenses Additions / (Deductions) US$'000 | Charged to other accounts Additions / (Deductions) US$'000 | Adjustment / Disposal US$'000 | Currency translation adjustments US$'000 | Balance at end of period US$'000 |
|---|---|---|---|---|---|---|---|---|
| Goodwill | 203,432 | – | – | – | – | – | – | 203,432 |
| Indefinite life trademarks | 408,043 | – | – | – | – | – | – | 408,043 |
| Amortizable trademarks | 14,661 | – | – | (1,300) | – | – | – | 13,361 |
| Customer relationships | 68,561 | – | – | (5,350) | – | – | – | 63,211 |
| **Total** | **694,697** | – | – | **(6,650)** | – | – | – | **688,047** |

**Schedule E – Long-term debt**

| Title of issue and type of obligation | Amount authorised by indenture US$'000 | Outstanding balance US$'000 | Current portion of long-term debt US$'000 | Non-current portion of long-term debt US$'000 | Interest rates | Final maturity |
|---|---|---|---|---|---|---|
| Unsecured bank loans | | | | | | |
| DBP Long-term loan | 57,300 | 54,435 | 5,730 | 48,705 | 2.75% | 2024 |
| Bonds Payable | 129,285 | 123,788 | – | 123,788 | 3.48% - 3.76% | 2023 - 2025 |
| DBP Long-term loan | 75,000 | 72,955 | 4,091 | 68,864 | 2.5627% | 2024 |
| Bonds Payable | 90,000 | 90,000 | – | 90,000 | 3.75% | 2024 |
| BOC Long-term loan | 30,000 | 30,000 | 3,000 | 27,000 | 4.20% | 2025 |
| DBP Php Long-term loan | 28,662 | 28,662 | – | 28,662 | 3.00% | 2025 |
| Secured bank loans | | | | | | |
| BPI long-term loan | 100,000 | 100,000 | – | 100,000 | 3.52% | 2023 |
| BDO long-term loan | 28,662 | 28,662 | – | 28,662 | 4.125% | 2025 |
| BDO long-term loan | 75,000 | 67,500 | 7,500 | 60,000 | 3.06% | 2025 |
| Senior secured notes | 500,000 | 500,000 | – | 500,000 | 11.88% | 2025 |
| BDO long-term loan | 45,000 | 45,000 | 2,250 | 42,750 | 4.17% | 2025 |
| Long-term Debt | 1,158,909 | 1,141,002 | 22,571 | 1,118,431 | | |
| Less: Unamortized debt issue cost | – | 30,419 | – | 30,419 | | |
| | 1,158,909 | 1,110,583 | 22,571 | 1,088,012 | | |

**Schedule F – Indebtedness to related parties**

| Description | Name of related party | Balance at beginning of period | Balance at end of period |
|---|---|---|---|

## Not Applicable

**Schedule G – Guarantees of securities of other issuers**

| Name of issuing entity of securities guaranteed by the company for which this statement is filed | Title of issue of each class of securities guaranteed | Total amount guaranteed and outstanding | Amount owned by person for which statement is filed | Nature of guarantee |
| --- | --- | --- | --- | --- |

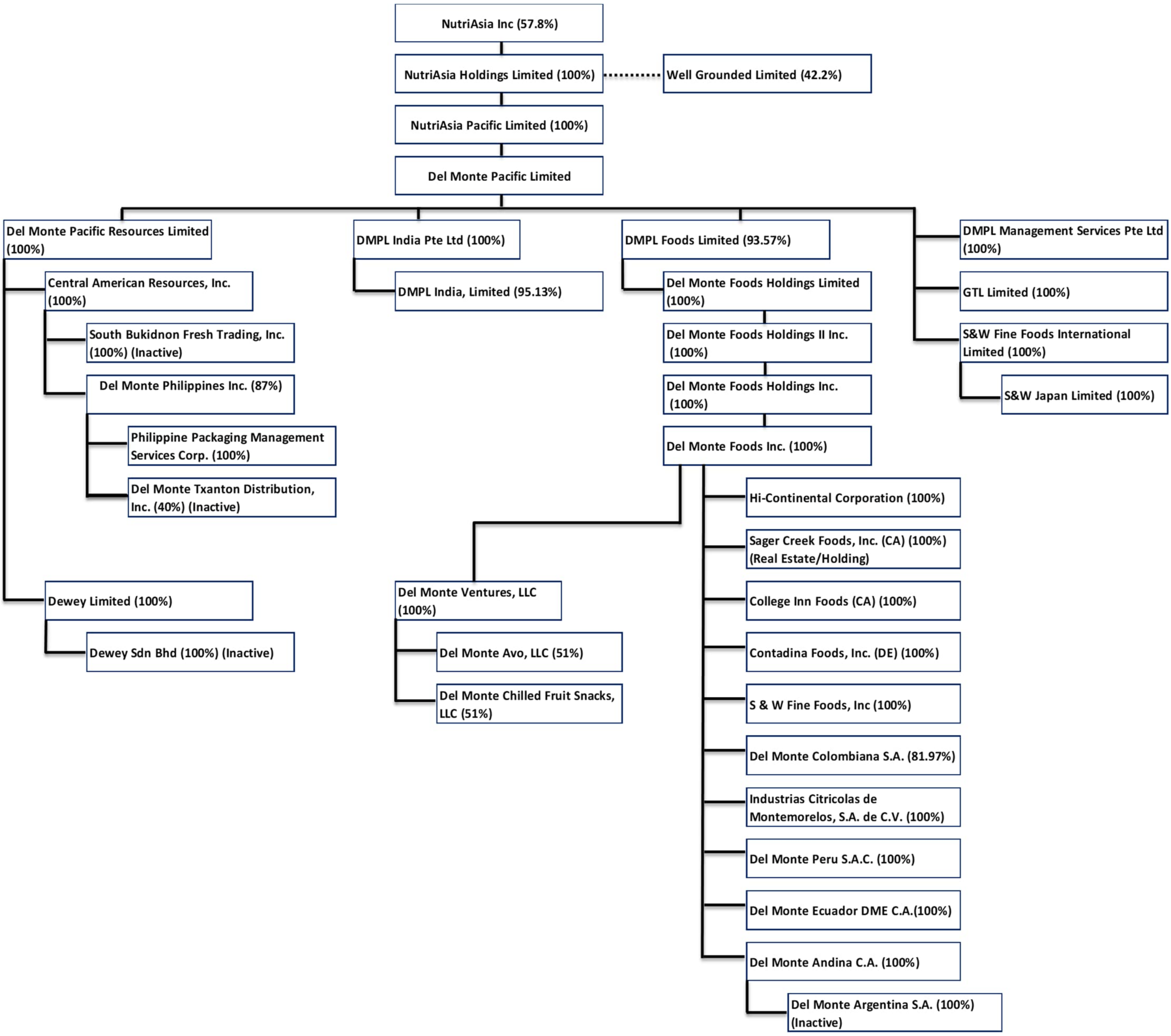
**Not Applicable**

**Schedule H – Capital stock**

| | | | | | | Number of shares held | | |
|---|---|---|---|---|---|---|---|---|
| **Description** | **Number of shares authorised ’000** | **Number of shares issued ’000** | **Treasury shares ’000** | **Number of shares issued and outstanding ’000** | **Number of shares reserved for options ’000** | **Related party ’000** | **Directors and officers ’000** | **Others ’000** |
| Ordinary shares | 3,000,000 | 1,944,936 | 976 | 1,943,960 | – | 1,386,276 | 19,854 | 537,830 |
| Preference shares | 600,000 | 10,000 | – | 10,000 | – | – | – | 10,000 |
| | **3,600,000** | **1,954,936** | **976** | **1,953,960** | – | **1,386,276** | **19,854** | **547,830** |

- - On 7 April 2022, the Company redeemed all of the outstanding 20,000,000 Series A-1 Preference Shares.

## II. Map of Relationships of the Companies within the Group



## III. Financial Ratios

| Ratio | Formula | 30 April 2022 | 30 April 2021 |
|---|---|---|---|
| **Current Ratio or Working Capital Ratio** | Current Assets / Current Liabilities | 1.2 | 1.3 |
| **Quick Ratio** | Current Assets less Inventories less Prepaid expenses and other current assets, Biological Assets and Noncurrent assets held for sale / Current Liabilities | 0.3 | 0.3 |
| **Solvency Ratio** | Total Assets / Total Liabilities | 1.2 | 1.4 |
| **Debt Ratio** | Total Liabilities / Total Assets | 0.8 | 0.7 |
| **Debt-to-Equity Ratio** | Total Liabilities / Total Stockholders' Equity | 4.2 | 2.8 |
| **Asset to Equity Ratio** | Total Assets / Total Stockholders' Equity | 5.2 | 3.8 |
| **Interest Coverage** | Earnings Before Interest and Taxes / Interest Charges | 3.0 | 1.9 |
| **Debt/EBITDA Ratios** | Total Debt / Earnings Before Interest, Taxes, Depreciation and Amortization[1] | 5.9 | 5.7 |
| **Gross Profit Margin** | Revenue - Cost of Sales / Revenue | 26.59% | 25.71% |
| **Net Profit Margin attributable to owners of the company** | Net Profit/(Loss) attributable to owners / Revenue | 4.27% | 2.92% |
| **Net Profit Margin** | Net Profit/(Loss) / Revenue | 4.93% | 3.54% |
| **Return on Assets** | Net Profit/(Loss) / Total Assets | 4.47% | 3.16% |
| **Return on Equity** | Net Profit/(Loss) / Total Stockholders' Equity | 23.35% | 11.90% |

[1] EBITDA is exclusive of foreign exchange differences, capitalizable depreciation and depreciation expense attributable to bearer plants

## IV. Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration *

| | *Amount (In US$'000)* |
|---|---|
| Unappropriated retained earnings, beginning | **83,349** |
| Adjustments: | |
| Non-actual/unrealized income net of tax | |
| Equity in net loss income of joint ventures | **3,803** |
| Treasury shares | **(286)** |
| Gain from an equity transaction booked as retained earnings – net of dividends declared and paid | **(56,038)** |
| Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning | **30,828** |
| Net income actually earned/realized during the period | |
| Net income during the period closed to retained earnings | **100,031** |
| Non-actual/unrealized income net of tax | |
| Equity in net loss of joint ventures | **548** |
| Net income actually earned during the period | **100,579** |
| Dividends declared during the period | **(43,060)** |
| Unappropriated retained earnings available for dividend declaration, end | **88,347** |

**The Company was incorporated in the British Virgin Islands. Thus, it may be subject to different rules on dividend declaration.*