

**Del Monte Pacific Limited and its Subsidiaries**

Unaudited Interim Condensed Consolidated  
Financial Statements  
As at 31 October 2021  
and for the Three-month and Six-month Periods Ended  
31 October 2021 and 2020  
(With Comparative Audited Consolidated Statement of  
Financial Position as at 30 April 2021)

*Del Monte Pacific Limited and its Subsidiaries*  
*Unaudited Interim Condensed Consolidated Financial Statements*  
*As at 31 October 2021 and for the three-month and six-month periods ended 31 October 2021 and 2020*

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

	Note	As at 31 October 2021 US\$'000 (Unaudited)	As at 30 April 2021 US\$'000 (Audited)
<b>Noncurrent assets</b>			
Property, plant and equipment – net	6	540,253	544,776
Right-of-use assets	30	116,360	135,208
Investments in joint ventures	8	21,169	22,530
Intangible assets and goodwill	7	691,372	694,697
Deferred tax assets – net	22	120,282	130,538
Biological assets	10	2,708	2,655
Pension assets		6,625	7,889
Other noncurrent assets	9	26,898	25,325
		1,525,667	1,563,618
<b>Current assets</b>			
Biological assets	10	44,070	44,913
Inventories	11	884,020	557,602
Trade and other receivables	12, 24	269,816	185,049
Prepaid expenses and other current assets	13	47,034	37,286
Cash and cash equivalents	14, 24	37,248	29,435
		1,282,188	854,285
<b>Total assets</b>		2,807,855	2,417,903
<b>Equity</b>			
Share capital	28	49,449	49,449
Share premium		478,339	478,339
Retained earnings		104,287	83,349
Reserves	15	(37,004)	(29,953)
Equity attributable to owners of the Company		595,071	581,184
Non-controlling interests		65,293	61,312
<b>Total equity</b>		660,364	642,496
<b>Noncurrent liabilities</b>			
Loans and borrowings	16, 24	936,581	953,290
Lease liabilities	30	84,464	103,690
Employee benefits		31,855	31,866
Environmental remediation liabilities	19	265	7,429
Deferred tax liabilities – net	22	9,180	6,599
Other noncurrent liabilities	17	16,014	18,697
		1,078,359	1,121,571
<b>Current liabilities</b>			
Loans and borrowings	16, 24	633,108	332,453
Lease liabilities	30	25,670	25,113
Employee benefits		31,496	38,275
Trade and other current liabilities	20, 24	376,130	254,729
Current tax liabilities		2,728	3,266
		1,069,132	653,836
<b>Total liabilities</b>		2,147,491	1,775,407
<b>Total equity and liabilities</b>		2,807,855	2,417,903

### Unaudited Interim Consolidated Statements of Income

	Note	Three months ended		Six months ended	
		31 October		31 October	
		2021	2020	2021	2020
		US\$'000	US\$'000	US\$'000	US\$'000
Revenue	4, 21	<b>650,991</b>	623,453	<b>1,113,125</b>	1,036,511
Cost of sales		<b>(472,510)</b>	(463,708)	<b>(801,224)</b>	(782,660)
<b>Gross profit</b>	4	<b>178,481</b>	159,745	<b>311,901</b>	253,851
Distribution and selling expenses		<b>(60,078)</b>	(57,447)	<b>(102,896)</b>	(95,089)
General and administrative expenses	27	<b>(33,914)</b>	(35,991)	<b>(66,062)</b>	(71,048)
Other expense – net		<b>(1,256)</b>	1,421	<b>(2,937)</b>	664
<b>Results from operating activities</b>		<b>83,233</b>	67,728	<b>140,006</b>	88,378
Finance income	33	<b>(83)</b>	1,043	<b>1,643</b>	3,556
Finance expense	33	<b>(27,437)</b>	(28,897)	<b>(53,881)</b>	(55,988)
Net finance expense		<b>(27,520)</b>	(27,854)	<b>(52,238)</b>	(52,432)
Share in net loss of joint ventures	4	<b>(508)</b>	(206)	<b>(1,550)</b>	(907)
<b>Profit before taxation</b>	4	<b>55,205</b>	39,668	<b>86,218</b>	35,039
Tax expense – current	22	<b>(3,988)</b>	(5,572)	<b>(10,571)</b>	(17,648)
Tax (expense) benefit – deferred	22	<b>(10,540)</b>	(8,791)	<b>(12,890)</b>	5,894
	22	<b>(14,528)</b>	(14,363)	<b>(23,461)</b>	(11,754)
<b>Profit for the period</b>		<b>40,677</b>	25,305	<b>62,757</b>	23,285
<b>Profit attributable to:</b>					
Non-controlling interest		<b>4,876</b>	3,453	<b>8,634</b>	4,682
Owners of the Company		<b>35,801</b>	21,852	<b>54,123</b>	18,603
		<b>40,677</b>	25,305	<b>62,757</b>	23,285
<b>Earnings per share</b>					
Basic earnings per share (U.S. cents)	29	<b>1.59</b>	0.87	<b>2.28</b>	0.45
Diluted earnings per share (U.S. cents)	29	<b>1.59</b>	0.87	<b>2.28</b>	0.45

### Unaudited Interim Consolidated Statements of Comprehensive Income

	Three months ended		Six months ended	
	31 October		31 October	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Profit for the period</b>	<b>40,677</b>	25,305	<b>62,757</b>	23,285
<b>Other comprehensive income (loss)</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Share in remeasurement of retirement plans	–	3,673	<b>24</b>	7,346
Tax impact on share in remeasurement of retirement plans	–	(900)	<b>(3)</b>	(1,794)
	–	2,773	<b>21</b>	5,552
<b>Items that may be reclassified subsequently to profit or loss</b>				
Share in currency translation differences	<b>(1,140)</b>	2,164	<b>(8,162)</b>	6,377
Share in effective portion of changes in fair value of cash flow hedges of a subsidiary	<b>(1,438)</b>	668	<b>60</b>	2,523
Tax impact on share in cash flow hedges	<b>352</b>	(163)	<b>(15)</b>	(618)
	<b>(2,226)</b>	2,669	<b>(8,117)</b>	8,282
<b>Other comprehensive income (loss) for the period, net of tax</b>	<b>(2,226)</b>	5,442	<b>(8,096)</b>	13,834
<b>Total comprehensive income for the period</b>	<b>38,451</b>	30,747	<b>54,661</b>	37,119
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>33,787</b>	26,706	<b>47,072</b>	31,002
Non-controlling interests	<b>4,664</b>	4,041	<b>7,589</b>	6,117
	<b>38,451</b>	30,747	<b>54,661</b>	37,119

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

**Unaudited Interim Consolidated Statements of Changes in Equity**  
**Six months ended 31 October 2021 and 2020**

	<----- Attributable to owners of the Company ----->											
	Share capital US\$'000 (Note 28)	Share premium US\$'000 (Note 28)	Translation reserve US\$'000	Revalua- tion reserve US\$'000	Remeas- urement of retirement plans US\$'000	Hedging reserve US\$'000	Share option reserve US\$'000	Reserve for own shares US\$'000	Retained earnings US\$'000	Total US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
<b>Fiscal Year 2022</b>												
At 1 May 2021	49,449	478,339	(81,971)	14,278	35,049	1,224	1,753	(286)	83,349	581,184	61,312	642,496
<b>Total comprehensive income (loss) for the period</b>												
Profit for the period (Note 29)	–	–	–	–	–	–	–	–	54,123	54,123	8,634	62,757
<b>Other comprehensive income</b>												
Currency translation differences	–	–	(7,113)	–	–	–	–	–	–	(7,113)	(1,049)	(8,162)
Remeasurement of retirement plans	–	–	–	–	20	–	–	–	–	20	1	21
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	42	–	–	–	42	3	45
<b>Total other comprehensive income (loss)</b>	–	–	(7,113)	–	20	42	–	–	–	(7,051)	(1,045)	(8,096)
<b>Total comprehensive income (loss) for the period</b>	–	–	(7,113)	–	20	42	–	–	54,123	47,072	7,589	54,661
<b>Transactions with owners of the Company recognized directly in equity</b>												
<b>Contributions by and distributions to owners of the Company</b>												
Payment of dividends	–	–	–	–	–	–	–	–	(33,185)	(33,185)	(3,608)	(36,793)
<b>At 31 October 2021</b>	49,449	478,339	(89,084)	14,278	35,069	1,266	1,753	(286)	104,287	595,071	65,293	660,364

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

**Unaudited Interim Consolidated Statements of Changes in Equity**  
**Six months ended 31 October 2021 and 2020**

	<-----Attributable to owners of the Company ----->											Total equity US\$'000
	Share capital US\$'000 (Note 28)	Share premium US\$'000 (Note 28)	Translation reserve US\$'000	Revaluation reserve US\$'000	Remeasurement of retirement plans US\$'000	Hedging reserve US\$'000	Share option reserve US\$'000	Reserve for own shares US\$'000	Retained earnings US\$'000	Total US\$'000	Non-controlling interests US\$'000	
<b>Fiscal Year 2021</b>												
At 1 May 2020	49,449	478,339	(87,997)	13,731	(2,873)	(1,802)	1,753	(286)	60,763	511,077	54,820	565,897
<b>Total comprehensive income (loss) for the period</b>												
Profit for the period (Note 29)	-	-	-	-	-	-	-	-	18,603	18,603	4,682	23,285
<b>Other comprehensive income</b>												
Currency translation differences	-	-	5,419	-	-	-	-	-	-	5,419	958	6,377
Remeasurement of retirement plans	-	-	-	-	5,198	-	-	-	-	5,198	354	5,552
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	1,782	-	-	-	1,782	123	1,905
<b>Total other comprehensive income</b>	-	-	5,419	-	5,198	1,782	-	-	-	12,399	1,435	13,834
<b>Total comprehensive income (loss) for the period</b>	-	-	5,419	-	5,198	1,782	-	-	18,603	31,002	6,117	37,119
<b>Transactions with owners of the Company recognized directly in equity</b>												
<b>Contributions by and distributions to owners of the Company</b>												
Sale of shares of a subsidiary	-	-	-	-	-	-	-	-	(182)	(182)	-	(182)
Payment of dividends	-	-	-	-	-	-	-	-	(39,930)	(39,930)	(6,128)	(46,058)
<b>Total contributions by and distributions to owners</b>	-	-	-	-	-	-	-	-	(40,112)	(40,112)	(6,128)	(46,240)
<b>At 31 October 2020</b>	49,449	478,339	(82,578)	13,731	2,325	(20)	1,753	(286)	39,254	501,967	54,809	556,776

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

## Unaudited Interim Consolidated Statements of Cash Flows

	Note	Six months ended 31 October	
		2021 US\$'000	2020 US\$'000
<b>Cash flows from operating activities</b>			
Profit for the period		62,757	23,285
Adjustments for:			
Depreciation of property, plant and equipment	26	77,361	59,800
Amortization of right-of-use assets		19,909	19,011
Amortization of intangible assets	7, 26	3,325	3,325
Impairment loss (reversal) on property, plant and equipment	6	33	(31)
Gain on disposal of property, plant and equipment		(94)	(2,777)
Share in net loss of joint ventures	4	1,550	907
Net loss on derivative settlement		(324)	11
Finance income*	33	(1,643)	(3,556)
Finance expense*	33	53,881	55,988
Tax expense – current	22	10,571	17,648
Tax expense – deferred	22	12,890	(5,894)
		<u>240,216</u>	<u>167,717</u>
Changes in:			
Other assets		(6,309)	9,662
Inventories		(329,838)	(231,847)
Biological assets		(1,464)	8,493
Trade and other receivables		(91,035)	(51,898)
Prepaid expenses and other current assets		(7,376)	1,363
Trade and other payables		113,706	35,864
Employee benefits		(5,553)	12,146
<b>Operating cash flows</b>		<u>(87,653)</u>	<u>(48,500)</u>
Taxes paid		(8,146)	(15,534)
<b>Net cash flows used in operating activities</b>		<u>(95,799)</u>	<u>(64,034)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(89,118)	(64,539)
Proceeds from disposal of property, plant and equipment		211	2,429
Interest received		534	207
Advances to joint venture		–	(490)
Investment in new joint venture	8	(189)	–
Collection of receivables from prior year sale of shares of a subsidiary and settlement of transaction costs		–	106,520
<b>Net cash flows provided by (used in) investing activities</b>		<u>(88,562)</u>	<u>44,127</u>

*(continued on next page)*

\*Includes foreign exchange gains and losses

**Unaudited Interim Consolidated Statements of Cash Flows (continued)**

	Note	<b>Six months ended</b>	
		<b>31 October</b>	
		<b>2021</b>	<b>2020</b>
		<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		<b>1,559,547</b>	3,020,934
Repayment of borrowings		<b>(1,264,215)</b>	(2,892,848)
Interest paid		<b>(43,240)</b>	(21,758)
Payments of lease liabilities		<b>(20,703)</b>	(21,664)
Dividends paid		<b>(36,793)</b>	(46,058)
Payment of debt related costs		–	(18,787)
<b>Net cash flows used in financing activities</b>		<b>194,596</b>	19,819
<b>Net increase (decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		<b>10,235</b>	(88)
Cash and cash equivalents at beginning of period		<b>29,435</b>	33,465
Effect of exchange rate changes on balances held in foreign currency		<b>(2,422)</b>	(552)
<b>Cash and cash equivalents at end of period</b>	14	<b>37,248</b>	32,825



## **Selected Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

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

### **1. Domicile and activities**

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

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

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

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

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

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

The consolidated financial statements of the Group as at and for the six-month periods ended 31 October 2021 and 2020 comprise the Company and its subsidiaries (together referred to as the “Group”, and individually as “Group entities”), and the Group’s interests in joint ventures.

## **2. Basis of preparation**

### **2.1 Statement of compliance**

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

### **2.2 Basis of measurement**

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

### **2.3 Functional and presentation currency**

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

### **2.4 Use of estimates and judgements**

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

#### ***Judgements***

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

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

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

Note 31 – Contingencies

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

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

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

### **3. Significant accounting policies**

#### **Changes in Accounting Policies and Disclosures**

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

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

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

- Amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16, *Interest Rate Benchmark Reform – Phase 2*. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (“IBOR”) is replaced with an alternative nearly risk-free interest rate (“RFR”):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

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

The amendments are effective for annual reporting periods beginning on or after 1 May 2021 and apply retrospectively, however, restatement of comparative information is not required. As at 31 October 2021, the Group has an outstanding loan that is subject to IBOR and no alternative risk-free-rate has been agreed yet. Since the negotiation for the alternative risk-free-rate is still ongoing, the impact of adopting this amendment cannot be determined yet as at 31 October 2020. The Group intends to use the practical expedient to treat the contractual changes or changes to cash flows that are directly required by the reform as changes to a floating interest rate.

#### **4. Operating segments**

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

##### **Geographical segments**

###### *Americas*

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

###### *Asia Pacific*

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

*Europe*

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

**Product segments**

*Packaged fruit and vegetable*

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

*Beverage*

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

*Culinary*

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

*Fresh fruit and others*

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

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

**Information about reportable segments**

	Americas		Asia Pacific		Europe		Total	
	Three months ended		Three months ended		Three months ended		Three months ended	
	31 October		31 October		31 October		31 October	
	2021	2020	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Revenue</b>								
Packaged fruit and vegetable	391,404	358,958	43,541	34,660	5,808	4,891	440,753	398,509
Beverage	10,212	4,654	31,936	37,869	4,353	1,201	46,501	43,724
Culinary	78,959	86,522	39,216	45,138	21	42	118,196	131,702
Fresh fruit and others	1,181	698	44,360	48,820	–	–	45,541	49,518
<b>Total</b>	<b>481,756</b>	<b>450,832</b>	<b>159,053</b>	<b>166,487</b>	<b>10,182</b>	<b>6,134</b>	<b>650,991</b>	<b>623,453</b>

(continued to next page)

**Del Monte Pacific Limited and its Subsidiaries**  
**Unaudited Interim Condensed Consolidated Financial Statements**  
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	Americas		Asia Pacific		Europe		Total	
	Three months ended		Three months ended		Three months ended		Three months ended	
	31 October		31 October		31 October		31 October	
	2021	2020	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Gross profit (loss)</b>								
Packaged fruit and vegetable	105,934	86,440	15,088	10,709	2,361	1,070	123,383	98,219
Beverage	1,382	284	9,585	11,338	1,334	163	12,301	11,785
Culinary	15,141	16,524	15,499	19,302	7	18	30,647	35,844
Fresh fruit and others	(370)	(421)	12,520	14,318	–	–	12,150	13,897
<b>Total</b>	<b>122,087</b>	<b>102,827</b>	<b>52,692</b>	<b>55,667</b>	<b>3,702</b>	<b>1,251</b>	<b>178,481</b>	<b>159,745</b>

**Share in net loss of joint ventures**

Packaged fruit and vegetable	–	–	(177)	(16)	–	–	(177)	(16)
Beverage	–	–	(31)	(12)	–	–	(31)	(12)
Culinary	–	–	(283)	(107)	–	–	(283)	(107)
Fresh fruit and others	–	–	(17)	(71)	–	–	(17)	(71)
<b>Total</b>	<b>–</b>	<b>–</b>	<b>(508)</b>	<b>(206)</b>	<b>–</b>	<b>–</b>	<b>(508)</b>	<b>(206)</b>

**Profit (loss) before taxation**

Packaged fruit and vegetable	34,485	15,148	10,032	6,471	1,672	616	46,189	22,235
Beverage	(100)	(474)	2,173	5,455	943	63	3,016	5,044
Culinary	297	(1,789)	8,702	12,848	2	12	9,001	11,071
Fresh fruit and others	(3,035)	(656)	34	1,974	–	–	(3,001)	1,318
<b>Total</b>	<b>31,647</b>	<b>12,229</b>	<b>20,941</b>	<b>26,748</b>	<b>2,617</b>	<b>691</b>	<b>55,205</b>	<b>39,668</b>

**Other information**

Capital expenditure	5,125	2,437	41,561	31,377	–	–	46,686	33,814
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	Americas		Asia Pacific		Europe		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	31 October		31 October		31 October		31 October	
	2021	2020	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Revenue</b>								
Packaged fruit and vegetable	638,474	577,525	73,846	60,079	10,699	8,630	723,019	646,234
Beverage	16,434	8,501	69,421	78,914	5,819	2,080	91,674	89,495
Culinary	124,131	136,170	73,547	79,009	77	87	197,755	215,266
Fresh fruit and others	2,593	1,161	98,084	84,355	–	–	100,677	85,516
<b>Total</b>	<b>781,632</b>	<b>723,357</b>	<b>314,898</b>	<b>302,357</b>	<b>16,595</b>	<b>10,797</b>	<b>1,113,125</b>	<b>1,036,511</b>

**Gross profit (loss)**

Packaged fruit and vegetable	175,566	125,587	24,682	18,027	3,941	1,735	204,189	145,349
Beverage	2,642	566	21,027	25,827	1,643	278	25,312	26,671
Culinary	24,037	27,041	29,801	33,532	25	41	53,863	60,614
Fresh fruit and others	(542)	(1,215)	29,079	22,432	–	–	28,537	21,217
<b>Total</b>	<b>201,703</b>	<b>151,979</b>	<b>104,589</b>	<b>99,818</b>	<b>5,609</b>	<b>2,054</b>	<b>311,901</b>	<b>253,851</b>

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	Americas		Asia Pacific		Europe		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	31 October		31 October		31 October		31 October	
	2021	2020	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Share in net loss of joint ventures</b>								
Packaged fruit and vegetable	–	–	(565)	(206)	–	–	(565)	(206)
Beverage	–	–	(81)	(51)	–	–	(81)	(51)
Culinary	–	–	(814)	(500)	–	–	(814)	(500)
Fresh fruit and others	–	–	(90)	(150)	–	–	(90)	(150)
<b>Total</b>	<b>–</b>	<b>–</b>	<b>(1,550)</b>	<b>(907)</b>	<b>–</b>	<b>–</b>	<b>(1,550)</b>	<b>(907)</b>
<b>Profit (loss) before taxation</b>								
Packaged fruit and vegetable	43,927	(4,228)	15,923	10,483	2,201	983	62,051	7,238
Beverage	(603)	(1,253)	8,611	15,200	1,033	112	9,041	14,059
Culinary	(784)	(5,754)	18,165	22,631	11	27	17,392	16,904
Fresh fruit and others	(5,614)	(2,935)	3,348	(227)	–	–	(2,266)	(3,162)
<b>Total</b>	<b>36,926</b>	<b>(14,170)</b>	<b>46,047</b>	<b>48,087</b>	<b>3,245</b>	<b>1,122</b>	<b>86,218</b>	<b>35,039</b>
<b>Other information</b>								
Capital expenditure	10,825	8,142	78,293	56,397	–	–	89,118	64,539

### **Major customer**

Revenues from a major customer of the Americas segment for the three months and six months ended 31 October 2021 amounted to US\$155.7 million (30 October 2020: US\$137.5 million) and US\$274.6 million (30 October 2020: US\$236.9 million), respectively, representing 32.3% (30 October 2020: 30.5%) and 35.1% (30 October 2020: 32.7%) of the total Americas segment's net revenue, respectively.

## **5. Seasonality of operations**

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

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

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

## 6. Property, plant and equipment

Group	<----- At cost ----->					At appraised value
	Buildings, land improvements and leasehold improvements US\$'000	Machineries and equipment US\$'000	Construction- in-progress US\$'000	Bearer Plants US\$'000	Freehold land US\$'000	Total US\$'000
<b>Cost/Valuation</b>						
At 1 May 2021	227,519	593,896	34,953	374,803	63,145	1,294,316
Additions	1,919	2,327	15,547	68,489	–	88,282
Disposals	–	(952)	–	–	–	(952)
Write off - closed fields	–	–	–	(39,315)	–	(39,315)
Reclassifications from CIP	1,628	8,587	(10,215)	–	–	–
Currency realignment	(3,542)	(11,104)	(752)	(17,741)	(754)	(33,893)
At 31 October 2021	<u>227,524</u>	<u>592,754</u>	<u>39,533</u>	<u>386,236</u>	<u>62,391</u>	<u>1,308,438</u>
At 1 May 2020	224,926	561,392	29,151	361,982	63,294	1,240,745
Additions	4,328	3,725	36,430	121,586	–	166,069
Disposals	(8,095)	(9,897)	–	–	(870)	(18,862)
Write off - closed fields	–	–	–	(125,362)	–	(125,362)
Reclassifications from CIP	2,897	28,295	(31,192)	–	–	–
Currency realignment	3,463	10,381	564	16,597	721	31,726
At 30 April 2021	<u>227,519</u>	<u>593,896</u>	<u>34,953</u>	<u>374,803</u>	<u>63,145</u>	<u>1,294,316</u>
<b>Accumulated depreciation and impairment losses</b>						
At 1 May 2021	110,782	415,584	–	214,638	8,536	749,540
Charge for the period	5,175	17,403	–	56,865	–	79,443
Provision (reversal) of impairment loss	(2)	35	–	–	–	33
Write off - closed fields	–	–	–	(39,315)	–	(39,315)
Disposals	–	(451)	–	–	–	(451)
Currency realignment	(1,843)	(8,731)	–	(10,491)	–	(21,065)
At 31 October 2021	<u>114,112</u>	<u>423,840</u>	<u>–</u>	<u>221,697</u>	<u>8,536</u>	<u>768,185</u>
At 1 May 2020	101,750	371,508	–	241,366	8,536	723,160
Charge for the year	10,553	43,990	–	87,715	–	142,258
Write off - closed fields	–	–	–	(125,362)	–	(125,362)
Disposals	(3,223)	(7,702)	–	–	–	(10,925)
Currency realignment	1,702	7,788	–	10,919	–	20,409
At 30 April 2021	<u>110,782</u>	<u>415,584</u>	<u>–</u>	<u>214,638</u>	<u>8,536</u>	<u>749,540</u>
<b>Carrying amounts</b>						
At 31 October 2021	<u>113,412</u>	<u>168,914</u>	<u>39,533</u>	<u>164,539</u>	<u>53,855</u>	<u>540,253</u>
At 30 April 2021	<u>116,737</u>	<u>178,312</u>	<u>34,953</u>	<u>160,165</u>	<u>54,609</u>	<u>544,776</u>

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

The Group has amounts in accrued liabilities relating to property, plant and equipment acquisitions of US\$0.8 million as at 31 October 2021 (30 April 2021: US\$2.9 million). Down payments made by the Group for the acquisition of property, plant and equipment amounted to US\$2.9 million as at 31 October 2021 (30 April 2021: US\$1.1 million). The Group has written off fully depreciated assets related to closed fields amounting to US\$39.3 million for the six months ended 31 October 2021 (30 April 2021: US\$125.4 million).



## 7. Intangible assets and goodwill

	<b>Goodwill</b>	<b>Indefinite life trademarks</b>	<b>Amortizable trademarks</b>	<b>Customer relationship</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cost</b>					
At 1 May 2021/ 31 October 2021	<b>203,432</b>	<b>408,043</b>	<b>24,180</b>	<b>107,000</b>	<b>742,655</b>
At 1 May 2020/ 30 April 2021	203,432	408,043	24,180	107,000	742,655
<b>Accumulated amortization</b>					
At 1 May 2021	–	–	<b>9,519</b>	<b>38,439</b>	<b>47,958</b>
Amortization	–	–	<b>650</b>	<b>2,675</b>	<b>3,325</b>
At 31 October 2021	–	–	<b>10,169</b>	<b>41,114</b>	<b>51,283</b>
At 1 May 2020	–	–	8,219	33,089	41,308
Amortization	–	–	1,300	5,350	6,650
At 30 April 2021	–	–	9,519	38,439	47,958
<b>Carrying amounts</b>					
At 31 October 2021	<b>203,432</b>	<b>408,043</b>	<b>14,011</b>	<b>65,886</b>	<b>691,372</b>
At 30 April 2021	203,432	408,043	14,661	68,561	694,697

Amortization expense amounted to US\$3.3 million for the six months ended 31 October 2021 and 2020.

### *Goodwill*

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

### *Indefinite life trademarks*

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

### **America trademarks**

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

### **The Philippines trademarks**

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

### **Indian sub-continent trademark**

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

### **Asia S&W trademark**

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

### **Impairment test**

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

### ***Amortizable trademarks and customer relationships***

	Net Carrying amount		Remaining amortization period (years)	
	31 October 2021 US\$'000	30 April 2021 US\$'000	31 October 2021	30 April 2021
Asia S&W Trademark	–	–	–	–
America S&W trademark	463	563	2.3	2.8
America Contadina trademark	13,548	14,098	12.3	12.8
	<b>14,011</b>	14,661		

### **Asia S&W trademark**

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

### America trademarks

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

### Customer relationships

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

	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
Net carrying amount	<b>65,886</b>	68,561
Remaining amortization period	<b>12.3</b>	12.8

#### *Source of estimation uncertainty*

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

## **8. Investments in joint ventures**

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

Del Monte - Vinamilk Dairy Philippines, Inc. is a new joint venture entered into by Del Monte Philippines, Inc. with Vietnam Dairy Products Joint Stock Company, a leading regional dairy company to expand further into the dairy sector in the Philippines. This joint venture was incorporated and registered in SEC on 12 July 2021. As at 31 October 2021, the carrying amount of the related investment in joint venture amounted to \$0.2 million.

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

	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
<b>Assets</b>		
Current assets	23,811	23,501
Noncurrent assets	11,244	11,962
Total assets	<u>35,055</u>	<u>35,463</u>
<b>Liabilities</b>		
Current liabilities	(13,727)	(12,595)
Noncurrent liabilities	(23,097)	(22,572)
Total liabilities	<u>(36,824)</u>	<u>(35,167)</u>
<b>Net assets (liabilities)</b>	<u>(1,769)</u>	<u>296</u>
	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
<b>Results</b>		
Revenue	34,397	71,055
Loss from continuing operations	(2,496)	(2,035)
Other comprehensive income	–	–
<b>Total comprehensive loss</b>	<u>(2,496)</u>	<u>(2,035)</u>
	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
<b>Carrying amount of interest in FFPL at beginning of the period/year</b>	19,741	22,855
Impairment loss	–	(2,096)
Group's share of:		
- Loss from continuing operations	(1,248)	(1,018)
- Other comprehensive income	–	–
Total comprehensive loss	<u>(1,248)</u>	<u>(1,018)</u>
<b>Carrying amount of interest at end of the period/year</b>	<u>18,493</u>	<u>19,741</u>
	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
<b>Carrying amount of interest in NFHKL at beginning of the period/year</b>	2,789	2,462
Additional advances during the year	–	840
Group's share of:		
- Loss from continuing operations	(302)	(513)
- Other comprehensive income	–	–
Total comprehensive loss	<u>(302)</u>	<u>(513)</u>
<b>Carrying amount of interest at end of the period/year</b>	<u>2,487</u>	<u>2,789</u>

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

	<b>31 October</b>	<b>30 April</b>
	<b>2021</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Group's interest in joint ventures</b>		
FFPL	18,493	19,741
NFHKL	2,487	2,789
Del Monte - Vinamilk Dairy Philippines, Inc.	189	–
	21,169	22,530
<b>Carrying amount of investment in joint ventures</b>	<b>21,169</b>	<b>22,530</b>

#### *Determination of Joint Control and the Type of Joint Arrangement*

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

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

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

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

#### *Source of Estimation Uncertainty*

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

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

## 9. Other noncurrent assets

	<b>31 October</b>	<b>30 April</b>
	<b>2021</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Advance rentals and deposits	<b>12,491</b>	12,913
Advances to suppliers	<b>4,597</b>	1,075
Excess insurance	<b>3,600</b>	4,442
Receivable from sale and leaseback	<b>2,962</b>	3,156
Note receivables	<b>1,000</b>	1,000
Lease receivable	<b>466</b>	750
Others	<b>1,782</b>	1,989
	<b>26,898</b>	25,325

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

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

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

## 10. Biological assets

	<b>31 October</b>	<b>30 April</b>
	<b>2021</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Livestock</b>		
At beginning of the period/year	<b>2,655</b>	2,118
Purchases of livestock	<b>442</b>	1,065
Sales of livestock	<b>(265)</b>	(631)
Currency realignment	<b>(124)</b>	103
At end of the period/year	<b>2,708</b>	2,655

	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
<b>Agricultural produce</b>		
At beginning of the period/year	10,878	25,966
Additions	5,665	1,710
Harvested	(4,547)	(17,896)
Currency realignment	(263)	1,098
At end of the period/year	11,733	10,878
Fair value gain on produce prior to harvest	32,337	34,035
At end of the period/year	44,070	44,913
	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
Current	44,070	44,913
Noncurrent	2,708	2,655
<b>Totals</b>	<b>46,778</b>	<b>47,568</b>

## 11. Inventories

	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
Finished goods		
- at cost	445,197	348,045
- at net realizable value	23,023	23,796
Semi-finished goods		
- at cost	281,486	70,948
- at net realizable value	9,588	12,328
Raw materials and packaging supplies		
- at cost	63,135	47,302
- at net realizable value	61,591	55,183
	<b>884,020</b>	<b>557,602</b>

Total cost of inventories carried at net realizable value amounted to US\$103.0 million as at 31 October 2021 (30 April 2021: US\$104.6 million).

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

	Note	31 October 2021 US\$'000	30 April 2021 US\$'000
At beginning of the period/year		13,254	14,868
Allowance for the period/year	26	759	7,043
Write-off against allowance		(4,783)	(7,323)
Currency realignment		(396)	(1,334)
At end of the period/year		<u>8,834</u>	<u>13,254</u>

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

***Source of estimation uncertainty***

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

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

The Group reviews on a continuous basis the product movement, changes in customer demands and introductions of new products to identify inventories which are to be written down to 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 decrease current assets.



## 12. Trade and other receivables

	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
Trade receivables	<b>248,530</b>	165,370
Nontrade receivables	<b>30,446</b>	28,903
Allowance for expected credit loss – trade	<b>(4,759)</b>	(4,801)
Allowance for expected credit loss – nontrade	<b>(4,401)</b>	(4,423)
Trade and other receivables	<b>269,816</b>	185,049

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

	<b>31 October 2021</b>					<b>Total US'000s</b>
	<b>Current US'000s</b>	<b>&lt;30 days US'000s</b>	<b>Days past due</b>			
			<b>30-60 days US'000s</b>	<b>61-120 days US'000s</b>	<b>Over 120 days US'000s</b>	
Trade receivables	189,129	44,541	2,310	2,689	9,861	248,530
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	48.26%	–
Expected credit loss	–	–	–	–	4,759	4,759

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

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

### *Source of estimation uncertainty*

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

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

### 13. Prepaid expenses and other current assets

	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
Prepaid expenses	27,883	29,875
Down payment to contractors and suppliers	15,585	4,090
Derivative asset	2,002	1,694
Short-term placements	1,306	1,327
Others	258	300
	<u>47,034</u>	<u>37,286</u>

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

Prepaid expenses as at 31 October 2021 include filing fees related to Initial Public Offering (IPO) registration of DMPI with the Philippine SEC and Philippine Stock Exchange (PSE) totaling US\$0.8 million. Management assessed that the amount can be applied when the IPO happens.

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

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

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

#### **Derivative**

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

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

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

	<b>Note</b>	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
Peso Contract		(14)	(80)
Commodity contracts		<u>2,002</u>	1,694
Total		<u><u>1,988</u></u>	<u>1,614</u>
Included in:			
Prepaid expenses and other current assets		2,002	1,694
Trade and other current liabilities	20	<u>(14)</u>	<u>(80)</u>
		<u><u>1,988</u></u>	<u>1,614</u>

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

	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
Natural gas – Metric Million British Thermal Unit (MMBTU)	–	1,065
Diesel (gallons)	2,243	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.

	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
Mexican pesos	863,407	379,628

## Amounts Relating to Hedged Items

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

	<b>31 October 2021</b>		
	<b>Change in value used for calculating hedge effectiveness US\$'000</b>	<b>Cash flow hedge reserve US\$'000</b>	<b>Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied US\$'000</b>
<b>Commodity price risk</b>			
Inventory purchases	2,831	1,206	–
<b>Foreign exchange risk</b>			
Inventory purchases	35	58	–
	<b>30 April 2021</b>		
	<b>Change in value used for calculating hedge effectiveness US\$'000</b>	<b>Cash flow hedge reserve US\$'000</b>	<b>Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied US\$'000</b>
<b>Interest rate risk</b>			
Variable rate instruments	240	–	–
<b>Commodity price risk</b>			
Inventory purchases	(6,363)	1,279	–
<b>Foreign exchange risk</b>			
Inventory purchases	3,552	(61)	–

**Amounts Relating to Hedging Instruments (cont'd)**

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

	31 October 2021		During the first six months of fiscal 2022				
	Notional amount	Carrying amount		Line item in the statement of financial position where the hedged instrument is included	Change in the value of hedge instrument recognized in OCI	Amount reclassified from hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
		Assets	Liabilities				
				US\$'000			
<b>Commodity price risk</b>							
Commodity contracts							
Natural gas (MMBTU)	–	–	–	Prepaid and Other Current Assets	564	(187)	Cost of sales
Diesel (gallons)	2,243	2,002	–	Prepaid and Other Current Assets	(173)	(565)	Cost of sales
<b>Foreign exchange risk</b>							
Foreign currency forwards	863,407	–	(14)	Prepaid and Other Current Assets	263	(93)	Cost of sales

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

## Hedging Reserves

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

	Group	
	31 October 2021 US\$'000	30 April 2021 US\$'000
Balance at beginning of year	1,218	(2,016)
Changes in fair value:		
- Commodity risk	(2,831)	6,363
- Foreign exchange risk	(35)	(3,552)
- Interest rate risk	-	(240)
Amount reclassified to profit or loss		
- Foreign exchange risk	111	3,472
- Commodity risk	2,814	(1,760)
- Interest rate risk	-	-
Tax movements on reserves during the year	(15)	(1,049)
Balance at end of year	<u>1,262</u>	<u>1,218</u>

## 14. Cash and cash equivalents

	31 October 2021 US\$'000	30 April 2021 US\$'000
Cash on hand	78	68
Cash in banks	36,281	28,478
Cash equivalents	889	889
Cash and cash equivalents	<u>37,248</u>	<u>29,435</u>

Certain cash in bank accounts earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 0.50% per annum for the period (30 April 2021: 0.01% to 0.50% per annum). Cash equivalents are short-term placements which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest rate of 1.00% per annum in fiscal year 2022 (30 April 2021: 0.88% to 2.00% per annum).

## 15. Reserves

	<b>31 October</b>	<b>30 April</b>
	<b>2021</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Translation reserve	(89,084)	(81,971)
Remeasurement of retirement plan	35,069	35,049
Revaluation reserve	14,278	14,278
Hedging reserve	1,266	1,224
Share option reserve	1,753	1,753
Reserve for own shares	(286)	(286)
	<u>(37,004)</u>	<u>(29,953)</u>

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

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

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

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

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

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

## 16. Loans and borrowings

	<b>31 October</b>	<b>30 April</b>
	<b>2021</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Current liabilities</b>		
Unsecured bank loans	290,403	256,125
Secured bank loans	342,705	76,328
	<u>633,108</u>	<u>332,453</u>
<b>Non-current liabilities</b>		
Unsecured bank loans	278,695	291,014
Secured bank loans	657,886	662,276
	<u>936,581</u>	<u>953,290</u>
	<u>1,569,689</u>	<u>1,285,743</u>



**Terms and debt repayment schedule**

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

	Currency	Nominal interest rate % p. a.	Year of maturity	31 October 2021		30 April 2021	
				Face value US\$'000	Carrying amount US\$'000	Face value US\$'000	Carrying amount US\$'000
<b>Group</b>							
Secured bank loans	PHP	4.125%	2025	29,672	29,510	31,150	30,950
Unsecured bank loans	PHP	2.50%-3.00%	2021- 2025	159,637	159,460	129,164	128,950
Unsecured 3Y bonds	PHP	3.4840%	2023	115,378	114,113	121,185	119,473
Unsecured 5Y bonds	PHP	3.7563%	2025	12,777	12,609	13,346	13,216
Unsecured bank loans	USD	1.59%-3.15%	2021- 2024	282,916	282,916	285,500	285,500
Secured bank loans	USD	3.48%	2023	100,000	98,997	100,000	98,671
Secured bridging loan	USD	3.06%	2023	67,500	67,500	75,000	75,000
Secured senior notes	USD	11.875%	2025	500,000	469,379	500,000	465,155
Secured bank loan under ABL Credit Agreement	USD	Swingline B - 5% ABL Base B - 5% Higher of Libor or 1% + 2.75% or total of 3.75%	2021- 2025	340,800	335,205	75,100	68,828
				<b>1,608,680</b>	<b>1,569,689</b>	1,330,445	1,285,743

The balance of unamortized debt issuance cost follows:

	Six months ended 31 October 2021 US\$'000	Year ended 30 April 2021 US\$'000
At beginning of the period/year	44,702	30
Additions	271	56,153
Amortization	(5,982)	(11,481)
At end of the period/year	<b>38,991</b>	44,702

## Long Term Borrowings

Long-term Borrowings	Original Principal (In '000)	Outstanding Balance as of 31 October 2021 (In '000)	Interest Rate % p.a.	Year of Maturity	Payment Terms (e.g., annually, quarterly, etc.)	Interest paid 1 May 2021 to 31 October 2021 (In '000)
Senior Secured Notes	USD 500,000	USD 500,000	11.875%	2025	Semi-annual interest payments and principal on maturity date.	USD 29,688
Bonds Payable	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 45,980
Secured Loan	USD 75,000	USD 67,500	3.06%	2023	Quarterly interest payment and principal 10% on August 2021, 10% on August 2022 and 80% on maturity date.	USD 1,153
Unsecured Loan	USD 75,000	USD 75,000	1.63%	2024	Quarterly interest payment and principal 15% on 11 equal quarterly installments starting January 2022 and 85% on maturity date.	USD 633
Secured Loan	USD 100,000	USD 100,000	3.48%	2023	Semi-annual interest payments and principal on maturity date.	USD 1,778
Unsecured Loan	PHP 1,500,000	PHP 1,500,000	3.00%	2025	Quarterly interest payment; and principal on eight quarterly installments starting February 2024	PHP 23,046
Secured Loan	PHP 1,500,000	PHP 1,500,000	4.125%	2025	Quarterly interest payment; and principal on nine quarterly installments starting August 2023	PHP 30,487
Unsecured Loan	USD 57,300	USD 55,866	2.75%	2024	Quarterly interest payment and principal 5%, 10% and 85% in fiscal year 2022, 2023 and 2024, respectively.	USD 796

### ***ABL Credit Agreement***

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

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

As at 31 October 2021, there were US\$340.8 million (30 April 2021: US\$75.1 million) of loans outstanding and US\$24.6 million of letters of credit issued (30 April 2021: US\$24.6 million). The net availability to DMFHL Group under the ABL Credit Agreement was US\$84.6 million as at 31 October 2021 (30 April 2021: US\$350.3 million). The weighted average interest rate was approximately 4.25% on 31 October 2021 (30 April 2021: 5.12%). The ABL Credit Agreement provided for a sub limit for letters of credit and for borrowings on same day notice, referred to as “swingline loans.”

### ***Security interests***

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

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

### **Unsecured Bank Loans**

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

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

## 17. Other noncurrent liabilities

	<b>31 October</b>	<b>30 April</b>
	<b>2021</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Workers' compensation	15,540	17,150
Accrued vendors liabilities	474	553
Other payables	–	994
	<b>16,014</b>	<b>18,697</b>
	<b>16,014</b>	<b>18,697</b>

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

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

## 18. Employee Benefits

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

### *The DMPI Plan*

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

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

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

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

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

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

### **The ROHQ Plan**

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

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

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

### **The DMFI Plan**

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

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

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

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

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

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

## 19. Environmental remediation liabilities

	<b>Note</b>	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
At beginning of the period/year		7,429	9,587
Provision made during the period/year		–	486
Provisions used during the period/year		–	(375)
Provisions released during the period/year		(3,964)	(2,269)
Reclass to current portion	20	(3,200)	–
At end of the period/year		<u>265</u>	<u>7,429</u>

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

## 20. Trade and other current liabilities

	<b>Note</b>	<b>31 October 2021 US\$'000</b>	<b>30 April 2021 US\$'000</b>
Trade payables		224,216	142,188
Accrued operating expenses:			
Interest		32,559	30,843
Freight and warehousing		19,192	7,274
Advertising		16,300	10,853
Trade promotions		12,868	8,764
Taxes and insurance		12,659	8,739
Professional fees		6,101	8,236
Utilities		3,349	3,584
Environmental remediation		1,862	260
Salaries, bonuses and other employee benefits		1,588	4,566
Tinplate and consigned stocks		–	2,222
Miscellaneous		14,884	12,170
Overdrafts		20,742	7,574
Accrued payroll expenses		4,730	4,812
Withheld from employees (taxes and social security cost)		1,901	1,548
Contract liabilities		1,901	543
Advances from customers		277	214
VAT payables		171	259
Derivative liabilities		14	80
Other payables		776	–
		<u>376,130</u>	<u>254,729</u>

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

## 21. Revenue

Disaggregation of revenue is presented in Note 4.

Contract balances

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

	Note	31 October 2021 US\$'000	30 April 2021 US\$'000
Receivables, included in Trade and other receivables			
- Gross of ECL allowance	12	248,530	165,370
Contract liabilities	20	1,901	543

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

## 22. Income taxes

	Three months ended		Six months ended	
	31 October 2021 US\$'000	2021 US\$'000	31 October 2021 US\$'000	2020 US\$'000
<b>Current tax expense</b>				
- Current year	3,988	5,572	10,571	17,648
<b>Deferred tax expense (credit)</b>				
- Origination and reversal of temporary differences	10,540	8,791	12,890	(5,894)
	<b>14,528</b>	14,363	<b>23,461</b>	11,754
<b>Reconciliation of effective tax rate</b>				
Profit (loss) before taxation	<b>55,205</b>	39,668	<b>86,218</b>	35,039
Taxation on profit at applicable tax rates	10,644	8,587	15,981	7,490
Final tax on dividend	2,480	2,592	5,465	3,831
Non-deductible expenses	1,269	1,189	1,862	1,682
Non-taxable income	(1)	(3)	(3)	(5)
Change in unrecognized deferred tax asset	-	1,823	-	(1,434)
Others	136	175	156	190
	<b>14,528</b>	14,363	<b>23,461</b>	11,754

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	31 October 2021 US\$'000	30 April 2021 US\$'000	31 October 2021 US\$'000	30 April 2021 US\$'000
<b>Group</b>				
Provisions	8,032	8,466	–	–
Employee benefits	13,803	13,935	–	–
Property, plant and equipment - net	–	–	(17,073)	(17,228)
Intangible assets and goodwill	–	–	(84,959)	(79,671)
Effective portion of changes in fair value of cash flow hedges	–	–	(410)	(395)
Tax loss carry-forwards	160,423	166,114	–	–
Inventories	2,127	2,127	–	–
Biological assets	–	–	(2,035)	(1,796)
Interest	25,765	24,450	–	–
Undistributed profits from subsidiaries	–	–	(4,011)	(2,168)
Charitable contributions	3,254	3,254	–	–
Others	6,186	6,851	–	–
Deferred tax assets (liabilities)	219,590	225,197	(108,488)	(101,258)
Set off of tax	(99,308)	(94,659)	99,308	94,659
<b>Deferred Taxes</b>	<b>120,282</b>	<b>130,538</b>	<b>(9,180)</b>	<b>(6,599)</b>

	Six months ended 31 October	
	2021 US\$'000	2020 US\$'000
<b>Applicable tax rates</b>		
- Philippines (non-PEZA)	25%	30%
- Philippines (PEZA)*	5%	5%
- India	31%	31%
- Singapore	17%	17%
- United States of America	25%	25%
- Mexico	30%	30%

\*based on gross profit for the year

#### **Sources of estimation uncertainty**

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



## 23. Stock option and incentive plans

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

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

### *Fair value of share options/awards and assumptions*

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

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

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

### *Del Monte Foods Holding Equity Compensation Plan*

During the second quarter of fiscal year 2016, 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 at 31 October 2021 and 30 April 2021, 14,776,500 shares were available for future grant.

The fair value for stock options granted was estimated at the date of grant using a Black-Scholes option pricing model. This model estimates the fair value of the options based on a number of assumptions, such as expected option life, interest rates, the current fair market value and expected volatility of common stock and expected dividends. The expected term of options granted was based on the “simplified” method. Expected stock price volatility was determined based on the historical volatilities of comparable companies over a historical period that matches the expected 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:

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

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

	<b>31 October 2021</b>		<b>30 April 2021</b>	
	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
Outstanding at beginning of year	223,500	5	283,500	5
Cancelled	–	5	(60,000)	5
Forfeited	–	–	–	5
Outstanding at end of year	<u>223,500</u>	<u>5</u>	<u>223,500</u>	<u>5</u>
Exercisable at end of year	<u>223,500</u>	<u>–</u>	<u>223,500</u>	<u>–</u>

## 24. Accounting classification and fair values

### *Fair values versus carrying amounts*

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

	Note	Financial assets at amortized cost US\$'000	Derivatives US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
<b>31 October 2021</b>						
Cash and cash equivalents	14	37,248	–	–	37,248	37,248
Trade and other receivables*	9, 12	273,244	–	–	273,244	273,244
Short-term placements	13	1,306	–	–	1,306	1,306
Notes receivables	9	1,000	–	–	1,000	1,000
Refundable deposit**	9	2,089	–	–	2,089	2,089
Derivative assets	13	–	2,002	–	2,002	2,002
		<b>314,887</b>	<b>2,002</b>	<b>–</b>	<b>316,889</b>	<b>316,889</b>
Lease liabilities	30	–	–	110,134	110,134	110,134
Loans and borrowings***	16	–	–	1,569,689	1,569,689	1,650,435
Trade and other current liabilities****	20	–	–	371,866	371,866	371,866
Derivative liabilities	13, 20	–	14	–	14	14
		<b>–</b>	<b>14</b>	<b>2,051,689</b>	<b>2,051,703</b>	<b>2,132,449</b>

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

\*\* included under advance rentals and deposits

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

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

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

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

\*\* included under advance rentals and deposits

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

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

## 25. Determination of fair values

### *Fair value hierarchy*

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

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

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

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

		<b>31 October 2021</b>			
	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Totals</b>
<b>Financial assets</b>					
Derivative assets	13	–	2,002	–	2,002
Notes receivable	9	–	–	1,000	1,000
<b>Non-financial assets</b>					
Fair value of agricultural produce					
harvested under inventories		–	–	4,286	4,286
Fair value of agricultural produce	10	–	–	44,070	44,070
Freehold land	6	–	–	53,855	53,855
<b>Financial liabilities</b>					
Derivative liabilities	13, 20		14	–	14
Lease liabilities		–	–	116,064	116,064
Loans and borrowings		–	1,167,345	483,090	1,650,435
		<b>30 April 2021</b>			
	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Totals</b>
<b>Financial assets</b>					
Derivative assets	13	–	1,694	–	1,694
Notes receivable	9	–	–	1,000	1,000
<b>Non-financial assets</b>					
Fair value of agricultural produce					
harvested under inventories		–	–	5,389	5,389
Fair value of agricultural produce	10	–	–	44,913	44,913
Freehold land	6	–	–	54,609	54,609
<b>Financial liabilities</b>					
Derivative liabilities	13, 20	–	80	–	80
Lease liabilities		–	–	144,092	144,092
Loans and borrowings		–	880,845	592,522	1,473,367

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

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

#### **Financial instruments measured at fair value**

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

#### **Financial instruments not measured at fair value**

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

#### **Other non-financial assets**

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

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

## 26. Profit for the period

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

	Note	Three months ended		Six months ended	
		31 October		31 October	
		2021	2020	2021	2020
		US\$'000	US\$'000	US\$'000	US\$'000
Provision for inventory obsolescence		260	1,436	759	1,295
Provision of allowance for ECL (trade and nontrade)		15	264	26	113
Amortization of intangible assets	7	1,662	1,662	3,325	3,325
Amortization of right-of-use assets	30	11,879	10,130	19,169	17,499
Depreciation of property, plant and equipment		38,505	34,327	77,361	59,800

## 27. General and administrative expenses

This account consists of the following:

	Three months ended		Six months ended	
	31 October		31 October	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Personnel costs	19,479	19,989	37,556	38,548
Professional and contracted services	5,367	5,703	11,311	12,260
Computer cost	2,824	4,275	6,204	9,037
Facilities expense	2,228	2,361	4,313	4,489
Employee-related expenses	622	465	1,268	970
Travelling and business meals	491	135	629	227
Postage and telephone	260	276	550	576
Research and development projects	193	269	340	379
Utilities	177	175	319	303
Machinery and equipment maintenance	136	156	207	261
Materials and supplies	66	112	194	240
Auto operating and maintenance costs	31	34	99	93
Miscellaneous overhead	2,040	2,041	3,072	3,665
	<b>33,914</b>	<b>35,991</b>	<b>66,062</b>	<b>71,048</b>

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

## 28. Share capital

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

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

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

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

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

### ***Dividends***

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

The Group does not declare dividends based on first quarter and third quarter results. Undeclared preference dividends as at 31 October 2021 amounted to US\$1.3 million.

### ***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 consolidated statements of financial position. The Board monitors the return on capital, which the Group defines as profit or loss for the year divided by total shareholders’ equity. The Board also monitors the level of dividends paid to ordinary shareholders.

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

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



## 29. Earnings per share

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

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>31 October</b>		<b>31 October</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Earnings per share is based on:</b>				
Profit attributable to owners of the Company (US\$'000)	<b>35,801</b>	21,852	<b>54,123</b>	18,603
Cumulative preference share dividends (US\$'000)	<b>(4,938)</b>	(4,938)	<b>(9,875)</b>	(9,875)
	<b>30,863</b>	16,914	<b>44,248</b>	8,728
<b>Weighted average number of ordinary shares ('000):</b>				
Outstanding ordinary shares at 1 August /1 May	<b>1,943,960</b>	1,943,960	<b>1,943,960</b>	1,943,960
Effect of shares awards granted	-	-	-	-
Weighted average number of ordinary shares at end of period (basic)	<b>1,943,960</b>	1,943,960	<b>1,943,960</b>	1,943,960
<b>Basic/diluted earnings per share (in U.S. cents)</b>	<b>1.59</b>	0.87	<b>2.28</b>	0.45

### 30. Leases

#### *Group as a lessee*

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

	<b>Buildings, land improvements and leasehold improvements</b>	<b>Land</b>	<b>Machineries and equipment</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cost/Valuation</b>				
At 1 May 2021	128,492	50,166	37,384	216,042
Additions	112	3,125	–	3,237
Disposal	(25)	–	(2)	(27)
Transfers/Adjustments	–	(760)	–	(760)
Currency realignment	(1,719)	(2,377)	–	(4,096)
At 31 October 2021	<u>126,860</u>	<u>50,154</u>	<u>37,382</u>	<u>214,396</u>
At 1 May 2020	116,023	51,277	38,450	205,750
Additions	11,926	8,290	46	20,262
Disposals	–	(735)	(1,112)	(1,847)
Transfers/Adjustments	(591)	(900)	–	(1,491)
Changes in lease term	–	(10,202)	–	(10,202)
Currency realignment	1,134	2,436	–	3,570
At 30 April 2021	<u>128,492</u>	<u>50,166</u>	<u>37,384</u>	<u>216,042</u>
	<b>Buildings, land improvements and leasehold improvements</b>	<b>Land</b>	<b>Machineries and equipment</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Accumulated amortization</b>				
At 1 May 2021	43,632	14,521	22,681	80,834
Amortization	10,390	4,121	4,703	19,214
Transfers/Adjustments	–	(760)	–	(760)
Currency realignment	(457)	(795)	–	(1,252)
At 31 October 2021	<u>53,565</u>	<u>17,087</u>	<u>27,384</u>	<u>98,036</u>
At 1 May 2020	20,752	6,932	11,981	39,665
Amortization	22,725	7,974	10,700	41,399
Disposals	–	(735)	–	(735)
Transfers/Adjustments	(43)	(90)	–	(133)
Currency realignment	198	440	–	638
At 30 April 2021	<u>43,632</u>	<u>14,521</u>	<u>22,681</u>	<u>80,834</u>
<b>Carrying amounts</b>				
At 31 October 2021	<u>73,295</u>	<u>33,067</u>	<u>9,998</u>	<u>116,360</u>
At 30 April 2021	<u>84,860</u>	<u>35,645</u>	<u>14,703</u>	<u>135,208</u>

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

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>31 October</b>		<b>31 October</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Amortization expense of right-of-use assets	<b>11,879</b>	10,130	<b>19,169</b>	17,499
Interest expense on lease liabilities	<b>1,497</b>	1,832	<b>3,195</b>	3,835
Expenses relating to short-term leases	<b>4,128</b>	5,756	<b>6,269</b>	7,883
Variable lease payments	<b>218</b>	(108)	<b>218</b>	267
<b>Total amount recognized in consolidated statement of income</b>	<b>17,722</b>	17,610	<b>28,851</b>	29,484

Amortization expense is net of amount capitalized to inventory amounting to US\$0.7 million and US\$1.5 million for the six months ended 31 October 2021 and 2020, respectively.

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

	<b>31 October</b>	<b>30 April</b>
	<b>2021</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>At the beginning of period/year</b>	<b>128,803</b>	158,525
Additions	<b>729</b>	14,174
Accretion of interest	<b>3,724</b>	8,412
Payments of principal	<b>(20,703)</b>	(43,377)
Change in lease term	–	(10,199)
Adjustments	–	(1,119)
Terminations	<b>(28)</b>	(122)
Currency realignment	<b>(2,391)</b>	2,509
<b>At the end of period/year</b>	<b>110,134</b>	128,803
Current	<b>25,670</b>	25,113
Non-current	<b>84,464</b>	103,690
	<b>110,134</b>	128,803

### **31. Commitments and contingencies**

#### *Purchase commitments*

The Group had entered into non-cancellable agreements with growers, co-packers, packaging suppliers and other service providers with commitments generally ranging from one year to ten years, to purchase certain quantities of raw products, including fruit, vegetables, tomatoes and packaging services. As at the reporting date, the Group has commitments for future minimum payments under non-cancellable agreements at approximately US\$683.0 million.

#### *Contingencies*

DMPI has a pending case with the Court of Tax Appeals En Banc (CTA EB) pertaining to deficiency withholding tax on wages assessment covering taxable year 2013 amounting to ₱6.8 million (US\$0.1 million). The Bureau of Internal Revenue filed a motion for reconsideration on 31 October 2019 which was denied by the CTA 2<sup>nd</sup> Division in a resolution dated 1 October 2019. The BIR has filed a petition for review with the CTA EB. As at 31 October 2021, the said petition is pending resolution.

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

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

## 32. Related parties

### *Related party transactions*

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

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

Category/ Transaction	Period	Amount of the transaction US\$'000	Outstanding balance – receivables/ (payables) US\$'000	Terms	Conditions
<b>Under Common Control</b>					
Shared information technology & JY Campos Centre Fit-out services	October 2021 April 2021	60 185	68 308	Due and demandable; non-interest bearing	Unsecured; no impairment
Sale of apple juice concentrate/materials	October 2021 April 2021	2 28	– 5	Due and demandable; non-interest bearing	Unsecured; no impairment
Purchases	October 2021 April 2021	21 64	4 9	Due and demandable; non-interest bearing	Unsecured; no impairment
Tollpack fees	October 2021 April 2021	– –	11 21	Due and demandable; non-interest bearing	Unsecured; no impairment
Security Deposit	October 2021 April 2021	7 9	(8) –	Due and demandable; non-interest bearing	Unsecured; no impairment
<b>Other Related Party</b>					
Management fees from DMPI Retirement fund	October 2021 April 2021	51 69	65 2	Due and demandable; non-interest bearing	Unsecured; no impairment
Rental to DMPI Retirement	October 2021 April 2021	908 1,747	(180) (7)	Due and demandable; non-interest bearing	Unsecured
Rental to NAI Retirement	October 2021 April 2021	326 602	(60) –	Due and demandable; non-interest bearing	Unsecured
Security Deposit/Advances to NAI	October 2021 April 2021	– 703	– –	Short-term; non-interest bearing	Unsecured; no impairment
Advances to NAPL	October 2021 April 2021	430 –	430 –	Short-term; non-interest bearing	Unsecured; no impairment

*(continued on next page)*

*Del Monte Pacific Limited and its Subsidiaries*  
*Unaudited Interim Condensed Consolidated Financial Statements*  
*For the six months ended 31 October 2021 and 2020*

Category/ Transaction	Period	Amount of the transaction US\$'000	Outstanding balance – receivables/ (payables) US\$'000	Terms	Conditions
<b>Joint Ventures</b>					
Sales	<b>October 2021</b>	<b>3,835</b>	<b>6,267</b>	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2021	6,303	4,475		
Purchases	<b>October 2021</b>	<b>884</b>	<b>(1,070)</b>	Due and demandable; non-interest bearing	Unsecured; no impairment
	April 2021	1,079	(987)		
	<b>October 2021</b>	<b>6,524</b>	<b>5,527</b>		
	April 2021	10,789	3,826		

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

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

### 33. Net Finance Expense

	Three months ended		Six months ended	
	31 October		31 October	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Finance income</b>				
Foreign exchange gain	(281)	917	1,275	3,265
Interest income from:				
Bank deposits	7	15	22	29
Others	191	110	346	262
	(83)	1,042	1,643	3,556
<b>Finance expense</b>				
Interest expenses on:				
Bank loans	(22,704)	(24,203)	(44,328)	(46,685)
Amortization of debt issue cost, discount	(2,958)	(2,831)	(5,982)	(5,354)
Leases	(1,494)	(1,832)	(3,195)	(3,835)
Foreign exchange loss	(281)	(30)	(376)	(114)
	(27,437)	(28,896)	(53,881)	(55,988)
Net finance expense	(27,520)	(27,854)	(52,238)	(52,432)

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

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

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

#### *Terms of the RCPS*

The terms of the RCPS are as follow:

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

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

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

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

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

#### Call Option Agreement

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

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

(A) commencing on:

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

(B) ending on the earliest of:

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



### ***Source of estimation uncertainty***

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

The fair value of the derivative liability related to the call option is measured using 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.

## **35. Other Matters**

- a. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity.
- b. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- c. Other than those disclosed in other notes, there were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual consolidated statements of financial position date
- d. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.
- e. The effects of seasonality or cyclicity on the interim operations of the Group's businesses are explained in Note 5, Seasonality of operations.
- f. The Group's material commitments for capital expenditure projects have been approved but are still ongoing and not yet completed as of end of 31 October 2021. These consist of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business. The said projects will be carried forward to the next quarter until its completion. The fund to be used for these projects will come from available cash, short and long-term loans.
- g. The Group is the subject of, or a party to, various suits and pending or threatened litigations. While it is not feasible to predict or determine the ultimate outcome of these matters, the Group believes that none of these legal proceedings will have a material adverse effect on its consolidated financial position.
- h. The retained earnings is restricted for the payment of dividends to the extent representing the accumulated equity in net earnings of the subsidiaries and unrealized asset revaluation reserve. The accumulated equity in net earnings of the subsidiaries is not available for dividend distribution until such time that the Company receives the dividends from the subsidiaries.

i. Deferment of DMPI IPO Due to Volatile Market Conditions

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

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