DEL MONTE PACIFIC LIMITED
(Incorporated in the British Virgin Islands)

RESPONSES TO SIAS QUERIES IN RELATION TO ANNUAL REPORT FY2024

The Securities Investors Association (Singapore) had sent the following queries to Del Monte Pacific Ltd. in relation to the Company's Annual Report for the financial year ended 30 April 2024 ("FY2024"). The Company sets forth its responses to these questions below.

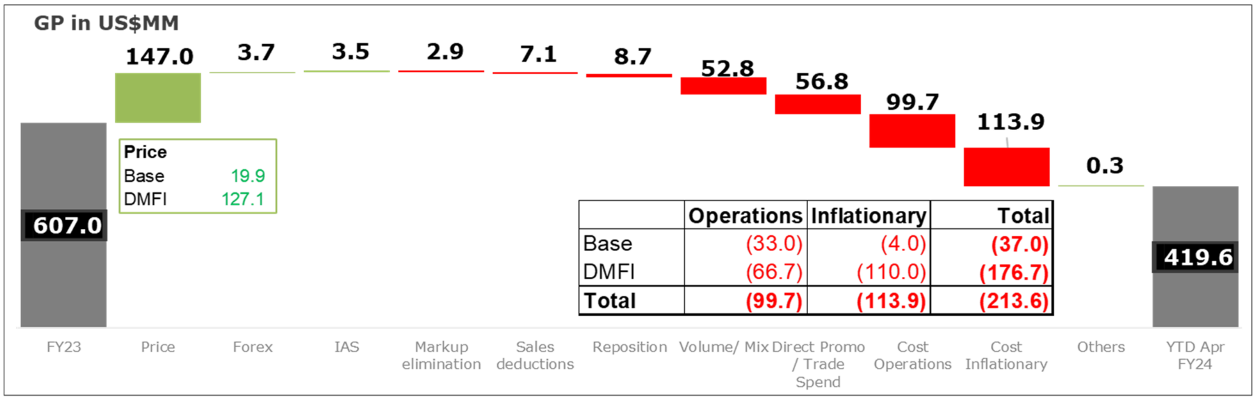
Q1. In the FY2023 annual report, management guided that, barring unforeseen circumstances, the Group expects to generate a higher net profit in FY2024.

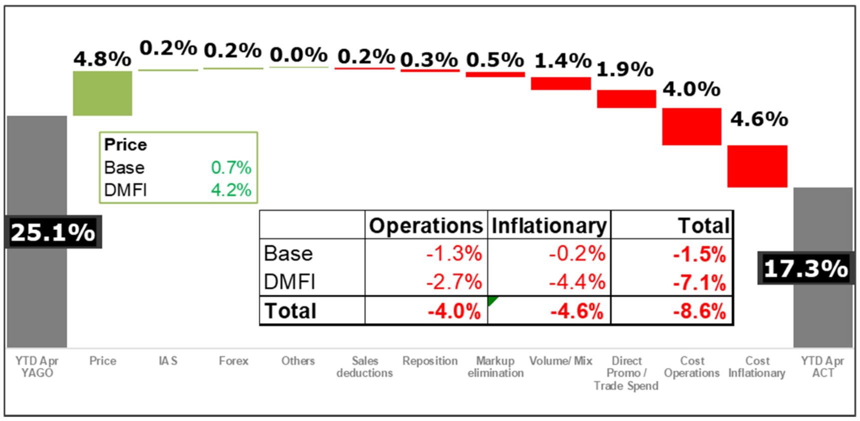
However, net profit of US$72.2 million in FY2023 turned into a net loss of US$(115.8) million in FY2024. The decline in profitability was US$188 million. In fact, all four quarters were loss-making, even after excluding one-offs items.

Financial Year ending April (Amounts in US$ million unless otherwise stated)	FY2024	FY2023	FY2022	FY2021	FY2020
Balance Sheet					
Cash	13.1	19.8	21.9	29.4	33.5
Debt	2,296.0	2,273.4	1,567.4	1,285.7	1,396.0
Net Debt	2,282.9	2,253.5	1,545.5	1,256.3	1,362.6
Fixed Assets	670.3	659.0	577.6	544.8	517.6
Total Assets	3,112.9	3,139.7	2,584.9	2,417.9	2,554.4
Shareholders' Equity	253.2	385.8	494.7	642.5	565.9
Net Tangible Asset Per Share (US cents)	(31.7)	(22.4)	(18.6)	(21.3)	(25.2)
Net Debt to Equity (%)	901.8	584.2	312.4	195.5	240.8
Net Debt to EBITDA (x)	17.5	6.8	4.4	4.1	9.6
Net Debt to Adjusted EBITDA (x)	15.3	6.7	4.4	4.1	6.0
Cash Flow					
Cash Flow from Operations	369.3	(2.8)	280.7	315.3	377.4
Capital Expenditure	187.6	237.9	202.7	164.0	132.5

(i) Can management provide a comprehensive breakdown of the contributing factors to the FY2024 losses, including any unexpected shifts in the market or internal operational challenges?

The main factors impacting FY 2024 were lower gross profit margin as explained below and higher interest cost.





<u>**Operations**</u>	
Base	**(33.0)**
Lower MTH	(22.9)
Obsolescence	(1.3)
Cannery - others	(0.2)
Reprocessing cost	(2.3)
Plantation - others	(1.9)
Fresh - others	(7.5)
Cannery claims	(0.8)
Warehousing	3.9
DMFI	**(66.7)**
Damage & Write Off	(35.6)
Warehousing	(13.9)
Fxd Mfg Variances	(8.4)
Fixed Distribution	(4.0)

DMFI's net income was down by US$106.4 million driven by higher cost (caused by inflation as the cost of the FY 2023 and 2024 pack was significantly higher than FY 2022 pack that was sold in the first half of FY2023, increased waste from aged items, higher sales to sundry channel at a significant loss due to aging inventory and higher variable product cost), one-off costs related to plant closure and higher professional services fees, and decline in sales volumes. These were partially offset by wrap-around pricing activity and lower interest as the prior year included a one-off refinancing activity that comprised a pre-termination of high-yield bonds.

For DMPI, the major driver of the dip in performance was the decline in productivity of processed pineapple variety. Overall, the impact was almost US$23 million in addition to lower sales in the Philippines.

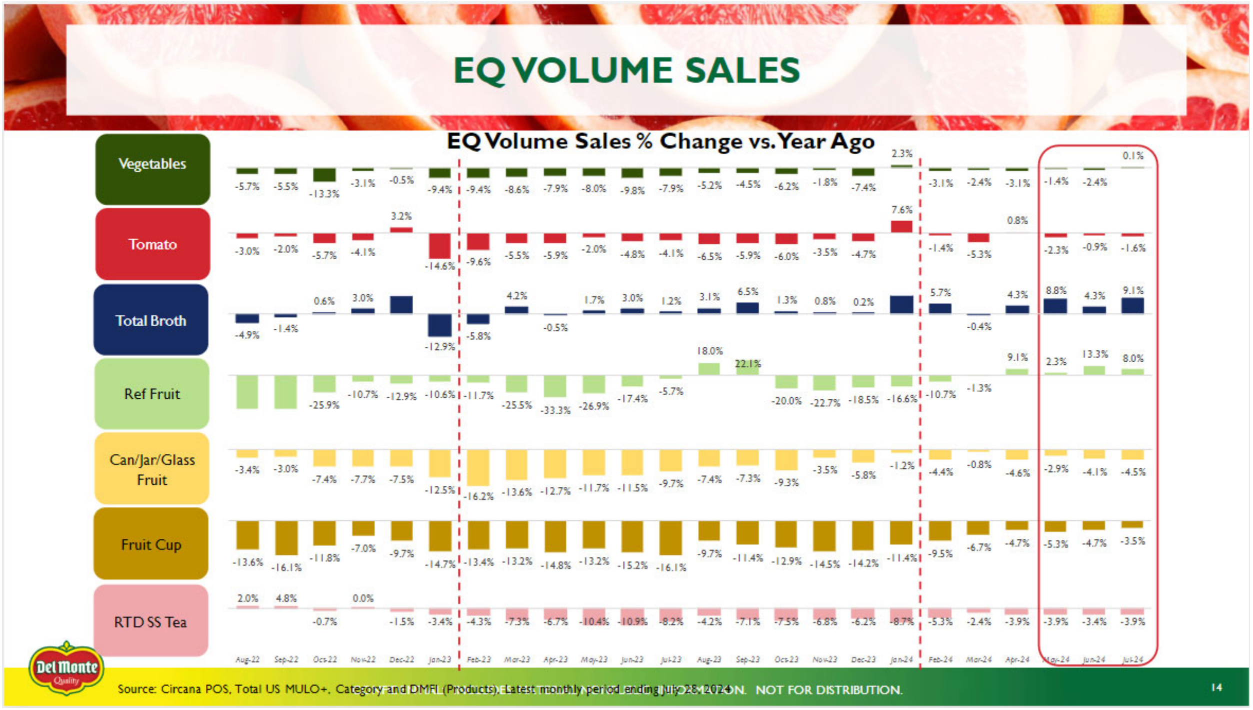
(ii) How significantly did higher-than-anticipated interest rates impact the financial results for FY2024? Was the profit forecast premised on an assumption of interest rates declining in FY2024?

Yes, increase in interest cost had a significant impact on our Group's financial results. Pre-tax impact of higher interest rates was around US$44 million (based on average debt balances and annual interest cost) while higher average debt balance for the year contributed an increase in interest expense of around US$30 million. These were offset by settlement gain on interest rate swaps of US$11 million. Management's profit forecast did assume some increase in interest expense but did not expect the SOFR increasing to more than 500 bps by end of FY 2024.

(iii) What factors contributed to management's overestimation of market trends and volumes for FY2024, as referenced on page 9 of the report? How will management adjust its forecasting approach to enhance accuracy moving forward?

DMFI's core categories in the US experienced a slowdown, most notably starting around January 2023 which then extended into and impacted FY2024. Contributing factors included consumers eating out more and pantry loading less, sharp inflation, and other economic factors like the reduction in COVID-related stimulus. While we anticipated a reduction in demand, DMFI did not anticipate the speed and degree to which consumption behavior patterns would change. DMFI's categories' agricultural timelines made it more difficult to timely adjust volumes based on these changing demand signals. However, it appears that DMFI's categories have started to rebound, with equivalized sales volume trends improving starting around January 2024.

To address the learnings from FY2024, we have invested in upgrading our systems, processes, and people. For systems - We have implemented new systems that give us more transparency in our sales planning and trade investments, inventory management and materials on hand. For processes - We have upgraded our forecasting process with a more rigorous approach that engages multiple functions to align across a statistical historic model, sales forecasting, and a consumption- based model. And for people - In the last 12-18 months we have brought on board new leaders across multiple functions including Commercial, Supply Chain, and Operations who have best-in-class CPG experience in forecasting, sales planning, and inventory management. These disciplines are also being implemented at a plant-level, with emphasis on transparency, central oversight, and best-in-class practices.



(iv) What are management's perspectives on the current state of the U.S. economy and consumer sentiment? How is the group aligning its strategies to capitalize on macroeconomic trends over the next 18-24 months?

At a high level, the general sentiment has been cautiously optimistic. High single digit or even low double-digit decline that we saw in our categories has now seemed to have slowed down. The stock market continues to be at a high, giving the upper income class confidence in their investments and retirement accounts. Many people speculate that the Federal Reserve will cut interest rates which may in turn help "unlock" the housing market.

Although the cost of products and services remains much higher than before, with food categories ~30% higher than pre-pandemic levels, the rate of inflation has tailed off. However, the lower to middle income classes continue to feel the burden of the elevated prices of everyday goods. We believe that our strategy of offering quality products across the price/value spectrum will capitalize on these sentiments. For example, in Tomatoes we offer Premium end Take Root Organics, in Mainstream we offer Contadina, and as a branded Value play we offer Del Monte. Consumers have increased their level of "cross shopping" retail channels in their search for quality at a value. We capitalize on this by not only building on our historic strength in Mass and Grocery, but also by driving disproportionate growth in Emerging Channels which tend to be on the poles of the spectrum, Natural and Club at the high end, and Dollar and Value on the lower priced end. With the upcoming Presidential election, we are carefully watching the major parties' stance on the Food industry. We believe we will be well positioned given that our portfolio mainly consists of good-for-you fruits and vegetables, most of which are priced at $2 or below. In addition, we have a variety of sourcing strategies that can give us some flexibility if global trade issues heighten.

We are also endeavoring to lower our costs to improve our margins through decreasing waste and changing our cost structure by consolidating facilities and letting go of facilities with lower utilization levels as we have demonstrated with closure of two vegetable plants in Q4 of FY2024.

Q2. For the financial year ended 31 March 2024, loss attributable to owners of the company amounted to US$(129.2) million. This was greater than the cumulative earnings in the previous two years which amounted to US$116.9 million.

The group and the company's retained earnings have turned into a deficit, amounting to US$(73.2) million as at 31 March 2024 as a result of the losses.

Net debt increased to US$2.28 billion while shareholders' equity decreased to US$253.2 million. The leverage ratios are elevated – net debt to equity of 901.8%, net debt to EBITDA at 17.5 times and net debt to adjusted EBITDA at 15.3 times. Interest payments rose to US$190.7 million in FY2024 from US$144.0 million in the previous year.

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(i) What is the estimated cost of capital?

The estimated cost of capital considering our current leverage is around 8.0 – 8.5 % on a post- tax basis.

(ii) What guidance has the board provided to management regarding the optimal capital structure? Is the current level of debt sustainable?

Management recognizes that the current leverage is not sustainable.

The board has mandated several initiatives in FY 2025 that include sale of assets at DMFI and raising additional equity at DMPI, which initiatives are expected to lower leverage by US$300 million by the end of FY2025. This should lower leverage for DMPL group to an estimated level of 7.0 to 7.5 x. in the medium to long term. The Board's directive has been to bring down the debt-to-equity ratio to less than 3x and debt to EBITDA to less than 5x.

(iii) What are managements' target and timeline for deleveraging the balance sheet?

Please see our response to the immediately preceding question.

(iv) Is the board considering a rights issue, and what factors are influencing this decision?

The Company is not inclined to do a rights issue due to the current share price.

(v) What hurdle rate does the board use in the capital expenditure approval process, and how does the board prioritize the group's capital expenditures?

Generally, investment in growth and cost saving capital expenditure is in the range of 40% of total Group's capital spend (excluding ongoing investment in bearer plants). The rest of the capital spend is for operating sustainable operations. On the cost saving and growth- related capital spend, payback expectation is approx. 3 years or an IRR of more than 25%.

(vi) What are the factors that led to the deferment of the IPO of Del Monte Foods, Inc. (DMFI)? The group has already incurred one-off expenses of US$9.4 million on professional fees and IPO-related costs. Under what conditions will management consider re-initiating the DMFI IPO?

We will revisit this matter when Management restores profitability at DMFI and if market conditions become more favorable.

Q3. As noted in the corporate governance report, Mr Benedict Kwek Gim Song and Dr Emil Q. Javier were first appointed on 30 April 2007 while Mr Godfrey E. Scotchbrook was appointed on 28 December 2000.

Mr Godfrey E. Scotchbrook will retire and will not seek his re-election at the upcoming annual general meeting on 30 August 2024.

On 11 January 2023, Singapore Exchange Regulation (SGX RegCo) announced that it will limit the tenure of independent directors (IDs) serving on the boards of listed issuers to nine years. Mr Tan Boon Gin, CEO of SGX RegCo, also noted that the limit on tenure of IDs provides an opportunity for companies to inject new skills, experience and knowledge into their boards, all of which will be invaluable in guiding the business for the long term.

(i) Has the nominating and governance committee (NGC) reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?

The NGC periodically reviews the competency matrix in the Board and identifies opportunities for the Board to enhance and strengthen its effectiveness. These periodic reviews have been taken into account in the search and recruitment of the Company's new independent directors.

(ii) Can the NGC provide details on its efforts towards the progressive renewal of the board, considering the 1.5-year transition period provided by SGX RegCo?

As of the date these questions were received, the NGC had been in the final stages of evaluating candidates for independent directors who will succeed the Company's long tenured directors. The NGC had paid close attention to directors' expertise and competencies that have been relevant to the Group's strategic needs and sought out these same strengths in the recruitment stage. Subject to final vetting and clearance procedures, the Company expects to complete the appointment process very soon.

(iii) In addition, will the board/NGC clarify the strategic considerations regarding the roles of Mr Benedict Kwek Gim Song and Dr Emil Q. Javier at the conclusion of the AGM? Would the long-tenured directors resign from the board or be redesignated as non-executive non-independent directors?

Messrs Kwek and Javier have provided invaluable contributions to the Group in their respective roles as Lead Independent Director and ARC Chairman, and the Board's resident scientist and agronomist. They will remain on the Board for an initial three-month transition period to assist and facilitate the onboarding of the new independent directors to ensure a smooth handover process.

(iv) Considering that Mrs Yvonne Goh, the current chairperson of the NGC, will reach the 9-year tenure limit on 3 September 2024, can the NGC provide clarity on the succession plans for her role?

The Company is grateful to Mrs Goh's efforts as NGC Chair and Independent Director in ingraining high standards in the Company's governance and compliance practices. Similar to the other long-tenured directors, Mrs Goh will remain on the Board during the mentioned transition period for the same reasons indicated above.

(v) Could the board assess the impact of upcoming changes to the board's composition on its effectiveness and stability?

The Board is confident that the incoming independent directors with their solid professional competencies and extensive experience would build on their predecessors' contributions and rejuvenate the Board with fresh perspectives on the Group's business. With the outgoing independent directors' guidance, the new independent directors will leverage their expertise and network to strengthen the Board's effectiveness. The Board will announce the appointment of the new independent directors accordingly.

By Order of the Board.

Antonio Eugenio S. Ungson
Company Secretary

29 August 2024