**Del Monte Pacific Limited and its Subsidiaries**

Unaudited Interim Condensed Consolidated
Financial Statements
As at 31 July 2023
and for the Periods Ended 31 July 2023 and 2022
(With Comparative Audited Consolidated Statement of
Financial Position as at 30 April 2023)

## Unaudited Interim Consolidated Statements of Financial Position

(With Comparative Audited Figures as at 30 April 2023)

| | Note | As at 31 July 2023 US$'000 (Unaudited) | As at 30 April 2023 US$'000 (Audited) |
|---|---|---|---|
| **Noncurrent assets** | | | |
| Property, plant and equipment – net | 6 | **673,976** | 658,991 |
| Right-of-use assets | 30 | **96,392** | 100,566 |
| Investments in joint ventures | 8 | **20,295** | 20,161 |
| Intangible assets and goodwill | 7 | **752,073** | 753,841 |
| Deferred tax assets – net | 22 | **118,734** | 118,060 |
| Biological assets | 10 | **3,154** | 3,007 |
| Pension assets | | **10,506** | 10,630 |
| Other noncurrent assets | 9 | **45,253** | 42,250 |
| | | **1,720,383** | 1,707,506 |
| **Current assets** | | | |
| Biological assets | 10 | **44,233** | 44,852 |
| Inventories | 11 | **1,175,599** | 1,076,772 |
| Trade and other receivables | 12, 24 | **210,096** | 231,036 |
| Prepaid expenses and other current assets | 13 | **60,878** | 59,667 |
| Cash and cash equivalents | 14, 24 | **23,155** | 19,836 |
| | | **1,513,961** | 1,432,163 |
| **Total assets** | | **3,234,344** | 3,139,669 |
| **Equity** | | | |
| Share capital | 28 | **19,449** | 19,449 |
| Share premium | | **208,339** | 208,339 |
| Retained earnings | | **103,917** | 119,540 |
| Reserves | 15 | **(16,803)** | (28,511) |
| Equity attributable to owners of the Company | | **314,902** | 318,817 |
| Non-controlling interests | | **68,523** | 66,941 |
| **Total equity** | | **383,425** | 385,758 |
| **Noncurrent liabilities** | | | |
| Loans and borrowings | 16, 24 | **1,087,916** | 994,477 |
| Lease liabilities | 30 | **68,470** | 72,204 |
| Employee benefits | | **21,944** | 21,294 |
| Environmental remediation liabilities | 19 | **–** | – |
| Deferred tax liabilities – net | 22 | **13,018** | 11,630 |
| Other noncurrent liabilities | 17 | **13,273** | 16,826 |
| | | **1,204,621** | 1,116,431 |
| **Current liabilities** | | | |
| Loans and borrowings | 16, 24 | **1,234,963** | 1,278,876 |
| Lease liabilities | 30 | **29,507** | 27,892 |
| Employee benefits | | **27,407** | 24,280 |
| Trade and other current liabilities | 20, 24 | **352,027** | 304,940 |
| Current tax liabilities | | **2,394** | 1,492 |
| | | **1,646,298** | 1,637,480 |
| **Total liabilities** | | **2,850,919** | 2,753,911 |
| **Total equity and liabilities** | | **3,234,344** | 3,139,669 |

## Unaudited Interim Consolidated Statements of Income

| | | Three months ended 31 July | |
|---|---|---|---|
| | **Note** | **2023** **US$'000** | 2022 US$'000 |
| Revenue | 4, 21 | **516,733** | 456,587 |
| Cost of sales | | **(408,438)** | (324,851) |
| **Gross profit** | 4 | **108,295** | 131,736 |
| Distribution and selling expenses | | **(48,763)** | (49,645) |
| General and administrative expenses | 27 | **(33,703)** | (34,098) |
| Other income (expense) – net | | **611** | 2,437 |
| **Results from operating activities** | | **26,440** | 50,430 |
| Finance income | 33 | **5,237** | 2,323 |
| Finance expense | 33 | **(44,075)** | (95,116) |
| Net finance expense | | **(38,838)** | (92,793) |
| Share in net loss of joint ventures | 4 | **134** | 668 |
| **Profit (loss) before taxation** | 4 | **(12,264)** | (41,695) |
| Tax expense – current | 22 | **(2,733)** | (9,068) |
| Tax benefit (expense) – deferred | 22 | **2,759** | 20,013 |
| | 22 | **26** | 10,945 |
| **Profit (loss) for the period** | | **(12,238)** | (30,750) |
| **Profit (loss) attributable to:** | | | |
| Non-controlling interest | | **843** | (227) |
| Owners of the Company | | **(13,081)** | (30,523) |
| | | **(12,238)** | (30,750) |
| **Earnings (loss) per share** | | | |
| Basic earnings (loss) per share (U.S. cents) | 29 | **(0.67)** | (1.65) |
| Diluted earnings (loss) per share (U.S. cents) | 29 | **(0.67)** | (1.65) |

## Unaudited Interim Consolidated Statements of Comprehensive Income

| | Three months ended 31 July | |
|---|---|---|
| | **2023** | **2022** |
| | **US$'000** | **US$'000** |
| **Loss for the period** | **(12,238)** | (30,750) |
| **Other comprehensive income (loss)** | | |
| **Items that will not be reclassified subsequently to profit or loss** | | |
| Share in remeasurement of retirement plans | **(18)** | 32 |
| Tax impact on share in remeasurement of retirement plans | **3** | (4) |
| | **(15)** | 28 |
| **Items that may be reclassified subsequently to profit or loss** | | |
| Share in currency translation differences | **2,465** | (9,796) |
| Share in effective portion of changes in fair value of cash flow hedges of a subsidiary | **13,767** | 35 |
| Tax impact on share in cash flow hedges | **(3,442)** | (9) |
| | **12,790** | (9,770) |
| **Other comprehensive income (loss) for the period, net of tax** | **12,775** | (9,742) |
| **Total comprehensive income (loss) for the period** | **537** | (40,492) |
| **Total comprehensive income (loss) attributable to:** | | |
| Owners of the Company | **(1,373)** | (39,010) |
| Non-controlling interests | **1,910** | (1,482) |
| | **537** | (40,492) |

## Unaudited Interim Consolidated Statements of Changes in Equity
## Three months ended 31 July 2023 and 2022

| | <------ 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** | **Remeasure-ment of retirement plans US$'000** | **Hedging reserve US$'000** | **Share option reserve US$'000** | **Reserve for own shares US$'000** | **Retained earnings US$'000** | **Total US$'000** | **Non-controlling interests US$'000** | **Total equity US$'000** |
| **Fiscal Year 2024** | | | | | | | | | | | | |
| At 1 May 2023 | 19,449 | 208,339 | (105,020) | 29,354 | 46,051 | 1,390 | – | (286) | 119,540 | 318,817 | 66,941 | 385,758 |
| **Total comprehensive income (loss) for the period** | | | | | | | | | | | | |
| Loss for the period (Note 29) | – | – | – | – | – | – | – | – | (13,081) | (13,081) | 843 | (12,238) |
| **Other comprehensive income (loss)** | | | | | | | | | | | | |
| Currency translation differences | – | – | 2,153 | – | – | – | – | – | – | 2,153 | 312 | 2,465 |
| Remeasurement of retirement plans | – | – | – | – | (13) | – | – | – | – | (13) | (2) | (15) |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | 9,568 | – | – | – | 9,568 | 757 | 10,325 |
| **Total other comprehensive income (loss)** | – | – | 2,153 | – | (13) | 9,568 | – | – | – | 11,708 | 1,067 | 12,775 |
| **Total comprehensive income (loss) for the period** | – | – | 2,153 | – | (13) | 9,568 | – | – | (13,081) | (1,373) | 1,910 | 537 |
| **Transactions with owners of the Company recognized directly in equity** | | | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | | | |
| Payment of dividends | – | – | – | – | – | – | – | – | (2,542) | (2,542) | (328) | (2,870) |
| **At 31 July 2023** | 19,449 | 208,339 | (102,867) | 29,354 | 46,038 | 10,958 | – | (286) | 103,917 | 314,902 | 68,523 | 383,425 |

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

## Unaudited Interim Consolidated Statements of Changes in Equity
## Three months ended 31 July 2023 and 2022

| | <---- | ---- | ---- | ---- | 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 | Remeasure-ment of retirement plans US$'000 | Hedging reserve US$'000 | Share option reserve US$'000 | Reserve for own shares US$'000 | Retained earnings US$'000 | Total US$'000 | Non-controlling interests US$'000 | Total equity US$'000 |
| **Fiscal Year 2023** | | | | | | | | | | | | |
| At 1 May 2022 | 29,449 | 298,339 | (95,322) | 14,278 | 43,752 | (4,963) | – | (286) | 140,320 | 425,567 | 69,138 | 494,705 |
| **Total comprehensive income (loss) for the period** | | | | | | | | | | | | |
| Loss for the period (Note 23) | – | – | – | – | – | – | – | – | (30,523) | (30,523) | (227) | (30,750) |
| **Other comprehensive income** | | | | | | | | | | | | |
| Currency translation differences | – | – | (8,535) | – | – | – | – | – | – | (8,535) | (1,261) | (9,796) |
| Remeasurement of retirement plans | – | – | – | – | 24 | – | – | – | – | 24 | 4 | 28 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | 24 | – | – | – | 24 | 2 | 26 |
| **Total other comprehensive income (loss)** | – | – | (8,535) | – | 24 | 24 | – | – | – | (8,487) | (1,255) | (9,742) |
| **Total comprehensive income (loss) for the period** | – | – | (8,535) | – | 24 | 24 | – | – | (30,523) | (39,010) | (1,482) | (40,492) |
| **Transactions with owners of the Company recognized directly in equity** | | | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | | | |
| Payment of dividends | – | – | – | – | – | – | – | – | (33,251) | (33,251) | (5,561) | (38,812) |
| **At 31 July 2022** | 29,449 | 298,339 | (103,857) | 14,278 | 43,776 | (4,939) | – | (286) | 76,546 | 353,306 | 62,095 | 415,401 |

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

## Unaudited Interim Consolidated Statements of Cash Flows

| | Note | Three months ended 31 July 2023 US$'000 | Three months ended 31 July 2022 US$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the period | | **(12,238)** | (30,750) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 26 | **40,908** | 40,118 |
| Amortization of right-of-use assets | | **7,909** | 8,047 |
| Amortization of intangible assets | 7, 26 | **1,768** | 1,663 |
| Loss on disposal of property, plant and equipment | | **9** | – |
| Share in net loss (profit) of joint ventures | 4 | **(134)** | (668) |
| Finance income* | 33 | **(5,237)** | (2,323) |
| Finance expense* | 33 | **44,075** | 24,245 |
| Redemption fee on Senior Secured Loans | 33 | **–** | 44,530 |
| Write-off of deferred financing costs | 33 | **–** | 26,341 |
| Tax expense – current | 22 | **2,733** | 9,069 |
| Tax expense – deferred | 22 | **(2,759)** | (20,014) |
| | | **77,034** | 100,258 |
| Changes in: | | | |
| Other assets | | **(490)** | 1,557 |
| Inventories | | **(95,168)** | (183,083) |
| Biological assets | | **1,051** | 1,816 |
| Trade and other receivables | | **25,048** | 10,548 |
| Prepaid expenses and other current assets | | **4,729** | (3,350) |
| Trade and other payables | | **37,671** | 91,753 |
| Employee benefits | | **4,004** | (7,697) |
| **Operating cash flows** | | **53,879** | 11,802 |
| Taxes paid | | **(378)** | (5,799) |
| **Net cash flows provided by operating activities** | | **53,501** | 6,003 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 4 | **(46,999)** | (43,026) |
| Proceeds from disposal of property, plant and equipment | | **88** | 58 |
| Interest received | | **1,554** | 400 |
| Investment in new joint venture | 8 | **–** | (968) |
| **Net cash flows used in investing activities** | | **(45,357)** | (43,536) |

*(continued on next page)*

*Includes foreign exchange gains and losses

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

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

| | Note | Three months ended 31 July 2023 US$'000 | 2022 US$'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | **1,598,103** | 905,969 |
| Repayment of borrowings | | **(1,553,584)** | (713,585) |
| Interest paid | | **(41,116)** | (45,583) |
| Payments of lease liabilities | | **(7,046)** | (13,550) |
| Dividends paid | | **(2,870)** | (38,811) |
| Redemption fee on Senior Secured Loans | 33 | **–** | (44,530) |
| Payment of debt related costs | | **(995)** | (13,915) |
| **Net cash flows provided by (used in) financing activities** | | **(7,508)** | 35,995 |
| | | | |
| **Net decrease in cash and cash equivalents** | | **636** | (1,538) |
| Cash and cash equivalents at beginning of period | | **19,836** | 21,853 |
| Effect of exchange rate changes on balances held in foreign currency | | **2,683** | 4,153 |
| **Cash and cash equivalents at end of period** | 14 | **23,155** | 24,468 |

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

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

### 1. Domicile and activities

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

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

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

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

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

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

The consolidated financial statements of the Group as at and for the periods ended 31 July 2023 and 2022 comprise the Company and its subsidiaries (together referred to as the "Group", and individually as "Group entities"), and the Group's interests in joint ventures.

## 2. Basis of preparation

2.1 Statement of compliance

The accompanying unaudited interim condensed consolidated financial statements as at 31 July 2023 and for the three months ended 31 July 2023 and 2022 have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the 2023 annual audited consolidated financial statements, comprising the consolidated statements of financial position as at 30 April 2023 and 2022 and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 30 April 2023, 2022, and 2021.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

***Judgements***

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

Note 7 – Assessment of useful life of intangible assets with indefinite useful life
Note 30 – Determination of lease term of contracts with renewal options
Note 31 – Contingencies

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. There are no changes in significant judgment and estimate since 30 April 2023.

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

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

## 3. Significant accounting policies

**Changes in Accounting Policies and Disclosures**

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's 2023 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2023, which did not have any significant impact on the Group's financial position or performance, unless otherwise indicated:

*Effective beginning on or after 1 May 2023*

- Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies*. The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and

  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

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

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

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

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

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

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

- IFRS 17, *Insurance Contracts*

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

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

  a) A specific adaptation for contracts with direct participation features (the variable fee approach)

  b) A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

## 4. Operating segments

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

**Geographical segments**

*Americas*

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

*Asia Pacific*

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

*Europe*

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

**Product segments**

*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.

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 Three months ended 31 July** | | **Asia Pacific Three months ended 31 July** | | **Europe Three months ended 31 July** | | **Total Three months ended 31 July** | |
|---|---|---|---|---|---|---|---|---|
| | **2023 US$'000** | **2022 US$'000** | **2023 US$'000** | **2022 US$'000** | **2023 US$'000** | **2022 US$'000** | **2023 US$'000** | **2022 US$'000** |
| **Revenue** | | | | | | | | |
| Packaged vegetable | **136,012** | 115,090 | **281** | 521 | **–** | – | **136,293** | 115,611 |
| Packaged fruit | **150,830** | 131,406 | **23,070** | 24,683 | **7,460** | 4,335 | **181,360** | 160,424 |
| Beverage | **17,732** | 11,475 | **31,235** | 33,149 | **995** | 3,246 | **49,962** | 47,870 |
| Culinary | **53,489** | 44,467 | **31,757** | 31,063 | **49** | 56 | **85,295** | 75,586 |
| Fresh fruit and others | **890** | 901 | **62,933** | 56,195 | **–** | – | **63,823** | 57,096 |
| **Total** | **358,953** | 303,339 | **149,276** | 145,611 | **8,504** | 7,637 | **516,733** | 456,587 |
| **Gross profit** | **65,626** | 82,634 | **41,166** | 46,768 | **1,503** | 2,334 | **108,295** | 131,736 |
| **Share in net profit (loss) of joint ventures** | **–** | – | **134** | 668 | **–** | – | **134** | 668 |
| **Profit (loss) before taxation** | **(22,803)** | (62,065) | **10,276** | 19,007 | **263** | 1,363 | **(12,264)** | (41,695) |
| **Other information** | | | | | | | | |
| Capital expenditure | **10,578** | 6,134 | **36,421** | 36,892 | **–** | – | **46,999** | 43,026 |

***Major customer***

Revenues from a major customer of the Americas segment for the three months ended 31 July 2023 amounted to US$148.1 million (31 July 2022: US$116.8million) representing 41.3% (31 July 2022: 38.5%) of the total Americas segment's net revenue.

## 5. Seasonality of operations

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

The Group operates 11 production facilities in the USA, Mexico, and the Philippines as at 31 July 2023 and 30 April 2023. Fruit plants are located in California and Washington in the United States and in the Philippines. Most of its vegetable plants are located in the U.S. Midwest and its tomato plant are located in California.

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

## 6. Property, plant and equipment

| | <---------- At cost | | | ----------> | At appraised value | |
|---|---|---|---|---|---|---|
| | **Buildings, land improvements and leasehold improvements US$'000** | **Machineries and equipment US$'000** | **Construction-in-progress US$'000** | **Bearer Plants US$'000** | **Freehold land US$'000** | **Total US$'000** |
| **Group** | | | | | | |
| **Cost/Valuation** | | | | | | |
| At 1 May 2023 | **240,665** | **623,245** | **92,749** | **405,796** | **82,998** | **1,445,453** |
| Additions | **441** | **6** | **20,675** | **32,946** | **–** | **54,068** |
| Disposals | **–** | **(1,739)** | **–** | **–** | **–** | **(1,739)** |
| Write off - closed fields | **–** | **–** | **–** | **(16,799)** | **–** | **(16,799)** |
| Reclassifications from CIP | **1,648** | **12,179** | **(13,827)** | **–** | **–** | **–** |
| Currency realignment | **990** | **2,772** | **400** | **12,822** | **260** | **17,244** |
| At 31 July 2023 | **243,744** | **636,463** | **99,997** | **434,765** | **83,258** | **1,498,227** |
| | | | | | | |
| At 1 May 2022 | 229,900 | 602,399 | 57,384 | 382,782 | 61,878 | 1,334,343 |
| Additions | 9,808 | 6,843 | 72,688 | 147,028 | – | 236,367 |
| Disposals | (80) | (3,527) | – | – | – | (3,607) |
| Write off - closed fields | – | – | – | (136,468) | – | (136,468) |
| Reclassifications from CIP | 5,235 | 30,710 | (35,945) | – | – | – |
| Revaluation | – | – | – | – | 22,121 | 22,121 |
| Currency realignment | (4,198) | (13,180) | (1,378) | 12,454 | (1,001) | (7,303) |
| At 30 April 2023 | 240,665 | 623,245 | 92,749 | 405,796 | 82,998 | 1,445,453 |
| | | | | | | |
| **Accumulated depreciation and impairment losses** | | | | | | |
| At 1 May 2023 | **125,580** | **446,159** | **–** | **206,188** | **8,536** | **786,463** |
| Charge for the period | **2,759** | **8,765** | **–** | **31,002** | **–** | **42,526** |
| Write off - closed fields | **–** | **–** | **–** | **(16,799)** | **–** | **(16,799)** |
| Disposals | **–** | **(1,260)** | **–** | **–** | **–** | **(1,260)** |
| Currency realignment | **491** | **2,212** | **–** | **10,618** | **–** | **13,321** |
| At 31 July 2023 | **128,830** | **455,876** | **–** | **231,009** | **8,536** | **824,251** |
| | | | | | | |
| At 1 May 2022 | 117,622 | 424,819 | – | 205,719 | 8,536 | 756,696 |
| Charge for the year | 10,090 | 34,152 | – | 113,571 | – | 157,813 |
| Write off - closed fields | – | – | – | (136,468) | – | (136,468) |
| Disposals | (37) | (2,621) | – | – | – | (2,658) |
| Currency realignment | (2,095) | (10,191) | – | 23,366 | – | 11,080 |
| At 30 April 2023 | 125,580 | 446,159 | – | 206,188 | 8,536 | 786,463 |
| | | | | | | |
| **Carrying amounts** | | | | | | |
| At 31 July 2023 | **114,914** | **180,587** | **99,997** | **203,756** | **74,722** | **673,976** |
| At 30 April 2023 | 115,085 | 177,086 | 92,749 | 199,608 | 74,462 | 658,990 |

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

The Group has property, plant and equipment acquisitions of US$3.4 million as at 31 July 2023 (30 April 2023: US$3.9 million) presented under "Accrued operating expenses" in "Trade and other current liabilities". Down payments made by the Group for the acquisition of property, plant and equipment amounted to US$3.5 million as at 31 July 2023 (30 April 2023: US$3.5 million) recorded under "Advances to suppliers" in "Other noncurrent assets". The cost of fields closed and written off amounted to US$16.8 million for the three months ended 31 July 2023 (30 April 2023: US$136.5 million).

## 7. Intangible assets and goodwill

| | Goodwill US$'000 | Indefinite life trademarks US$'000 | Amortizable trademarks US$'000 | Customer relationship US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 May 2023/ 31 July 2023 | **203,432** | **472,363** | **24,180** | **115,441** | **815,416** |
| At 1 May 2022/ 30 April 2023 | 203,432 | 472,363 | 24,180 | 115,441 | 815,416 |
| **Accumulated amortization** | | | | | |
| At 1 May 2023 | – | – | **12,119** | **49,456** | **61,575** |
| Amortization | – | – | **325** | **1,443** | **1,768** |
| At 31 July 2023 | – | – | **12,444** | **50,899** | **63,343** |
| At 1 May 2022 | – | – | 10,819 | 43,789 | 54,608 |
| Amortization | – | – | 1,300 | 5,667 | 6,967 |
| At 30 April 2023 | – | – | 12,119 | 49,456 | 61,575 |
| **Carrying amounts** | | | | | |
| At 31 July 2023 | **203,432** | **472,363** | **11,736** | **64,542** | **752,073** |
| At 30 April 2023 | 203,432 | 472,363 | 12,061 | 65,985 | 753,841 |

Amortization expense amounted to US$1.8 million for the three months ended 31 July 2023 (31 July 2022: US$1.7 million)

***Goodwill***

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

***Indefinite life trademarks***

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

**America trademarks**

As at 31 July 2023, American trademarks amount to US$458.3 million (2023: US$394.0 million). The indefinite life trademarks of US$394.0 million arising from the acquisition of Consumer Food Business relate to those of DMFI for the use of the "Del Monte" trademarks in the United States and South America market, and the "College Inn" trademark in the United States, Australia, Canada and Mexico.

The "Kitchen Basics" trademark in the United States and Canada of US$64.3 million was assessed to have an indefinite useful life.

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

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

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

**The Philippines trademarks**

A subsidiary, PPMSC, owns the "Del Monte" and "Today's" trademarks for use in connection with processed foods in the Philippines (the "Philippines Trademarks") with carrying value amounting to US$1.8 million.

**Indian sub-continent trademark**

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

**Asia S&W trademark**

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

**Impairment test**

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

***Amortizable trademarks and customer relationships***

| | Net Carrying amount | | Remaining amortization period (years) | |
|---|---|---|---|---|
| | **31 July 2023** | **30 April 2023** | **31 July 2023** | **30 April 2023** |
| | **US$'000** | **US$'000** | | |
| America S&W trademark | **113** | 163 | **0.6** | 0.8 |
| America Contadina trademark | **11,623** | 11,898 | **10.6** | 10.8 |
| | **11,736** | 12,061 | | |

**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.

| | Net carrying amount | | Remaining amortization period (years) | |
|---|---|---|---|---|
| | **30 April 2023** | **30 April 2022** | **30 April 2023** | **30 April 2022** |
| | **US$'000** | **US$'000** | | |
| Customer relationships – CP | 57,862 | 63,211 | 10.8 | 11.8 |
| Customer relationships – Kitchen Basics | 8,124 | – | 19.5 | – |
| | 65,986 | 63,211 | | |

| | Net carrying amount | | Remaining amortization period (years) | |
|---|---|---|---|---|
| | **31 July 2023** | **30 April 2023** | **31 July 2023** | **30 April 2023** |
| | **US$'000** | **US$'000** | | |
| Customer relationships – CP | 56,524 | 57,862 | 10.6 | 10.8 |
| Customer relationships – Kitchen Basics | 8,018 | 8,124 | 19.3 | 19.5 |
| | 64,542 | 65,986 | | |

*Source of estimation uncertainty*

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

## 8. Investments in joint ventures

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

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

| | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|
| **Assets** | | |
| Current assets | **19,926** | 21,851 |
| Noncurrent assets | **12,677** | 10,701 |
| Total assets | **32,603** | 32,552 |
| **Liabilities** | | |
| Current liabilities | **(10,176)** | (11,881) |
| Noncurrent liabilities | **(21,845)** | (20,193) |
| Total liabilities | **(32,021)** | (32,074) |
| **Net assets (liabilities)** | **582** | 478 |

| | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|
| **Results** | | |
| Revenue | **12,071** | 66,084 |
| Profit (loss) from continuing operations | **182** | 203 |
| Other comprehensive income | **–** | – |
| **Total comprehensive profit (loss)** | **182** | 203 |

| | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|
| **Carrying amount of interest in DMFPL at beginning of the period** | **17,538** | 14,336 |
| Capital injection during the year | – | 3,100 |
| Impairment loss | – | – |
| Group's share of: | | |
| - Profit (loss) from continuing operations | **91** | 102 |
| - Other comprehensive income | **–** | – |
| Total comprehensive profit (loss) | **91** | 102 |
| **Carrying amount of interest at end of the period/year** | **17,629** | 17,538 |

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

| | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|
| **Carrying amount of interest in NFHKL at beginning of the period/year** | **2,623** | 2,836 |
| Additional advances during the year | – | 185 |
| Group's share of: | | |
| - Loss from continuing operations | **36** | (398) |
| - Other comprehensive income | – | – |
| Total comprehensive loss | **36** | (398) |
| **Carrying amount of interest at end of the period/year** | **2,659** | 2,623 |

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

| | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|
| **Carrying amount of interest in DVDPI at beginning of the period/year** | – | – |
| Capital injection | – | 900 |
| Reclassification from receivable | – | 200 |
| Group's share of: | | |
| - Profit (loss) from continuing operations | **7** | (1,190) |
| Total comprehensive loss | **7** | (1,190) |
| **Carrying amount of interest at end of the period/year** | **7** | – |

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

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

| | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|
| **Group's interest in joint ventures** | | |
| DMFPL | **17,629** | 17,538 |
| NFHKL | **2,659** | 2,623 |
| DVDPI | **7** | – |
| **Carrying amount of investment in joint ventures** | **20,295** | 20,161 |

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

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

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

(a) the structure of the joint arrangement.
(b) when the joint arrangement is structured through a separate vehicle:

i. the legal form of the separate vehicle;
ii. the terms of the contractual arrangement; and
iii. when relevant, other facts and circumstances.

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

*Source of Estimation Uncertainty*

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

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

## 9. Other noncurrent assets

| | **31 July 2023 US$'000** | **30 April 2023 US$'000** |
|---|---|---|
| Advance rentals and deposits | **20,219** | 19,557 |
| Derivative assets | **10,305** | 6,189 |
| Investment in unquoted equity shares | **5,023** | 5,023 |
| Excess insurance | **4,410** | 4,201 |
| Receivable from sale and leaseback | **2,602** | 2,571 |
| Advances to suppliers | **1,757** | 2,898 |
| Note receivable and others | **937** | 1,811 |
| | **45,253** | 42,250 |

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

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

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

Advances to suppliers represents advance payments made on capital projects

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

## 10. Biological assets

| | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|
| **Livestock** | | |
| At beginning of the period/year | **3,007** | 2,735 |
| Purchases of livestock | **321** | 1,247 |
| Sales of livestock | **(211)** | (810) |
| Currency realignment | **37** | (165) |
| At end of the period/year | **3,154** | 3,007 |

| | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|
| **Agricultural produce** | | |
| At beginning of the period/year | **12,227** | 13,768 |
| Additions | **3,273** | 14,519 |
| Harvested | **(2,798)** | (11,098) |
| Currency realignment | **4,411** | (4,962) |
| At end of the period/year | **17,113** | 12,227 |
| Fair value gain on produce prior to harvest | **27,120** | 32,625 |
| At end of the period/year | **44,233** | 44,852 |

| | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|
| Current | **44,233** | 44,852 |
| Noncurrent | **3,154** | 3,007 |
| **Totals** | **47,387** | 47,859 |

## 11. Inventories

| | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|
| Finished goods | | |
| - at cost | **715,915** | 698,664 |
| - at net realizable value | **44,630** | 37,482 |
| Semi-finished goods | | |
| - at cost | **216,752** | 173,557 |
| - at net realizable value | **21,535** | 12,372 |
| Raw materials and packaging supplies | | |
| - at cost | **102,702** | 78,683 |
| - at net realizable value | **74,065** | 76,014 |
| | **1,175,599** | 1,076,772 |

Total cost of inventories carried at net realizable value amounted to US$161.3 million as at 31 July 2023 (30 April 2023: U$138.6 million).

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

| | Note | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|---|
| At beginning of the period/year | | **12,737** | 6,464 |
| Allowance for the period/year | 26 | **8,820** | 9,542 |
| Write-off against allowance | | **–** | (2,585) |
| Currency realignment | | **(484)** | (684) |
| At end of the period/year | | **21,073** | 12,737 |

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

***Source of estimation uncertainty***

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

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

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

## 12. Trade and other receivables

| | **31 July 2023 US$'000** | **30 April 2023 US$'000** |
|---|---|---|
| Trade receivables | **194,166** | 195,335 |
| Nontrade receivables | **25,595** | 45,346 |
| Allowance for expected credit loss – trade | **(5,345)** | (5,328) |
| Allowance for expected credit loss – nontrade | **(4,320)** | (4,317) |
| Trade and other receivables | **210,096** | 231,036 |

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

| | **31 July 2023** | | | | | |
|---|---|---|---|---|---|---|
| | | | **Days past due** | | | |
| | **Current** | **<30 days** | **30-60 days** | **61-120 days** | **Over 120 days** | **Total** |
| | **US'000s** | **US'000s** | **US'000s** | **US'000s** | **US'000s** | **US'000s** |
| Trade receivables | 137,744 | 21,534 | 2,782 | 449 | 31,657 | 194,166 |
| Expected credit loss rate | 0.00% | 0.00% | 0.00% | 0.00% | 16.88% | – |
| Expected credit loss | – | – | – | – | 5,345 | 5,345 |

| | **30 April 2023** | | | | | |
|---|---|---|---|---|---|---|
| | | | **Days past due** | | | |
| | **Current** | **<30 days** | **30-60 days** | **61-120 days** | **Over 120 days** | **Total** |
| | **US'000s** | **US'000s** | **US'000s** | **US'000s** | **US'000s** | **US'000s** |
| Trade receivables | 3,667 | 2,565 | 1,436 | 944 | 16,983 | 25,595 |
| Expected credit loss rate | 0.00% | 0.00% | 0.00% | 0.00% | 25.44% | – |
| Expected credit loss | – | – | – | – | 4,320 | 4,320 |

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

***Source of estimation uncertainty***

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

## 13. Prepaid expenses and other current assets

| | **31 July 2023 US$'000** | **30 April 2023 US$'000** |
|---|---|---|
| Prepaid expenses | **43,545** | 48,986 |
| Down payment to contractors and suppliers | **9,015** | 7,372 |
| Short-term placements | – | 18 |
| Derivative asset | **7,404** | 2,678 |
| Others | **914** | 613 |
| | **60,878** | 59,667 |

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

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

**Derivative**

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

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

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

| | Note | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|---|
| Commodity contracts | | **(95)** | (3,928) |
| Foreign currency forward contracts | | **2,349** | 1,061 |
| Interest rate cap | | **10,305** | 6,189 |
| Interest rate swap | | **3,794** | (1,105) |
| Total | | **16,353** | 2,217 |
| | | | |
| Included in: | | | |
| Other noncurrent assets | | **10,305** | 6,189 |
| Prepaid expenses and other current assets | | **7,404** | 2,678 |
| Trade payables and other current liabilities | | **(1,263)** | (3,553) |
| Other noncurrent liabilities | | **(93)** | (3,097) |
| | | **16,353** | 2,217 |

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

| | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|
| Natural gas – Metric Million British Thermal Unit (MMBTU) | **1,288** | 1,039 |
| Diesel (gallons) | **7.208** | 5,786 |
| Gas (oil barrels) | **23** | 47 |

**Foreign Currency**

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

| | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|
| United States dollar | **217,000** | 154,000 |

## Amounts Relating to Hedged Items

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

| | 31 July 2023 | | |
|---|---|---|---|
| | **Change in value used for calculating hedge effectiveness US$'000** | **Cash flow hedge reserve US$'000** | **Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied US$'000** |
| **Interest rate risk** | | | |
| Variable rate instruments | (8,938) | 5,970 | – |
| **Commodity price risk** | | | |
| Inventory purchases | (4,968) | 4,035 | – |
| **Foreign exchange risk** | | | |
| Inventory purchases | (645) | 1,748 | – |

| | 30 April 2023 | | |
|---|---|---|---|
| | **Change in value used for calculating hedge effectiveness US$'000** | **Cash flow hedge reserve US$'000** | **Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied US$'000** |
| **Interest rate risk** | | | |
| Variable rate instruments | (12,437) | 9,238 | – |
| **Commodity price risk** | | | |
| Inventory purchases | 5,264 | (8,394) | – |
| **Foreign exchange risk** | | | |
| Inventory purchases | 3,449 | 493 | – |

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

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

| | 31 July 2023 | | | | During the first three months of fiscal 2024 | | |
|---|---|---|---|---|---|---|---|
| | Notional amount | Carrying amount | | Line item in the statement of financial position where the hedged instrument is included | Change in the value of hedge instrument recognized in OCI | Amount reclassified from hedging reserve to profit or loss | Line item in profit or loss affected by the reclassification |
| | | Assets | Liabilities | | | | |
| | US$'000 | | | | | | |
| **Interest rate risk** | | | | | | | |
| Interest rate swaps | 250,000 | 3,794 | – | Prepaid and Other Current Assets | 8,938 | – | |
| Interest rate cap | 575,000 | 10,305 | – | Derivative assets – Noncurrent | – | – | |
| **Commodity price risk** | | | | | | | |
| Commodity contracts | | | | | | | |
| Natural gas (MMBTU) | 1,288 | – | (1,263) | Derivative liabilities – Current | 741 | 425 | Cost of sales |
| | | | (93) | Derivative liabilities – Noncurrent | | | |
| Diesel (gallons) | 7,208 | 914 | – | Prepaid and Other Current Assets | 2,981 | 359 | Cost of sales |
| | | 194 | – | Derivative assets – Noncurrent | | | |
| Gas oil (barrels) | 23 | 153 | – | Prepaid and Other Current Assets | – | – | Cost of sales |
| **Foreign exchange risk** | | | | | | | |
| Foreign currency forwards (USD) | 217,000 | 2,349 | – | Prepaid and Other Current Assets | – | – | Net finance expense |

| | 30 April 2023 | | | | During fiscal 2023 | | |
|---|---|---|---|---|---|---|---|
| | **Notional amount** | **Carrying amount** | | **Line item in the statement of financial position where the hedged instrument is included** | **Change in the value of hedge instrument recognized in OCI** | **Amount reclassified from hedging reserve to profit or loss** | **Line item in profit or loss affected by the reclassification** |
| | | **Assets** | **Liabilities** | | | | |
| | | | | **US$'000** | | | |
| **Interest rate risk** | | | | | | | |
| Interest rate swaps | 250,000 | 1,617 | | Prepaid and Other Current Assets | 12,437 | – | |
| | | | (2,722) | Derivative liabilities – Noncurrent | | | |
| Interest rate cap | 575,000 | 6,189 | | Derivative assets – Noncurrent | – | – | |
| **Commodity price risk** | | | | | | | |
| Commodity contracts | | | | | | | |
| Natural gas | 1,039 | – | (1,596) | Derivative liabilities – Current | (2,557) | (861) | Cost of sales |
| (MMBTU) | | | (75) | Derivative liabilities – Noncurrent | | | |
| Diesel (gallons) | 5,786 | – | (1,455) | Derivative liabilities – Noncurrent | (2,176) | (403) | Cost of sales |
| | | | (300) | Derivative liabilities – Current | | | |
| Gas oil (barrels) | 47 | – | (502) | Derivative liabilities – Current | (531) | – | Cost of sales |
| **Foreign exchange risk** | | | | | | | |
| Foreign currency forwards (USD) | 154,000 | 1,061 | – | Prepaid and Other Current Assets | 1,122 | – | Net finance expense |
| Foreign currency forwards (MXN) | – | – | – | | (4,571) | (4,107) | 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 July 2023 US$'000** | **30 April 2023 US$'000** |
| Balance at beginning of year | **1,426** | (5,395) |
| Changes in fair value: | | |
| - Commodity risk | **4,968** | (5,264) |
| - Foreign exchange risk | **645** | (3,449) |
| - Interest rate risk | **8,938** | 12,437 |
| Amount reclassified to profit or loss | | |
| - Interest rate risk | **–** | – |
| - Commodity risk | **(784)** | 1,264 |
| - Foreign exchange risk | **–** | 4,107 |
| Tax movements on reserves during the year | **(3,442)** | (2,274) |
| Balance at end of year | **11,751** | 1,426 |

## 14. Cash and cash equivalents

| | **31 July 2023 US$'000** | **30 April 2023 US$'000** |
|---|---|---|
| Cash on hand | **81** | 84 |
| Cash in banks | **20,280** | 19,392 |
| Cash equivalents | **2,794** | 360 |
| Cash and cash equivalents | **23,155** | 19,836 |

Certain cash in bank accounts earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 0.50% per annum for the period 31 July 2023 (30 April 2023: 0.01% to 0.50% per annum). Cash equivalents are short-term placements which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest rate of 3.94% to 6.10% per annum in fiscal year 2024 (30 April 2023: 0.75% to 4.90% per annum).

## 15. Reserves

| | **31 July 2023 US$'000** | **30 April 2023 US$'000** |
|---|---|---|
| Translation reserve | **(102,867)** | (105,020) |
| Remeasurement of retirement plan | **46,038** | 46,051 |
| Revaluation reserve | **29,354** | 29,354 |
| Hedging reserve | **10,958** | 1,390 |
| Reserve for own shares | **(286)** | (286) |
| | **(16,803)** | (28,511) |

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

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

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

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

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

## 16. Loans and borrowings

| | **31 July 2023 US$'000** | **30 April 2023 US$'000** |
|---|---|---|
| **Current liabilities** | | |
| Unsecured bank loans | **653,771** | 633,116 |
| Secured bank loans | **581,192** | 645,760 |
| | **1,234,963** | 1,278,876 |
| **Non-current liabilities** | | |
| **Unsecured bank loans** | **208,835** | **212,652** |
| **Secured bank loans** | **879,081** | **781,825** |
| | **1,087,916** | **994,477** |
| | **2,322,879** | **2,273,353** |

***Terms and debt repayment schedule***

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

| | | | | **31 July 2023** | | **30 April 2023** | |
|---|---|---|---|---|---|---|---|
| | **Currency** | **Nominal interest rate** % p. a. | **Year of maturity** | **Face value US$'000** | **Carrying amount US$'000** | **Face value US$'000** | **Carrying amount US$'000** |
| **Group** | | | | | | | |
| Secured bank loans | PHP | 4.125% | 2025 | **27,355** | **27,299** | 27,028 | 26,942 |
| Unsecured bank loans | PHP | 6.35%-7.75% | 2023-2025 | **199,237** | **199,163** | 170,729 | 170,660 |
| Unsecured 3Y bonds | PHP | 3.4840% | 2023 | **106,367** | **106,200** | 105,097 | 104,799 |
| Unsecured 5Y bonds | PHP | 3.7563% | 2025 | **11,779** | **11,705** | 11,638 | 11,541 |
| Unsecured bank loans | USD | 5.50%-8.52% | 2023-2025 | **456,719** | **456,582** | 470,769 | 470,766 |
| Secured bank loans | USD | 8.52%-8.87% | 2023-2025 | **172,750** | **172,571** | 172,750 | 172,533 |
| Secured bridging loan | USD | 3.0585% | 2023 | **60,000** | **60,000** | 60,000 | 59,998 |
| Unsecured bonds | USD | 3.75% | 2024 | **90,000** | **88,956** | 90,000 | 88,760 |
| Term Loans | USD | 9.65538% | 2029 | **721,687** | **706,872** | 723,500 | 708,531 |
| Secured bank loan under ABL Credit Agreement | USD | Base B- 9.5% 350MM - SOFR 5.19% + Spread of 2.35% or total of 7.54% 100MM - 5.34% + Spread of 2.35% or total of 7.71% | 2025 | **499,661** | **493,531** | 465,000 | 458,824 |
| | | | | **2,345,555** | **2,322,879** | 2,296,511 | 2,273,354 |

The balance of unamortized debt issuance cost follows:

| | **Three months ended 31 July 2023 US$'000** | **Year ended 30 April 2023 US$'000** |
|---|---|---|
| At beginning of the period/year | **23,156** | 35,359 |
| Additions | **995** | 20,295 |
| Amortization | **(1,475)** | (6,157) |
| Write-off | **–** | (26,341) |
| At end of the period/year | **22,676** | 23,156 |

## Long Term Borrowings

| Long-term Borrowings | Original Principal (In '000) | Outstanding Balance as of 31 July 2023 (In '000) | Interest Rate % p.a. | Year of Maturity | Payment Terms (e.g., annually, quarterly, etc.) | Interest paid 1 May 2023 to 31 July 2023 (In '000) |
|---|---|---|---|---|---|---|
| Term Loans | USD 725,000 | USD 721,687 | 9.66% | 2029 | Monthly interest payments and quarterly installment payments of US$1.5 million beginning January 2023 and balance on maturity date. | USD 17,532 |
| Unsecured Bonds | PHP 6,478,460 | PHP 6,478,460 | 3Y 3.4840% 5Y 3.7563% | 2023/ 2025 | Quarterly interest payments and principal on maturity date. | PHP 46,024 |
| Secured Bridging Loan | USD 75,000 | USD 60,000 | 3.0585% | 2023 | Quarterly interest payment and principal 10% on August 2021, 10% on August 2022 and 80% on maturity date. | USD 454 |
| Unsecured Loan | USD 75,000 | USD 67,841 | 6.8700% | 2024 | Quarterly interest payment and principal 15% on 11 equal quarterly installments starting January 2022 and 85% on maturity date. | USD 1,177 |
| Secured Loan | USD 45,000 | USD 42,750 | 8.87% | 2025 | Quarterly interest payment and principal 5% on April 2023, 5% on April 2024 and 90% on maturity date. | USD 910 |
| Unsecured Loan | USD 30,000 | USD 27000 | 8.52% | 2025 | Quarterly interest payment and principal 20% on four equal semi-annual installments starting October 2022 and 80% on maturity date. | USD 559 |
| Secured Loan | USD 100,000 | USD 100,000 | 8.51994% | 2023 | Semi-annual interest payments and principal on maturity date. | USD 2,100 |
| Unsecured Loan | PHP 1,500,000 | PHP 1,500,000 | 7.726% | 2025 | Quarterly interest payment; and principal on eight quarterly installments starting February 2024 | PHP 20,956 |
| Secured Loan | PHP 1,500,000 | PHP 1,500,000 | 4.125% | 2023 | Quarterly interest payment; and principal on nine quarterly installments starting August 2023 | PHP 15,297 |
| Unsecured Loan | USD 57,300 | USD 38,678 | 6.80243% | 2024 | Quarterly interest payment and principal 5%, 10% and 85% in fiscal year 2022, 2023 and 2024, respectively. | USD 865 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Unsecured Bonds | USD 90,000 | USD 90,000 | 3.75% | 2024 | Semi-annual interest payments and principal on maturity date. | USD 1,688 |

***DMFI Term Loan B***

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

The term loans bear an interest equal to the adjusted term SOFR plus a spread adjustment of 0.10% and margin of 4.25%. As of 30 July 2023, the interest rate for the Term Loan is 9.66% per annum. Interest is initially payable monthly and can be paid quarterly at DMFI's option.

***ABL Credit Agreement***

Prior to fiscal year 2021, DMFI was a party to a credit agreement (the "ABL Credit Agreement") with Citibank, N.A., as administrative agent, and the other lenders and agents parties thereto, as amended, which provided for senior secured financing of up to US$442.6 million (with all related loan documents, and as amended from time to time, the ABL Facility) with a term of five years until 18 February 2019, prior to an amendment in 2018

On 15 May 2020, DMFI entered into an agreement to refinance the ABL Credit Agreement with JP Morgan Chase as the administrative agent, and other lenders and agents parties thereto, to provide for senior secured financing of up to US$450.0 million, subject to availability under the borrowing base, with a term of three years until 15 May 2023. On 15 May 2020, US$100.2 million was drawn under this facility. Loans under the ABL Credit Agreement interest based on either the Eurodollar rate or the alternative base rate, plus an applicable margin. Additionally, the Group fully amortized the remaining deferred financing fees related to the previous credit agreement of $1.0 million for the year ended 30 April 2020.

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

As at 31 July 2023, there were US$499.7 million (30 April 2023: US$465.0 million) of loans outstanding and US$23.5 million of letters of credit issued (30 April 2023: US$24.3 million). The net availability to DMFHL Group under the ABL Credit Agreement was US$101.8 million as at 31 July 2023 (30 April 2023: US$135.7 million). The weighted average interest rate was approximately 9.49% on 31 July 2023 (30 April 2023: 7.32%). The ABL Credit Agreement provided for a sub limit for letters of credit and for borrowings on same day notice, referred to as "swingline loans."

***Security interests***

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

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

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

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

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

**Unsecured Bank Loans**

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

## 17. Other noncurrent liabilities

| | **31 July 2023 US$'000** | **30 April 2023 US$'000** |
|---|---|---|
| Workers' compensation | **12,753** | 13,268 |
| Accrued vendors liabilities | **427** | 461 |
| Derivative liabilities | **93** | 3,097 |
| | **13,273** | 16,826 |

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

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

## 18. Employee Benefits

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

***The DMPI Multi Employer Retirement Plan***

DMPI has both funded defined benefit and defined contribution retirement plans (collectively the "Plan") which cover all of its regular employees as well as of those under DMPL - ROHQ. Contributions and costs are determined in accordance with the actuarial study made for the Plan. Annual cost is determined using the projected unit credit method. DMPI's latest actuarial valuation date was 30 April 2023. Valuations are obtained on a periodic basis.

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

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

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

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

DMPI does not expect to make contributions to the plan in fiscal year 2024.

***The DMFI Plan***

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

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

- The second part is an arrangement which provides for grandfathered and suspended hourly participants a traditional pension benefit based upon service, final average compensation and age at termination. This plan was frozen since 31 December 1995, which the active participation of certain participants was grandfathered and the active participation of other participants was suspended.

DMFI currently meets and plans to continue to meet the minimum funding levels required under local legislation, which imposes certain consequences on DMFI's defined benefit plan if it does not meet the minimum funding levels. DMFI has not made any contributions during the three months ended 31 July 2023 and fiscal year 2024.

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

DMFI does not expect to make contributions to the plan in fiscal year 2024.

## 19. Environmental remediation liabilities

| | Note | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|---|
| At beginning of the period/year | | – | 203 |
| Provisions used during the period/year | | – | (203) |
| At end of the period/year | | – | – |

## 20. Trade and other current liabilities

| | Note | 31 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|---|
| Trade payables | | **253,246** | 216,700 |
| Accrued operating expenses: | | | |
| Freight and warehousing | | **11,278** | 8,902 |
| Interest | | **9,784** | 10,441 |
| Professional fees | | **9,441** | 9,200 |
| Taxes and insurance | | **9,063** | 11,755 |
| Tinplate and consigned stocks | | **6,868** | 2,204 |
| Trade promotions | | **5,830** | 8,410 |
| Salaries, bonuses and other employee benefits | | **4,303** | 2,019 |
| Advertising | | **3,567** | 4,060 |
| Utilities | | **2,815** | 3,236 |
| Miscellaneous | | **11,818** | 11,250 |
| Overdrafts | | **13,782** | 1,969 |
| Accrued payroll expenses | | **3,375** | 5,980 |
| Withheld from employees (taxes and social security cost) | | **3,318** | 2,473 |
| Deferred revenue | | **1,796** | 2,366 |
| Derivative liabilities | | **1,263** | 3,553 |
| Advances from customers | | **314** | 208 |
| VAT payables | | **166** | 214 |
| | | **352,027** | 304,940 |

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 July 2023 US$'000 | 30 April 2023 US$'000 |
|---|---|---|---|
| Receivables, included in Trade and other receivables | | | |
| - Gross of ECL allowance | 12 | **194,166** | 195,335 |
| Contract liabilities | 20 | **1,796** | 2,366 |

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

## 22. Income taxes

| | Three months ended 31 July | |
|---|---|---|
| | **2023** | **2022** |
| | **US$'000** | **US$'000** |
| **Current tax expense** | | |
| - Current year | **2,733** | 9,069 |
| **Deferred tax expense** | | |
| - Origination and reversal of temporary differences | **(2,759)** | (20,014) |
| | **(26)** | (10,945) |

| | Three months ended 31 July | |
|---|---|---|
| | **2023** | **2022** |
| | **US$'000** | **US$'000** |
| ***Reconciliation of effective tax rate*** | | |
| Profit (loss) before taxation | **(12,264)** | (41,695) |
| Taxation on profit at applicable tax rates | **(2,558)** | (12,453) |
| Final tax on dividend | **1,139** | 1,139 |
| Non-deductible expenses | **1,096** | 737 |
| Non-taxable income | **(13)** | (2) |
| Others | **310** | (366) |
| | **(26)** | (10,945) |

Deferred tax assets and liabilities are attributable to the following:

| | **Assets** | | **Liabilities** | |
|---|---|---|---|---|
| | **31 July 2023 US$'000** | **30 April 2023 US$'000** | **31 July 2023 US$'000** | **30 April 2023 US$'000** |
| **Group** | | | | |
| Provisions | **9,299** | 9,153 | **–** | – |
| Employee benefits | **12,994** | 13,016 | **–** | – |
| Property, plant and equipment - net | **–** | – | **(19,820)** | (19,751) |
| Intangible assets and goodwill | **–** | – | **(106,616)** | (103,711) |
| Effective portion of changes in fair value of cash flow hedges | **–** | – | **(3,384)** | (415) |
| Tax loss carry-forwards | **142,750** | 142,007 | **–** | – |
| Inventories | **2,361** | 2,361 | **–** | – |
| Biological assets | **–** | – | **(1,379)** | (1,629) |
| Interest | **58,450** | 52,865 | **–** | – |
| Undistributed profits from subsidiaries | **–** | – | **(1,140)** | (377) |
| Charitable contributions | **2,139** | 2,139 | **–** | – |
| Others | **10,062** | 10,772 | **–** | – |
| Deferred tax assets (liabilities) | **238,055** | 232,313 | **(132,339)** | (125,883) |
| Set off of tax | **(119,321)** | (114,253) | **119,321** | 114,253 |
| **Deferred Taxes** | **118,734** | 118,060 | **(13,018)** | (11,630) |

| | **Three months ended 31 July** | |
|---|---|---|
| | **2023 US$'000** | **2022 US$'000** |
| ***Applicable tax rates*** | | |
| - Philippines (non-PEZA) | 25.0% | 25.0% |
| - Philippines (PEZA)* | 5.0% | 5.0% |
| - India | 31.0% | 31.2% |
| - Singapore | 17.0% | 17.0% |
| - United States of America | 25.0% | 25.0% |
| - Mexico | 30.0% | 30.0% |

**based on gross profit for the year*

### *Sources of estimation uncertainty*

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

## 23. Stock option and incentive plans

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

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

## 24. Accounting classification and fair values

***Fair values versus carrying amounts***

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

| | Note | Financial assets at amortized cost US$’000 | Financial assets at FVOCI US$’000 | Derivatives US$’000 | Other financial liabilities US$’000 | Total carrying amount US$’000 | Fair value US$’000 |
|---|---|---|---|---|---|---|---|
| **31 July 2023** | | | | | | | |
| Cash and cash equivalents | 14 | **23,155** | | – | – | **23,155** | **23,155** |
| Trade and other receivables* | 12 | **212,698** | | – | – | **212,698** | **212,698** |
| Refundable deposits** | 9 | **1,895** | | – | – | **1,895** | **1,895** |
| Investment in unquoted equity | 9 | – | **5,023** | | | **5,023** | **5,023** |
| Derivative assets | 9,13 | – | | **17,709** | – | **17,709** | **17,709** |
| | | **237,748** | **5,023** | **17,709** | – | **260,480** | **260,480** |
| Loans and borrowings | 15 | – | | – | **2,322,879** | **2,322,879** | **2,410,072** |
| Trade and other current liabilities*** | 17 | – | | – | **345,170** | **345,170** | **345,170** |
| Derivative liabilities | 13,20 | – | | **1,356** | – | **1,356** | **1,356** |
| | | – | | **1,356** | **2,668,049** | **2,669,405** | **2,756,598** |

** includes noncurrent portion of receivables from sale and leaseback and lease receivables*
*** included under advance rentals and deposits*
**** excludes derivative liabilities, advances from customers, contract liabilities, withheld from employees (taxes and social security cost) and VAT payables*

| | Note | Financial assets at amortized cost US$'000 | Financial assets at FVOCI US$'000 | Derivatives US$'000 | Other financial liabilities US$'000 | Total carrying amount US$'000 | Fair value US$'000 |
|---|---|---|---|---|---|---|---|
| **30 April 2023** | | | | | | | |
| Cash and cash equivalents | 14 | 19,836 | – | – | – | 19,836 | 19,836 |
| Trade and other receivables* | 12 | 233,667 | – | – | – | 233,667 | 233,667 |
| Short-term placements | 13 | 18 | – | – | – | 18 | 18 |
| Refundable deposits** | 9 | 1,838 | – | – | – | 1,838 | 1,838 |
| Investment in unquoted equity | 9 | | 5,023 | | | 5,023 | 5,023 |
| Derivative assets | 9,13 | – | | 8,867 | – | 8,867 | 8,867 |
| | | 255,359 | 5,023 | 8,867 | – | 269,249 | 269,249 |
| | | | | | | | |
| Loans and borrowings | 15 | – | – | – | 2,273,353 | 2,273,353 | 2,356,065 |
| Trade and other current liabilities*** | 17 | – | – | – | 296,126 | 296,126 | 296,126 |
| Derivative liabilities | 13, 20 | – | – | 6,650 | – | 6,650 | 6,650 |
| | | – | – | 6,650 | 2,569,479 | 2,576,129 | 2,658,841 |

** includes noncurrent portion of receivables from sale and leaseback and lease receivables*
*** included under advance rentals and deposits*
**** excludes derivative liabilities, advances from customers, contract liabilities, withheld from employees (taxes and social security cost) and VAT payables*

## 25. Determination of fair values

***Fair value hierarchy***

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

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

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

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

| | | 31 July 2023 | | | |
|---|---|---|---|---|---|
| | **Note** | **Level 1** | **Level 2** | **Level 3** | **Totals** |
| **Financial assets** | | | | | |
| Derivative assets | 9,13 | – | 17,709 | – | 17,709 |
| Investment in unquoted equity | 9 | – | 5,023 | – | 5,023 |
| **Non-financial assets** | | | | | |
| Fair value of agricultural produce harvested under inventories | | – | – | 3,538 | 3,538 |
| Fair value of growing produce | 10 | – | – | 44,233 | 44,233 |
| Freehold land | 6 | – | – | 74,722 | 74,722 |
| **Financial liabilities** | | | | | |
| Derivative liabilities | 13, 20 | – | 1,356 | – | 1,356 |
| Lease liabilities | | – | – | 97,977 | 97,977 |
| Loans and borrowings | | – | 1,782,543 | 627,529 | 2410,072 |

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

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

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

**Financial instruments measured at fair value**

| **Type** | **Valuation technique** |
|---|---|
| Interest rate swaps/caps | Market comparison technique: The fair values are calculated using a discounted cash flow analysis based on terms of the swap contracts and the observable interest rate curve. Fair values reflect the risk of the instrument and include adjustments to take into account the credit risk of the Group and counterparty when appropriate. |

| | |
|---|---|
| Commodities contracts | Market comparison technique. The commodities are traded over-the-counter and are valued based on the Chicago Board of Trade quoted prices for similar instruments in active markets or corroborated by observable market data available from the Energy Information Administration. The values of these contracts are based on the daily settlement prices published by the exchanges on which the contracts are traded. |
| Call option | The estimated fair value of the additional call option as at 31 July 2023 is based on the Black-Scholes model. The value of these derivative liabilities is driven primarily by DMPI's forecasted net income which is not based on observable market data. |

## Financial instruments not measured at fair value

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

## Other non-financial assets

| **Assets** | **Valuation technique** | **Significant unobservable inputs** |
|---|---|---|
| Freehold land | The fair value of freehold land is determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued.<br><br>The valuation method used is sales comparison approach. This is a comparative approach that consider the sales of similar or substitute properties and related market data and establish a value estimate by involving comparison (Level 3). | The unobservable inputs used to determine market value are the net selling prices, sizes, property location and market values. Other factors considered to determine market value are the desirability, neighborhood, utility, terrain, and the time element involved.<br><br>The market value per square meter ranges from US$109.1 to US$122.5. The market value per acre ranges from US$5,251 to US$104,585. |
| Livestock (cattle for slaughter and cut meat) | Sales Comparison Approach: the valuation model is based on selling price of livestock of similar age, weight, breed and genetic make-up (Level 3). | The unobservable inputs are age, average weight and breed. |
| Harvested crops – sold as fresh fruit | The fair values of harvested crops are based on the most reliable estimate of selling prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the fresh fruit reduced by costs to sell (Level 3). | The unobservable input is the estimated pineapple selling price per ton specific for fresh products. |

| **Assets** | **Valuation technique** | **Significant unobservable inputs** |
|---|---|---|
| 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 expected selling price and gross margin for harvested produce while key assumptions for the fair value of produce prior to harvest include expected selling prices, gross margin, estimated tonnage of harvests and future growing costs.<br><br>The unobservable inputs are estimated pineapple selling price and gross margin per ton for fresh and processed products, estimated volume of harvest and future growing costs. |

## 26. Profit for the period

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

| | **Note** | **Three months ended 31 July** | |
|---|---|---|---|
| | | **2023** | **2022** |
| | | **US$'000** | **US$'000** |
| Provision for inventory obsolescence | | **8,820** | 179 |
| Provision of allowance for ECL (trade and nontrade) | | **(1)** | – |
| Amortization of intangible assets | 7 | **1,768** | 1,663 |
| Amortization of right-of-use assets | 30 | **5,200** | 6,576 |
| Depreciation of property, plant and equipment | | **40,908** | 40,118 |

## 27. General and administrative expenses

This account consists of the following:

| | Three months ended 31 July | |
|---|---|---|
| | 2023 | 2022 |
| | US$'000 | US$'000 |
| Personnel costs | **18,397** | **20,266** |
| Professional and contracted services | **5,790** | **5,012** |
| Computer costs | **3,300** | **2,814** |
| Facilities expense | **2,181** | **2,033** |
| Employee-related expenses | **745** | **928** |
| Travelling and business meals | **487** | **400** |
| Postage and telephone | **231** | **257** |
| Utilities | **226** | **152** |
| Machinery and equipment maintenance | **126** | **118** |
| Materials and supplies | **118** | **74** |
| Research and development projects | **105** | **163** |
| Auto operating and maintenance costs | **77** | **74** |
| Miscellaneous overhead | **1,920** | **1,807** |
| | **33,703** | **34,098** |

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

## 28. Share capital

| | 31 July 2023 | | 30 April 2023 | |
|---|---|---|---|---|
| | No. of shares ('000) | US$'000 | No. of shares ('000) | US$'000 |
| **Authorized:** | | | | |
| Ordinary shares of US$0.01 each | **3,000,000** | **30,000** | 3,000,000 | 30,000 |
| Preference shares of US$1.00 each | **600,000** | **600,000** | 600,000 | 600,000 |
| | **3,600,000** | **630,000** | 3,600,000 | 630,000 |
| **Issued and fully paid:** | | | | |
| Ordinary shares of US$0.01 each | **1,944,936** | **19,449** | 1,944,936 | 19,449 |

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

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

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

***Dividends***

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

The Group does not declare dividends based on first quarter and third quarter results.

***Capital management***

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

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

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

## 29. Earnings per share

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

| | Three months ended 31 July | |
|---|---|---|
| | **2023** | **2022** |
| **Earnings per share is based on:** | | |
| Profit (loss) attributable to owners of the Company (US$'000) | **(13,082)** | (30,523) |
| Cumulative preference share dividends (US$'000) | **–** | 1,625 |
| | **(13,082)** | (32,148) |
| **Weighted average number of ordinary shares ('000):** | | |
| Outstanding ordinary shares at 1 Nov /1 May | **1,943,960** | 1,943,960 |
| Effect of shares awards granted | **–** | – |
| Weighted average number of ordinary shares at end of period (basic) | **1,943,960** | 1,943,960 |
| **Basic/diluted earnings (loss) per share (in U.S. cents)** | **(0.67)** | (1.65) |

## 30. Leases

### *Group as a lessee*

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

| | Buildings, land improvements and leasehold improvements US$'000 | Land US$'000 | Machineries and equipment US$'000 | Total US$'000 |
|---|---|---|---|---|
| **Cost/Valuation** | | | | |
| At 1 May 2023 | **147,721** | **56,005** | **42,183** | **245,909** |
| Additions | **39** | **3,338** | **–** | **3,377** |
| Disposals | **(145)** | **(582)** | **(26)** | **(753)** |
| Transfers/Adjustments | **137** | **–** | **–** | **137** |
| Currency realignment | **449** | **677** | **–** | **1,126** |
| At 31 July 2023 | **148,201** | **59,438** | **42,157** | **249,796** |
| At 1 May 2022 | 137,477 | 57,076 | 40,918 | 235,471 |
| Additions | 12,354 | 3,052 | 1,265 | 16,671 |
| Disposals | – | (871) | – | (871) |
| Transfers/Adjustments | (8) | – | – | (8) |
| Currency realignment | (2,102) | (3,252) | – | (5,354) |
| At 30 April 2023 | 147,721 | 56,005 | 42,183 | 245,909 |

| | Buildings, land improvements and leasehold improvements US$'000 | Land US$'000 | Machineries and equipment US$'000 | Total US$'000 |
|---|---|---|---|---|
| **Accumulated amortization** | | | | |
| At 1 May 2023 | **80,758** | **26,963** | **37,622** | **145,343** |
| Amortization | **5,373** | **2,441** | **454** | **8,268** |
| Disposals | **(145)** | **(582)** | **(26)** | **(753)** |
| Currency realignment | **181** | **365** | **–** | **546** |
| At 31 July 2023 | **86,167** | **29,187** | **38,050** | **153,404** |
| | | | | |
| At 1 May 2022 | 59,933 | 20,312 | 31,687 | 111,932 |
| Amortization | 21,323 | 8,700 | 5,935 | 35,958 |
| Disposals | – | (871) | – | (871) |
| Currency realignment | (498) | (1,178) | – | (1,676) |
| At 30 April 2023 | 80,758 | 26,963 | 37,622 | 145,343 |
| | | | | |
| **Carrying amounts** | | | | |
| At 31 July 2023 | **62,034** | **30,251** | **4,107** | **96,392** |
| At 30 April 2023 | 66,963 | 29,042 | 4,561 | 100,566 |

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

| | Three months ended 31 July 2023 US$'000 | 2022 US$'000 |
|---|---|---|
| Amortization expense of right-of-use assets | **5,200** | 6,576 |
| Interest expense on lease liabilities | **1,175** | 1,505 |
| Expenses relating to short-term leases | **6,925** | 2,906 |
| Variable lease payments | **402** | 36 |
| **Total amount recognized in consolidated statement of income** | **13,702** | 11,023 |

Amortization expense is net of amount capitalized to inventory amounting to US$2.7 million and US$1.5 million for the three months ended 31 July 2023 and 2022, respectively.

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

| | **31 July 2023 US$'000** | **30 April 2023 US$'000** |
|---|---|---|
| **At the beginning of period/year** | 100,096 | 121,320 |
| Additions | 2,792 | 17,986 |
| Accretion of interest | 1,600 | 6,614 |
| Payments of principal | (7,046) | (42,686) |
| Currency realignment | 535 | (3,138) |
| **At the end of period/year** | 97,977 | 100,096 |
| Current | 29,507 | 27,892 |
| Non-current | 68,470 | 72,204 |
| | 97,977 | 100,096 |

## 31. Commitments and contingencies

***Purchase commitments***

The Group had entered into non-cancellable agreements with growers, co-packers, packaging suppliers and other service providers with commitments generally ranging from one year to ten years, to purchase certain quantities of raw products, including fruit, vegetables, tomatoes and packaging services. As at the reporting date, the Group has commitments for future minimum payments under non-cancellable agreements at approximately US$1,107.1 million.

***Contingencies***

As at 31 July 2023, the Group is involved in various legal proceedings and regulatory assessments, and management believes that these proceedings will not have a material effect on the consolidated financial statements.

The Group, in consultation with its external and internal legal and tax counsels, believe that its position on these assessments are consistent with relevant laws and believe that these proceedings will not have a material adverse effect on the consolidated financial statements. However, it is possible that future results of operations could be materially affected by changes in the estimates or the effectiveness of management's strategies relating to these proceedings. As at 31 July 2023, management has assessed that the probable cash outflow to settle these assessments is not material.

## 32. Related parties

***Related party transactions***

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

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

| **Category/ Transaction** | **Period** | **Amount of the transaction US$'000** | **Outstanding balance – receivables/ (payables) US$'000** | **Terms** | **Conditions** |
|---|---|---|---|---|---|
| **Under Common Control** | | | | | |
| Shared IT services | **July 2023** | **20** | **47** | Due and demandable; | Unsecured; |
| | April 2023 | 98 | 60 | non–interest bearing | no impairment |
| Sale of raw materials | **July 2023** | **–** | **–** | Due and demandable; | Unsecured; |
| | April 2023 | – | (4) | non–interest bearing | no impairment |
| Sale of apple juice concentrate/materials | **July 2023** | **4** | **6** | Due and demandable; | Unsecured; |
| | April 2023 | 15 | 8 | non–interest bearing | no impairment |
| Purchases | **July 2023** | **154** | **(32)** | Due and demandable; | Unsecured; |
| | April 2023 | 119 | (16) | non–interest bearing | no impairment |
| Security deposit and other charges | **July 2023** | **–** | **–** | Due and demandable; | Unsecured; |
| | April 2023 | 25 | – | non–interest bearing | no impairment |
| **Other Related Party** | | | | | |
| Management fees from DMPI Retirement fund | **July 2023** | **1** | **(2)** | Due and demandable; | Unsecured; |
| | April 2023 | 4 | 2 | non–interest bearing | no impairment |
| Rental to DMPI Retirement | **July 2023** | **474** | **(176)** | Due and demandable; | Unsecured |
| | April 2023 | 1,851 | (174) | non–interest bearing | |
| Rental to NAI Retirement | **July 2023** | **148** | **(58)** | Due and demandable; | Unsecured |
| | April 2023 | 629 | (57) | non–interest bearing | |
| Rental to DMPI Provident Fund | **July 2023** | **–** | **–** | Short-term; | Unsecured; |
| | April 2023 | 6 | – | non–interest bearing | no impairment |
| | **July 2023** | **801** | **(215)** | | |
| | April 2023 | 2,747 | (181) | | |

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

All outstanding balances at financial reporting date are unsecured, interest-free, to be settled in cash, and are collectible or payable on demand. As at 31 July 2023 and 30 April 2023, the Group has not made any provision for ECL relating to amounts owed by related parties.

## 33. Net Finance Expense

| | **Three months ended 31 July** | |
|---|---|---|
| | **2023** | **2022** |
| | **US$'000** | **US$'000** |
| **Finance income** | | |
| Foreign exchange gain | **5,033** | **2,083** |
| Interest income from: | | |
| Bank deposits | **63** | **10** |
| Others | **141** | **230** |
| | **5,237** | **2,323** |
| **Finance expense** | | |
| Interest expenses on: | | |
| Bank loans | **(41,779)** | **(20,915)** |
| Redemption costs related to refinancing | **–** | **(44,530)** |
| Written off portion of debt discount/deferred financing fee | **–** | **(26,341)** |
| Amortization of debt issue cost, discount | **(1,475)** | **(1,455)** |
| Leases | **(778)** | **(1,505)** |
| Foreign exchange loss | **(43)** | **(370)** |
| | **(44,075)** | **(95,116)** |
| Net finance expense | **(38,838)** | **(92,793)** |

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

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

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

*Terms of the RCPS*

The terms of the RCPS are as follow:

- The RCPS holders participate in the dividends on an as-converted basis, that is, if common shareholders are entitled to dividends, then the RCPS holders will correspondingly be entitled to dividends on an as-converted basis.

- The investor as an RCPS holder will have proportional shareholder voting rights in DMPI on an as-converted basis. There will also be certain reserved matters (for example, matters not in the ordinary course of business) which the investor will have the right to approve.

- SEA Diner, as long as it holds RCPS, may, at any time, exercise its right to convert the RCPS into common shares of DMPI at a ratio of one (1) RCPS to one (1) common share of DMPI. The RCPS is automatically converted into common share in the event of IPO of DMPI.

- Upon the occurrence of any of certain agreed "RCPS Default Events", SEA Diner may require the Company, CARI or DMPI to redeem all of the RCPS at the agreed redemption price, which is the amount of RCPS consideration plus the agreed rate of return (compounded on a per annum basis) calculated from 20 May 2020 up to the date of redemption.

- In case of "Other Redemption Events", redemption shall be subject to the mutual agreement of the parties. If DMPI does not consent to the RCPS holder's written redemption request, the internal rate of return would be increased annually by 3%, and this increased rate of return shall apply for each year that the RCPS remain outstanding and shall be compounded on a per annum basis.

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

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

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

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

Call Option Agreement

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

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

(A) commencing on:

- (i) in the event where an IPO of DMPI is consummated on or before 30 April 2022, and:

  - (a) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalization of US$2,000,000,000 or lower, the date on which such IPO of DMPI is consummated; or

  - (b) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalisation of more than US$2,000,000,000 and following such IPO, the SEA Diner sells any DMPI shares at a price per DMPI share which implies that DMPI's valuation is at or lower than an IPO pre-money market capitalisation of US$2,000,000,000, the date on which the SEA Diner makes such sale of DMPI shares; or

- (ii) 30 April 2022, if DMPI does not consummate an IPO on or before 30 April 2022; and

(B) ending on the earliest of:

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

***Source of estimation uncertainty***

The fair value of the derivative liability related to the call option is measured using Black-Scholes model. The inputs to this model are taken from a combination of observable markets and unobservable market data. Changes in inputs about these factors could affect the reported fair value of the derivative liabilities and impact profit or loss. Management assessed that the fair value of the derivative liability is nil as at 31 July 2023 and 30 April 2023 as the estimated pre-money market capitalization is higher than the threshold in the Call Option Agreement

## 35. Subsequent Events

On August 2023, the Company obtained a US$50.0 million loan with BDO, with a variable interest rate, which matures on 3 February 2025. The proceeds was used to pay off its loan with BDO amounting to US$60.0 million which matured in August 2023.

## 36. Other Matters

a. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity.

b. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations.

c. Other than those disclosed in other notes, there were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual consolidated statements of financial position date

d. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

e. The effects of seasonality or cyclicality 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 July 2023 These consist of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business. The said projects will be carried forward to the next quarter until its completion. The fund to be used for these projects will come from available cash, short-term loans and long-term loans.

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

h. The retained earnings is restricted for the payment of dividends to the extent representing the accumulated equity in net earnings of the subsidiaries and unrealized asset revaluation reserve. The accumulated equity in net earnings of the subsidiaries is not available for dividend distribution until such time that the Company receives the dividends from the subsidiaries.