DEL MONTE PHILIPPINES, INC.
(incorporated in the Republic of the Philippines)

Offer of Php5,000,000,000.00 Bonds
with an oversubscription option of up to Php2,500,000,000.00 Bonds
Offer Price at 100% of Face Value

To be listed and traded through the Philippine Dealing & Exchange Corp.

Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners

Financial Adviser to the Issuer

The date of this Prospectus is 14 October 2020

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

DEL MONTE PHILIPPINES, INC.
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Bonifacio Global City, Taguig City
Philippines
Telephone Number: : +632 8856-2888
Corporate website: https://www.delmontephil.com/

This Prospectus relates to the registration and the public offer for sale, distribution, and issuance (the "**Offer**") by Del Monte Philippines, Inc. ("**DMPI**", the "**Company**", or the "**Issuer**") in the Philippines of Peso-denominated fixed-rate bonds (the "**Bonds**"), with an aggregate principal amount of PhP5,000,000,000.00 with an oversubscription option of up to PhP2,500,000,000.00. The Offer comprises the following series of the Bonds: (i) 3.4840% p.a. three-year fixed-rate bonds due 2023 (the "**Series A Bonds**"), and (ii) 3.7563% p.a. five-year fixed-rate bonds due 2025 (the "**Series B Bonds)**, all of which shall be issued by the Company simultaneously on October 30, 2020 (the "**Issue Date**") pursuant to the terms and conditions of the Bonds. The Issuer reserves the right to allocate the Bonds between the different series based on the bookbuilding process and may opt to allocate the entire amount to just one series.

Interest on the Bonds shall be payable quarterly in arrears starting on January 30, 2021 for the first Interest Payment Date and on April 30, July 30, October 30, and January 30 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding or the subsequent Business Day, without adjustment, if such Interest Payment Date is not a Business Day.

The Bonds shall be repaid at par (or 100% of face value), plus any outstanding interest, on the relevant maturity date of each series or on October 30, 2023 for the Series A Bonds, and on October 30, 2025 for the Series B Bonds, unless the Company exercises its early redemption option for the Series B Bonds on the Optional Redemption Dates according to the conditions therefor. For a more detailed discussion on the redemption of the Bonds, please refer to the discussion under the section "*Description of the Bonds – Redemption and Purchase*" starting on page 52 of this Prospectus.

The Bonds have been rated PRS Aaa by Philippine Rating Services Corporation ("PhilRatings") on 12 August 2020.

Upon their issuance, the Bonds shall constitute the direct, unconditional, unsecured and unsubordinated obligations of the Company and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer other than obligations preferred by law. The Bonds shall effectively be subordinated in right of payment to, among others, all of the Company's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines executed prior to the Trust Agreement (see *"Description of the Bonds"*).

The Bonds are offered to the public at face value through the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners named herein with the Philippine Depository & Trust Corp. ("**PDTC**") as the Registrar of the Bonds. It is intended that upon issuance, the Bonds shall be issued in scripless form, with PDTC maintaining the scripless Registry of Bondholders. The Bonds are intended to be listed on the Philippine Dealing & Exchange Corp. ("**PDEx**"). The Bonds shall be issued in minimum principal denominations of PhP50,000.00 each, and in integral multiples of PhP10,000.00 thereafter. The Bonds shall be traded in denominations of PhP10,000.00 in the secondary market.

The Company expects to raise net proceeds of up to a maximum of Php7,389,060,000.00, if the oversubscription option is fully exercised. Without exercising such oversubscription option, the net proceeds are estimated to be approximately Php4,922,070,000.00, after deducting fees, commissions, and expenses relating to the issuance of the Bonds. Proceeds of the Offer shall be used by the Company to repay its existing debt obligations, which were obtained for general corporate purposes, as discussed further in the section entitled *"Use of Proceeds"* on page 109 of this Prospectus. The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall receive a fee of up to 0.45% on the final aggregate nominal principal amount of the Bonds issued.

On 29 June 2020, the Board of Directors authorized the sale and offer of the Bonds under such terms and conditions as the management of the Company may deem advantageous to it.

On 12 August 2020, the Company filed an application with the Securities and Exchange Commission ("**SEC**") to register the Bonds under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799) ("**SRC**"). The SEC issued an order rendering the Registration Statement filed by the Company effective and a corresponding permit to offer securities for sale covering the Bonds.

On 11 September 2020, the Company filed an application for the listing of the Bonds on the PDEx. However, there is no assurance that such a listing will be achieved either before or after the relevant issue date of the Bonds being offered at a particular time or whether such a listing will materially affect the liquidity of the Bonds on the secondary market. Such listing will be subject to the Company's execution of a listing agreement with PDEx that may require the Company to make certain disclosures, undertakings and payments on an ongoing basis.

The Company reserves the right to withdraw any offer and sale of the Bonds at any time, and the Issuer and Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners reserve the right to reject any application to purchase the Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the Bonds sought by such purchaser. If an offer of the Bonds is withdrawn or discontinued, the Company shall subsequently notify the SEC and, as applicable, the PDEx. The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners may acquire for their own account any portion of the Bonds.

Holders of the Bonds shall not be entitled to any dividends from the Issuer, the Bonds being a debt issue. Nevertheless, the Company's dividend policy is discussed further in the section *"Market Price of and Dividends on the Company's Common Equity and Related Stockholder Matters"* on page 120 of this Prospectus.

The Bonds will be registered and offered exclusively in the Philippines. The distribution of this Prospectus and the offer and sale of the Bonds may, in certain jurisdictions, be restricted by law. The Company and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners require persons into whose possession this Prospectus comes, to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. This Prospectus does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person whom it is unlawful to make such offer in such jurisdiction.

This Prospectus contains the final terms of the Bonds. Information on the Issuer and this Offer is only available in the Prospectus and the Bond Agreements.

The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners have exercised reasonable due diligence required by regulations in ascertaining that all material representations contained in the Prospectus are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading. Information relating to the Company's first quarter financial statements ending 31 July 2020 has not been audited or reviewed, and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners have assumed the accuracy of the information provided by the Company, and have not made any independent verification thereof.

No person or group of persons has been authorized by the Company and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners to give any information or to make any representation concerning the Bonds other than as contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or any of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners.

The information contained in this Prospectus relating to the Company and its subsidiaries (together with DMPI, the "**Group**") and the Group's operations has been supplied by the Company, unless otherwise stated herein. To the best of its knowledge and belief, the Company, which has taken reasonable care to ensure that such is the case, confirms that the information contained in this Prospectus relating to it and its operations is correct, and that there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect, and that the Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Prospectus with respect to the same.

Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the Company's affairs since such date.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of any information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

Market data and certain industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither the Company nor any of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners makes any representation, undertaking or other assurance as to the accuracy or completeness of such information or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to each Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in this Prospectus in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

The price of securities, such as the Bonds, can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in the Bonds described in this Prospectus involves a certain degree of risk. Before making an investment decision, investors should carefully consider the risks associated with an investment in the Bonds. These risks include:

- Risks relating to the Company's business;
- Risks relating to the Philippines;

- Risks relating to the Bonds; and
- Risks relating to certain statistical information in this Prospectus.

A prospective purchaser of the Bonds may refer to the section entitled "*Risk Factors*" beginning on page 80 of this Prospectus, in addition to the other information contained in this Prospectus, in deciding whether to invest in the Bonds. The risk disclosure discussion does not purport to disclose all the risks and other significant aspects of investing in the Bonds. A person contemplating an investment in the Bonds should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities.

Conventions Used in this Prospectus

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to the "Company" or "DMPI" are to Del Monte Philippines, Inc. Unless otherwise defined, all references to the "Group" are to the Company and its subsidiaries on a consolidated basis. All references to the "Philippines" are references to the Republic of the Philippines. All references to the "Government" are to the national government of the Philippines. All references to the "BSP" are references to *Bangko Sentral ng Pilipinas*, the central bank of the Philippines. All references to "United States" are to the United States of America. All references to "Philippine Peso," "PhP," "Peso" and "₱" are to the lawful currency of the Philippines, and all references to "U.S. dollars" and "U.S.$" are to the lawful currency of the United States. The Company publishes its financial statements in Pesos, and the Company's fiscal year ("**FY**") refers to the twelve months ended 30 April of each year. References to "fiscal year 2020", "fiscal year 2019", "fiscal year 2018", and "fiscal year 2017" are to the years ended 30 April 2020, 2019, 2018 and 2017, respectively.

This Prospectus contains translations of certain Peso amounts into U.S. dollar amounts at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Peso amounts represent such U.S. dollar amounts or could be, or could have been, converted into U.S. dollars at the rates indicated or at all.

The items expressed in the Glossary of Terms may be defined otherwise by appropriate government agencies or regulations from time to time, or by conventional or industry usage.

Presentation of Financial Information

The Company's financial statements are reported in Philippine Pesos and are prepared based on its accounting policies which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") issued by the Financial Reporting Standards Council of the Philippines. Unless otherwise stated, all financial information relating to the Company contained herein is stated in accordance with PFRS.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

The Company's fiscal year begins on May 1 and ends on April 30 of the following year. SyCip Gorres Velayo & Co. ("SGV & Co."), a member firm of Ernst & Young Global Limited, audited the Company's financial statements as of and for the years ended 30 April 2020, 2019, and 2018, in accordance with Philippine Standards on Auditing ("PSA").

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED THEREIN IS TRUE AND CURRENT.

DEL MONTE PHILIPPINES, INC.
By:

Joselito D. Campos, Jr.
President and Chief Executive Officer

Parag Sachdeva
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this OCT 1 4 2020 in Makati City, affiants personally appeared and exhibited to me the following identification as competent evidence of identity.

Name	Identification	Date and Place of Issuance/Expiry
Joselito D. Campos, Jr.	P0033661A	24Aug2016 - 23Aug2021 DFA Manila
Parag Sachdeva	Z4816522	16May2018 – 15May2028 Manila

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Book No. 11
Series of 2020.

JEAH MAUREEN P. DOMINGUEZ
Appointment No. M-237
Notary Public for Makati City
Until December 31, 2021
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 73253
PTR No. 8148400/Makati City/01-20-2020
IBP No. 101860/Makati City/ 01-07-2020
MCLE Exempted-Admitted to the bar in 2019

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from expected future results; and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- the Company's ability to successfully implement its current and future strategies;
- the Company's ability to anticipate and respond to local and regional trends, including demand for processed pineapple and other fruits, tomato products, beverage, fresh pineapples or other future products the Company may offer;
- the Company's ability to successfully manage its future business, financial condition, results of operations and cash flow;
- the Company's ability to secure additional financing and manage its capital structure and dividend policy, including the Company's ability to manage the levels of its indebtedness, receivables and other related party transactions;
- the condition of, and changes in, the relationship of the Company with the Philippine Food and Drug Administration ("**FDA**") and other regulatory authorities or licensors;
- general political, social and economic conditions in the territories where the Company operates;
- regional geopolitical dynamics involving the Philippines and/or their neighbors;
- the condition of and changes in the Philippine, North American, Asian, or global economies;
- changes in interest rates, inflation rates and the value of the Peso against the U.S. dollar and other currencies;
- changes to the laws, regulations and policies applicable to or affecting the Company;
- competition in the food growing, processing, and distribution industries;
- legal or regulatory proceedings in which the Company is or may become involved; and
- uncontrollable events, such as war, civil unrest or acts of international or domestic terrorism, the outbreak of contagious diseases, accidents and natural disasters.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under "*Risk Factors*" and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. The Company and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

This Prospectus includes statements regarding the Company's expectations and projections for future operating performance and business prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project," "intend," "seek," "target," "aim," "may," "will," "would," "could," and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to the opinions, beliefs and intentions of the Company accurately reflect in all material respects the opinions, beliefs and intentions of its management as to such matters as of the date of this Prospectus, although the Company gives no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section "*Risk Factors*" and elsewhere, important factors that could cause actual results to differ materially from the Company's expectations. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the above cautionary statements.

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GLOSSARY OF TERMS

Affiliate/s	With respect to any Person, means any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common Control with, such Person, or who is a director or officer of such Person or (ii) any subsidiary of such Person or of any Person referred to in clause (i) of this definition.
ARC	means the Audit and Risk Committee of the Board of Directors
Applicable Law	Any statute, law, regulation, ordinance, rule, judgment, order, decree, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.
Applicant	A Person who submits a duly accomplished Application to Purchase, together with all the requirements set forth therein.
Application to Purchase	The application form accomplished and submitted by an Applicant for the purchase of a specified amount of the relevant series of the Bonds, together with all the other requirements set forth in such application form.
AVA	means Agribusiness Venture Arrangements
BAREZ	means Bukidnon Agro-Resource Export Zone
Board or Board of Directors	means the board of directors of Del Monte Philippines, Inc. from time to time
BIR	means Bureau of Internal Revenue of the Philippines
BOC	means Bureau of Customs
Bond Agreements	Collectively, the Underwriting Agreement, the Trust Agreement and the Registry and Paying Agency Agreement, and any amendments thereto.
Bondholder	A Person whose name appears, at any relevant time, as the registered owner of the Bonds in the Registry of Bondholders.
Bonds	Collectively, the Philippine Peso-denominated bonds with an aggregate principal amount of PhP5,000,000,000.00 and with an oversubscription option of up to PhP2,500,000,000.00.
BSP	*Bangko Sentral ng Pilipinas*, the central bank of the Philippines.
Business Day	A day other than a public non-working holiday, Saturday or Sunday on which the facilities of the Philippine banking system are open and available for clearing, and banks are open for business in Makati City and Taguig City, Philippines.
CAGR	means compound annual growth rate
Capital Stock	With respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the date of the Trust Agreement or issued hereafter, including, without limitation, all common stock and preferred stock of such Person.

CARI	means Central American Resources, Inc.
CARP	means Republic Act No. 6657 or the Comprehensive Agrarian Reform Law of 1988
CARPER	means Republic Act No. 9700 or the Comprehensive Agrarian Reform Program Extension with Reforms
CBA	means Collective Bargaining Agreement
CENRO	means Community Environment and Natural Resources Office
Change in Law or Circumstance	each of the events described as such under "*Redemption and Purchase-Change in Law or Circumstance*"
Change of Control	has the meaning given to such term under "*Redemption by Reason of Change of Control*"
CLOA	means Certificates of Land Ownership Awards
CNC	means Certificate of Non-Coverage
COC	means ERC Certificates of Compliance
Company or DMPI or Issuer	means Del Monte Philippines, Inc.
Consumer Act of the Philippines	means Republic Act No. 7394
CORTT	means Certificate of Residence for Tax Treaty Relief
CPR	means Certificate of Product Registration
DAR	means Department of Agrarian Reform
DARAB	means DAR Adjudication Board
DARPO	means DAR Provincial Offices
DEARBC	means Del Monte Employees' Agrarian Reform Beneficiaries Cooperative in the Philippines
DENR	means the Philippine Department of Environment and Natural Resources
DENR-EMB	means DENR-Environmental Management Bureau
DMBCLU-AWATU	means Del Monte Bugo Cannery Labor Union-All Workers Alliance Trade Union
DMFI	means Del Monte Foods, Inc.
DMPIEU-ALU-TUCP	means Del Monte Philippines, Inc.'s Employees Union-Associated Labor Unions-Trade Union Congress of the Philippines
DMPL	means Del Monte Pacific Limited
DMPL Group	means Del Monte Pacific Limited and its subsidiaries
DMPRL	means Del Monte Pacific Resources Limited

DMPSEU-AWATU	means DMPI Plantation Monthly Salaried Employees Union-All Workers Alliance Trade Unions
DOH	means Department of Health
DOE	means Department of Energy
DOLE	means Department of Labor and Employment
DPA	means Republic Act No. 10173 or the Data Privacy Act of 2012
DPA-IRR	means the DPA and its implementing rules and regulations
DST	means documentary stamp tax
DTI	means Department of Trade and Industry
ECC	means Environmental Compliance Certificate
Ecological Solid Waste Management Act	means Republic Act No. 9003
ECP	means Environmentally Critical Project
eFPS	means the BIR's Electronic Filing and Payment System
EIA	means Environmental Impact Assessment
EMF	means the Environmental Monitoring Fund
Environmental Impact Statement System	means Presidential Decree No. 1586
EP	means Emancipation Patents
ERC	means Energy Regulatory Commission
FDA	means Food and Drug Administration of the Philippines
FIA	means Republic Act No. 7042, or the Foreign Investments Act of 1991
FLA	means foreshore lease agreements
Food Safety Act	means Republic Act No. 10611
Foundation	means Del Monte Foundation, Inc.
FPA	means Fertilizer and Pesticide Authority of the Philippines
GDP	means Gross Domestic Product
GLOBALGAP	means Global Good Agricultural Practices
Government	means the Government of the Republic of the Philippines
Group	means the Company and its consolidated subsidiaries
Growership Agreement	means the agreement between DMPI and thousands of landowners covering about 16,400 hectares of DMPI's pineapple plantation in Northern Mindanao and South Bukidnon.
GSC	means General Services Cooperative
GTL	means GTL Limited
IDR	means Issuer Default Rating

Interest Payment Date	means April 30, July 30, October 30, and January 30 of each year, or the next Business Day if such date falls on a non-Business Day, during which any of the Bonds are outstanding
Issue Date	means October 30, 2020 or such other date as the Issuer and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners may agree in writing; provided, that such date shall be a date which is within the validity of the Permit to Sell
Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners	means BDO Capital & Investment Corporation, China Bank Capital Corporation, First Metro Investment Corporation, and RCBC Capital Corporation
Labor Code	means Presidential Decree No. 442 or the Labor Code of the Philippines
LLDA	means Laguna Lake Development Authority of the Philippines
LGU	means local government unit in the Philippines
LTO	means License to Operate
Majority Bondholders	means (i) With respect to matters relating only to the Series A Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series A Bonds; (ii) with respect to matters relating only to the Series B Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series B Bonds; and (iii) with respect to the matters affecting the Series A Bonds and Series B Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Bonds
MARO	means Municipal Agrarian Reform Officer
Material Adverse Effect	means, a material adverse effect, as may be reasonably determined by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners in the condition (financial or otherwise), results of operations, or business affairs of the Issuer or any of the Subsidiaries, taken as a whole) whether or not arising in the ordinary course of business, the Offer, or the ability of the Issuer to perform its obligations under the transactions contemplated by the Underwriting Agreement and the Bond Agreements.
MMT	means Multi-Partite Monitoring Team
NAEC	means National AVA Evaluation Committee
NDC	means National Development Company
NGC	means the Nominating and Governance Committee of the Board of Directors
NPC	means the National Privacy Commission
NWRB	means the National Water Resources Board
Offer	means the public offer for sale, distribution and issuance of the Bonds by the Issuer to eligible investors

Offer Period	means the period when the Bonds are publicly offered for sale, distribution and issuance by the Issuer to eligible investors, commencing at 9:00 a.m. on October 19, 2020 and end at 5:00 p.m. on October 23, 2020, or such other dates and time as may be mutually agreed between the Issuer and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners.
Optional Redemption Date/s	means beginning on the fourth (4th) anniversary of the Issue Date of the Series B Bonds
Optional Redemption Option	means the option of the Issuer to effect a redemption of the Series B Bonds on the Optional Redemption Dates
₱ or PhP or Peso	means Philippine Pesos, the lawful currency of the Republic of the Philippines
PARC	means the Presidential Agrarian Reform Council
PARCCOM	means the Provincial Agrarian Reform Coordinating Committee
PARO	means the Provincial Agrarian Reform Officer
Payment Date	As the context may require, each Interest Payment Date, the Maturity Date for the relevant series of the Bonds, and/or the relevant Redemption Date.
PCA	means the Philippine Competition Act
PCA-IRR	means the PCA and its implementing rules and regulations
PCC	means the Philippine Competition Commission
PDEx	means Philippine Dealing & Exchange Corp.
PDEx Rules	means the applicable rules, conventions and guidelines of PDEx
PDS	means Philippine Dealing System
PDTC	means Philippine Depository and Trust Corp.
PDTC Participant	means a person who has applied for and has been approved as a participant by the PDTC
PDTC System	means the system for the central handling of securities by which transactions involving such securities may be settled by book-entries in the records of PDTC
Permit to Sell	means the Certificate of Permit to Sell or Offer for Sale of Securities issued by the SEC in respect of the Offer
Person	means any individual, firm, corporation, partnership, association, joint venture, tribunal, limited liability company, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organization.
PET	means polyethylene terephthalate
PEZA	means Philippine Economic Zone Authority
PFRS	means Philippine Financial Reporting Standards issued by the Financial Reporting Standards Council
PhilGAP	means Philippine Good Agricultural Practices

PhilHealth	means Philippine Health Insurance Corporation
Philippine Clean Air Act	means Republic Act No. 8749
Philippine Clean Water Act	means Republic Act No. 9275
Philippine SEC or SEC	means the Securities and Exchange Commission of the Philippines
PNP-FEO	means Philippine National Police – Firearms and Explosives Office
PNRI	means Philippine National Research Institute
PPAEPZ	means Philippine Packing Agricultural Export Processing Zone
PPMSC	means Philippine Packing Management Services Corporation
Prospectus	means this Prospectus together with all its annexes, appendices and amendments, if any, for the offer and sale to the public of the Bonds
PSA	means Philippine Standards on Auditing
PSE	means The Philippine Stock Exchange, Inc.
Public Land Act	means Commonwealth Act No. 141
Purchase Price	In respect of each Bond, an amount equal to the face amount of such Bond, which is payable upon submission of the duly executed Application to Purchase.
R.A.	means Republic Act
R.A. 8762	means Republic Act No. 8762, otherwise known as the Retail Trade Liberalization Act of 2000
Rabobank	means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Labuan Branch
Record Date	As used with respect to any Payment Date, (i) two (2) Business Days immediately preceding the relevant Payment Date, which shall be the cutoff date in determining the Bondholders entitled to receive interest, principal or any amount due under the Bonds or (ii) such other date as the Issuer may duly notify the PDTC.
Redemption Date	means the date when the Bonds (or any series thereof) are redeemed in accordance with the terms and conditions of the Bonds; provided that if the relevant Redemption Date falls on a day that is not a Business Day, then the payment of the principal and accrued interest (if any) shall be made by the Issuer on the next Business Day, without adjustment to the amount of principal and interest to be paid. For the avoidance of doubt, the term "Redemption Date" includes Optional Redemption Date.
Registrar and/or Paying Agent	means The Philippine Depository & Trust Corp., a corporation with a quasibanking license duly organized and existing under and by virtue of the laws of the Philippines, whose principal obligation is to handle payments of the principal of, interest on, and all other amounts payable on the Bonds, to the Bondholders, pursuant to the Registry and Paying Agency Agreement. The term includes, wherever the context permits, all

	other Person or Persons for the time being acting as paying agent or paying agents under the Registry and Paying Agency Agreement.
Registration Statement	means the registration statement filed with the SEC in connection with the offer and sale to the public of the Bonds and rendered effective by the SEC.
Registry of Bondholders	means the electronic registry book of the Registrar containing the official information on the Bondholders and the amount of the Bonds they respectively hold, including all transfers and assignments thereof or any liens or encumbrances thereon, to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement.
Registry and Paying Agency Agreement	means the Registry and Paying Agency Agreement dated 14 October 2020, and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Registrar and Paying Agent in relation to the Bonds.
RSOC	means the Remuneration & Share Option Committee of the Board of Directors
S&P	means Standard & Poor's Ratings Services
SCCP	means Securities Clearing Corporation of the Philippines
Securities Regulation Code or SRC	means Republic Act No. 8799 of the Philippines
Senior Management	means the President, the Chief Operating Officer, the Chief Financial Officer, the Chief Legal Counsel and Compliance Officer / Corporate Secretary, the Chief Human Resource Officer, the Chief Scientific Officer, and the Assistant Corporate Secretary of the Company
SGV & Co.	means SyCip Gorres Velayo & Co.
SSS	means Social Security System of the Philippines
SRC Rules	means the 2015 Implementing Rules and Regulations of the Securities Regulation Code (Republic Act 8799)
S&W Fine Foods	means S&W Fine Foods International Limited
Tax Code	means the National Internal Revenue Code of the Philippines, as amended
Toxic Substances and Hazardous and Nuclear Wastes Control Act	means Republic Act No. 6969
TRAIN	means Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion.
Trust Agreement	means the Trust Agreement dated 14 October 2020 and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Trustee
Trustee	means Rizal Commercial Banking Corporation – Trust And Investments Group
Underwriting Agreement	means the Underwriting Agreement dated 14 October 2020, and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Company and the Joint

	Issue Managers, Joint Lead Underwriters, and Joint Bookrunners in relation to the Bonds.
U.S. or United States	means the United States of America
U.S.$ or U.S. dollars	means United States Dollars, the lawful currency of the United States of America
VAT	means Value-added Tax
Water Code of the Philippines	means Presidential Decree No. 1067 (1976)

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information presented in this Prospectus, including the Company's audited consolidated financial statements and related notes included elsewhere in this Prospectus. Capitalized terms not defined in this summary are defined in the "Glossary of Terms," "Risk Factors," "Business" or elsewhere in this Prospectus.

Overview

The Company belongs to the DMPL Group, one of the world's largest and most well-known producers and marketers of premium quality food and beverage products. DMPI has been in operation in the Philippines for 94 years and caters to today's consumer needs for premium quality, healthy food and beverage products. It produces, markets and distributes its products worldwide under a variety of brand names, including *Del Monte*, a brand in existence since 1886.

For the year ended 30 April 2020, DMPI generated ₱31.9 billion of consolidated revenues, of which 61%[1] were revenues from the Philippines, and 39%were sales to affiliates and third party customers which export DMPI products under the *Del Monte* brand, *S&W* brand and private label brands. Products sold in the Philippines include beverages (100% pineapple juice and juice drinks in various flavors), culinary (tomato sauce, spaghetti sauce, ketchup, meal mixes, condiments, and pasta) and packaged fruit (pineapples and tropical mixed fruits), while products for the export markets include fresh pineapple, processed pineapple and mixed-fruit, juices and sauces.

DMPI is the market leader in the Philippines with market shares ranging from 39%-87% in a number of categories, such as, canned pineapples and canned mixed fruits, RTD (ready-to-drink) juices (excluding doy/foil packs), tomato sauce and spaghetti sauce (*Source: Nielsen Retail Index, 12 months ending April 2020).*

The main office of DMPI is in Metro Manila, while its plantation and cannery are in Mindanao in the southern Philippines. DMPI's beverage PET plant is in Cabuyao, Laguna which is about a 1.5 hour-drive from Manila.

DMPI believes it manages one of the world's largest integrated pineapple operations. It produces pineapple in its approximately 26,000-hectare plantation in an area outside the typhoon belt and at elevations and climate conditions suitable for pineapple cultivation. The Company's processing facility, which is about an hour's drive from the plantation, has an annual capacity to process about 700,000 tonnes of pineapples. The competitiveness of this operation is complemented by an on-site can-making operation and an adjacent seaport.

DMPI also has a state-of-the-art fresh cold storage and packing house facility, and a *Nice Fruit* production line which can freeze fruits for up to three years while retaining their freshness and nutritional properties. These fully integrated operations ensure an efficient supply chain from production to market and the delivery of premium quality products.

The Company continues to implement cost-reduction and productivity-enhancement programs, and invests in new technology and equipment to maintain its leadership position in the industry. DMPI's operations have also consistently maintained a high standard of quality control and product assurance. It meets food standards set by its customers locally and abroad, and by a number of international agencies.

[1] Based on revenues excluding Philippine Accounting Standards ("**PAS**") adjustments.

DMPI operates and manages an extensive distribution network in the Philippines utilizing general trade (49% of sales), modern trade (34% of sales), foodservice (12% of sales), and convenience and emerging channel (5% of sales) channels. In addition, the Company employs its own sales force to manage key accounts. DMPI's products are thus available in every major city in the Philippines. In the international markets, the Company sells its fresh pineapples directly to customers in Asia-Pacific and the Middle East beginning April 2019. For processed products, beginning May 2019, the Company sells private label and S&W-branded products, through its affiliate S&W Fine Foods International Ltd ("**S&W Fine Foods**"), as well as to its affiliate, Del Monte Foods, Inc. ("**DMFI**"), in the U.S., its joint venture FieldFresh Private Foods Limited ("**FieldFresh**") in India, and also to other customers that sell Del Monte-branded products in other parts of the world. Prior to April 2019, all the sales in international markets were managed by its affiliates, S&W Fine Foods and GTL Limited ("**GTL**"). DMPI charges its customer affiliates, cost plus an arm's length markup for products sold to them.

S&W Fine Foods has also started selling products in e-commerce channels, i.e., *Amazon Japan, Tmall, JD and Pinduoduo China, Homeplus, Emart PK and Shinsegae Korea,* and *Redmart Singapore*, among others, and has also utilized social media in promoting its products and campaigns.

In the year ended 30 April 2020, the Company recorded consolidated revenues of ₱31,916.3 million, an increase by 11.0% from ₱28,761.6 million from the previous year ending 30 April 2019. The Company's net income increased by 34.7% from ₱2,578.7 million to ₱3,473.6 million during the same period.

The *DEL MONTE* Brand

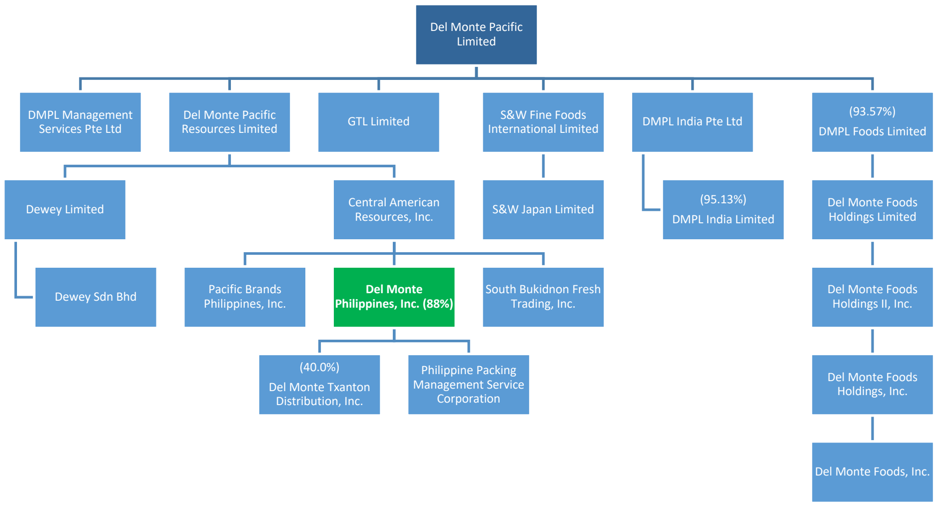
Del Monte has been in existence since 1886. DMPI believes that the *Del Monte* brand has almost universal awareness in the Philippines. *Del Monte* brand products are found in substantially all national supermarkets, large wholesalers and independent and chain grocery stores throughout the Philippines.

DMPI holds the *Del Monte* trademark rights exclusively in the Philippines for prepared food and beverage products. These trademarks are important to DMPI since brand recognition is a key factor in the success of the Company's products. The current registrations of these trademarks in the Philippines are effective for varying periods of time and are renewed periodically. DMPI also holds exclusive rights to several other trademarks in the Philippines, which include *Today's, Fiesta, 202, Fit 'n Right, Heart Smart, Bone Smart*, *Del Monte Quick 'n Easy,* and *Contadina*. The DMPL Group owns the *S&W* trademark worldwide except for Australia and New Zealand. For a more detailed discussion on DMPI's intellectual property rights, please see the discussion on "*Intellectual Property"* beginning on page 211 of this Prospectus.

With operations starting in 1926, *Del Monte* has a long history in the Philippines and is a household name with a strong following. DMPI is a market leader in the Philippines in canned pineapples, canned mixed fruits, RTD juices (excluding doy/foil packs), tomato sauce and spaghetti sauce categories (*Source: Nielsen Retail Index, 12 months ending April 2020). Del Monte* has a strong brand equity and customer loyalty, resulting in repeat purchases and brand loyalty that provide DMPI with greater pricing power in the Philippines.

Corporate and Ownership Structure

The chart below sets out the DMPL Group's corporate structure as of the date of this Prospectus. Unless otherwise indicated, each subsidiary is wholly-owned by its parent:



Notes:

1) The DMPL Group owns approximately 95.13% of DMPL India Limited, the holding company that owns 50% of FieldFresh Foods Private Limited, thereby having equal voting rights with the Bharti Group of India.

*2) The Company owns 40.0% of Del Monte Txanton Distribution, Inc. ("**DM Txanton**"), while Txanton Torre Wine and Olive Oil Co., Inc. holds the other 40.0% and Nonillon Holding Corp. holds the remaining 20.0%. However, DMPI has board control as it has the contractual right to four out of the seven board seats in DM Txanton.*
3) Pacific Brands Philippines, Inc., South Bukidnon Fresh Trading Inc., Del Monte Txanton Distribution, Inc., and GTL Limited are all inactive. SBFTI has limited business activity for fiscal year 2020.

DMPL, the ultimate parent company of DMPI, was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 2 August 1999. DMPL was also listed with the PSE on 10 June 2013.

The details of the Company's subsidiaries and their principal activities are set out below.

Name of Subsidiary	Date of Incorporation	Place of Incorporation	Principal Activities	Effective Equity Held by the Group
Philippine Packing Management Service Corporation	18 June 2007	Philippines	Intellectual property holding and licensing; Management, logistics and support services	100.00%
Del Monte Txanton Distribution, Inc.	7 January 2015	Philippines	Inactive	40.00%

Recent Developments

In January 2020, DMPL, CARI, DMPI, and SEA Diner Holdings Pte Ltd ("**SEA Diner**") entered into a share purchase agreement for the purchase by SEA Diner of CARI's 363,651,600 common shares of DMPI representing 13% of total issued and outstanding common shares in DMPI, subject to the fulfillment of certain conditions precedent. The aggregate consideration for the Private Placement this transaction was originally U.S.$130 Million.

On 30 April 2020, DMPL, CARI, DMPI, and SEA Diner entered into a supplemental agreement decreasing the number of sold shares to 335,678,400 common shares of DMPI representing 12% of the total number of issued and paid-up common shares in DMPI.

The final aggregate consideration for the Private Placement sale by CARI of 12% of total issued and outstanding shares in DMPI to SEA Diner ("**Private Placement**") was U.S.$120 Million. The other material terms of the Private Placement include:

Right to Convert into redeemable convertible preferred shares ("**RCPS**")	Following completion of the Private Placement, the shares purchased will be convertible into RCPS.
Dividend	SEA Diner's right to participate in dividends is on an as-converted basis, that is, if ordinary shareholders are entitled to dividends, then the RCPS holders will correspondingly be entitled to dividends on an as-converted basis.
Voting	SEA Diner, 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.
Transferability	The RCPS will be subject to certain transfer restrictions, such as the right of first refusal of CARI, but affiliates of SEA Diner shall be permitted transferees.
Conversion	SEA Diner, as long as it holds RCPS, may, at any time, exercise its right to convert the RCPS into common shares of DMPI. Conversion of RCPS into common shares of DMPI is at a ratio of one RCPS : one ordinary share of DMPI.
Exit	The RCPS shall automatically be converted into common shares of DMPI, on the occurrence of either an initial public offering or a trade or private sale of the DMPI shares covered by the Private Placement.
Redemption	If there is no liquidity event (IPO or trade sale) after five years from the closing of the Private Placement, the RCPS shall be redeemed at the redemption price, which is an amount paid on the RCPS plus an 8% rate of return (compounded on a per annum basis) calculated from the closing of the Private Placement up to the date of redemption. The right to redeem in the event there is no liquidity event after five (5) years from 20 May 2020 (the Completion Date) is subject to the mutual consent of both DMPI and SEA Diner. If DMPI does not consent to the RCPS holder's written redemption request, the 8% rate of return per annum shall 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. However, if an agreed default event occurs, SEA Diner may, by written notice to the Company, require the Company to redeem any or all of the RCPS held by SEA Diner at the agreed default redemption amount without prejudice to all other rights or remedies available to such holder of the RCPS. The right to redeem for certain default events is subject to the mutual consent of both DMPI and SEA Diner. If DMPI does not consent to the RCPS holder's written redemption request, the internal rate of return comprising the Default Redemption Amount shall 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. Under the original agreement, dividends declared pursuant to the RCPS were to be credited for the purpose of calculating the redemption amount. Under the 30 April 2020 supplemental agreement, the parties have agreed that any dividend received by SEA Diner from DMPI (other than the dividends in respect of the financial year ended 30 April 2020) will no longer be credited for the purpose of calculating the redemption amount.
Share Adjustment	There is also a share adjustment mechanism in the event that DMPL does not meet the forecasted net income of DMPI for the financial year ended 30 April 2021 numbers agreed with SEA Diner. Accordingly, additional DMPI shares (up to a maximum cap of 1.33% of the total issued share capital of DMPI as diluted by this adjustment) may be issued by DMPI to SEA Diner in accordance with the Private Placement agreement.
Call Option	SEA Diner shall also be entitled to a call option which gives it the right to buy from CARI additional DMPI shares of up to 41,959,800 DMPI shares. The option is held by the minority shareholder, SEA Diner and not by any of its director or executive officers. The Call Option is exercisable within the Option Period. "Option Period" means the period, (A) commencing on: (i) in the event where an IPO of DMPI is consummated on or before 30 April 2022, and: (a) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalisation of US$2,000,000,000 or lower, the date on which such IPO of DMPI is consummated; or (b) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalisation of more than US$2,000,000,000 and following such IPO, the Investor 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 Investor 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 Proposed Sale; (ii) the date falling five (5) years after the consummation of an IPO of DMPI; and (iii) the date on which the Investor receives an amount in respect of a redemption of its DMPI shares pursuant to the Agreement that provides the Investor with a rate of return of no less than eight (8) per cent.

For a more detailed discussion on the authorized capital stock of the Company, please refer to the discussion under the section "*Capitalization and Indebtedness*" starting on page 122 of this Prospectus.

Competitive Strengths

The Company believes that its competitive strengths are as follows:

Trusted, iconic food & beverage heritage brands known for quality

DMPI leverages its three heritage brands, *Del Monte, S&W* and *Contadina*, which all have more than 100 years heritage. For generations, consumers have trusted and enjoyed the Company's premium quality branded products: *Del Monte* originated in the USA in 1886, *S&W* in 1896, and *Contadina* in 1914. DMPI has proudly earned its reputation with a singular dedication to quality and, as a testament to this, the *Del Monte* logo puts 'Quality' at the center of its brand promise. The brand's seal is 'not a label - but a guarantee'. The iconic *Del Monte* brand has gained popularity among Filipino households for quality pineapples and mixed fruit products, tomato sauce, spaghetti sauces, ketchup and other culinary products as well as fruit-based beverages including 100% pineapple juice. A new line of premium products with pasta, pasta sauces, and olive oil under the *Contadina* brand was launched in the Philippines in 2016 to supplement the *Del Monte* offering, in recognition of rising affluence in the market.

The *Del Monte* brand has significant versatility, as various product categories can all be marketed under the *Del Monte* name – from canned fruit to juices, to sauces, to pasta, and to condiments, among others. The Company derives competitive advantages of being able to use the *Del Monte* brand across multiple products, in particular around advertising as the Company believes that advertising one specific *Del Monte* product has a halo effect on other *Del Monte* branded product categories including new products and product lines.

*The Company enjoys market leadership positions in the Philippines, and its brands are well-positioned to benefit from both favorable macroeconomic and demographic trends, as well as the new Corona Virus Disease ("****COVID****") environment.*

With operations starting in 1926, *Del Monte* has a long history in the Philippines and is a household name with a strong following. DMPI is a market leader in the Philippines in canned pineapples, canned mixed fruits, RTD juices (excluding doy/foil packs), tomato sauce and spaghetti sauce categories (*Source: Nielsen Retail Index, 12 months ending April 2020). Del Monte* has a strong brand equity and customer loyalty, resulting in repeat purchases and brand loyalty.

Product	Market Share in the Philippines (Based on Volume)	Product Photos
Canned pineapple	86.7% (#1)	
Canned mixed fruit	71.4% (#1) *(Del Monte Fiesta and Today's)*	
RTD juices, excluding doy/foil packs	38.9% (#1) *(Del Monte Pineapple Juice, Del Monte Juice Drinks, and Tipco)*	
Tomato sauce	84.3% (#1)	
Spaghetti sauce	38.7% (#1) *(Del Monte, Contadina, and Today's)*	

Source: Nielsen Retail Index, 12 months ending April 2020

As a market leader, the Company is ideally positioned to benefit from favorable consumer trends resulting from the strong GDP growth experienced by the Philippines. The Philippine economy has been enjoying continuous growth for several years now. At least for the past three years, the Philippine gross domestic product grew by 6.7%, 6.2% and 5.9% in 2017, 2018 and 2019 respectively (*Source: IMF Database*). The growth of the food and beverage industry in which the Company operates is directly driven by the increase in disposable income that Filipino consumers are enjoying as a result of this sustained period of Philippine economic growth. Also, the population of the Philippines is currently at 101.6 million *(Source: World Bank & Philippine Statistics Authority*), and the 12th largest globally. Since 2015, the Philippines has entered the 'demographic window' with 70 percent of the population being of working age, with a current median age of 23.4 years *(Source: World Bank & Philippine Statistics Authority*). The Company believes that this demographic situation translates to more consumers for its products.

Benefits in a COVID-environment

The Company believes that it is well positioned to win with consumers in a COVID-environment. Despite an economic dip in the first quarter of 2020 due to the Enhanced Community Quarantine measures of the Philippine government, Del Monte saw further acceleration of growth across all categories, most especially in flagship Del Monte brands of 100% Pineapple Juice, Spaghetti Sauce and Tomato Sauce. The relevance and imagery of these iconic Del Monte brands became magnified in a COVID-environment where consumers became most concerned with health, and shifted to home cooking. Digital communications highlighted product quality and taste, health and immunity (100% Pineapple Juice ACE) and meal preparation and planning (Del Monte Kitchenomics), and sustained the growth of consumption of Del Monte products even as the COVID lockdown ends.

Benefits from increased focus of consumers on health and wellness due to fruit-based company products and culture of innovation

The Company believes that the *Del Monte* portfolio of packaged fruits, juices and culinary products have been synonymous with healthy products. As consumers increasingly focus on healthy eating and wellness, the Company believes it is ideally positioned to benefit from this secular consumption trend.

DMPI has launched a slew of new products using innovative technologies in ingredients, packaging and processes in the past ten years. Health and wellness has been the anchor for new product introductions, with the consumers' health needs in mind. Finding solutions to address emerging health issues has led to a host of innovative products that offer clinically proven benefits, including weight and body fat management, cholesterol reduction, and bone health enhancement.

The Company's beverage portfolio in the Philippines includes health and wellness products, such as *100% Pineapple Juice Heart Smart with Reducol™*, a special blend of plant sterols and stanols that help lower bad cholesterol, and *100% Pineapple Juice Bone Smart™*, a calcium-fortified juice that has twice the level of calcium than a glass of milk, designed to provide the same benefit to lactose-intolerant consumers. It also includes a range of *Del Monte Fit 'n Right Juice Drinks* with Green Coffee Extract and L-Carnitine proven to result in body fat reduction with diet and exercise.

A study commissioned by the DMPI Research and Development Group established that consumption of a small can of *Del Monte Pineapple Tidbits* a day could boost the body's first line of defense against infection. In order to make the product more accessible daily for consumers, a low-cash outlay pack format for Del Monte Pineapple Tidbits was launched.

The Company's portfolio of products that offer healthier choices has expanded: *100% Pineapple Juice* fortified with vitamins A, C & E, *100% Fiber-Enriched Pineapple Juice*, Lycopene-rich tomato sauces and ketchup, no-MSG culinary sauces and cooking aids. The health benefits claimed by the Company are supported by third party clinical studies commissioned by the Company.

The Company derives competitive advantages from its vertically integrated pineapple-based operations and from its scale

DMPI believes that it operates one of the world's largest fully-integrated pineapple operations which allows it to have oversight and exert control in each stage of the product life cycle, from cultivation to distribution of pineapple products. DMPI operates an approximately 26,000-hectare pineapple plantation in the Philippines with planting and harvesting nearly year-round, a cannery located within an hour's drive from the plantation that can process harvested fruit within the same day assuring freshness, and a state-of-the-art fresh packing house and cold storage facility for fresh fruit.

The Company believes having control over the full production cycle is necessary for it to control the quality and cost of its products. In addition, the Company derives economic benefits from its scale which, the Company believes allows it to obtain competitive pricing from its suppliers and optimize its production costs and fixed cost base.

For certain pineapples which are not produced by DMPI directly, DMPI maintains long-term supply contracts with the farmers to ensure a stable supply of fruits for the Company's production and distribution chain. DMPI also has several toll packers for its products, such as tomato sauce, spaghetti sauce and other sauces in “Stand-Up Pouch” format, ketchup in glass bottles, particulate beverages in cartons, 202 mL cans, pasta in plastic wrappers, and other packaged products in its portfolio under the *S&W* brand.

Strong logistics and supply chain management in complex geographies and markets

DMPI has developed a robust logistics and supply chain system that combines in-house and outsourced resources, allowing it to optimize its operations and address the logistical challenges associated with the complex geography of the Philippine archipelago. The Company’s supply chain allows it in particular to address its end markets’ demands, and distribute its pineapple products throughout the country from its main production site in Mindanao, as well as its tomato-based/culinary products and other beverages from its own beverage factory in Laguna and its network of outsourced/toll manufacturers.

DMPI’s supply chain and logistics solutions for its complex business and markets have developed and evolved through the years. These solutions include DMPI’s Mindanao distribution center and warehouse that was designed to integrate the storage and handling of processed pineapple products for both domestic and export markets as well as key raw materials used in production. In addition, to serve the Visayas needs of the Philippine market, DMPI now has an Iloilo distribution center. And by fiscal year 2022, two (2) new distribution centers, one in Laguna and one in Bulacan, will be operational, replacing the old facility in Pasig. These will serve the Manila and Luzon distribution needs of the Philippine market. The integrated structure and operations allow for optimal resource utilization. All the distribution centers and warehouses can handle both containerized and truck-laden movement of goods. In addition, DMPI has long standing relationships with various entities in the Philippines which service DMPI’s logistics needs across several urban clusters across islands. The Company believes that its logistics chain is not easy to replicate.

DMPI believes that its efficient and integrated supply chain and distribution logistics system gives it the flexibility to take advantage of changes in product supply and demand as a result of market conditions and consumer preferences.

Nationwide market penetration through multi-channel direct and indirect distribution network for both the modern and traditional retail channels as well as the food service industry

DMPI operates and manages an extensive distribution network in the Philippines utilizing general trade (49% of sales), modern trade (34% of sales), foodservice (12% of sales), and convenience and emerging channel (5% of sales) channels. For general trade, DMPI works with non-exclusive distributors nationwide to service the Philippines’ major regional supermarkets, major drugstores, as well as second-tier and third-tier outlets. Second-tier outlets comprise smaller supermarkets, regional-based wholesalers, grocery stores, and convenience stores. Third-tier outlets include “sari-sari” variety stores and public markets. DMPI’s network of distributors have the logistic capacity to cover the entire Philippines and warehouses strategically located around the country.

DMPI directly sells to modern trade accounts or major national supermarkets (such as *SM supermarkets, Puregold, Robinsons* and *Rustan’s supermarkets*) and major national wholesalers such as *Suy Sing* and *Ultra Mega*.

By dealing with distributors for second-tier and third-tier accounts, DMPI is able to penetrate the Philippine market more deeply, reach more households, and position itself for more growth. By using direct sales only for servicing key accounts, DMPI is able to optimize its resources and avoid the administrative burden of dealing with a large number of retailers.

DMPI also sells to the rapidly growing food service accounts in the Philippines which include convenience store chains like *7-Eleven*, *Family Mart*, and restaurants like full service and quick service chains, cafes and bars, and catering services.

DMPI has long-term relationships with its customers, including the SM group, Puregold, the Robinsons group, the Jollibee group, McDonald's and 7-Eleven, among others, in the Philippines, while its affiliate and long-term customer, S&W Fine Foods, has ongoing business relationships with *Shinsegae, Goodfarmer* and *NTUC FairPrice*, among others, in the rest of Asia.

The DMPL Group has also started selling products, mostly supplied by DMPI, in e-commerce channels, i.e., *Amazon Japan, Tmall, JD and Pinduoduo China, Homeplus, Emart PK and Shinsegae Korea,* and *Redmart Singapore*, among others, and has also utilized social media in promoting its products and campaigns.

Active cost management

The Company conducts regular reviews and sets annual goals for its productivity and cost efficiency programs to ensure that it stays competitive.

Past initiatives that helped improve the Company's operations and resulted in cost savings include: (i) working with can suppliers to change their manufacturing practice; (ii) changing terms of sale with a supplier in China, resulting in a reduction in ocean freight expenses annually; (iii) reducing size of packaging on pasta sauce; (iv) utilizing lean techniques to generate numerous continuous improvement projects to keep fixed costs flat year on year; and (v) implementing labor management systems in distribution centers which yielded an improvement in handling productivity.

Strong shareholder support, experienced management team and being part of the DMPL Group offers opportunities for global expansion

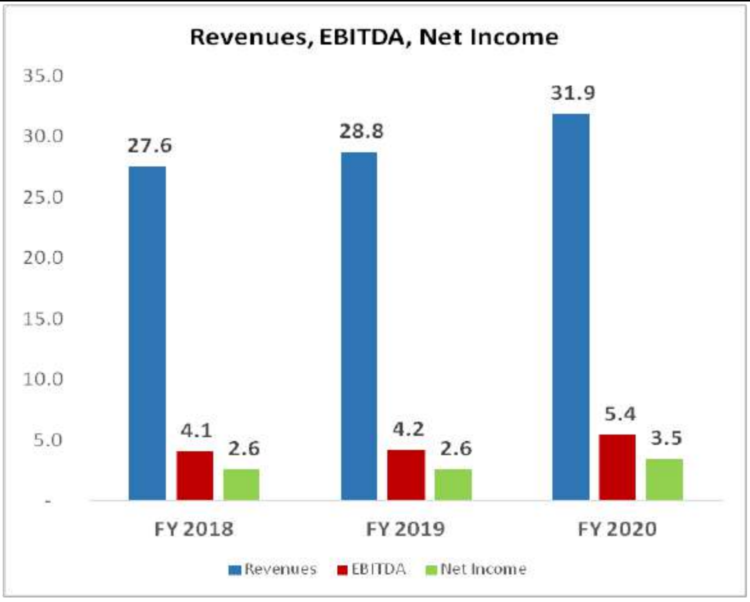
DMPI is owned by DMPL, which is dual-listed on the SGX-ST and the PSE. DMPL is majority-owned by the Campos family of the Philippines. The Campos family has shown strong support in the businesses they own, such as NutriAsia, Inc., which is the largest condiments company in the Philippines. The Campos family has supported significant capital expenditure investments and continued expansion of DMPI's business.

The Company is led by an experienced and dedicated management team with a proven track record of success. The President and COO of DMPI have over 35 years of experience, each hailing from reputable and successful consumer companies. The management of the Company is highly experienced in their fields and in their markets, and is well-accustomed to their operating environment. The Company believes that its strong core management team will continue to drive the Company's future growth through new products, new markets, cost management and efficiency programs, among others.

The Company derives significant operational benefits from being part of the DMPL Group which includes DMFI in the U.S., FieldFresh in India, and S&W Fine Foods which is establishing its footprint in numerous other countries in Europe, Asia and the Middle East. The DMPL Group is trusted for its high quality products and there is significant room to expand existing markets and penetrate new ones. There is also opportunity for cross-selling into, and R&D partnerships with, DMPI's affiliate companies' territories, *i.e.*, in the United States through DMFI and in the Indian subcontinent through FieldFresh.

Strong financial record with profitable growth

For the years ended 30 April 2020 and 30 April 2019 and 30 April 2018, DMPI had consolidated revenues of ₱31.9 billion, ₱28.8 billion and ₱27.6 billion, respectively, and net income of ₱3.5 billion, ₱2.6 billion and ₱2.6 billion, respectively. This represents a revenue growth of 11.0% and 4.3% in fiscal 2020 and 2019, respectively and an increase in net income margin from 9.3% and 9.0% to 10.9% over the three fiscal years 2018 to 2020. EBITDA is earnings before interest, taxes, depreciation and amortization (excluding depreciation for bearer plants and right of use assets).



Strong sustainability program

At DMPI, sustainability is not just a business strategy but a way of life. DMPI stands by its commitment to grow its business in a manner that sustains a healthy balance among diverse interests of all stakeholders – employees and their families, business partners, customers and host communities. The Company develops long-range goals on health and safety, environment (renewable energy, reduction in greenhouse gas emissions, climate change, water stewardship), supply chain and sourcing, employee engagement and corporate social responsibility.

DMPI's office in Manila was awarded a LEED (Leadership in Energy and Environmental Design) Silver certification in 2016 by the U.S. Green Building Council (USGBC). The building has environment-friendly features on energy efficiency, water reduction, waste management and health and safety features. DMPL, DMPI's ultimate parent company, was honored as a finalist for Asia's Best First Time Sustainability Report at the 4th Asia Sustainability Reporting Awards (ASRA) on 6 March 2019 in Singapore. The Report highlighted DMPI's sustainability framework. ASRA is the highest recognition for corporate reporting in the region. The judges sifted through nearly 400 entries received from 16 countries for 17 award categories to select the finalists.

Sustainability enhances a company's reputation and increases its competitive advantage, while increasing productivity and reducing costs. Investments in sustainable projects can streamline processes to conserve resources. Sustainability also attracts investors and potential employees who place an importance on sustainability. An example of the Company's sustainability projects is its wastewater-to-energy plant. As the Company's cannery expanded production, it approached the capacity limits of its environment protection facilities. At the same time, the Company faced increased energy costs due to power shortages in the Mindanao region. The Company sought a long-term solution that would not only address a potential environmental regulation compliance issue but also generate savings as a low cost source of power. DMPI undertook a renewable energy project through a wastewater-to-energy plant that produces bio-gas using wastewater from the cannery. The wastewater-to-energy plant has enabled the Company to effectively treat its waste and convert the same to usable energy. Furthermore, the effluent from cleansed water discharged at coastal areas remains at low levels and within the standards mandated by Philippine regulations.

The Company contributes to the upliftment of the quality of life of communities where it operates. Its business directly and indirectly supports the livelihood of at least 20,000 residents, including those of fruit growers, truckers, harvesters and maintenance crews. In partnership with the Company, Del Monte Foundation, Inc. (the "**Foundation**") spearheads community projects as the Company expands its reach. The Foundation has served communities through scholarships and education, capacity-building, home care, community health, youth development and other programs.

Key Strategies

DMPI's overall vision is "*Nourishing families. Enriching lives. Every day.*"

We nourish families by providing delicious food and beverages that make eating healthfully effortless – anytime and anywhere. We build brands with quality products that are perfectly wholesome and thoughtfully prepared.

The Company's strategies and initiatives support the realization of this vision.

Strengthen consumer loyalty behind the core Philippines business, by investing in brand equity, product renovations, and integrated marketing communications.

DMPI intends to maintain or grow its market leadership positions in the categories of packaged pineapple, mixed fruits, Ready-To-Drink beverages in cartons and cans, tomato sauce and spaghetti sauce in the Philippines. The Company intends to continue to expand consumer penetration and consumption frequency behind these market leader brands, through integrated marketing campaigns and promotions. Historically, the company has invested approximately 3.2% of its revenues annually on communications on multi-media platforms (both traditional and digital).

Marketing communications and product renovations are focused on delivering healthy, nourishing, high quality products to consumers. Over the years, DMPI has successfully launched programs behind health, such as highlighting the benefits of pineapple juices (Vitamins A-C-E for immunity building; Tomato Sauce with Lycopene). The Company also continues to renovate its core brands with added functional benefits that are relevant to specific market segments, such as *Del Monte 100% Pineapple Juice – Fiber Enriched* (for daily detoxification, primarily for young adults) and *Del Monte 100% Pineapple Juice – Heart Smart* with Reducol (for cholesterol control among older adults).

On top of this, DMPI runs a successful recipe consumer program in the Philippines called *Del Monte Kitchenomics (DMK)*, intended to encourage increased usage of Del Monte culinary and fruit products either through everyday dishes (e.g. *adobo* with pineapple; fish *escabeche* with tomato sauce), or through cooking education and recipe support. *DMK* started more than 30 years ago as a mailer program, and has since evolved to a 3-million user base community present across Facebook, YouTube, and the *lifegetsbetter.ph* website. Regular engagement with the community provide consumers with weekly meal plans and recipes to inspire increased use of Del Monte products, as well as culinary tips to improve cooking skills overall. Most recently, *DMK* has also begun integration to e-commerce, to enable consumers to easily and immediately convert recipe awareness to purchase.

Invest in product innovation and new category launches, targeting health-focused categories for the Company's products, with heavy focus on Research & Development.

The Company has successfully introduced product innovations beyond the core, enabled by enhanced capability and sustained investment behind product research and development (investment of 0.42%, 0.38% and 0.51% of its annual revenues in fiscal year 2020, 2019 and 2018, respectively). These has resulted in products including: *Fit 'n Right, with L-Carnitine and sugar-blocking GCE* for weight management; *Heart*

Smart with Reducol^{TM} for cholesterol reduction, and *Bone Smart* with Aquamin^{TM} that provides twice the level of calcium of a glass of milk for lactose-intolerant consumers.

The Company has created a new role overseeing a new Innovations Group. Eileen Manuel-Asuncion, who has been with DMPI for 25 years and until recently was Marketing Head, has assumed this new role as Group Head, Innovation and New Products. The mandate for the team is to drive a more agile process for qualifying innovations that cover new technologies, non-core categories, emerging health concerns, as well as strategic projects including those related to sustainability. Fiscal year 2020 was a period of regrouping and development for the team. The first tranche of new products is expected to be launched within the first half of FY2021.

New packaging formats to attract new target markets

In order to increase penetration of its well-loved products, the Company recognizes the need for more accessible options for a broader range of consumers. Packaging formats and innovations are a key enabler, providing lower cash outlay options for the mass market. Del Monte was the first in the Philippines to introduce *Del Monte Pineapple Tidbits and Chunks* in Stand Up Pouches, and the Del Monte Ketchup range in spout pouches. These packaging alternatives provide over at least a 20% discount compared to traditional cans and glass bottles, and enable deeper distribution up to neighbourhood mom-and-pop stores (*sari-sari stores*), which act as expanded pantries and where cash outlay is a key consideration.

The Company intends to continue to innovate in the field of packaging as part of its strategy to target new segments as well as to revitalize existing markets and target segments.

Expand the Company's fresh pineapple production

The Company recognizes growing consumer demand for fresh produce and has been expanding its fresh pineapple production and business to increase its share in this growing market. For this purpose, the Company has been increasing its hectarage for fresh pineapples and has been gearing towards increased capacities of its fresh pineapple packing houses.

Continue to expand in the international market

The international market comprised 39. 0% of DMPI revenues in FY2020, which include the U.S. and the markets of *S&W* branded business in North Asia, Southeast Asia, Middle East and the Americas. DMPI intends to continue expanding its business in Asia and the Middle East as it exports through its affiliate, S&W Fine Foods, more of the sought-after fresh pineapple under the *S&W* brand, packaged pineapple and mixed fruit, and enter new markets.

In addition to the new product development, the Company also develops and accesses new innovative technologies, such as *Nice Fruit's* technology that allows fruit to be frozen without losing freshness. Nice Fruit frozen pineapple products produced in the Philippines are being sold in the USA, Japan, Hong Kong, China and South Korea.

DMPI currently exports its Filipino sauces and juices in cartons to the United States. The Company plans to increase these cross-selling efforts between the *Del Monte* group various operations.

With the advent of e-commerce and digital business, DMPI sells its products through affiliate, S&W Fine Foods, through e-commerce channels outside the Philippines, for example via for example via *Amazon Japan, Tmall, JD and Pinduoduo China, Homeplus, Emart PK* and *Shinsegae Korea,* and *Redmart Singapore.* It expects e-commerce sales to grow steadily in the coming years.

Maintain the Company's culture of operational and commercial excellence, and sustainability

One of the Company's core values is '*Excellence in Everything We Do*' and as such, Management ensures that the Company works towards operational and commercial excellence across the entire operations: pineapple plantation, cannery, PET plant, toll packers, supply chain, logistics, research and development, brand management, category portfolio management, sales and distribution, IT, finance, legal, human resource and sustainability.

The Company is vigilant in achieving cost leadership, improving productivity and efficiency, and continuously improving processes and systems. Some of the cost reduction initiatives include joint procurement with affiliates, outsourcing of IT and transaction processing functions, reducing wastage, and zero-based budgeting.

DMPI has been a champion of sustainability for many years and stands by its commitment to grow its business in a manner that sustains a healthy balance among diverse interests of all stakeholders (including employees and their families, business partners, customers and host communities), as well as sustaining the environment.

Risks of Investing

Before making an investment decision, prospective investors should carefully consider the risks associated with an investment of the Bonds. Certain of these risks are discussed in *"Risk Factors"* and include risks relating to the Company's business, risks relating to the Philippines, risks relating to the Offer and the Bonds, and risks relating to statistical information in this Prospectus.

Company Information

The Company is a domestic corporation with registered office address at JY Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines. The Company's telephone number is +632 8856 2888.

Investor Relations Office

The Investor Relations Office will be tasked with (a) the creation and implementation of an investor relations program that reaches out to all shareholders and informs them of corporate activities and (b) the formulation of a clear policy for accurately, effectively and sufficiently communicating and relating relevant information to the Company's stakeholders, as well as to the broader investor community.

The Company's Chief Corporate Officer, Mr. Ignacio Carmelo O. Sison, also heads the Investor Relations Office as the Company's designated Investor Relations Officer (the "**IRO**"). The IRO will also be responsible for ensuring that the Company's stakeholders have timely and uniform access to official announcements, disclosures and market-sensitive information relating to the Company. As the Company's officially designated spokesperson, the IRO will be responsible for receiving and responding to investor queries. In addition, the IRO will oversee most aspects of the Company's shareholder meetings, press conferences, investor briefings, management of the investor relations portion of the Company's website and the preparation of its annual reports. The IRO will also be responsible for conveying information such as the Company's policy on corporate governance and corporate social responsibility, as well as other qualitative aspects of the Company's operations and performance. The Company's Investor Relations Office will be located in JY Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City, 1634 Philippines. The IRO may be contacted at +632 8856 2888 or isison@delmontepacific.com.

SUMMARY OF THE OFFER

The following summary should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus, including, but not limited to, the discussion on the "Description of the Bonds" and "Plan of Distribution". Prospective Bondholders must make their own appraisal of the Issuer and the Offer, and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the Offer. They must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are substitutes for the prospective investor's independent evaluation and analysis. Prospective Bondholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Bonds.

Issuer	Del Monte Philippines Inc. ("**DMPI**" or the "**Company**"), a company incorporated under the laws of the Philippines
Issue	Fixed-rate bonds constituting the direct, unconditional, unsecured and unsubordinated Peso-denominated obligations of DMPI
Issue Amount	PhP5,000,000,000.00 with an Oversubscription Option of up to PhP2,500,000,000.00
Oversubscription Option	The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall have the option, in consultation with the Issuer, to increase the Issue Amount by up to PhP2,500,000,000.00 in the event of an oversubscription.
Manner of Distribution	Public offering in the Philippines
Use of Proceeds	Proceeds of the Offer shall be used to repay existing indebtedness of the Issuer. For a detailed discussion on the Use of Proceeds please refer to the section on "*Use of Proceeds*" on page 109
Form and Denomination of the Bonds	The Bonds shall be issued in scripless form in minimum denominations of PhP50,000.00 each, and in integral multiples of PhP10,000.00 thereafter, and traded in denominations of PhP10,000.00 in the secondary market.
Issue Price	The Bonds shall be issued at par or 100% of face value.
Offer Period	The Offer shall commence at 9:00 a.m. on October 19, 2020 and end at 5:00 p.m. on October 23, 2020, or on such dates and time as the Issuer and the Joint Issue

	Managers, Joint Lead Underwriters, and Joint Bookrunners may agree upon in writing.
Issue Date	The Bonds are expected to be issued on October 30, 2020 or such other date as the Issuer and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners may agree in writing; provided, that such date shall be a date which is within the validity of the Permit to Sell.
Maturity Date	**Series A Bonds:** October 30, 2023 or three (3) years from Issue Date unless otherwise earlier redeemed by the Issuer; and **Series B Bonds:** October 30, 2025 or five (5) years from Issue Date unless otherwise earlier redeemed by the Issuer; Provided that, if such date falls on a day that is not a Business Day, the Maturity Date shall be the next succeeding Business Day. In such case, the payment of the principal shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and principal to be paid.
Interest Rate	**Series A:** Fixed interest rate of 3.4840% per annum **Series B:** Fixed interest rate of 3.7563% per annum
Interest Payment	Interest on the Bonds shall be calculated on a European 30/360-day count basis and shall be paid quarterly in arrears
Interest Payment Dates and Interest Payment Computation	Interest payment on the Bonds shall commence on January 30, 2021 and thereafter, on April 30, July 30, October 30, and January 30 of each year for each subsequent Interest Payment Date while the Bonds are outstanding, or the next Business Day if any such dates fall on a non-Business Day, during the term of the Bonds (each, an "**Interest Payment Date**"), without any adjustment to the amount due.
Optional Redemption Option	Prior to the relevant Maturity Date, the Issuer has the right, but not the obligation, to redeem (in whole but not in part) any outstanding Series B Bonds on the fourth (4th) anniversary of Issue Date (the "**Optional Redemption Date**").

	The amount payable to the Bondholders in respect of the exercise of the Optional Redemption Option shall be calculated based on the principal amount of the Bonds being redeemed as the sum of the: (i) accrued interest computed from the last Interest Payment Date up to the Optional Redemption Date, and (ii) the product of the principal amount of the Bonds being redeemed and the applicable Optional Redemption Price (except in case of Redemption for Tax Reasons, Change in Law or Circumstance and Change of Control) (see "*Description of the Bonds - Change in Law or Circumstance, Redemption for Tax Reasons, and Redemption by Reason of Change of Control*") as set forth in the following schedule:

Optional Redemption Date	Optional Redemption Price
On the 4th anniversary from Issue Date	101.5%

	The Issuer shall give no more than sixty (60) nor less than thirty (30) days prior written notice to the Trustee, Registrar and Paying Agent of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Bonds on the Optional Redemption Date stated in such notice.
Redemption for Taxation Reasons	If payments under the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the relevant Bond series in whole, and not in part only, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' written notice to the Trustee, Registrar and Paying Agent) at par (or 100% of face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law; provided that if the Issuer does not redeem the Bonds then all payments of principal and interest in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties,

	assessments or governmental charges, unless such withholding or deduction is required by Applicable Law. In that event, the Issuer shall pay to the Bondholders concerned such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.
Redemption by reason of Change in Law of Circumstances	Upon the occurrence of a Change in Law or Circumstance (as enumerated below), Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Bonds may require the Issuer to redeem all (but not some) of the Bonds at 100% of face value, which shall be paid together with the accrued interest thereon, having given not more than sixty (60) days nor less than thirty (30) days' written notice to the Trustee, the Registrar and the Paying Agent. The following events shall be considered as Changes in Law or Circumstance as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement: (a) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Bonds shall be modified, withdrawn or withheld in a manner which will materially and adversely affect the ability of the Issuer to comply with such obligations; or (b) Any provision of the Bond Agreements (in whole or in part) is or becomes, for any reason, invalid, illegal or unenforceable to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations thereunder or to enforce any provision thereunder; or any law is introduced or any applicable existing law is modified or rendered ineffective or inapplicable to prevent or restrain the performance by the

	Issuer of its obligations under the Bonds Agreements; or (c) Any concession, permit, right, franchise or privilege required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer; or (d) The Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer or the same does not materially and adversely affect the financial condition or operations of the Issuer. Each Bondholder in whose name the Bonds subject of the early redemption are registered in the Register of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the principal of the Bonds subject of the early redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.
Redemption by Reason of Change of Control	Upon the occurrence of a Change of Control, Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Bonds may require the Issuer to redeem all (but not some) of the Bonds at 100% of face value, which shall be paid together with the accrued interest thereon. Within fifteen (15) days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Bonds may require the Issuer to repurchase all (but not some)

	of the Bonds; and (ii) the date set by the Issuer for such repurchase (which shall not be earlier than forty-five (45) days and no later than sixty (60) days from the date written notice is received by the Trustee). Each Bondholder in whose name the Bonds are registered in the Register of Bondholders at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.
Final Redemption	Except when the Optional Redemption Option is exercised, the Bonds shall be redeemed at par or 100% of face value (the "**Final Redemption Amount**") on their respective Maturity Date. In the event the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Registrar and Paying Agent, without adjustment for accrued interest and Final Redemption Amount, on the succeeding Business Day.
Status of the Bonds	The Bonds shall constitute the direct, unconditional, unsubordinated and unsecured obligations of DMPI and shall at all times rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu with all other present and future unsubordinated and unsecured debt of DMPI, other than debt mandatorily preferred by law, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines).
Negative Pledge	The Issuer shall not (a) create, assume, incur or suffer to exist, and shall procure that none of its Subsidiaries shall create, assume, incur or suffer to exist, any lien upon any of their respective properties or assets (including any uncalled capital), present or future business undertaking, or revenues; and (b) sell, transfer or otherwise dispose of, and shall procure that none of its Subsidiaries shall sell, transfer or otherwise dispose of, any of their respective assets on terms whereby they are or may be leased to or re-acquired by the Issuer or any Subsidiary, in each case, where the arrangement or

	transaction is entered into primarily as method of raising debt or of financing acquisitions of an asset, provided that the foregoing restrictions shall not apply to any Permitted Liens under the Trust Agreement. Please see section on "*Description of the Bonds – Negative Pledge*" in this Prospectus for more details.
Listing	The Issuer will list the Bonds on the Philippine Dealing & Exchange Corp. ("**PDEx**") on the Issue Date.
Purchase and Cancellation	The Issuer may purchase the Bonds at any time in the open market or by tender or by contract, in accordance with PDEx Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.
Taxation	Based on law and regulations effective as of the date of this Prospectus,interest income arising from the Bonds to be received by Philippine citizens, resident aliens and non-resident aliens engaged in trade or business in the Philippines, domestic corporations, and resident foreign corporations will be subject 20% final withholding tax. Meanwhile, they will be subject to final withholding tax at a rate of 25% if they are received by non-resident aliens not engaged in trade or business, and 30% if they are received by non-resident foreign corporations. Bondholders who are exempt from or are not subject to final withholding tax on interest income or are covered by a lower final withholding tax rate by virtue of a tax treaty may claim such exemption or lower rate, as the case may be, by submitting the necessary documents as required by the BIR and the Issuer. (Please see the section on "*Tax-Exempt Status or Entitlement to Preferential Tax Rate*" in this Prospectus for a more detailed discussion on the necessary documents that may be required by the BIR and the Issuer.) Except for such withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or

	duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following: (a) The withholding tax applicable on interest earned on the Bonds prescribed under the Tax Code, as amended, and its implementing rules and regulations as may be in effect from time to time; provided, further, that all Bondholders are required to provide the Issuer through the Bondholders' Selling Agent or PDEx Trading Participant and endorsed to the Registrar and Paying Agent their validly issued tax identification numbers issued by the BIR; (b) Gross Receipts Tax under Section 121 of the Tax Code; (c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; (d) Value-Added Tax under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337; and (e) Any applicable taxes on any subsequent sale or transfer of the Bonds by any holder which shall be for the account of such holder (or its buyer, as the holder and the buyer may have agreed upon). Documentary stamp tax for the primary issue of the Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account. Please see the sections on *"Taxation"* and *"Description of the Bonds"* in this Prospectus for a more detailed discussion on the tax consequences of the acquisition, ownership and disposition (e.g., secondary transfer) of the Bonds.
Bond Rating	The Bonds have been rated PRS Aaa by the Philippine Rating Services Corporation on 12 August 2020.

	The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the Bonds are outstanding.
Transfer of the Bonds	Trading of the Bonds will be coursed through PDEx Trading Participant subject to the applicable PDEx rules and conventions. Trading, transfer and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar. Upon any assignment of the Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the Register of Bondholders to be maintained by the Registrar. For a detailed discussion on Transfer of the Bonds please refer to the section on "*Description of the Bonds*" on page 47.
Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners	collectively, BDO Capital & Investment Corporation, China Bank Capital Corporation, First Metro Investment Corporation, and RCBC Capital Corporation
Registrar and Paying Agent	Philippine Depository & Trust Corp. ("**PDTC**")
Trustee	Rizal Commercial Banking Corporation - Trust and Investments Group, the entity appointed by the Issuer which shall act as the legal title holder of the Bonds and shall monitor compliance and observance of all covenants of and performance by the Issuer of its obligations under the Bonds and enforce all possible remedies pursuant to such mandate.
Counsel to the Issuer	Picazo Buyco Tan Fider & Santos
Counsel to the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners	SyCip Salazar Hernandez & Gatmaitan
Indicative Timetable	

Filing of the Registration Statement and the Prospectus with the SEC	August 12, 2020
SEC En Banc Pre-effective Approval	October 8, 2020
Price Setting and Allocation	October 14, 2020
Receipt of SEC Permit to Sell	October 19, 2020
Public Offer Period	October 19 – 23, 2020

Settlement Date, Issue and Listing Date	October 30, 2020

SUMMARY AUDITED FINANCIAL INFORMATION

The following tables present summary financial information for the Company and should be read in conjunction with the independent auditors' reports and the Group's audited consolidated financial statements as of and for the years ended 30 April 2020, 2019 and 2018, including the notes thereto, included elsewhere in this Prospectus, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary financial information as of and for the years ended 30 April 2020, 2019, 2018, was derived from the Group's audited consolidated financial statements, and was prepared in accordance with PFRS. The Group's consolidated financial statements as of and for the years ended 30 April 2020, 2019, and 2018 were audited by SGV & Co. The summary financial information set out below is not necessarily indicative of the results of future operations.

The Company adopted PFRS 16, Leases, using modified retrospective approach with the initial date of the application of May 1, 2019. Amounts presented in the consolidated statement of financial position as at April 30, 2019, and consolidated statements of comprehensive income for the years ended April 30, 2019 and 2018 are based on PAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The comparative financial information for accounts affected by the adoption of PFRS 16 may not be comparable to the information presented as at and for the year ended April 30, 2020. Please refer to Note 3 of the Company's audited consolidated financial statements, which are included elsewhere in the Prospectus, for the effect of the adoption of PFRS 16.

The Company adopted PFRS 9, Financial Instruments, and PFRS 15, Revenue from Contracts with Customers, using modified retrospective approach of adoption with the initial date of application of May 1, 2018. Amounts presented in the consolidated statement of financial position, and consolidated statement of comprehensive income as at and for the year ended April 30, 2018 are based on PAS 39, Financial Instruments: Recognition and Measurement (superseded by PFRS 9) and PAS 18, Revenue, PAS 11, Construction Contracts and related Interpretations (superseded by PFRS 15). The comparative financial information for accounts affected by the adoption of PFRS 9 and 15 may not be comparable to the information presented for 2020 and 2019. Please refer to Note 3 of the Company's audited consolidated financial statements, which are included as an Annex to this Prospectus, for the effect of the adoption of PFRS 9 and PFRS 15.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands, Except Per Share Data)

	For the year ended 30 April		
	(Audited)		
	2018	**2019**	**2020**
	(₱)		
REVENUES	27,563,751	28,761,553	31,916,290
COST OF SALES	(21,003,569)	(22,010,168)	(23,384,240)
GROSS INCOME	6,560,182	6,751,385	8,532,050
DISTRIBUTION AND SELLING EXPENSES	(2,747,585)	(2,706,598)	(3,208,291)
GENERAL AND ADMINISTRATIVE EXPENSES	(845,133)	(778,716)	(817,432)
FINANCE COST	(399,017)	(498,046)	(695,161)
FOREIGN EXCHANGE GAIN – net	200,002	45,497	163,311
INTEREST INCOME	24,903	29,884	19,187
OTHER INCOME	380,543	298,423	226,802

OTHER EXPENSE	(94,392)	(82,246)	(122,291)
INCOME BEFORE INCOME TAX	3,079,503	3,059,583	4,098,175
INCOME TAX EXPENSE			
Current	436,621	466,349	655,980
Deferred	71,855	14,489	(31,417)
	508,476	480,838	624,563
NET INCOME	2,571,027	2,578,745	3,473,612

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (cont'd)

(In Thousands, Except Per Share Data)

	For the year ended 30 April		
		(Audited)	
	2018	2019	2020
		(₱)	
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will never be reclassified to profit			
Revaluation of land	–	–	152,477
Remeasurement gain (loss) on retirement liability	301,759	(154,850)	(37,539)
Unrealized gain (loss) on change in fair value of financial assets at FVOCI	–	(11)	1,003
Income tax effect	(90,528)	46,470	(34,645)
	211,231	(108,391)	81,296
Items that will be reclassified to profit or loss			
Unrealized gain on change in fair value of available-for-sale financial assets	4,134	–	–
Income tax effect	(967)	–	–
	3,167	–	–
	214,398	(108,391)	81,296
TOTAL COMPREHENSIVE INCOME	2,785,425	2,470,354	3,554,908
Total Net Income attributable to			
Equity holders of the Parent Company	2,571,269	2,578,863	3,473,665
Non-controlling interests	(242)	(118)	(53)
	2,571,027	2,578,745	3,473,612
Total Comprehensive Income attributable to			
Equity holders of the Parent Company	2,785,667	2,470,472	3,554,961
Non-controlling interests	(242)	(118)	(53)
	2,785,425	2,470,354	3,554,908
Earnings Per Common Share Attributable to Equity Holders of the Parent	1.33	0.92	1.24

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Thousands)

	As of 30 April		
		(Audited)	
	2018	2019	2020
		(₱)	
ASSETS			
Total Current Assets	26,086,680	25,698,315	16,694,435
Total Noncurrent Assets	12,301,902	12,948,953	16,843,216
	38,388,582	38,647,268	33,537,651
LIABILITIES AND EQUITY			
Total Current Liabilities	16,134,174	13,954,602	20,000,411
Total Noncurrent Liabilities	3,331,506	3,299,411	2,489,137
Total Liabilities	19,465,680	17,254,013	22,489,548
Equity			
Equity Attributable to Equity Holders of the Parent Company	18,914,581	21,385,052	11,039,953
Non Controlling Interest	8,321	8,203	8,150
Total Equity	18,922,902	21,393,255	11,048,103
	38,388,582	38,647,268	33,537,651

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Year ended April 30		
		(Audited)	
	2018	2019	2020
		(₱)	
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,861,253	6,649,296	5,613,275
NET CASH USED IN INVESTING ACTIVITIES	(5,995,289)	(5,246,051)	(5,865,178)
NET CASH PROVIDED BY (USED IN) FROM FINANCING ACTIVITIES	2,032,552	(1,602,873)	865,747
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(654)	(1,104)	(6,862)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(102,138)	(200,732)	606,982
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	866,804	764,666	563,934
CASH AND CASH EQUIVALENTS AT END OF YEAR	764,666	563,934	1,170,916

DESCRIPTION OF THE BONDS

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and stockholders of the Company, the information contained in the Prospectus, the Trust Agreement, and the other Bond Agreements or other agreements, Applicable Law, rules and regulations of PDTC and PDEx relevant to the Offer, and to perform their own independent investigation and analysis of the Issuer and the Bonds. Prospective Bondholders must make their own appraisal of the Issuer and the Bonds, and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the Offer. They must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis. Prospective Bondholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Bonds.

GENERAL

The offer and issuance of the Bonds in an aggregate principal amount of PhP5,000,000,000.00 with an oversubscription option of up to PhP2,500,000,000.00, for public distribution and sale in the Philippines was authorized by a resolution of the Board of Directors of the Company on 29 June 2020. The Bonds are comprised of 3.4840% per annum 3-year Series A Bonds due 2023, and 3.7563% per annum 5-year Series B Bonds due 2025. The Bonds will be issued by the Company pursuant to the Terms and Conditions of the Bonds on the Issue Date.

The Bonds shall be governed by a Trust Agreement dated 14 October 2020 between the Issuer and Rizal Commercial Banking Corporation - Trust and Investments Group as Trustee, which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Agreement. The Trustee has no interest in or relation to the Issuer which may conflict with the performance of its functions. The description of the terms and conditions of the Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Trust Agreement.

A Registry and Paying Agency Agreement in relation to the Bonds was executed on 14 October 2020 between the Issuer and PDTC as Registrar and Paying Agent. PDTC has no interest in or relation to the Issuer which may conflict with the performance of its functions.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the principal office of the Trustee. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Agreement and all the provisions of the Registry and Paying Agency Agreement applicable to them.

Form and Denomination

The Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing each of the Series A Bonds, and Series B Bonds sold in the Offer shall be issued to and registered in the name of the Trustee for the benefit of the Bondholders.

The Bonds shall be issued in minimum denominations of PhP50,000.00 each, and in integral multiples of PhP10,000.00 thereafter, and traded in denominations of PhP10,000.00 in the secondary market.

Title

Legal title to the Bonds will be shown in the Register of Bondholders maintained by the Registrar and Paying Agent. A notice confirming the principal amount of the Bonds purchased by each Applicant in the Offer shall be issued by the Registrar and Paying Agent to all Bondholders following the Issue Date. Upon any assignment, title to the Bonds shall pass by recording the transfer from the transferor to the transferee in the Register of Bondholders maintained by the Registrar and Paying Agent. Settlement in respect of such transfer or change of title to the Bonds, including the settlement of any cost arising from such transfer or change, including, but not limited to, documentary stamps taxes, if any, shall be for the account of the relevant Bondholder or the transferee, as applicable.

Bond Rating

The Bonds have been rated PRS Aaa by PhilRatings. PRS Aaa is the highest rating assigned by PhilRatings. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

In coming up with the rating, PhilRatings considered the Issuer's business portfolio, business plans, growth prospectus and cash flows. PRS Aaa is the highest rating assigned by PhilRatings. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The ratings reflect the following factors:

- The Company's continuously growing profitability with strong margins and its ability to generate cash flows from operations ; and

- The favorable industry outlook, backed by resilient and growing demand.

The rating is subject to regular annual review, or more frequently as market developments may dictate, for as long as the Bonds are outstanding. After Issue Date, the Trustee shall monitor the compliance of the Bonds with the regular annual reviews.

Transfer of the Bonds

Register of Bondholders

The Issuer shall cause the Register of Bondholders to be kept by the Registrar in electronic form. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers and assignments of Bonds, including any liens and encumbrances thereon, shall be entered into the Register of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Register of Bondholders.

As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Bondholder a written statement of registry holdings at least every quarter (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Bonds that is effected in the Registrar's system. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Save in the case of manifest error or fraud, the foregoing written statement of registry holdings shall be final and binding on the Bondholder. The Bondholder shall examine such statement and promptly (and in no case more than thirty (30) days from receipt thereof) notify the Registrar in writing of any error and they shall together resolve to correct such error promptly (and in no case more than five (5) Business Days from receipt of the notice by the Registrar), failing which such transaction advice, statement or report shall be conclusive against the Bondholder. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of the Bonds may be made during the Closed Period (as defined below).

Transfers: Tax Status

Trading of the Bonds will be coursed through PDEX Trading Participant subject to the applicable PDEx rules and conventions. Trading, transfer and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar and Paying Agent. Upon any assignment of the Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the Register of Bondholders to be maintained by the Registrar.

Settlement in respect of such transfers or change of title to the Bonds, including the settlement of any documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder or the transferee, as applicable.

Subject to the provisions of the Registry and Paying Agency Agreement, the relevant rules, conventions and guidelines of PDEx and PDTC, the Bondholders may not transfer their Bonds as follows:

a) transfers across Tax Categories on a date other than on Interest Payment Dates that fall on a Business Day; provided, however, that transfers from a tax-exempt Tax Category to a taxable Tax Category on a date other than an Interest Payment Date shall be allowed using the applicable tax rate on PDEx, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt person shall be treated as being of the same Tax Category as its taxable counterparty for the interest period within which such transfer occurred; provided, finally, that this restriction shall be in force until a Non-Restricted Trading & Settlement Environment for Corporate Securities is implemented. For purposes hereof, "Tax Categories" shall refer to the four (4) final withholding tax categories in the PDEx system covering, particularly, tax-exempt persons, 20% tax-withheld persons, 25% tax-withheld persons, and 30% tax-withheld persons, as such categories may be revised, amended or supplemented by PDEx in accordance with its rules and Applicable Law;

b) transfers by Bondholders with deficient documents; and

c) transfers during a Closed Period. For purposes hereof, "**Closed Period**" means period during which the Registrar and Paying Agent shall not register any transfer or assignment of the Bonds, specifically: (i) the period of two (2) Business Days preceding any Interest Payment Date or the due date for any payment of the Final Redemption Amount of the Bonds; or (ii) the period when any of the Bonds have been previously called for redemption.

Transfers taking place in the Register of Bondholders after the Bonds are listed on PDEx may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if/and or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEx and PDTC.

A Bondholder claiming tax-exempt status is required to submit to the Register of Bondholders the required tax- exempt documents as detailed in the Registry and Paying Agency Agreement upon submission of the account opening documents to the Registrar and Paying Agent. Please see the sections on "*Description of* *the Bonds – Tax-Exempt Status or Entitlement to Preferential Tax Rate*" for a detailed discussion on the requirements for claiming a preferential tax status.

Notwithstanding the submission by the Bondholder, or the receipt by the Issuer, the Registrar and Paying Agent, or the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners of documentary proof of tax-exempt status of a Bondholder, the Issuer may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Issuer.

The Bondholders shall be responsible for monitoring and accurately reflecting their tax status in the Register of Bondholders. The payment report to be prepared by the Registrar and Paying Agent and submitted to the Issuer in accordance with the Registry and Paying Agency Agreement, which shall be the basis of payments on the Bonds on any Interest Payment Date, shall reflect the tax status of the Bondholders as indicated in their accounts as of the Record Date.

Secondary Trading of the Bonds

The Issuer intends to list the Bonds on PDEx for secondary market trading and, for that purpose, the Issuer has filed an application for such listing. However, there can be no assurance that such a listing will actually be achieved or whether such a listing will materially affect the liquidity of the Bonds on the secondary market. Such listing would be subject to the Issuer's execution of a listing agreement with PDEx that may require the Issuer to make certain disclosures, undertakings and payments on an ongoing basis.

For so long as any of the Bonds are listed on PDEx, the Bonds will be traded in a minimum board lot size of ₱10,000.00, and in multiples of ₱10,000.00 in excess thereof. Secondary market trading in PDEx shall follow the applicable PDEx Rules, including rules, conventions and guidelines governing trading and settlement between Bondholders of different tax status, and shall be subject to the relevant fees of PDEx and PDTC, all of which shall be for the account of the Bondholders.

Ranking

The Bonds shall constitute the direct, unconditional, unsubordinated and unsecured obligations of DMPI and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured indebtedness of DMPI, other than the indebtedness mandatorily preferred by law, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines), but in the event of insolvency, such financial obligations shall be absolute and unconditional only to the extent permitted by Applicable Law relating to creditors' rights generally.

Interest and Interest Payment Dates

<u>*Series A Bonds*</u>

The Series A Bonds bear interest on its principal amount from and including the Issue Date and up to and including the Series A Bonds Maturity Date at the rate of 3.4840% p.a., payable quarterly in arrears, commencing on January 30, 2021, for the first Interest Payment Date and April 30, July 30, October 30 and January 30 of each year or the subsequent Business Day without adjustment to the amount of interest to be paid, if such Interest Payment Date is not a Business Day.

For purposes of clarity, the last Interest Payment Date on the Series A Bonds shall fall on the Maturity Date or October 30, 2023 or three (3) years from the Issue Date.

Series B Bonds

The Series B Bonds bear interest on its principal amount from and including Issue Date and up to and including the Series B Bonds Maturity Date at the rate of 3.7563% p.a., payable quarterly in arrears, commencing on January 30, 2021, for the first Interest Payment Date and April 30, July 30, October 30 and January 30 of each year or the subsequent Business Day without adjustment to the amount of interest to be paid, if such Interest Payment Date is not a Business Day.

For purposes of clarity, the last Interest Payment Date on the Series B Bonds shall fall on the Maturity Date or October 30, 2025 or five (5) years from the Issue Date.

The cut-off date in determining the existing Bondholders entitled to receive interest, principal or any other amount due under the Bonds shall be two (2) Business Days prior to the relevant Payment Date or such other date as the Issuer may duly notify PDTC (the "**Record Date**"). The Record Date shall be the reckoning date in determining the Bondholders entitled to receive interest, principal or any other amount due under the Bonds. No transfers of the Bonds may be made during the Closed Period.

Interest Accrual

The Bonds shall cease to bear interest from and including the relevant Maturity Date, as defined in the discussion on "*Description of the Bonds - Final Redemption*" below, unless, upon due presentation, payment of the principal in respect of the Bonds then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see "*Description of the Bonds - Penalty Interest*" below) shall apply.

Determination of Interest

Interest on the Bonds shall be calculated on a European 30/360 day count basis, regardless of the actual number of days in a month.

Redemption and Purchase

Final Redemption

Unless otherwise earlier redeemed or purchased and cancelled, each of the Bonds shall be redeemed at par or 100% of face value on Maturity Date. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest, on the succeeding Business Day.

Each Bondholder in whose name the Bonds are registered in the Register of Bondholders at the close of business on the Record Date preceding the relevant Maturity Date shall be entitled to receive the principal amount of the Bonds. In all cases, repayment of principal shall be remitted to the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Optional Redemption

The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part), any outstanding Series B Bonds on the 4th anniversary from Issue Date (the "**Optional Redemption Date**"):

Optional Redemption Date	Optional Redemption Price
Series B Bonds	
On the 4th anniversary from Issue Date	101.5%

provided, that if the Optional Redemption Date falls on a day that is not a Business Day, then the payment of the optional redemption price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and optional redemption price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Bonds pursuant to this Optional Redemption Option.

The amount payable to the Bondholders upon the exercise of the optional redemption by the Issuer shall be calculated, based on the principal amount of Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to the Optional Redemption Date; and (ii) the product of the principal amount of the Bonds being redeemed and the optional redemption price in accordance with the above table (except in case of Redemption for Tax Reasons, Change in Law or Circumstance and Change of Control).

The Issuer shall give no more than sixty (60) nor less than thirty (30) days' prior written notice to the Trustee, Registrar and Paying Agent of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Bonds on the Optional Redemption Date stated in such notice. Upon receipt by the Trustee of such notice, the Trustee through the Issuer shall secure from the Registrar and Paying Agent an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Bonds subject of the early redemption are registered in the Register of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the interest and optional redemption price. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Redemption for Taxation Reasons

If payments under the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the relevant Bond series in whole, and not in part only, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' written notice to the Trustee, Registrar and Paying Agent) at par (or 100% of face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law; provided that if the Issuer does not redeem the Bonds then all payments of principal and interest in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by Applicable Law. In that event, the Issuer shall pay to the Bondholders concerned such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.

Upon receipt by the Trustee of a written notice from the Issuer hereunder, the Trustee through the Issuer shall secure from the Registrar and Paying Agent an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Bonds subject of the early redemption are registered in the Register of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the principal of the Bonds subject of the early redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

*For the avoidance of doubt, the Issuer shall not, in any case, be liable for Excluded Taxes. Please see "**Payment of Additional Amounts – Taxation**" for the enumeration of Excluded Taxes.*

Redemption by Reason of Change in Law or Circumstance

Upon the occurrence of a Change in Law or Circumstance (as enumerated below), Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Bonds may require the Issuer to redeem all (but not some) of the Bonds at 100% of face value, which shall be paid together with the accrued interest thereon, having given not more than sixty (60) days nor less than thirty (30) days' written notice to the Trustee, the Registrar and the Paying Agent. The decision of the Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Bonds under this section shall be conclusive and binding upon all the Bondholders.

The following events shall be considered as Changes in Law or Circumstance as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement:

(a) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Bonds shall be modified, withdrawn or withheld in a manner which will materially and adversely affect the ability of the Issuer to comply with such obligations; or

(b) Any provision of the Bond Agreements (in whole or in part) is or becomes, for any reason, invalid, illegal or unenforceable to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations thereunder or to enforce any provision thereunder; or any law is introduced or any existing Applicable Law is modified or rendered ineffective or inapplicable to prevent or restrain the performance by the Issuer of its obligations under the Bonds Agreements; or

(c) Any concession, permit, right, franchise or privilege required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer; or

(d) The Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer or the same does not materially and adversely affect the financial condition or operations of the Issuer.

Upon receipt by the Trustee of a written notice from the Issuer on the occurrence of a Change in Law or Circumstance, the Trustee shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. The Trustee, by notice in writing delivered to the Issuer, may declare the principal of the Bonds, including all accrued interest thereon to be immediately due and payable. Each

Bondholder in whose name the Bonds subject of the early redemption are registered in the Register of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the principal of the Bonds subject of the early redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Accrued interest on the Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

Redemption by Reason of Change of Control

Upon the occurrence of a Change of Control, Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Bonds may require the Issuer to redeem all (but not some) of the Bonds at 100% of face value, which shall be paid together with the accrued interest thereon. Within fifteen (15) days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Bonds may require the Issuer to repurchase all (but not some) of the Bonds; and (ii) the date set by the Issuer for such repurchase (which shall not be earlier than forty-five (45) days and no later than sixty (60) days from the date written notice is received by the Trustee). The decision of the Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Bonds under this section shall be conclusive and binding upon all the Bondholders.

"Change of Control" means the acquisition, at any given time, by any person or persons acting in concert or any third person or persons acting on behalf of such person(s), whether directly or indirectly, of a controlling participation in the Company. For purposes of this paragraph, the word "controlling participation" means ownership of at least 51% of the total issued and outstanding voting capital stock, or the right to elect at least 51% of the total number of the members of the Board of Directors of the Company.

Each Bondholder in whose name the Bonds are registered in the Register of Bondholders at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Accrued interest on the Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

Purchase and Cancellation

The Issuer may purchase the Bonds at any time in the open market or by tender or by contract, in accordance with PDEx Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Bonds in the PDEx, the Issuer shall disclose any such transaction in accordance with the applicable PDEx disclosure rules.

Payments

The principal of, interests on, and all other amounts payable on the Bonds shall be paid to the Bondholders through the Paying Agent. The Paying Agent shall credit the proper amounts received from the Issuer via the Philippine payment settlement system via Real Time Gross Settlement ("**RTGS**"), net of final taxes and fees (if any), to the cash settlement banks of the Bondholders (nominated by the Bondholders in the Application to Purchase or as the Bondholder may notify the Paying Agent in writing), for onward remittance to the relevant cash settlement account of the Bondholder with the cash settlement bank. The principal of, and interest on, the Bonds shall be payable in Philippine Pesos.

The Issuer shall ensure that so long as any of the Bonds remain outstanding, there shall at all times be a Paying Agent for the purposes of the Bonds and the Issuer or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the Registry and Paying Agency Agreement. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint such other leading institution in the Philippines authorized to act in its place.

In the event that the details of the cash settlement account indicated by the relevant Bondholder in the Application to Purchase are incomplete or erroneous, or the cash settlement account of the relevant Bondholders has been closed, dormant, or inexistent, due to which payments to the Bondholders cannot be effected in a timely manner, then until the correction of the cash settlement account is effected and until credit of the relevant cash entitlement is completed such payment shall either be retained in a suspense account with the relevant cash settlement bank or returned to the payment account, or otherwise disposed of by the cash settlement bank, in each case in accordance with the standard operating procedures of the relevant cash settlement bank.

In these cases, the Issuer and the Paying Agent shall not be liable to the relevant Bondholder for any failure or delay in the Bondholder's receipt of such payments.

Payment of Additional Amounts – Taxation

Interest income on the Bonds is subject to a withholding tax at rates of between 20% and 30% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following ("**Excluded Taxes**"):

a) The withholding tax applicable on interest earned on the Bonds prescribed under the Tax Code, as amended, and its implementing rules and regulations as may be in effect from time to time; provided, further, that all Bondholders are required to provide the Issuer through the Bondholders' Selling Agent or PDEx Trading Participant and endorsed to the Registrar and Paying Agent their validly issued tax identification numbers. issued by the BIR;

b) Gross Receipts Tax under Section 121 and 122 of the Tax Code;

c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding;

d) Value-Added Tax under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337; and

e) Any applicable taxes on any subsequent sale or transfer of the Bonds by any holder which shall be for the account of such holder (or its buyer, as the holder and the buyer may have agreed upon).

Documentary stamp tax for the primary issue of the Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

Please see the section on "*Taxation*" on page 290 for a more detailed discussion on the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax-Exempt Status or Entitlement to Preferential Tax Rate

An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar and Paying Agent, subject to acceptance by the Issuer, as being sufficient in form and substance:

a) BIR-certified true copy of a valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or its entitlement to the preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto, and for tax-exempt Personal Equity Retirement Account (PERA) established pursuant to PERA Act of 2008, a certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA Administrator;

b) with respect to tax treaty relief:

   1. for Applicant investors:
      (i) 3 originals of a duly accomplished valid, current and subsisting Certificate of Residence for Tax Treaty Relief ("**CORTT**") Form or the prescribed certificate of residency of their country together with the CORTT Form as required under BIR Revenue Memorandum Order No. 8-2017; and
      (ii)
         1. For initial interest due, 3 originals of the Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines to support the applicability of a tax treaty relief shall be submitted by the Bondholder to the Issuer upon the submission of the Application to Purchase or no later than the 1st day of the month when the initial interest payment date shall fall due.
         2. For subsequent interest payment/s due, 3 originals of Part II (D) of the CORTT Form shall be submitted by the Bondholder to the Issuer through the Registrar no later than the 1st day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto.

   2. For transferee Bondholders:
      (i) 3 originals of a duly accomplished valid, current and subsisting CORTT Form or the prescribed certificate of residency of their country together with the CORTT Form as required under BIR Revenue Memorandum Order No. 8-2017 and

(ii) 3 originals of the Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) shall be submitted by the Bondholder to the Issuer through the Registrar upon the submission of the account opening documents or no later than the 1st day of the month when the first interest payment date shall fall due following the transfer of the Bonds to the said transferee Bondholder. For subsequent interest payment/s due, 3 originals of Part II (D) of the CORTT Form shall be submitted by the Bondholder to the Issuer through the Registrar no later than the 1st day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto.

c) a duly notarized undertaking executed by

   (i) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption or entitlement to preferential tax treatment based on his official functions, if the Applicant purchases, or the Bondholder holds, the Bonds for its account; or

   (ii) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.),

   declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent:

   a. of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement;

   b. if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature and method of operation, which are inconsistent with the basis for its income tax exemption; or

   c. if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Bonds being ineligible for exemption or preferential rate, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non- withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such investor shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose; and

d) such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholders on the Interest payments to such Bondholders; *provided further* that, all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for Taxes, duties, assessments, or government charges (or with reduced rates, as the case may be), subject to the submission by the Bondholder claiming the benefit of any exemption or preferential rate of reasonable evidence of such exemption or preferential rate treatment to the Registrar and Paying Agent.

Unless properly provided with satisfactory proof of the tax-exempt status or entitlement to preferential rates of an Applicant or a Bondholder, each of the Company and the Registrar and Paying Agent may assume that such Bondholder is taxable and proceed to apply the tax due on the Bonds. Notwithstanding the submission by the Bondholder, or the receipt by the Company or any of its agents, of documentary proof of the tax-exempt status or entitlement to preferential rates of a Bondholder, the Company may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Company.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of Bonds, upon submission of the Application to Purchase to the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners who shall then forward the same to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar upon submission of the account opening documents. .

Transfers taking place in the Electronic Registry of Bondholders after the Bonds are listed in PDEx may be allowed between taxable and tax-exempt entities without restriction provided the same are in accordance with the relevant rules, conventions and guidelines of PDEx and PDTC. A selling or purchasing Bondholder claiming tax-exempt status is required to submit the following documents to the Issuer, upon submission of Account Opening documents to the Registry: (i) a written notification of the sale or purchase, including the tax status of the selling or buying party, and (ii) an indemnity agreement wherein the new Bondholder undertakes to indemnify the Issuer for any tax that may later on be assessed on the Issuer on account of such transfer.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

Financial Covenants

So long as any of the Bonds remain outstanding, the Issuer undertakes to maintain the following financial ratios, with testing to be done on an annual basis:

(a) a Debt-to-Equity Ratio of not more than 2.5:1:00; and
(b) a Debt Service Coverage Ratio of not less than 1.2:1:00.

For purposes of computing the above ratios, the following terms shall have the meanings set forth herein:

Debt-to-Equity Ratio means, in relation to any Relevant Period, the ratio of Indebtedness as at the end of such Relevant Period to Consolidated Equity in respect of such Relevant Period, both as reflected in the Issuer's consolidated financial statements prepared in accordance with PFRS. Where:

"Indebtedness" means: (i) all indebtedness or other obligations of the Issuer for borrowed money; and (ii) all indebtedness or other obligations of any other Person, the payment or collection of which is guaranteed by the Issuer, or in respect of which the Issuer is liable, contingently or otherwise, including without limitation, any agreement to purchase, to provide funds for payment, to supply funds to or otherwise invest in such Person.

"Consolidated Equity" means the total stockholders' equity of the Issuer as of the relevant date for calculation (for the avoidance of doubt, including non-controlling interests) as recognized and measured in its fiscal year-end audited consolidated financial statements in conformity with PFRS.

Debt Service Coverage Ratio means, in relation to any Relevant Period, the ratio of (a) EBITDA for such Relevant Period to (b) the sum of: (i) the current portion of long-term debt as at the end of such Relevant Period; (ii) the interest expense of short-term and long-term debt due within the next twelve (12) calendar months from the end of such Relevant Period; and (iii) financial charges due within the next twelve (12) calendar months from the end of such Relevant Period. For the avoidance of doubt, short-term bank loans that are rolled over are excluded as well as future availments on unutilized short-term bank lines. Where:

"EBITDA" means net income of the Issuer after adding back: (i) all interest accruing during a relevant period in respect of all Indebtedness of the Issuer; (ii) depreciation, amortization and other non-cash charges (including equity in net earnings/loss of Subsidiaries to the extent not remitted by way of dividends but excluding provision for doubtful accounts and depreciation for right of use assets); and (iii) provision for income taxes.

"Relevant Period" means a period of twelve (12) calendar months ending on the last day of any quarter of any of the Issuer's fiscal years.

Testing of both financial covenants shall be done on June 30 of each year, using the April 30 audited consolidated financial statements of the Issuer.

There should be no difference between the pre-issuance and post-issuance Debt to Equity Ratio as the Bonds will be used to refinance maturing debt obligations. Debt to Equity Ratio pre and post issuance of the Bonds remains to be 1.3x.

Negative Pledge

The Issuer shall not (a) create, assume, incur or suffer to exist, and shall procure that none of its Subsidiaries shall create, assume, incur or suffer to exist, any lien upon any of their respective properties or assets (including any uncalled capital), present or future business undertaking, or revenues; and (b) sell, transfer or otherwise dispose of, and shall procure that none of its Subsidiaries shall sell, transfer or otherwise dispose of, any of their respective assets on terms whereby they are or may be leased to or re-acquired by the Issuer or any Subsidiary, in each case, where the arrangement or transaction is entered into primarily as method of raising debt or of financing acquisitions of an asset, provided that the foregoing restrictions shall not apply to any Permitted Liens.

"**Permitted Lien**" means:

(a) any Lien existing as of the date of the Trust Agreement;

(b) Liens for taxes or assessments or governmental charges or levies not yet delinquent or which are being contested in good faith;

(c) Liens over or affecting any asset of any company which becomes a subsidiary of the Issuer after the date of the Trust Agreement, where the Lien is created prior to the date on which that company becomes a subsidiary of the Issuer;

(d) Liens arising by operation of law (other than any preference or priority under Article 2244(14)(a) of the Civil Code of the Philippines as the same may be amended from time to time) on any property or asset of the Issuer or its Subsidiaries, including without limitation, amounts owing to a landlord, carrier, warehouseman, mechanic or materialman;

(e) Liens (not otherwise permitted in paragraph (b) to (d) above) securing Indebtedness owed under any government lending program or incurred by the Issuer and/or its Subsidiaries, in each case, in the ordinary course of business (such as but not limited to working capital loans, loans for capital expenditures such as rehabilitation, repair, expansion of plants and facilities, distribution centers, warehouses, IT upgrades, and such other similar indebtedness incurred in a manner consistent with industry practice) and in an aggregate principal amount at any date not to exceed 5% consolidated net worth of the Issuer as of such date;

(f) Liens created by or resulting from any litigation or legal proceeding which is effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings and with respect to which the Issuer or its Subsidiary has established adequate reserves on its books in accordance with PAS/PFRS;

(g) Liens arising over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure the payment of any Indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset, and in an aggregate principal amount at any date not to exceed 5% consolidated net worth of the Issuer as of such date;

(h) Liens securing indebtedness under hedging transactions (including foreign currency and interest rate swap and derivative transactions) entered into in the ordinary course of business and designed solely to protect the Issuer or its Subsidiaries from fluctuations in interest rates or currencies or commodities and not for speculation;

(i) Liens created with the prior written consent of the Majority Bondholders; and

(j) Any extension, renewal, supplement, or replacement (or successive extensions, renewals, supplements, or replacements) in whole or in part of any Lien referred to in paragraphs (a) to (i) above, or any Indebtedness secured thereby; provided that such extension, renewal, supplement, or replacement is limited to all or any part of the same property that secured the Lien extended, renewed, supplemented, or replaced (plus any construction, repair, or improvement on such property).

For this purpose, "**Lien**" means, with respect to any property or asset, (a) any mortgage, lien, pledge, charge, security interest, encumbrance or other preferential arrangement of any kind in respect of such property or asset, including, without limitation, any preference or priority under Article 2244(14)(a) of the Civil Code of the Philippines, as the same may be amended from time to time, in each case, to the extent securing payment or performance of a debt prior to any general creditor of such Person; and (b) the right of a vendor, lessor, or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, and any other right of or arrangement with any creditor to have its claims satisfied out of any property or asset, or the proceeds therefrom, prior to any general creditor of the owner thereof.

Events of Default

Each of the following events shall constitute an "**Event of Default**" under the Bonds and the Trust Agreement:

a) the Issuer defaults in the payment when due of any amount payable to the Bondholders under the Trust Agreement unless such failure arises solely as a result of an administrative or technical error or a Disruption Event and payment is made within five (5) Business Days after the date such payment is due (a "***Payment Default***");

b) the Issuer fails to perform, comply with, or violates any material provision, term, condition, covenant or obligation contained in the Trust Agreement (other than by reason of paragraph (a) above), and any such failure, non-compliance or violation is not remediable or, if remediable, continues unremedied for a period of thirty (30) days (or such longer curing period granted to the Issuer by the Majority Bondholders) from the date after written notice thereof shall have been received by the Issuer from the Trustee;

c) any representation or warranty which is made by the Issuer in the Trust Agreement, or in any certificate delivered by the Issuer under the Trust Agreement, shall prove to have been untrue or incorrect in any material respect as of the time it was made and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than fifteen (15) Business Days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Bondholders to that effect;

d) any Indebtedness of the Issuer, whether singly or in the aggregate, in excess of ₱300,000,000.00 or its equivalent inother currencies, using the PDS closing rate of the immediately preceding Business Day, is not paid on its due date or within any applicable grace period or is declared to be due and payable prior to its stated date of payment (except where liability for payment of that Indebtedness is being contested in good faith by appropriate means);

e) a decree or order by a court or other Governmental Authority having jurisdiction over the premises is entered without the consent or application of the Issuer:

   1. adjudging the Issuer bankrupt or insolvent;

   2. approving a petition seeking a suspension of payments by or a reorganization of the Issuer under any applicable bankruptcy, insolvency or reorganization law;

   3. appointing a receiver, liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of all or substantially all of the business or assets of the Issuer;

   4. providing for the winding-up or liquidation of the affairs of the Issuer;

   5. with a view to the rehabilitation, administration, liquidation, winding-up or dissolution of the Issuer; or

6. taking other action under Applicable Law which is similar to any of the events mentioned in paragraphs (1) to (5) above (inclusive);

provided, that, the issuance of any such decree or order shall not be an Event of Default if the same shall have been dismissed or stayed by injunction or otherwise within sixty (60) days from issuance thereof;

f) the Issuer:

1. institutes voluntary proceedings to be adjudicated bankrupt or insolvent or consents to the filing of a bankruptcy or insolvency proceeding against it;

2. files a petition seeking a suspension of payments by it or its reorganization under any applicable bankruptcy, insolvency or reorganization law or consents to the filing of any such petition;

3. seeks or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or substantially all of its business or assets;

4. makes an assignment for the benefit of its creditors or admits in writing its inability to pay its debts generally as they become due;

5. files a petition seeking the winding-up or liquidation of its affairs or consents to the filing of any such petition;

6. takes any other step with a view to its rehabilitation, administration, liquidation, winding-up or dissolution or a suspension of payments by it; or

7. takes other action under Applicable Law which is similar to any of the events mentioned in paragraphs (1) to (6) above (inclusive);

g) final and executory judgment(s) or order(s) are rendered by a court of competent jurisdiction against the Issuer or its properties or assets from which no appeal may be made for the payment of money which will have a Material Adverse Effect and such judgment or order shall continue unsatisfied or undischarged after thirty (30) days;

h) the Issuer shall suspend or discontinue all or a substantial portion of its business operations, whether voluntarily or involuntarily for a period of thirty (30) consecutive days except in cases of strike, lockout, or closure when necessary to prevent business losses or when due to fortuitous events, or in cases of force majeure, provided that in any such event of strikes, lockouts, closure, or force majeure, there is no Material Adverse Effect; and

i) any event or circumstance that will have a Material Adverse Effect has occurred and is continuing.

Notice of Default

The Trustee shall, within five (5) Business Days after receipt of written notice from the Issuer or the Majority Bondholders of the occurrence of an Event of Default, give to all the Bondholders written notice of any such Event of Default unless the same shall have been cured before the giving of such notice; provided, that in the case of a Payment Default (as described in paragraph (a) of the "*Description of the*

Bonds – Events of Default"), the Trustee shall immediately notify the Bondholders upon the occurrence of such Payment Default.

The existence of a written notice required to be given to the Bondholders under this Section shall be published once in a newspaper of general circulation in Metro Manila, Philippines indicating in the published notice that the Bondholders or their duly authorized representatives may request any information relating to such occurrence of an Event of Default at the principal office of the Trustee upon presentation of sufficient and acceptable identification.

Consequences of Default

a) If any one or more of the Events of Default shall have occurred and be continuing after the lapse of the period given to the Issuer within which to cure such Event of Default, if any, or upon the occurrence of such Event of Default for which no cure period is provided, (i) the Trustee upon the written direction of the Majority Bondholders, by notice in writing delivered to the Issuer, or (ii) the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare the Issuer in default ("**Declaration of Default**") and declare the principal of the Bonds then outstanding, together with all accrued and unpaid interest thereon and all amounts due thereunder, to be due and payable not later than five (5) Business Days from the receipt of the Declaration of Default ("**Default Payment Date**") with a copy to the Registrar and Paying Agent who shall then prepare a payment report in accordance with the Registry and Paying Agency Agreement. Thereupon, the Issuer shall make all payments due on the Bonds in accordance with the Registry and Paying Agency Agreement.

b) All the unpaid obligations under the Bonds, including accrued interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Issuer.

Penalty Interest

In case any amount payable by the Issuer under the Bonds, whether for principal, interest, or otherwise, is not paid on the relevant due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay a penalty fee on the defaulted amount(s) at the rate of six percent (6%) per annum per annum (the "**Penalty Interest**") from the time the amount fell due until it is fully paid in accordance with the Terms and Conditions of this Offer and the Trust Agreement.

Payments in the Event of Default

Upon the occurrence of any Event of Default, and provided that there has been a Declaration of Default and acceleration of payment of the Bonds by the Majority Bondholders, then in any such case:

a) the Issuer will pay the Bondholders, through the Registrar and Paying Agent, the whole amount which shall then have become due and payable on such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal and with Penalty Interest, where applicable, based on the payment report no later than the Default Payment Date. The Issuer also undertakes that it shall give the Trustee written notice of its intention to make any payments under this paragraph (a); and

b) the Trustee shall have the right to require the Registrar and Paying Agent, upon demand in writing, to do the following:

   i. to hold all sums, documents and records held by them in respect of the Bonds on behalf of the Trustee; and/or

   ii. deliver all evidences of the Bonds and all sums, documents and records held by them in respect of the Bonds to the Trustee or as the Trustee shall direct in such demand; provided, that such demand shall be deemed not to apply to any documents or records which the Registrar and Paying Agent is not allowed to release by any law or regulation; and/or

   iii. subject to the terms of the Registry and Paying Agency Agreement, apply any money received from the Issuer pursuant to this section in the order of preference provided in the "*Description of the Bonds – Application of Payments*" below.

Application of Payments

Any money collected by the Trustee as a consequence of a Declaration of Default and any other funds held by it, subject to any other provision of the Trust Agreement relating to the disposition of such money and funds or to the Registry and Paying Agency Agreement, shall be applied by the Trustee in the order of preference as follows:

a) *First*: to the *pro rata* payment to the Trustee, the Registrar and Paying Agent and PDEx of the reasonable, actual and documented costs, expenses, fees, and other charges of collection, including reasonable compensation to them, their agents, attorneys, and all reasonable, actual and documented expenses and liabilities incurred or disbursements made by them, without gross negligence or bad faith in carrying out their respective obligations under their respective agreements with the Issuer in connection with the Bonds.

b) *Second*: to the payment of all outstanding interest, including any Penalty Interest, in the order of maturity of such interest based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement.

c) *Third*: to the payment of the principal amount of the Bonds then due and payable based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement.

d) *Fourth*: the remainder, if any, shall be paid to the Issuer, its successors, or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Except for any interest and principal payments, all disbursements of the Paying Agent in relation to the Bonds shall require the conformity of the Trustee.

Prescription

Claims in respect of principal and interest or other sums payable under the Bonds shall prescribe unless the claim is made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

Remedies

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, subject to the discussion under "*Description of the Bonds – Ability to File Suit*."

No delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer under the Trust Agreement on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder unless (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds in accordance with the provisions on notice of default (See *Description of the Bonds – Notice of Default*); (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in its own name; (iii) the Trustee for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

Waiver of Default by the Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under the Trust Agreement, or may on behalf of the Bondholders waive any past default except the Events of Default defined as a Payment Default, insolvency default or closure default, and its consequences. In case of any such waiver, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under the Trust Agreement; provided, that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Bonds. For the protection and enforcement of this ability to file suit, each Bondholder and the Trustee shall be entitled to such relief as can be given under Applicable Law.

Substitution

Substitution of the Bonds is not contemplated.

Trustee; Notices

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

Notice to the Trustee

All documents required to be submitted to the Trustee or the Issuer and all other notices, requests and other communications must be in writing and will be deemed to have been duly given only if delivered personally, by facsimile transmission, or mailed (first class postage prepaid) or emailed to the Trustee at the following address, facsimile number or email address; and addressed to the individuals named below:

To the Issuer:

DEL MONTE PHILIPPINES, INC.
JY Campos Centre, 9th Avenue corner 30th Street,
Bonifacio Global City, Taguig City

Attention: Parag Sachdeva
Chief Financial Officer and Treasurer
Telephone No: (632) 8856 2888 loc 1610
Email: sachdevap@delmonte-phil.com

To the Trustee:

RIZAL COMMERCIAL BANKING CORPORATION – TRUST AND INVESTMENTS GROUP
9th Floor, Yuchengco Tower, RCBC Plaza
6819 Ayala Avenue corner Sen. Gil Puyat Avenue
Makati City

Attention: Ryan Roy W. Sinaon
Vice President

Telephone No: (+632) 8894-9000 loc. 1278
Facsimile No.: (+632) 8878-3377
Email Address: rwsinaon@rcbc.com

All such notices, requests and other communications will: (i) if delivered personally to the address as provided above, be deemed given upon delivery; (ii) if delivered by facsimile transmission to the facsimile number as provided above, be deemed given upon receipt, in readable form; and (iii) if delivered by mail or email in the manner described above to the address as provided above, be deemed given upon receipt and in case of email if received in readable form (in each case regardless of whether such notice, request or other communication is received by any other Person on behalf of such individual to whom a copy of such notice, request or other communication is to be delivered). Each of the Trustee and the Issuer may from time to time change its address, facsimile number or other information for the purpose of notices hereunder by giving notice specifying such change.

Any notice, report or communication received on a non-working day or after business hours in the place of receipt will only be deemed given on the next working day in that place.

Notice to the Bondholders

Except where the Bonds and the Bond Agreements specifically require another party to send notice to the Bondholders, the Trustee shall send all notices to Bondholders to their mailing address as set forth in the Register of Bondholders. Except where a specific mode of notification is provided for in the Bond Agreements, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) ordinary mail; (iii) by publication for at least once a week for two (2) consecutive weeks in at least two (2) newspapers of general circulation in the Philippines; (iv) personal delivery to the address of record in the Register of Bondholders; or (v) disclosure through the Online Disclosure System of the PDEx. The Trustee shall rely on the Register of Bondholders in determining the Bondholders entitled to notice. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by ordinary mail; (iii) on the date of last publication, if notice is made by publication; or (iv) on the date of delivery, for personal delivery; or (v) on the date of disclosure, if notice is made by disclosure through the Online Disclosure System of the PDEx.

A notice made by the Issuer to the Trustee is notice to the Bondholders. The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by the Issuer to the PDEx on a matter relating to the Bonds shall be deemed a notice to the Bondholders of said matter on the date of the first publication or the date of the disclosure, as the case may be.

Duties and Responsibilities of the Trustee

1. The Trustee shall independently perform each of the following duties for the benefit of the Bondholders:

   (i) Coordinate with the Issuer, the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, the Registrar and the Paying Agent in relation to the performance of their respective responsibilities under the relevant Bond Agreement.

   (ii) Have custody of and hold in its name, for and on behalf of the Bondholders, the Master Certificate of Indebtedness for each of Series A Bonds and Series B Bonds.

   (iii) Monitor compliance by the Issuer with the Trust Agreement.

   (iv) Monitor compliance by the Registrar and the Paying Agent (RPA or Registrar) with their respective functions and responsibilities prescribed under the Registry and Paying Agency Agreement, and from time to time, request information from the Registrar and Paying Agent on the outstanding Bonds, list of Bondholders, and such other information necessary for the performance of the duties and powers of the Trustee under the Trust Agreement.

   (iv) Report regularly to Bondholders any non-compliance by the Issuer with the Trust Agreement and any development with respect to the Issuer of which the Trustee may have knowledge of based on official disclosures to PDEx and SEC, or may have been given knowledge of and that adversely affects the interest of the Bondholders, including any default by the Issuer on any of its obligations of which the Trustee may have knowledge of, and inform the Bondholders, upon the recommendation of legal counsel, of the alternative courses of action that they may take to protect their interest; *provided*, that for purposes hereof, the Trustee shall, without need of any further act or notice to the Issuer, publish a notice once in a newspaper of general circulation, binding upon all the Bondholders wherever situated or located, that the Bondholders or their duly authorized representatives may obtain a report regarding the Bonds at the principal office of the Trustee upon presentation of sufficient and acceptable identification. Upon advice of legal counsel, the Trustee shall inform the Bondholders of the alternative courses of action that they may take to protect their interest.

(v) Act on behalf of the Bondholders including calling for and/or attending meetings of the Bondholders in the following manner:

(1) The Trustee may at any time call a meeting (either a face-to-face meeting or a meeting held through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication) of the Bondholders, on its own accord or upon the written request by the Issuer or the Majority Bondholders, for purposes of taking any actions authorized under the Trust Agreement. All cost and expenses in connection with the meetings of the Bondholders called by the Issuer or the Majority Bondholders shall be for the account of the Issuer. The Issuer shall reimburse the Trustee within ten (10) Business Days from receipt of the duly supported billing statement.

(2) Unless otherwise provided herein, the Trustee shall give notice of every meeting of the Bondholders (which notice must set forth the time, place, requirements and procedures for participating and voting in meetings held through remote communication, and purpose of such meeting in reasonable detail) to the Issuer and each of the Bondholders not less than fourteen (14) days prior to the date fixed for the meeting; *provided*, that all reasonable and documented costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) Business Days from receipt of the duly supported billing statement; *provided*, that any meetings of the Bondholders shall be held at such time and place within Metro Manila or through remote communication as the party requesting such meeting may determine.

(3) Failure of the Trustee to call a meeting upon the written request of either the Issuer or the Majority Bondholders within three (3) days from receipt of such request shall entitle the requesting party to send the appropriate notice of Bondholders' meeting in accordance with Section 4.1(a)(vi)(2) of the Trust Agreement, and the costs therefor shall be charged to the account of the Trustee.

(4) The presence of Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders (which list shall include (v) the complete names of the Bondholders (including the name of the authorized representative of the Bondholder, where applicable) (w) the amount of Bonds held by the Bondholders as of the Record Date, (x) the complete address and contact details of the Bondholders, (y) specimen signatures of the Bondholders' authorized signatories and (z) such other information necessary for the performance of the duties and powers of the Trustee under the Trust Agreement as may be requested by the Trustee) prepared by the Registrar in accordance with the Registry and Paying Agency Agreement. The Registrar shall provide the Trustee with a list of Bondholders and the foregoing information at least five (5) Business Days upon receipt of written request from the Trustee.

(5) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Majority Bondholders as provided in Section 4.1(a)(vi)(3) of the Trust Agreement in which case the Issuer or the Majority Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting. The elected secretary shall take down the minutes of the meeting, covering all matters

presented for resolutions by and the results of the votes cast by the Bondholders and/or the person appointed by a public instrument in writing as proxy or agent by any such Bondholder in accordance with Section 4.1(vi)(7) of the Trust Agreement. The elected secretary shall immediately provide the Trustee with the copy of the minutes of the meeting which copy shall be made available at anytime to the Issuer and all Bondholders upon receipt of written request.

(6) Any meeting of the Bondholders may be adjourned from time to time for a period not to exceed in the aggregate one (1) year from the date for which the meeting shall originally have been called, and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

(7) To be entitled to vote at any meeting of the Bondholders, a person should be a registered holder of the Bonds as reflected in the Register of Bondholders on the date fixed pursuant to Section 4.1(a)(vi)(2) and Section 4.1(a)(vi)(3) of the Trust Agreement, as the case may be, or a Person appointed by a public instrument in writing as proxy or agent by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) as of the date of the meeting. For the avoidance of doubt, ₱10,000.00 is equal to one vote. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representative of the Issuer and its legal counsel.

(8) Except as otherwise specifically provided in the Trust Agreement, all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders.
Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee.

(9) Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of Bonds may take any action (including the making of any demand or request, the giving of any notice or consent, or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined such action may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing in accordance with Section 4.1(a)(vi)(7) of the Trust Agreement; (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith; or (iii) a combination of such instruments and any such record of meeting of the Bondholders.

(10) Notwithstanding the provisions above, the Trustee may make such reasonable regulations (not inconsistent with the terms and conditions of the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to the proof of ownership of the Bonds, the appointment of proxies by the Bondholders, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

(vi) Safekeep all records as enumerated in the Trust Agreement.

(vii) Upon written request by the Issuer no later than 11:30 a.m. within three (3) Business Days following the date the Trustee receives such request, send notice of any matter to the Bondholders, other than those matters notice of which is specifically required to be given to the Bondholders by another party under the Transaction Documents.

(viii)For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with respect to any matters that must be taken up with the Issuer.

(b) The Trustee, in the performance of its duties, shall exercise such rights and powers vested in it by the Trust Agreement, and use such diligence, judgment and care under the circumstances then prevailing that individuals of prudence, discretion, and intelligence, and familiar with such matters exercise in the management of their own affairs; *provided*, that the Trustee shall have no duty or liability beyond its duty to perform the obligations under the Trust Agreement; *provided, further*, that the Trustee shall have no obligation to enforce payment to the Issuer of the proceeds of the Bonds. Subject to the succeeding paragraph, the Trustee shall not be responsible for the inadequacy of the Issuer to meet and discharge any of its obligations under the Bonds or be liable for any depreciation in value or other losses of the Bonds. Neither shall the Trustee be a surety or a guarantor of the solvency or capacity of the Issuer, the Joint Lead Managers, the Participating Underwriters, the Registrar, the Paying Agent, or any of their authorized representatives. Each Bondholder represents and warrants to the Trustee and to the Issuer that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial position and affairs of the Issuer on the basis of such documents and information it has deemed appropriate and that it has subscribed to the Bonds on the basis of such independent appraisal, and that it shall continue to make its own credit appraisal without reliance on the Trustee.

In the absence of willful misconduct, fraud, evident bad faith, gross negligence or breach of Applicable Law on the part of the Trustee, the Bondholders agree to indemnify and hold the Trustee free and harmless from and against any and all claims, liabilities, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations under the Trust Agreement.

(c) Reliance in good faith on the information submitted by the Issuer, the Bondholders, the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, the Registrar and the Paying Agent, or any of their authorized representatives pursuant to the terms and conditions of the Transaction Documents, after exercising the due diligence required of a prudent and reasonable person under the same circumstances, shall absolve the Trustee from any liability. The Trustee shall be fully protected in acting in accordance with the written directions, requests, instructions, and certifications of the Issuer, the Bondholders, the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, the Registrar, or the Paying Agent, or any of their authorized representatives pursuant to the terms and conditions of the Transaction Documents, to the extent permitted by law.

The Trustee may rely on any communication or document believed by it in good faith to be genuine after exercising the due diligence required of a prudent and reasonable person under the same circumstances, and may rely on the statements of any of the Issuer, the Bondholders, the Joint Lead Managers, the Participating Underwriters, the Paying Agent, the Registrar or any of their authorized representatives, on any matter or fact which might reasonably be expected to be within the latter's knowledge.

The Trustee may request from the Issuer, the Bondholders, Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, the Paying Agent or the Registrar, or any of their authorized representatives, for any information as the Trustee may reasonably require to enable it to perform its rights, powers, duties, functions, authorities, and discretion under the Trust Agreement, including but not limited to a certification of compliance, (in the form attached as Annex "C" of the Trust Agreement to be delivered by the Issuer on a quarterly basis to confirm the Issuer's compliance with its obligations and undertakings under the Bonds and the Trust Agreement. The Issuer shall submit the certification of compliance for the first three quarters of the Issuer's fiscal year within forty-five (45) days from the end of the relevant quarter, and the annual certification of compliance within one hundred and twenty (120) days from the end of the fiscal year.

The Trustee may presume that no Event of Default has occurred until it has received notice thereof and it may conclusively rely upon the certification of compliance to be delivered by the Issuer.

(d) In coordination with the Issuer, the Trustee may seek the advice of legal counsel, and take any action in accordance with the written advice of such legal counsel; provided, however, that coordination with the Issuer shall not be necessary if there is an occurrence of an Event of Default. Any such action taken or suffered in good faith by the Trustee as a consequence of the reasonable opinion of the said legal counsel, shall be conclusive and binding upon the Issuer and the Bondholders, and the Trustee shall be fully protected from any liability for any loss or damage suffered or caused to be suffered by the Issuer and/or the Bondholders by virtue thereof provided there is no concurrent breach by the Trustee of its obligations under the Trust Agreement. Subject to obtaining prior written consent of the Issuer for reasonable, actual and documented costs and expenses in excess of Fifty Thousand Pesos (₱50,000.00) per occurrence, all reasonable, actual and documented expenses (if any), including legal fees, incurred by the Trustee in connection with such action shall be shouldered and reimbursed by the Issuer within five (5) Business Days from receipt of the duly supported billing statement; provided, however, that the requirement for prior written consent of the Issuer for any costs and expenses in excess of Fifty Thousand Pesos (₱50,000.00) per occurrence shall not apply in case of an Event of Default

Provided that the Trustee coordinated with the Issuer and unless the Issuer has raised any concern, the Trustee may assume that the Issuer has taken and obtained such necessary legal and other advice and opinion in respect of the actions taken or suffered by the Trustee in accordance with the foregoing paragraph and that the same is satisfactory to it, so that the Trustee shall have no obligation or responsibility to seek or obtain any other independent or additional advice or opinion and shall not be liable for any loss or damage suffered or incurred by the Issuer and/or the Bondholders as a result thereof. Notwithstanding the foregoing, the Trustee shall exert best efforts to mitigate any loss or damage to the Issuer and/or the Bondholders to the extent possible.

(e) The Trustee may refrain from doing anything under the Trust Agreement that would or might in its reasonable opinion be contrary to law or render it liable to any person, and until it has been indemnified or secured to its satisfaction against any and all costs, losses, expenses, or liabilities which it would or might sustain or incur as a result. The Trustee may refrain from performing any action not expressly provided in the Trust Agreement unless it is first given the proper written instructions by the Issuer except if there is an occurrence of an Event of Default.

(f) Except as may be necessary to perform its duties under the Trust Agreement and as required by applicable laws, rules, regulations or an order of the Government, the Trustee (i) shall permanently keep privileged and confidential, separate and distinct, any information, data, documents, files, properties, funds, or any other matter which it may acquire pursuant to the Trust Agreement or obtained in the course of the performance of its duties and functions as a Trustee, (ii) shall refrain from disclosing any such information or item in any manner, whether written, verbal, telegraphic, coded, or encrypted, whether in physical, electronic, or any other form or media, and (iii) hereby undertakes not to use any such information or item for its own benefit or for the benefit of any of its clients regardless of whether or not such use can be shown to cause disadvantage, injury, or damage to the Issuer; *provided*, that where any disclosure of the foregoing information is required by Applicable Law, the Trustee shall consult with and properly apprise the Issuer of such legal requirement prior to the proposed disclosure and give reasonable opportunity to the Issuer to consider the same before the Trustee makes any decision to release it. This obligation shall survive the Trust Agreement.

(g) For the faithful performance of its duties under the Trust Agreement, the Trustee shall not be required to furnish any bond or undertaking.

(h) Any corporation into which the Trustee may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Trustee shall be party or any corporation succeeding to the business of the Trustee shall be the successor of the Trustee hereunder without the need for the execution or filing of any paper or any further act on the part of any parties hereto, anything to the contrary notwithstanding; provided that such successor trustee shall be eligible to act as trustee under the provisions of the Trust Agreement and under Applicable Law.

(i) The Trustee shall collect, process, retain, share, dispose and destroy the personal and/or sensitive personal information (the "**Information**") of the Bondholders in accordance with the Data Privacy Act of 2012 and its Implementing Rules and Regulations. The Trustee shall not sell, trade or otherwise share the Information for marketing purposes to third parties without the written consent of the relevant Bondholder. The Trustee may disclose the Information to:

(i) government or regulatory agencies if required by the Applicable Law, or if reasonably determined by the Trustee to be necessary in relation to the use of the Information in connection with the provision of any service related to the Trust Agreement, and for data processing, storage, retention, collection, sharing, disposal and destruction as may be necessary for the provision of such service, anti-money laundering monitoring, review and reporting, or for purposes of complying with any law or regulation, for law enforcement purposes, national security or public interest (the "**Purpose**");

(ii) its employees, directors, officers, representatives, agents, advisors, counsels, and service providers as the Trustee deems it reasonably necessary in relation to the Purpose; and

(iii) its subsidiaries and affiliates as well as employees, directors, officers, representatives, agents, advisors, counsels, and service providers of such subsidiaries and affiliates, as the Trustee deems it reasonably necessary in relation to the Purpose.

The Trustee, shall be responsible for performing, among others, the following duties for the benefit of the Bondholders, including, but not limited to:

a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement. The Trustee shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the

Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.

b) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use such diligence, judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters will exercise in the management of their own affairs.

c) None of the provisions contained in the Trust Agreement and the Prospectus shall require or be interpreted to require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Trust Agreement.

Resignation and Change of Trustee

a) The Trustee may at any time resign by giving ninety (90) days' prior written notice to the Issuer of such resignation.

b) Upon receipt of such notice of resignation of the Trustee, the Issuer shall immediately appoint a replacement trustee, who shall be acceptable to the Issuer, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the replacement trustee. If no replacement shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a replacement, or any Bondholder who has been a bona fide holder for at least the immediately preceding six (6) months may, for and in behalf of the Bondholders, petition any such court for the appointment of a replacement. Such court may thereupon after notice, if any, as it may deem proper, appoint a replacement trustee.

c) Subject to paragraph (f) below, a replacement trustee must possess all the qualifications required under pertinent laws and the Trust Agreement.

d) In case at any time the Trustee shall (i) fail to comply with the provisions of the Trust Agreement in relation to conflict of interest, after written request therefor by the Issuer or by any Bondholder, (ii) cease to be eligible in accordance with the provisions of the Trust Agreement or Applicable Law and shall fail to resign after written request therefor by the Issuer or by any Bondholder; (iii) in the reasonable opinion of the Issuer, has committed fraud, bad faith, willful misconduct or gross negligence or has otherwise violated Applicable Law, in each case, in the performance of any material obligation under the Trust Agreement; or (iv) become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, or for other causes set out in the Trust Agreement, then the Issuer may within thirty (30) days therefrom remove the Trustee, and appoint a replacement trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the replacement trustee. If the Issuer fails to remove the Trustee and appoint a replacement trustee, any Bondholder may, on behalf of himself and all other Bondholders, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a replacement trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a replacement trustee.

e) The Majority Bondholders may at any time remove the Trustee for cause, and with consent of the Issuer, appoint a replacement trustee, by the delivery to the Trustee so removed, to the replacement trustee and to the Issuer of the required evidence (as provided for in the Trust Agreement) of the action in that regard taken by the Majority Bondholders, which removal shall take effect thirty (30) days from receipt of such notice by the Trustee; provided, that if no replacement trustee shall have been appointed within ninety (90) days from the receipt of the Issuer of the required evidence (as provided for in the Trust Agreement) of the action taken, the Majority Bondholders may appoint a replacement trustee without the consent of the Issuer. This is without prejudice to whatever remedies may be available to the Majority Bondholders under the law or in equity.

f) Any resignation or removal of the Trustee and the appointment of a replacement trustee pursuant to any of the provisions in the Trust Agreement shall become effective upon the earlier of: (i) the acceptance of appointment by the replacement trustee as provided in the Trust Agreement; or (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement; provided, however, that after the effectivity of the resignation notice and, as relevant, until such replacement trustee is qualified and appointed, the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the replacement trustee promptly upon the appointment thereof by the Issuer.

g) Within ten (10) days from the effectiveness of the resignation or removal of the outgoing trustee and the appointment of the replacement trustee, the outgoing trustee shall transfer and turn over to the replacement trustee, and shall make an accounting of, all the assets, documents or instruments which are in the custody of the outgoing trustee, if any.

Replacement Trustee

a) Any replacement trustee appointed shall execute, acknowledge and deliver to the Issuer and to its predecessor trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor trustee shall become effective and such replacement trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as Trustee in the Trust Agreement. The foregoing notwithstanding, on the written request of the Issuer or of the replacement trustee, the trustee ceasing to act as such shall execute and deliver an instrument transferring to the replacement trustee, all the rights, powers and duties of the trustee so ceasing to act as such. Upon request of any such replacement trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such replacement trustee all such rights, powers and duties.

b) Upon acceptance of the appointment by a replacement Trustee, the Issuer shall notify the Bondholders in writing, of the replacement of such trustee to the trusteeship and/or by publication once in a newspaper of general circulation in Metro Manila, Philippines. If the Issuer fails to notify the Bondholders within ten (10) days after the acceptance of appointment by the replacement trustee, the latter shall cause the Bondholders to be notified at the expense of the Issuer.

Reports to the Bondholders

Only upon the existence of either (a) and (b) below, the Trustee shall submit to the Bondholders on or before March 1 of each year from the Issue Date until full payment of the Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

a) the property and funds, if any, physically in the possession of the Registrar and Paying Agent held in trust for the Bondholders on the date of such report which shall be based on the report to be given by the Registrar and Paying Agent to the Trustee upon request by the Trustee through the Issuer; and

b) any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

The Trustee shall submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Registrar and Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, the remaining unpaid amounts of such advance is at least ten percent (10%) of the aggregate outstanding principal amount of the Bonds at such time.

Inspection of Documents

Upon due notice to the Trustee, the following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

a) the Trust Agreement
b) the Registry and Paying Agency Agreement
c) the Articles of Incorporation and By-Laws of the Company and
d) the Registration Statement of the Company with respect to the Bonds (including the Bonds) with the Prospectus.

Meetings of Bondholders

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Bondholders of any specified aggregate principal amount of Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Bonds.

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, on its own accord or upon the written request by the Issuer, or the Majority Bondholders, for purposes of taking any actions authorized under the Trust Agreement. The meeting may be held at such time and at such place as the Trustee shall determine.

Unless otherwise provided in the Trust Agreement, the Trustee shall give notice of every meeting of the Bondholders (which notice must set forth the time, place, requirements and procedures for participating and voting in meetings held through remote communication, and purpose of such meetings in reasonable detail) to the Issuer and each of the registered Bondholders not less than fourteen (14) days prior to the date fixed for the meeting;provided, that the Trustee shall fix the record date for determining the Bondholders entitled to vote during the meeting, which record date shall not be earlier than fourteen (14) days before the date of the meeting; provided, further, that all reasonable, actual and documented costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) Business Days from receipt of the duly supported billing statement, provided, further, that any meetings of the Bondholders shall be held at such time and place within Metro Manila or through remote communication as the party requesting such meeting may determine.

Failure of the Trustee to Call a Meeting

Failure of the Trustee to call a meeting upon the written request of either the Issuer or the Majority Bondholders within three (3) days from receipt of such request shall entitle the requesting party to send and publish the appropriate notice of Bondholders' meeting and fix the record date for determining the Bondholders entitled to attend and vote in accordance with the procedure set forth under "*Description of the Bonds – Notice of Meetings*". The costs for calling such a meeting shall be for the Trustee's account.

Quorum

The presence of Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders prepared by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement (which list shall include all information necessary to the performance of the duties and powers of the Trustee under the Trust Agreement, such as, but not limited to, specimen signatures of the Bondholders' authorized signatories). The Registrar and Paying Agent shall provide the Trustee with a list of Bondholders and the foregoing information at least five (5) Business Days upon receipt of written request from the Trustee.

Procedure for Meetings

a) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Majority Bondholders as provided under "*Description of the Bonds – Failure of the Trustee to Call a Meeting*" in which case the Issuer or the Majority Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting. The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolutions by and the results of the votes cast by the Bondholders entitled to vote at the meeting and/or the Person appointed in writing by a public instrument as proxy or agent by any such Bondholder in accordance with the procedure set forth in "*Description of the Bonds – Voting Rights*". The elected secretary shall immediately provide the Trustee with a copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request.

b) Any meeting of the Bondholders may be adjourned from time to time for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called, and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by Persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

Voting Rights

To be entitled to vote at any meeting of the Bondholders, a Person should be a registered holder of the Bonds as reflected in the Register of Bondholders on the relevant record date fixed by the Trustee, the Issuer or the Majority Bondholders (as the case may be), or a Person appointed in writing by a public instrument as proxy or agent by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) for the meeting. For the avoidance of doubt, Bondholders shall be entitled to one vote for every ₱10,000.00 worth of Bonds. The only Persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the Persons entitled to vote at such meeting, the Trustee, and any representative of the Issuer and its legal counsel.

Voting Requirement

Except as provided in "*Description of the Bonds - Amendments*", all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders (present or represented in a meeting at which there is a quorum). Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee.

Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations (not inconsistent with the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to proof of ownership of the Bonds, the appointment of proxies by the Bondholders, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

Evidence Supporting the Action of the Bondholders

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing, or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith, or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

Non-Reliance

Each Bondholder also represents and warrants to the Trustee and to the Issuer that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Bonds and on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all claims, liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations under the Trust Agreement, except for its gross negligence, fraud, evident bad faith, fraud, willful misconduct or breach of Applicable Law on the part of the Trustee.

Amendments

The Issuer and the Trustee may, without prior notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Trust Agreement if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency; provided, in all cases, that such amendment or waiver does not adversely affect the interests of the Bondholders; provided, further, that all Bondholders are notified of such amendment or waiver.

With the consent of the Majority Bondholders, the Issuer, when authorized by a resolution of its board of directors or the executive committee of its board of directors, and the Trustee may, from time to time and at any time, enter into an agreement or agreements supplemental to the Trust Agreement for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of the Trust Agreement; provided, that no such supplemental agreement shall:

a) without the consent of all Bondholders affected thereby: (i) extend the maturity date of the Bonds; or (ii) reduce the principal amount of the Bonds; or (iii) reduce the rate or extend the time of payment of interest and principal thereon;

b) impair the right of any Bondholder to (i) receive payment of principal of and interest on the Bonds on or after the due dates therefore or (ii) to institute suit for the enforcement of any payment on or with respect to such Bondholder;

c) affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders;

d) make any Bond payable in money other than that stated in the Bond;

e) subordinate the Bonds to any other obligation of the Issuer;

f) amend or modify the provisions of the Terms and Conditions on Taxation, the Events of Default or the waiver of default by the Bondholders;

g) reduce the percentage of the Bondholders required to be obtained under the Trust Agreement for their consent to or approval of any supplemental agreement or any waiver provided for in the Trust Agreement, without the consent of all the Bondholders; or

h) make any change or waiver of the conditions under paragraphs (a) to (g).

It shall not be necessary to obtain the consent of the Bondholders under the foregoing paragraphs for the purpose of approving the particular form of any proposed supplemental agreement but such consent shall be necessary for the purpose of approving the substance thereof.

Any consent given pursuant to this section shall be conclusive and binding upon all Bondholders and upon all future holders and owners of the Bonds or of any Bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Bonds.

Governing Law

The Bond Agreements are governed by and are construed in accordance with Philippine law.

Venue

Any suit, action, or proceeding arising out of, or relating to, the Bonds or the Trust Agreement shall be brought in any competent court in the Cities of Makati and Taguig, to the exclusion of all other courts and venues, and the parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Issuer, Trustee and Bondholders expressly waiving other venue.

Waiver of Preference

The obligations created under the Bond Agreements and the Bonds shall not enjoy any priority of preference or special privileges whatsoever over any indebtedness or obligations of the Issuer. Accordingly, whatever priorities or preferences that the Bond Agreements may have or any Person deriving a right hereunder may have under Article 2244, paragraph 14(a) of the Civil Code of the Philippines are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14(a) of the Civil Code of the Philippines shall be revoked if it be shown that any indebtedness of the Issuer has a priority or preference under the said provision.

RISK FACTORS

An investment in the Bonds involves a number of risks. The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not indicative of future performance and results, and there may be a large difference between the buying price and the selling price of the Bonds. Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below, before deciding to invest in the Bonds. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the Company's business, financial condition and results of operations and cause the market price of the Bonds to decline. All or part of an investment in the Bonds could be lost.

The means by which the Company intends to address the risk factors discussed herein are principally presented under the captions "Business," beginning on page 173, *and "Management's Discussion and Analysis of Financial Condition and Results of Operations," beginning on page* 128 *of this Prospectus.*

Prudence Required

This risk factor discussion does not purport to disclose all of the risks and other significant aspects of investing in the Bonds. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved in the trading of securities, and specifically those of high-risk securities. Investors may request publicly available information on the Bonds and the Company from the Philippine SEC.

Professional Advice

An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially high risk securities.

The risk factors discussed in this section are of equal importance and are only separated into categories for ease of reference.

Risk Factors Relating to the Business

The food product categories in which the Company participates are highly competitive and, if it is not able to compete effectively, particularly with respect to marketing, its results of operations could be adversely affected

The food product categories in which DMPI participates are highly competitive. There are numerous brands and products that compete for shelf space and sales, with competition based primarily upon brand recognition and loyalty, product packaging, quality and innovation, taste, nutrition, breadth of product line, price and convenience. DMPI competes with a number of companies of varying sizes, including divisions or subsidiaries of larger companies. DMPI's branded products face strong competition from products that are sold at lower prices, imports, other national and regional brands, and fresh and frozen alternatives. The impact of price gaps between the Company's products and competitors' products may be particularly acute, where significant price gaps may result in share erosion and harm the business. Competitors may succeed in developing new or enhanced products that are more attractive to customers or consumers than DMPI's. These competitors may also prove to be more successful in marketing and selling their products, and may be better able to increase prices to reflect cost pressures. The Company may not compete successfully with these other companies, or maintain or grow the distribution of its products. The Company cannot predict the pricing or promotional activities of these competitors or whether they will have a negative effect on the Company. Competitors engage in aggressive pricing and promotional activities, which may affect the Company's pricing. There are competitive pressures and other factors which could cause the Company’s products to lose market share or decline in sales or result in significant price or margin erosion, which would have a material adverse effect on the Company’s business, financial condition and results of operations.

In general, due to the competitive nature of the businesses in which the Company competes, marketing investments and trade spending programs must be effectively and efficiently executed to sustain the Company’s competitive position in its markets. Marketing investments may be costly. Additionally, the Company may, from time to time, change its marketing and trade spending strategies, including the timing or nature of its related promotional programs. The sufficiency and effectiveness of the Company's marketing and trade spending practices is important to its ability to retain or improve its market share or margins. If the Company’s marketing and trade spending programs are not successful, or if the Company fails to implement sufficient and effective marketing and trade spending programs, its business, results of operations and financial condition may be adversely affected.

To manage these risks, the Company intends to continue differentiating its product offerings based on innovation, health and wellness, convenience, quality, competitiveness and consumer appeal of the categories. The Company also intends to continue increasing its business penetration of high-growth channels, including electronic commerce (“e-commerce”).

The Company may be unable to successfully introduce new products, reposition existing products or anticipate changes in consumer preferences, which could adversely affect its results of operations

The Company’s future business and financial performance depend, in part, on its ability to successfully evolve its current product portfolio within existing categories to continuously strengthen its relevance, and consequently, increase consumption among a broader base of individual consumers and/or households. This entails the introduction of new products as well as the improvement of existing products with flavor, formats and/or packaging innovations that address changing consumption habits and preferences, new market trends, as well as emerging dietary and health concerns. The general trend towards e-commerce and increasing use of alternative marketing channels such as social media and mobile efforts poses challenges and opportunities for expansion. The Company invests in significant consumer understanding programs in order to increase chances of success of these initiatives. However, there is no certainty that opportunities for product innovation will exist, or that new products will be successfully introduced, or existing products will be successfully repositioned, or e-commerce will be fully utilized. Significant development and marketing costs are usually incurred in connection with the introduction of new products – be it within existing categories or non-core categories, or development of e-commerce platforms. Successfully launching and selling new products puts pressure on its sales and marketing resources, and sufficient funds would have to be invested behind a new product introduction to make it successful. If customers and consumers do not accept a new product, then the introduction of a new product can reduce the Company’s operating income as introduction costs, including slotting fees, typically exceed revenues during the launch year. If the Company is not able to anticipate, identify or develop and market products that respond to changes in consumer preferences or if new product introductions or repositioned products fail to gain consumer acceptance, the Company’s business may not grow as anticipated, and results of operations could be adversely affected. To manage such risks, the Company intends to continue pursuing innovation programs, and conducting adequate market studies and go-to-market plans before launching new products. The Company also intends to leverage and develop its existing marketing platforms in collaboration with its customers and suppliers.

There is no guarantee that DMPI's request for retention of its ecozone export enterprise status will continue to be granted by PEZA.

As a foreign-owned company registered as an Ecozone Export Enterprise with the PEZA, the Company is required to sell 70% of its production to the export market. However, DMPI has not been able to meet the said export requirement. The Company continues to have difficulty complying with the export requirement but on August 1, 2018, per BR No. 18-411, the PEZA Board approved DMPI's request for retention of its Ecozone Export Enterprise status until 30 April 2021, subject to DMPI's payment of all charges and taxes on its local sales in excess of the local sales limit. PEZA has also issued certificates of incentive for CY2019 and the first half of CY 2020.

Under PEZA Board Resolution No. 06-063, the requirements for retention of Ecozone Export Enterprise status and continued availment of PEZA incentives are the following:

1. The enterprise's activity/ies is/are included in the Investment Priorities Plan (IPP);
2. The enterprise meets **any** of the following conditions:
   a. Strategic importance of the enterprise's operations in the region;
   b. Enterprise's product is import substitution; or
   c. Enterprise's operations play a vital role in support to industry.
3. The enterprise's operations have no adverse effect on the domestic industry and the enterprise shall continue to export its products.

Under PEZA Board Resolution No. 18-411, retention of Ecozone Export Enterprise status with PEZA shall also depend on the Company's annual export sales performance which shall be brought to the PEZA board for approval.

The Company believes that it complies with the conditions laid down in BR No. 06-063 to warrant further retention of its ecozone export enterprise status and continued enjoyment of the corresponding fiscal and non-fiscal incentives. Although there is a very good chance that the Company will continue to retain its export enterprise status, there is still no guarantee that a request for retention of its ecozone export enterprise status will continue to be granted by PEZA. In any event, should PEZA deny the Company's request, DMPI would lose the incentives that it currently enjoys from its PEZA registration. For instance, DMPI's net income would be subject to 30% income tax instead of its gross income being subject to 5% tax. DMPI would also cease to be able to avail of duty-free importation of equipment.

To manage these risks, the Company continues to implement measures, to the extent it can, to ensure that it complies with conditions required by the PEZA for the Company to retain its tax incentives.

Furthermore, under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) which is still due for 2nd reading in the Philippine senate, the government will no longer grant perpetual fiscal incentives such as the 5% GIT. Existing GIT may still be used for the next 4 to 7 years depending on the GIT period previously utilized. Existing activities may be reapplied for a new set of incentives after the expiration of the original term, provided that the activities are still included in the Strategic Incentives Priorities Plan (SIPP), which is subject to revision by the BOI every three (3) years. ITH may be granted for 2 to 4 years depending on the location and activity. Local business tax (LBT) and real property tax (RPT) exemption are also removed after the sunset period. If all incentives for existing activities will end after the sunset period, the Company may feel the increase in tax expenses by fiscal year 2025, after the tax incentives for PPAEZ and BAREZ ends on December 31, 2024. If existing activities will be included in the SIPP, the increase in taxes will be felt by fiscal year 2028.

The Company's results may be negatively impacted if consumers do not maintain their favorable perception of its brands. Consumers' perception of its brands can be influenced by negative posts or comments about its brands on social or digital media

The Company believes that maintaining and continually enhancing the value of its brands is critical to the success of its business. Brand value is based in large part on consumer perception. Success in promoting and enhancing brand value depends in large part on the Company's ability to provide high-quality products. Brand value could diminish significantly due to a number of factors, including consumer perception that the Company has acted in an irresponsible manner, adverse publicity about the Company's products (whether or not valid), the Company's failure to maintain the quality of its products, the failure of the Company's products to deliver consistently positive consumer experiences, or the products becoming unavailable to consumers. The growing use of social and digital media by consumers increases the speed and extent that information and opinions can be shared. Negative posts or comments about the Company or its brands or products on social or digital media could damage its brands and reputation. If the Company does not maintain the favorable perception of its brands, its results of operations could be negatively impacted.

The Company has put in place procedures to receive and address consumer complaints via its website, social media, emails or phone calls. The Company also monitors social media posts to make sure that it is able to attend to consumers' concerns promptly.

Pineapple-related products account for a large component of the Company's production and sales

In FY2020, 97% of the Company plantation's total tonnage produced was from pineapples, and 68% of the Company's total sales for that year were from pineapple-related products. Pineapple juice concentrate accounted for 3% of the Company's sales. Prices for pineapple juice concentrate are largely affected by the global supply situation and the demand situation in the international markets. Given that pineapple juice concentrate is an industrial commodity product, prices are quite volatile such that in times of oversupply, these products are dumped in markets at very low prices, diminishing the profitability of sales of these products and the ability of the Company to quickly move these products.

The Company's plantation in Bukidnon, Mindanao also supplies majority of the Company's product requirements. As a large part of the Company's production and sales are pineapple-related, any disruption to its pineapple production and any market decline for pineapple-related products will have a significant impact on the Company's sales and profit.

The Company diversifies its products to hedge these pineapple-related risks. A sizable portion of its business includes *Del Monte* branded culinary sauces and flavored juice drinks.

To manage environmental incidents in its pineapple plantation, the Company has in place disaster recovery plans and business continuity plans and has implemented programs and initiatives to mitigate the effects of El Nĩno and La Niña. To manage any impact from heavy rainfall and floods, plantings are done in various locations to minimize tonnage loss, and towing units have been augmented to ensure continuity of harvest during wet conditions.

The loss of a significant customer, certain actions by a significant customer or financial difficulties of a significant customer could adversely affect the Company's results of operations

A relatively limited number of customers account for a large percentage of the total sales of the Company. The top five customers in the Philippines accounted for 31% of the Company's Philippine revenues for FY2020, broken down as follows: 22% of sales were to supermarkets, 6% of revenues were to wholesalers and 3% of sales were to distributors. The Company expects that a significant portion of its revenues will continue to be derived from a small number of customers. However, there can be no assurance that these customers will continue to purchase the Company's products in the same quantities as they have in the past. The Company's customers are generally not contractually obligated to purchase from the Company. Changes in customers' strategies, including a reduction in the number of brands they carry, shipping strategies, or a reduction in shelf space for core grocery items may adversely affect the Company's sales. Requirements that may be imposed on the Company by customers, such as sustainability, shelf-life, inventory management or product specification, may have an adverse effect on the Company's results of operations. Additionally, especially during economic downturns such as during the COVID-19 pandemic, the Company's customers may face financial difficulties, bankruptcy or other business disruptions that may impact their operations and their purchases from the Company and may affect their ability to pay the Company for products purchased from the Company. Customers may grow their inventory in anticipation of a price increase, or in anticipation of, or during, its promotional events, which typically provide for reduced prices during a specified time or other customer or consumer incentives. To the extent customers seek to reduce their usual or customary inventory levels or change their practices regarding purchases in excess of consumer consumption, the Company's sales and results of operations would be adversely impacted in that period. If the Company's sales of products to one or more of its significant customers are reduced, this reduction could have a material adverse effect on the Company's business, financial condition and results of operations. Recognizing these risks, the Company cultivates its relationship with major customers at all levels of the organization and endeavors to improve its market position to foster stronger mutually beneficial partnerships.

The loss of rights to land required for growing operations in the Philippines could adversely affect the Company's results of operations

Growership and Lease Agreements

The Company's pineapple growing operations cover a total of approximately 26,000 hectares of land in Mindanao, Philippines. The Company's growership agreements with various outgrowers for over approximately 18,000 hectares typically provide for a 20-year period, renewable for another 20 years, upon mutual consent of the parties. However, there is no assurance that these agreements will be continually renewed or that they will be renewed on terms favorable to the Company. There is also a growing competition in the area for lease of arable lands devoted to pineapple production from other pineapple growers, driving the Company to continually offer competitive rental rates to landowners.

In January 1997, the Company concluded negotiations with the Del Monte Employees Agrarian Reform Beneficiaries Cooperative ("**DEARBC**") for the renewal of their agreement covering approximately 8,271 hectares for a term of 25 years effective from 11 January 1999 until 10 January 2024. The term was further extended to 10 January 2049 by virtue of an Amendment Agreement dated 9 January 2019. Any future changes in legislation relating to the coverage or implementation of the Government's agrarian reform program may affect this contract with DEARBC.

In addition, the Company leases approximately 983 hectares from the National Development Corporation ("**NDC**"), a Government-owned and controlled corporation. This lease was renewed for a term of 25 years from 1 March 2007 until 29 February 2032. This lease may be affected by any future change in the disposition of public lands owned by government-owned or controlled corporations.

The Department of Agrarian Reform ("**DAR**") has issued various rules and regulations in respect of agribusiness venture agreements ("**AVA**"), such as growership and lease agreements, involving lands awarded to agrarian beneficiaries. Failure to comply with such applicable laws, rules and issuances may provide the basis to challenge the validity and binding effect of such agreements, or for the relevant DAR body to cancel such agreements, and hence adversely affect the Company's rights to these lands. If such agreements are found to be non-compliant with such laws, rules and issuances, the Company may be constrained to renegotiate the said agreements or to look elsewhere for lands to be used for its plantation, among other possible adverse consequences. (Please also see section on *Regulatory and Environmental Matters* at page 255 for a discussion of some of these DAR issuances.)

The Company believes, based on a sampling survey the Company conducted covering the growership and lease contracts, excluding the 8,271-hectare land of DEARBC, that significant tracts of lands covered by the Company's growership and lease agreements are not with agrarian reform beneficiaries. As such, they are not covered by agrarian laws, rules and regulations.

Moreover, based on such survey, a significant number of lands that are owned by agrarian reform beneficiaries, do not have any encumbrance with the Landbank of the Philippines, or if encumbered, either they had been fully paid, or the 10-year prohibition to alienate the land from issuance of the title had already lapsed. DAR Administrative Order No. 09, s. 2006 specifically provides that in such cases agrarian reform beneficiaries have only the option to be covered by the relevant rules and regulations of the DAR. The Company is of the view that, notwithstanding any provision in the relevant agreement requiring prior DAR approval or clearance before the same can become effective, none of these agrarian reform beneficiaries have opted or can be deemed to have opted to be covered by the relevant rules.

However, for awarded lands that have not been fully paid or with respect to which the 10-year prohibition had not lapsed, approval by the DAR's relevant body is required for AVAs entered into by the beneficiaries with investors. Specifically, under DAR Administrative Order No. 09, series of 2006, failure to secure approval would render the contract null and void. Moreover, failure to comply with the conditions under specific arrangements could be a ground for cancellation of the contract. The Company's growership and lease agreements that are not covered by the exceptions described in the preceding paragraphs did not undergo review by, or do not have the approval of, the relevant DAR body. Because of this, DAR has also not made any determination that these agreements are compliant with the conditions required under, or are consistent with the provisions of, the applicable DAR issuances, and that they do not violate applicable laws and issuances.

As for the January 1997 agreement with the DEARBC covering 8,271 hectares, the Company believes that the DAR approval obtained for the 1991 agreement with DEARBC, which the January 1997 agreement amended, subsists and covers the January 1997 agreement. The Company likewise notes that, as of January 2018, the LBP has confirmed full payment of the amortization on the more than 6,000 hectares that were previously accepted by LBP as being qualified for amortized payments.

Considering though that the estimated growership contracts without the required approval is about less than ten percent of the surveyed growership contracts covering more than 18,000 hectares, the Company believes that it can readily replace these lands through its regular growership/land procurement program, if necessary. As has been its practice, the Company faithfully complies with its growership and lease contracts to prevent any grievance on the part of its counterparty landowners or growers. None of these thousands of growers or landowners has sued the Company for breach of its contractual obligations or for violation of relevant laws and regulations.

The survey mentioned above has not been independently audited. It covers 8% of the more than 16,000 hectares subject of the growership agreements (*i.e.*, excluding the lease agreement with DEARBC) to which the Company is a party. The survey, as designed, had a margin of error of 10%.

Foreshore Sub-Lease Agreements

In addition to the above, the Company is also a party to a Lease Contract notarized on 2nd March 2009 ("**Lease Contract**") with the NDC, a corporation organized and operating pursuant to Presidential Decree No. 1648, as amended. The Lease Contract includes premises that were subject of foreshore lease agreements entered into by the NDC with the Government of the Philippines. Two of these foreshore lease agreements had expired and are subject of pending applications by NDC for renewal with the DENR.

The foreshore lease agreements also require that any subleasing by NDC of the whole or any part of the premises or any improvements therein, shall have the DENR's prior written approval. To date, the Company has not received from the NDC proof of such prior written approval of the DENR on the Lease Contract to the extent of the aforementioned foreshore areas. Foreshore Lease Agreement 276 ("**FLA 276**") also provides that the President of the Philippines may, upon recommendation of the DENR, pending the conduct of appropriate hearing, summarily suspend and order the cessation of all activities and operations under the FLA for violation of any of the conditions or provisions therein or of any condition prescribed in duly issued regulations of the DENR. Accordingly, if no prior written approval was obtained by NDC in respect of the Lease Contract to the extent that it relates to the aforementioned foreshore areas, or in case it is claimed that there is a violation of applicable laws and regulations (such as that the Company is not qualified to sublease the said area), then this could be the basis for the Government to order the suspension or cessation of all activities and operations conducted in the said area. In the event the Government orders such suspension or cessation of activities, DMPI would have to cease using the foreshore areas and transfer the operations being conducted there to other locations.

The FLA 276 also provides that, upon termination of the lease or of any extension thereof, all the improvements therein shall vest in and become the property of the Republic of the Philippines, except under certain circumstances. If FLA 276 is terminated, all the improvements therein, such as the waste-to-energy facility and other important facilities belonging to DMPI and located in the said foreshore area, may be claimed by the Government as being owned by it pursuant to this provision.

The same consequences mentioned in the preceding paragraphs may also apply to DMPI in respect of the areas covered by the two other foreshore lease agreements of NDC that have already expired and are still subject of pending applications by NDC. However, the Company believes that the activities held in these areas may be transferred to other locations without any material disruption or adverse consequence to the Company.

The Company manages potential risks by conducting standard due diligence on land used in its operations, as well as through a dedicated team tasked with sourcing land and renewing existing land leases. In addition, the expiration of its lease agreements do not overlap to ensure that the Company will have available land for its operations at any given time.

The Company has significant levels of receivables due from related parties.

The Company buys and sells products to and from affiliated companies, among them S&W Fine Foods and DMFI. For more details, see "*Related Party Transactions*" beginning on page 288 of this Prospectus.

Accounts receivable due from these related parties have accumulated in the ordinary course of business. As of 30 April 2020, the Company's aggregate receivables due from related parties amounted to ₱5.0 billion. These receivables are generally not secured. In certain circumstances, the Company also makes advances to its affiliates to support their requirements. The related party receivables have been largely settled in the first quarter of fiscal year 2021 from the dividend declared by the Company in June 2020 and also from the proceeds of the sale of trademarks from Dewey Sdn. Bhd. to Philippine Packing Management Service Corporation (PPMSC), a subsidiary of the Company.

Dividends declared by the Company from fiscal year 2020 profits amounted to ₱2.6 Billion, of which ₱ 1.9 Billion (net of tax) was upstreamed to DMPL. The dividend income has been used to offset DMPL's liability to the Company.

The consideration for the sale of trademarks from Dewey Sdn. Bhd. to PPMSC is ₱3.0 billion and the sale was effective 1 May 2020. The consideration of ₱3.0 billion was also used to offset intercompany receivables that DMPL and S & W Fine Foods International Limited have with the Company.

While the DMPL Group has also adopted an arm's length policy of negotiating and settling receivables subject to approved agreements between the relevant DMPL Group companies, there can be no assurance that the DMPL Group's management initiatives will successfully reduce the Company's levels of receivables due from related parties, that any receivables may be subject to write-off, or that such receivables will not again reach substantial levels in the future. Any significant amount of receivables from related parties which are not paid in a timely manner, become past due or written off by the Company in its accounts will have a material effect on the Company's liquidity, results of operations or financial condition. The relevant companies of the DMPL Group will adhere to the agreed payment plan. The Audit and Risk Committees of DMPL and DMPI will closely supervise the management of inter-company payables.

The DMPL Group is significantly leveraged and certain of this indebtedness is guaranteed by the Company.

As a steadily growing conglomerate with numerous operating businesses globally, the DMPL Group has incurred significant amounts of indebtedness in recent years, increasing its leverage. As of 30 April 2020, DMPL's consolidated net debt-to-equity ratio was 2.408:1. In particular, the DMPL Group's operations in the United States, undertaken through DMFI, successfully refinanced its credit facilities last May 2020 with a bond and asset-backed loan agreements with various lenders. Although DMFI's indebtedness is ring-fenced and secured only as to assets of such entity, if DMFI encounters any difficulty in servicing any of these obligations or delays in the requisite payments, there would be a material adverse impact on the DMPL Group's results of operations, financial condition and reputation as a whole. Moreover, any material financial difficulty encountered by DMFI or any other member of the DMPL Group (such as S&W Fine Foods, which regularly transacts with DMPI), with respect to indebtedness or otherwise, could have a material impact on the Company's business and results of operations.

In addition, in certain instances, members of the DMPL Group have guaranteed indebtedness of other affiliates. For example, in 2012, the Company entered into an agreement as guarantor to a U.S.$30 million short term advance facility granted to GTL. See "*Material Contracts—Non-Mindanao Contracts—Suretyship by DMPI*" found on page 285 of this Prospectus for further details. If, for any reason DMPL encounters any difficulty in servicing this obligation or making any requisite payments on the facility, the Company's surety obligation may be called on by the creditor, which would have a material impact on the Company's liquidity, financial condition and results of operations. There can also be no assurance that DMPL will not direct the Company to act as surety, guarantor, or otherwise assume a certain degree of liability for, any indebtedness of DMPL or any other member of the DMPL Group in the future, subject to compliance by the Company with its own financial covenants in respect of its own debt agreements, including the Bonds. In such an event, there could be a material impact on the Company's financial condition and results of operations.

The DMPL Group continues to engage in efforts to deleverage its balance sheet like the preference shares offering of DMPL.

There are other entities that have the license to use the "Del Monte" trademark, and actions by, or circumstances affecting these other entities could negatively impact the DMPL Group

While the DMPL Group holds the *Del Monte* trademark rights for packaged food products in the U.S., South America, Philippines, the Indian subcontinent and Myanmar, the *Del Monte* trademark is licensed to other companies that are independent of the DMPL Group for other countries and territories. Acts or omissions by any of such companies or any of the licensees of the *Del Monte* trademark may adversely affect the value of the *Del Monte* trademark, and demand for the Company's products.

Conflicts may arise as they sometimes do as to the extent and delineation of the Del Monte Foods' and the *Del Monte* licensees and owners' respective exclusive rights to the *Del Monte* trademarks for certain products in various countries. Parallel importation of *Del Monte* products by third parties into countries for which they are not intended by the licensees constitutes an issue between licensees which they endeavor to address through continuing cooperative efforts.

A number of companies within the DMPL Group use the words "*Del Monte*" as part of their corporate name. Third party announcements or rumors about the licensees and product liability issues concerning these other companies using the words "*Del Monte*" as part of their corporate name, or challenges to the use of the corporate name could also have negative effects on the *Del Monte* trademark or the Company, which may require the Company to address through the issuance of public statements.

The Company and the DMPL Group continue to cooperate with other *Del Monte* licensees that are not affiliated to the DMPL Group in finding ways to mitigate these conflicts. For example, the Company believes that business collaboration with Fresh Del Monte has eased previous tension between the two companies.

If the Group is not successful in protecting its intellectual property rights, its ability to compete may be adversely affected

The Group's brand names and trademarks are important to its business. The Group relies on trademark, copyright, trade secret, patent and other intellectual property laws, including intellectual property registration and enforcement procedures, as well as non-disclosure and confidentiality agreements and other methods, to protect its proprietary information, technologies and processes. The Group also has obligations with respect to the non-use and non-disclosure of third-party intellectual property. The Group may need to engage in litigation or similar activities to enforce its intellectual property rights, to protect its trade secrets or to determine the validity and scope of the proprietary rights of others. Any such litigation could require the Group to expend significant resources and divert the efforts and attention of its management and other personnel from its business operations. The steps the Group takes to prevent misappropriation, infringement or other violation of its intellectual property or the intellectual property of others may not be successful all the time. In addition, effective patent, copyright, trademark and trade secret protection may be unavailable or limited for some of the Group's trademarks and patents. Failure to protect its intellectual property could harm the Group's business and results of operations.

The DMPL Group monitors potentially infringing marks and promptly takes action to oppose the use of and/or registration of these marks.

Intellectual property infringement or violation claims may adversely impact results of operations

The Group may be subject to claims by others that the Group infringes their intellectual property or otherwise violates their intellectual property rights. To the extent the Group develops, introduces and acquires products, such risk may be exacerbated. The Group has in the past been subject to such claims. Claims of infringement or violation may require the Group to engage in litigation to determine the scope and validity of such claims and change certain aspects of its products or processes. Any of such events may adversely impact the Group's results of operations. While the Group would vigorously defend its intellectual property rights, the Group's continuing enterprise risk management program should enable it to calibrate its stance on issues and prevent it from taking very risky aggressive positions.

The DMPL Group has in place and implements a policy and compliance program to manage these risks.

Volatility in foreign currency exchange rates and commodity prices may expose the Company to fluctuations or losses

In the normal course of business, the Company enters into transactions denominated in various foreign currencies. In addition, the Company and its subsidiaries maintain their respective books and accounts in their functional currencies. Since 1 January 2014, the value of the Philippine Peso against the U.S. dollar, based on BSP statistics, has fluctuated from a high of ₱43.28 per U.S. dollar on 10 July 2014 to a low of ₱50.589 per U.S. dollar on 30 April 2020. For the years ended 30 April 2020 and 2019, revenues of the Company denominated in Philippine Peso were 64% and 68%, respectively. In addition, as of 30 April 2020 and 2019, the percentages of the Company's outstanding debt, which comprises of short-term and long-term notes payable, denominated in U.S. dollars were 27% and 77%, respectively. As a result, the Company is subject to transaction and translation exposures resulting from currency exchange rate fluctuations, especially between the Philippine Peso and U.S. dollar.

If the Company fails to hedge and prices, currency exchange rates subsequently increase, or if the Company institutes a hedge and prices, currency exchange rates subsequently decrease, the Company's costs may be greater than anticipated or greater than its competitors' costs and the Company's financial results could be adversely affected. Accordingly, volatility in commodities and other hedged items associated with the Company's economic hedges could result in volatility in the Company's results of operations.

The Company is subject to fluctuations in commodity prices as a result of worldwide supply and demand situation. Commodities include tinplate, sugar and tomato paste which form part of the Company's raw materials for its products.

The Company is developing a contingency plan and risk management measures to manage these risks. The Company will continue to take advantage of the natural hedge derived from having operational revenues in U.S. dollars from its exports that could be matched against its importation of materials and repayment of loans and interest in U.S. dollars (or in the same currency). This is part of the natural hedge.

The Company's cash and interest rate management policies may not be successful

The Company's cash balances are placed with global and major Philippine banks and financial institutions. The Company manages its interest income by placing the cash balances with varying maturities and interest rate terms. This includes investing the Company's temporary excess liquidity in short-term low-risk securities from time to time. There is no assurance that such investments will increase in value and any loss in value may reduce the amount of cash available to the Company. Furthermore, the Company obtains financing through bank borrowings and leasing arrangements. Financing is obtained from bank credit facilities for both short-term and long-term requirements, and/or raising funds through issuance of shares.

The Company manages the risk by locking the margin on bank credit facilities over the period of the facility with all the banking partners, and raising funds through preference shares at a fixed dividend rate. Any unfavorable movements in interest rates related to the Company's current or prospective financing may result in a material adverse effect on the Company's financial condition and results of operations.

The Company's credit risk policy may not limit exposure to counterparty credit risk

The Company sells its products through major distributors and buyers in various geographical regions. Management has a credit risk policy which includes, among others, the requirement of certain securities to ensure prompt observance and performance of the obligations of its distributors and other buyers from time to time. In spite of such policy, there is no guarantee that the Company's customers, distributors, buyers or other contracted counterparties will be able to fulfil their respective contractual financial obligations to the Company and, as a result, the Company may experience a decrease in cash flow and an inability to offset costs associated with manufacturing and distributing its products.

The Company has a credit risk policy which includes requiring local distributors to procure standby letters of credit to secure their payment and performance obligations.

The Company monitors its outstanding trade receivables on an ongoing basis and endeavors to avoid any significant concentration of credit risk with any particular distributor or customer.

The Company is exposed to the economic, political and social environment in countries in which it conducts business

The Company's overall earnings from its trading activities with international customers are primarily affected by movements in the worldwide supply, demand and prices of its products. For example, the supply of pineapple juice concentrate from Thailand, which is the largest exporter of pineapple juice concentrate in the world, may affect prices as well as demand in international markets.

In addition, the Company's international business and results of operations will be influenced, to a significant degree, by political, economic and social developments in the countries in which it operates. The Company is subject to the risks inherent in conducting business across national boundaries, any one of which could adversely affect its business. These risks include, but are not limited to:

- general economic or political downturns;
- currency exchange rate fluctuations or imposition of foreign exchange controls;
- governmental policies, laws or regulations, including increased protectionism affecting import and export duties and quotas or customs and tariffs;
- uncertainty regarding, or different levels of, protection of the Company's intellectual property;
- international incidents, including war or acts of terrorism and insurgency;
- global pandemic;
- government instability; and
- nationalization of assets.

Any adverse economic, political or social developments in the country in which the Company operates could adversely affect its business, financial condition and results of operations.

To manage these risks, the Company develops and executes a long-term strategic plan and an annual operating plan supported by a contingency plan and risk management measures. It also has in place disaster recovery plans and business continuity plans.

There is no guarantee that the Company will be able to maintain historical agricultural output levels

The output of the plantation in the Philippines is subject to certain risk factors relating to weather conditions, crop yields, outgrowers and service providers' performance, and leasehold arrangements. A decline in natural soil fertility because of the Company's long-term utilization of the same plantation land since 1928 may also result in low agricultural output. Any decrease in the Company's output levels may have a material adverse effect on its business, financial condition and results of operations.

To manage any impact from heavy rainfall and floods, plantings are done in various locations to minimize tonnage loss, and towing units have been augmented to ensure continuity of harvest during wet conditions. The Company is PhilGAP (Philippine Good Agricultural Practices) and GLOBALGAP (Global Good Agricultural Practices, formerly EuroGAP) certified, and complies with proven agricultural practices in pineapple growing operations. Long-term land leases with staggered terms are also secured.

Natural disasters, such as weather disturbances in the Philippines, or climate change may adversely affect the business of the Company

The Company's business is susceptible to natural phenomenon such as weather disturbances and other natural disasters. The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, floods, volcanic eruptions and earthquakes, some of which have materially disrupted and adversely affected the Company's business operations. In 2019, for example, the Company's sales were impacted by reduced pineapple supply as a result of the El Niño weather pattern which led to decreased exports of packaged pineapple both under the *S&W* brand and non-branded business.

Climate change also poses a major risk in the business as weather patterns in Mindanao have drastically changed since the Company started its operations in the area. Aside from intense droughts, typhoons and flooding have also become more common in Bukidnon and Cagayan de Oro, which may greatly affect agricultural output and cannery operations and push the Company to change and adapt its agricultural and production practices to address disruptions caused by changing weather conditions, which may result to higher cost of operations, decreased production output and losses.

The Company's plantations are located in the northern part of Mindanao, which is outside the typhoon belt and any earthquake faults. The plantations are located on a high elevation which minimizes the risk of flooding. The Company was fortunate that its pineapple plantation and manufacturing facilities were spared from the wrath of recent typhoons. However, there can be no assurance that natural catastrophes will not materially disrupt the Company's business operations in the future, or that the Company is fully capable to deal with these situations with respect to all the damages and economic losses resulting from these catastrophes.

The Company will continue its proactive cost management across all other areas to make up for higher pineapple costs resulting from climate-related risks. The Company also has in place disaster recovery plans and business continuity plans to minimize the adverse effects of environmental incidents, and has implemented programs and initiatives to mitigate the effects of El Nĩno and La Niña.

COVID Impact on Philippine Market Sales

COVID-19 has positive impacts on Philippine retail sales but the Philippine Food Service and the Fresh Business declined in the 4th quarter of fiscal year 2020. The retail market grew in volume and value due to the high demand for the Company's beverage and culinary brands. The incidence of home consumption grew as consumers prefer trusted brands as well as the desire for products that are healthy and can boost immunity. This resulted in a double-digit growth versus the fourth quarter of prior year. Del Monte beverage increased by 3 share points as the Company grew faster than the rest of category (+8.1 p.p. vs. +2.2 p.p.). Canned juices, where the Company is market leader, grew while beverages in PET category declined. Fruit growth throughout the COVID-19 period was minimal, however, DMPI still picked up shares as competition declined. DMPI culinary grew by +16 percentage points (p.p.), far better than the +6.3 p.p. posted by the total category.

The increase in the Company's retail business provided a cushion to total sales and as an additional lift to the profit margins as the food service business declined by approx. 45 % due to shelter at home from extended lockdowns. Food service business in the Philippines experienced an abrupt decline because of the loss of dine-in customers. Before COVID, dining-out is on a steady 8% growth for the past 5 years where 42% eat-out-of-home; 58% eat-at home. Moreover, 85% of the business dine in while 15% take-out their orders. Consumers shifted to home cooking resulting to an increase in frozen meals in supermarkets, availability of home starter kits and set-up of take-out kiosks.

Exports of fresh pineapples to China which account for 17.4% of the Company's total exports, was affected in February 2020 but regained momentum by April 2020. From a peak of 90 full container load (FCL) a week in January, shipments to China dropped to an average of 33 FCLs a week in February 2020. By April 2020, the shipment volume to China almost recovered. The Company's exports to the Middle East was also affected. As a result, the Company had to offer price reductions to drive a higher volume of sales.

The impact of COVID had mixed results to the Company's business but has overall positive impact for Philippines segment since retail sales contributed to more than 90 % of the business. Moreover, as momentum is regained for fresh exports to China, COVID-19 should have minimal impact on Company's growth plan.

There are opportunities which the Company has identified to become tools to aid in the recovery of the food service business. These are:

1. Penetration of the growing consumer base of food service accounts' take-out and delivery business
2. Participation in the ready-to-cook and frozen meal segment;
3. Exploitation of the ready-to-drink format in food service and convenience stores with the rising trend on food safety via the single-serve 100% pineapple juice in can and Tetra Pak;
4. Expansion of the business to consumer channel (warehouse to consumer) to cushion the loss of dine-in customers; and
5. Partnership with LGUs to ensure the presence the Company's products.

Risks Related to Agricultural Activities

The Company is exposed to risks arising from changes in cost and volume of fruits harvested from the growing crops which is influenced by natural phenomenon such as weather patterns, volume of rainfall and field performance. The cost of growing crops is also exposed to the change in cost and supply of agricultural supplies and labor which are determined by constantly changing market forces of supply and demand.

The Company is subject to risk relating to its ability to maintain the physical condition of its fruit crops. Plant diseases could adversely impact production and consumer confidence, which impact sales.

The Company secures favorable harvest of pineapples and other agricultural produce from biological assets by continuously assessing factors that could affect harvest and responding to them on a timely manner. The Group is equipped with necessary technical manpower, farm inputs, such as fertilizer, chemicals and equipment to respond to any changes brought about by the factors as mentioned above.

The Company has embarked on prudent measures in the field, such as continuous enforcement of land preparation activities, soil management practices and reinforcing root health, among others. The Company will continue to closely monitor the situation and execute its contingency plans accordingly.

Changes in valuation of biological assets can impact profit

The Company's biological assets include growing crops consisting of pineapple and papaya, breeding and dairy herd, growing herd and cattle for slaughter. The value of biological assets is affected by weather patterns, volume of rainfall, field performance, market demand and market prices at different points in time. The changes in valuation will then impact the Company's profit. For instance in FY2020, 8.6% of the Company's FY2020 revenue was due to the change in fair value of biological assets.

The Company is PhilGAP and GLOBALGAP certified, and complies with proven agricultural practices in pineapple growing operations.

The Company is exposed to potential cost increases related to primary inputs and raw materials

The primary inputs, commodities, ingredients and other raw materials that are required by the Company include energy, fuel, packaging, fruits, vegetables, tomatoes, grains (including corn), sugar, spices, meats, meat by-products, soybean meal, water, fats, oils and chemicals. To the extent that these raw materials are not manufactured or grown by the Company, prices for these and other items being used may be volatile and the Company might experience shortages in these items due to factors beyond its control, such as commodity market fluctuations, inflationary pressure, availability of supply, increased demand (whether for the item required or for other items, which in turn impacts the item required), weather conditions, natural disasters, currency fluctuations, governmental regulations (including taxation, import restrictions, agricultural programs and energy programs), changes in labor regulation, labor strikes, and the financial health of the Company's suppliers. Input, commodity, ingredient and other raw material price increases or shortages may result in higher costs or interrupt the Company's production schedules, each of which could have a material adverse effect on its results of operations. Production delays could lead to reduced sales volumes and profitability, as well as loss of market share.

Higher costs in primary inputs and raw materials could adversely impact the Company's earnings. For example, fuel prices affect transportation costs for both raw materials and finished product and natural gas prices also affect the Company's production costs. Productivity initiatives are implemented and/or the Company's product prices are increased to offset price increases of inputs, commodities, ingredients and other raw materials, considering consumer sensitivity to pricing or otherwise, or potential sales volume decline due to price increases. Otherwise, the Company's results of operations could be adversely affected. The Company's competitors may be better able to implement productivity initiatives or effect price increases or to otherwise pass along cost increases to their customers. Moreover, if the Company increases its prices in response to increased costs, the Company may need to increase marketing spending, including trade promotion spending, in order to retain market share. Such increased marketing spending may significantly offset the benefits, if any, of any price increase and negatively impact its results of operations.

The Company aims to reduce the impact of cost increases by actively controlling its overall cost structure and introducing productivity-enhancing and cost management measures.

Materials provided by third-party suppliers may not meet the Company's safety or quality standards

The Company buys some ingredients, commodities and other raw materials that it uses in producing its products from third-party suppliers. If these materials are alleged or proved to include contaminants affecting the safety or quality of the Company's products, the Company may need to find alternate materials for its products, delay production of its products, or discard or otherwise dispose of its products, which could adversely affect its results of operations. Additionally, if the presence of such contaminants are not alleged or discovered until after the affected product has been distributed, the Company may need to withdraw or recall the affected product and the Company may experience adverse publicity or product liability claims. In either case, the Company's results of operations could be adversely affected.

To manage these risks, the Company has a "Supplier Quality Management Program" to aid in the selection of the best suppliers for the Company. The objective of the program is to align the Company's quality parameters with that of its suppliers. The suppliers are rated using a performance scorecard as a tool to determine allocation of the Company's requirements to suppliers.

The Company is highly dependent on logistics and transportation and any failures or slowdowns may have an adverse effect on the Company's business

Logistics and other transportation related costs have a significant impact on the Company's results of operations. Multiple forms of transportation are used to bring the Company's products to the market. They include ships, trucks, intermodals and railcars. Disruption to the timely supply of these services or increases in the cost of these services for any reason, including availability or cost of fuel, regulations affecting the industry, service failures by the Company's third-party logistics service providers, availability of various modes of transportation, or natural disasters (which may impact the transportation infrastructure or demand for transportation services), could have an adverse effect on the Company's ability to serve its customers, and could have a material adverse effect on its financial performance. For example, the first few weeks of implementation of the enhanced community quarantine in Metro Manila in March 2020 increased delivery leadtime due to controls in the movement of vehicles by cities, municipalities and provinces and reduction of workforce since there was no public transportation, and these hampered the receiving operations of our customers and distributors. The Company's ability and the ability of its suppliers, co-packers and other business partners to make, move and sell products are critical to its success. Damage or disruption to the Company's or its manufacturing or distribution capabilities due to weather, natural disaster, fire, terrorism, pandemics, strikes or other reasons could impair the Company's ability to manufacture or sell its products. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, particularly when a product is sourced from a single supplier or location or if such events impact its seasonal packing, could adversely affect business and results of operations.

A number of the Company's distribution centers are managed by third parties. Additionally, it also uses distribution centers owned by third parties, which may distribute its products, as well as the products of other companies. Activity at these distribution centers could be disrupted by a number of factors, including the COVID-19 pandemic, labor issues, failure to meet customer standards, bankruptcy or other financial issues affecting the third party providers, or other matters affecting any such third party's ability to service the Company's customers effectively. Any disruption of these distribution centers could adversely affect the Company's business.

To manage these risks, the Company develops and executes a long-term strategic plan and annual operating plan supported by a contingency plan and risk management measures. It also has in place disaster recovery plans and business continuity plans.

Any failure of third party co-packers to fulfill their contractual obligations may have an adverse effect on the Company's ability to distribute its products to the market

The Company has a number of supply agreements with co-packers that require them to provide it with specific finished products. The failure for any reason of any co-packer to fulfil its obligations under the applicable agreements with the Company, or the termination or renegotiation of any such co-packing agreement could result in disruptions to the supply of finished goods and have an adverse effect on the Company's results of operations.

Additionally, from time to time, a co-packer may experience financial difficulties, bankruptcy or other business disruptions, such as the COVID-19 pandemic, which could disrupt the Company's supply of finished goods or require that the Company incur additional expenses by providing financial accommodations to the co-packer or taking other steps to seek to minimize or avoid supply disruption, such as establishing a new co-packing arrangement with another provider. During an economic downturn, the Company's co-packers may be more susceptible to experiencing such financial difficulties, bankruptcies or other business disruptions. A new co-packing arrangement may not be available on terms as favorable to the Company as the existing co-packing arrangement, if at all.

The Company has in place a “Toll Manufacturers Quality Management Program” for all its toll manufacturing facilities. This is to ensure that all *Del Monte* products, whether produced in-house or by the Company’s toll packers, are safe and within the quality standards of the Company.

The Company is dependent on information technology systems in order to effectively manage its order processing and supply chain management

The efficient operation of the Company’s business depends on its IT systems, some of which are managed by third party service providers. The Company relies on its IT systems to effectively manage its business data, communications, supply chain, order entry and fulfilment, and other business processes. The failure of its IT systems to perform as expected could disrupt the Company’s business and could result in transaction errors, processing inefficiencies, and the loss of sales and customers, causing the business and results of operations to suffer. In addition, the Company’s IT systems may be vulnerable to damage or interruption from circumstances beyond its control, including fire, natural disasters, power outages, systems failures, security breaches, cyber-attacks and viruses. Any such damage or interruption could have a material adverse effect on the Company's business and operations.

To manage these risks, the Company has in place disaster recovery plans and business continuity plans for its information technology systems.

The nature of the Company's business makes it vulnerable to product recalls and withdrawals, as well as litigation associated with such claims

The Company may be exposed to product recalls, including voluntary recalls or withdrawals, and adverse public relations if the Company’s products are alleged to cause injury or illness, or if the Company is alleged to have mislabeled or misbranded its products or otherwise violated governmental regulations. The Company may also voluntarily recall or withdraw products that the Company considers to be below standards, whether for taste, appearance or otherwise, in order to protect its brand reputation.

A product recall or withdrawal could result in substantial and unexpected expenditures, destruction of product inventory, and lost sales due to the unavailability of the product for a period of time, which could reduce profitability and cash flow. In addition, a product recall or withdrawal may require significant management attention. Product recalls, product liability claims (even if unmerited or unsuccessful), or any other events that cause consumers to no longer associate the Company’s brands with high quality and safe products may also result in adverse publicity, hurt the value of the Company’s brands, lead to a decline in consumer confidence in and demand for the Company’s products, and lead to increased scrutiny by regulatory agencies of the Company’s operations, which could have a material adverse effect on the Company’s brands, business, results of operations and financial condition. The Company also may be subject to product liability claims and adverse public relations if consumption, use or opening of the Company’s products is alleged to cause injury or illness.

A product liability judgment against the Company or its agreement to settle a product liability claim could also result in substantial and unexpected expenditures, which would reduce profitability and cash flow. In addition, even if product liability claims against the Company are not successful or are not fully pursued, these claims could damage the reputation of the Company and its products and materially reduce sales and profitability. In addition, defending against these claims may be costly, time-consuming, and may divert management's attention.

The Company has in place a “Quality Management and Food Safety System” that is designed to meet global standards in product quality, food safety, hygiene and service. Manufacturing programs have been established to identify and control hazards that impact on food safety and product quality. The effectiveness of these programs is periodically verified by various third-party certification bodies following well accepted quality systems and standards, such as ISO 9001:2015, GMP, HACCP, GLP, GAP, BRC, IFS and FSSC. Moreover, the Company has established a system to effectively manage incidents that may require immediate action to protect its brands, including procedures to manage emergency situations that may impact consumer safety, product quality or regulatory compliance. In the event that a product withdrawal or recall is activated, a well-documented traceability procedure is initiated. A complete identification of production lots from all raw and packaging materials used up to distribution is accomplished within eight hours. Effectiveness of these procedures is tested by periodic conduct of mock recalls.

The Company is required to comply with a variety of laws and regulations, including, but not limited to, those relating to environmental protection, and failure to comply may result in fines, penalties or shutdown of operations

The Company is subject to a wide range of government regulations, which may vary from one locality to another, and typically including laws and regulations related to the environment, food safety, land use, and occupational health and safety. While the Company commits to make efforts to comply with existing rules, regulations and laws governing its operations, it cannot foresee what environmental or health and safety legislation or regulations will be amended or enacted in the future; how existing or future laws or regulations will be enforced, administered or interpreted; or the amount of future expenditures that may be required to comply with these environmental or health and safety laws or regulations or to respond to environmental claims.

In addition, manufacturing, processing, labelling, packaging, storing and distributing food products are activities subject to government regulation. Certain regulations provide direct recall authority to government authorities and include a number of other provisions designed to enhance food safety, including increased inspections of food production facilities, increased review of imported food products and mandatory continuous on-site inspections. Complying with various government regulations can be costly and may adversely affect the Company's business.

The Company is also affected by import and export controls, and such similar laws and regulations. Issues such as national security or health and safety, which slow or otherwise restrict imports or exports, could adversely affect the Company's business. The Company may also be affected by laws and regulations governing activities restricted to Philippine nationals, and allegations or a finding of non-compliance with such laws and regulations, could likewise adversely affect the Company's business or operations.

Even if the Company has obtained authorization, consent, approval, registration, filing, certificate, license, permit or exemption (collectively, "**approvals**") from, by or with a governmental authority, it is possible that any of the foregoing may not be renewed, or may be terminated or withdrawn, or may be challenged even by the same governmental authority. As regards the latter, based on jurisprudence, the doctrine of estoppel does not operate against the government for the act of its agents. Thus, there is no assurance that the Company will be able to maintain such approvals in the future, and that such approvals will be renewed or replaced or will not be terminated or withdrawn.

Moreover, the modification of existing laws or regulations, or a change in the interpretation by governmental agencies or the courts of such laws or regulations, or the introduction of new laws or regulations could require the Company to make material expenditures or otherwise adversely affect the way that the Company has been historically operating. Failure to comply with all applicable laws and regulations could subject the Company to significant civil penalties, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has a dedicated compliance team and internal audit to monitor compliance with relevant laws and regulations. The Company closely monitors changes in legislation and government regulations affecting the Company's business including environmental matters.

The Company may be involved in legal and other proceedings arising out of its operations from time to time.

The Company may, in the ordinary course of its business, be involved in claims and disputes involving its products, contractors, suppliers, business partners, competitors or employees, or disputes involving property damage or personal liability claims from time to time. If these disputes arise, the Company may incur substantial costs and divert Company resources and management's attention to address these issues. In the course of its operations, the Company may also have disagreements with regulatory bodies such as the BIR, or local government units responsible for issuing the necessary permits or licenses for the Company's business, which may subject it to administrative proceedings and unfavorable decisions or result in fines or penalties and/or delay in its projects. Should any of these occur, the Company's business, financial condition, results of operations and cash flows may be materially and adversely affected.

In July 2017, the Committee on Ways and Means of the House of Representatives conducted an inquiry in aid of legislation on the alleged irregularities in respect of taxes assessed on and collected from DMPI for taxable years 2011, 2012 and 2013, and which allegedly resulted to revenue loss to the Government. The Committee on Ways and Means conducted two congressional hearings in July and August 2017 to investigate the matter. There was a lull for the rest of 2017, but the said Committee resumed further hearings within the first three months of 2018 to investigate the matter. The legislative inquiry on this matter had been archived since late 2018.

The Company also has a pending deficiency tax assessment for taxable year 2009 amounting to ₱2.5 billion, which the Company is disputing for lack of factual and legal bases. There is no assurance that the Company will not be involved in similar tax deficiency assessments, and other claims and disputes in the future.

.To manage these risks, the Company plans to work more closely with the BIR to ensure the BIR understands the Company's business, financial policies and systems as well as fiscal incentives.

The Company's business could be harmed by strikes or work stoppages by its employees

If a strike or work stoppage were to occur in connection with the negotiations of the Company's significant collective bargaining agreements ("**CBAs**"), or as a result of disputes under its CBAs with labor unions, the Company's business, financial condition and results of operations could be materially and adversely affected.

As the Company also enters into various service contracts with independent service contractors, DMPI is exposed to the constant risk of litigation by disgruntled employees who may opt to implead DMPI as a party to their labor cases against these service contractors.

The Company has established "Labor-Management Councils" that prepare the ground work for efficient and swift negotiations between the employees' union and the Company. The Company has not experienced a labor strike in the past 40 years, a testament to the Company's good relations with its workforce. The Company is also a three-time Employer of the Year of the Personnel Management Association of the Philippines and has also been recognized by the Department of Labor of the Philippines.

Risk Factors Relating to the Philippines

A substantial portion of the Group's operations and assets are based in the Philippines and, therefore, a slowdown in economic growth in the Philippines could materially and adversely affect the Group's business, financial position and results of operations.

A substantial portion of the Group's business activities and assets are based in the Philippines, and the Group is exposed to risks associated with the country, including the performance of the Philippine economy. Historically, the Philippines has been the largest market of DMPI and DMPI has derived approximately 61% from the Philippines and, as such, its businesses are highly dependent on the state of the Philippine economy. Demand for consumer products are all directly related to the strength of the Philippine economy (including its overall growth and income levels) and the overall levels of business activity in the Philippines. Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally;
- exchange rate fluctuations and foreign exchange controls;
- rising inflation or increases in interest rates;
- levels of employment, consumer confidence and income;
- changes in the Government's fiscal and regulatory policies;
- Government budget deficits;
- adverse trends in the current accounts and balance of payments of the Philippine economy;
- the global COVID-19 pandemic, re-emergence of Middle East Respiratory Syndrome-Corona virus (MERS-CoV), SARS, avian influenza (commonly known as bird flu), or H1N1, or the emergence of another similar disease (such as Zika) in the Philippines or in other countries in Southeast Asia;
- natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other regulatory, social, political or economic developments in or affecting the Philippines.

The Philippines is currently expecting an economic decline following the Taal volcano eruption in January and the COVID-19 pandemic and the resultant lockdown. The country's gross domestic product contracted 0.2% in the first quarter of 2020 and has further contracted 16.5% in the second quarter. The gross domestic product took a bleaker outlook in the second quarter when lockdowns were in full swing in many areas and economic activities were still constrained. A global recession is also predicted for the year 2020 as the economic effects of the COVID-19 pandemic are felt in other countries, which also adversely affect the Philippine economy. Any future deterioration in economic conditions in the Philippines could materially and adversely affect the Company's financial position and results of operations. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition or results of operations.

There can be no assurance that the Philippines will maintain strong economic fundamentals in the future. Changes in the conditions of the Philippine economy could materially and adversely affect the Group's business, financial condition and results of operations.

The Philippine economy and business environment may be disrupted by political or social instability

The Philippines has from time to time experienced political, social and military instability, acts of political violence and no assurance can be given that the future political environment in the Philippines will be stable. In the past decade, the Philippines has experienced political and social instability including extrajudicial killings; allegations of electoral fraud; impeachment proceedings against the president, the chief justice of the Supreme Court of the Philippines, and the officials of constitutional offices; and mass public and military protests arising from alleged misconduct by government officials. In addition, a number of current and past officials of the Philippine government are under investigation or have been indicted for graft, corruption, plunder, extortion, bribery, or usurpation of authority.

Political instability in the Philippines occurred in the 1980's when Presidents Ferdinand Marcos and Corazon Aquino held office. In 2000, former President Joseph Estrada resigned from office after allegations of corruption led to impeachment proceedings, mass public protests and withdrawal of support of the military. In February 2006, President Gloria Arroyo issued Proclamation No. 1017, which declared a state of national emergency in response to reports of an alleged attempted coup d'état. The state of national emergency was lifted in March 2006. In 2011, the House of Representatives initiated impeachment proceedings against then Supreme Court Chief Justice Renato Corona, who was later found guilty and consequently impeached. In 2017, the House of Representatives initiated impeachment proceedings against Chief Justice Maria Lourdes Sereno. On 5 March 2018, a quo warranto petition was also filed by Solicitor General Jose Calida against Chief Justice Sereno before the Supreme Court. On 8 March 2018, the House Committee on Justice found probable cause to impeach Chief Justice Sereno. On 19 March 2018, the House Committee approved the articles of impeachment against Chief Justice Sereno. On the same day, Chief Justice Sereno filed her comment on the quo warranto petition. On 11 May 2018, the Supreme Court granted the quo warranto petition and Sereno was ousted as Chief Justice of the Supreme Court.

Political instability may also arise from the efforts of the government to amend the 1987 Philippine Constitution. Among the amendments that may be introduced is the change of the Philippine government from a unitary system to a federal system. On February 2018, the government convened the Consultative Committee to Review the 1987 Constitution. Amidst the moves to amend the Constitution, several groups and sectors in the Philippines organized mass demonstrations opposing the charter change. In February 2018, the International Criminal Court ("**ICC**") set the initial review of allegations against President Duterte for commission of crimes against humanity in connection with the Government's war on drugs. The ICC's initial review will determine if a preliminary investigation on the allegations against President Duterte is warranted. It was on 23 August 2011 when the Philippines became a State Party to the Rome Statute, the treaty that established the ICC. However, on 16 March 2018, the Government, through a written notification addressed to the Secretary-General of the United Nations, withdrew from the Rome Statute. Under the Rome Statute, the withdrawal shall take effect one year from the date of receipt of the notification, and it shall not stop the ICC from pursuing a preliminary examination of the situation in the Philippines or acting upon any matter that was already under its consideration prior to the effectivity of the withdrawal.

No assurance can be given that the political environment in the Philippines will remain stable. Political instability in the Philippines could negatively impact the general economic conditions and operating environment in the Philippines, which could have a material impact on the Group's business, financial condition, results of operation and the level of dividends paid and distributions made by the Company.

Over the years, the Philippines has experienced periods of slow or negative growth, high inflation, unforeseen devaluation of the Philippine currency, imposition of exchange controls, debt restructuring and significant rise in oil prices.

On 27 March 2013, Fitch Ratings ("**Fitch's**") upgraded the Philippines' Long-Term Foreign-Currency IDR to 'BBB-' from 'BB+', and the Long-Term Local-Currency IDR to 'BBB' from 'BBB-', both with stable outlooks. Fitch's also upgraded the Country Ceiling to 'BBB' from 'BBB-' and the Short-Term Foreign-Currency IDR to 'F3' from 'B'. The upgrade of Philippines' sovereign ratings reflects the strength of the

Philippines' sovereign external balance sheet relative not only to 'A' range peers, but also to 'BB' and 'BBB' category medians.

On 8 May 2014, S&P (Standard & Poor's Ratings Services) upgraded the Philippines' sovereign long-term credit rating to 'BBB' from 'BBB-' and the Philippines' sovereign short-term credit rating to 'A-2' from 'A-3'. S&P assigned a stable outlook on the new ratings, with the new ratings to hold for six months to one year. According to S&P, "based on our assessment that even though a change of administration after the presidential elections in 2016 represents some uncertainty for reforms, the risks have shifted toward maintaining the impetus and direction of the process, away from a potential reversal or abandonment of advances achieved to date."

On 7 May 2020, Fitch Ratings has revised the Outlook on the Philippines' Long-Term Foreign-Currency Issuer Default Rating (IDR) to Stable from Positive, and affirmed the rating at 'BBB'. The revision of the Outlook reflects the deterioration in the Philippines' near-term macroeconomic and fiscal outlook as a result of the impact of the global COVID-19 pandemic and domestic lockdown to contain the spread of the virus. Fitch projects the economy will contract this year, and that fiscal relief measures will contribute to a widening of the 2020 general government deficit by more than 3.5pp of GDP. The affirmation of the 'BBB' rating reflects the Philippines' fiscal and external buffers, including its lower government debt/GDP ratio compared with peer medians and net external creditor position, as well as its still-strong medium-term growth prospects.

Fitch projects the economy to contract by 1% in 2020, after expanding by 6% in 2019. The 2020 forecast is uncertain and subject to considerable downside risks depending on how the COVID-19 virus runs its course globally and domestically and the possibility of a further extension or re-imposition of lockdown measures. The pace of newly reported cases shows signs of flattening, but the COVID-19 virus nevertheless continues to spread, and partial lockdown measures that were introduced in mid-March have been extended through at least May 30. Private consumption, which accounts for 72% of GDP, is likely to stay muted with the social distancing measures and lockdowns in place. The Philippine government expects remittance inflows, which account for about 8% of GDP, to contract by 2.5%, reflecting the impact of the health crisis in overseas locations (remittances from the oil-sensitive Middle East accounted for about 20% of the total in 2019). The Philippine government also forecasts tourism receipts, which account for 2.5% GDP, to contract by about 70% before beginning to recover gradually later in the year.

The Philippine economic team had projected contraction of the national economy to range between 2% to 3.4%. Based on this projection, total value-added loss this year as an impact of the COVID-19 pandemic was estimated by the Department of Finance (DOF) and National Economic and Development Authority (NEDA) to reach ₱2.2 trillion. Profit and wage losses accounted for the bulk— ₱1.919 trillion or 87% of estimated total value-added loss for 2020. Some businesses closed shop, enterprises reduced their manpower or cut salaries.

Unemployment soared to 17.7% in April 2020, equivalent to around 7.3 million jobless Filipinos amid the COVID-19 pandemic, the Philippine Statistics Authority (PSA) announced on June 5, 2020, the highest unemployment rate on record. Unemployment was only at 5.3% in January 2020, or 2.4 million people, and 5.1% in April 2019, or 2.3 million people. After January 2020, an additional 4.9 million people became jobless. The Department of Labor and Employment estimated 5 million jobs would be lost due to the COVID-19 pandemic. The arts, entertainment, and recreation sector posted the largest drop in employment, where 54% of workers lost their jobs. From 436,000 in April 2019, there were only 200,000 workers in April 2020. The electricity, gas, steam, and air-conditioning supply sector recorded a 43.1% drop. From 108,000 workers, only 61,000 were employed in April 2020. Information and communication (-40.6%), accommodation and food service activities (-35.8%), and construction (-33.8%) also posted drastic drops in employment. Those employed worked 35 hours per week on average in April, lower than the 41.8 in the same period last year.

At the start of the quarantine period, inflation eased to 2.5% in March 2020, as oil prices plummeted in the world market due to the COVID-19 virus. The latest figure is lower than the 2.6% recorded in February 2020 and the 3.3% in March 2019. Slower annual increments in alcoholic beverages and tobacco (18%); and housing, water, electricity, gas, and other fuels (1.1%) also pushed down inflation. In April 2020, the Philippines' inflation decelerated to 2.2% as oil prices continue to go down in the global market to historic lows and market activities hibernated amid the COVID-19 pandemic crisis. Inflation slightly went down to 2.1% in May 2020. Lower electricity rates due to the averaging scheme by power companies likely pushed inflation down, despite higher consumption in households during the lockdown. Year-to-date May 2020 inflation rate stands at 2.5%. The government projects inflation to settle from 1.8% to 3.8% in 2020.

In May 2020, The Philippines received its first credit rating downgrade in 15 years after New York- based Fitch Ratings lowered the country's credit outlook to stable from positive due to the economic fallout from the coronavirus disease 2019 or COVID-19 pandemic. Moody's and S & P also retained the sovereign rating and stable outlook. However, no assurance can be given that Fitch's, S&P's, Moody's or any other international credit rating agency will not in the future, further downgrade the credit ratings of the Philippines, which will affect Philippine companies including the Group.

While the Company shall continue to adopt conservative policies to protect its operations and finances, any deterioration in the economic conditions of the country could affect the Group's financial condition and operations.

The political and social situation in Mindanao may have an adverse effect on the Company's pineapple plantation operation

The Company's pineapple plantation is situated in Northern Mindanao, Philippines. Since the 1960s, several Muslim and communist groups in Mindanao have sought the complete autonomy of Mindanao from the rest of the Philippines and the establishment of a separate constitution. Until recently, the Government and the various separatist groups have been engaged in varying levels of prolonged armed conflict after failing to reach any form of resolution.

Although separatist groups still exist, most of their armed activities are confined to areas in Central Mindanao where they have camps. All of the Company's operations in Mindanao are located in the northern part of the island where the population is predominantly Catholic. However, any extension of separatist group activities into the northern part of Mindanao could cause a disruption to the Company's operations which could, in turn, have a significant effect on the Group's supply of pineapple raw materials to its cannery.

On 19 February 2013, an armed group believed to be members of the New People's Army, a leftist militant group, entered Camp Phillips, a residential community for the Company's employees and an office site in Bukidnon, Mindanao, Philippines. They burned three heavy equipment units and a vehicle. One security guard was fatally shot and three others were injured while resisting their entry. All residents of the camp were unharmed. To secure its employees, the Company sought for and obtained military security right after the incident. The incident did not affect the Company's plantation and cannery operations.

In May 2017, the city of Marawi in Lanao del Sur, Mindanao, Philippines was attacked by terrorists inspired by the Islamic State of Iraq and Syria known as the Maute group. The clash between the Government forces and the terrorists and the risk of the conflict spilling over to other parts of the Mindanao island necessitated the declaration of martial law in Mindanao, Philippines. In October 2017, the Government declared that the city had been liberated and all combat operations had ended. Despite this development, however, the

Philippine Congress has resolved to extend the imposition of martial law in Mindanao until end of 2018, citing persistent threats of terrorism and rebellion in the region and to ensure the total eradication of Islamic State-inspired terror groups in the country. On 27 February 2018, the government of the United States of America declared the Maute group as a foreign terrorist organization. Martial law was again extended, for the last time, until 31 December 2019. However, Proclamation 55 or the declaration of a state of national emergency on account of lawless violence, is still in effect in case "isolated incidents of violence and lawlessness erupt in Mindanao." The Company cooperates with the military and law enforcement agencies to ensure immediate response from these units in case of any contingencies.

To safeguard its plantation installations and assets, the Company reinforced its facilities and security installations. To ensure readiness of its workers and their dependents, the Company conducts exercises and drills in case of an attack, which are on top of the regular fire and earthquake drills. To protect its critical field equipment and vehicles from mischief, the Company has rolled out a fleet information and management system that monitors the location of these heavy equipment and vehicles, and their operations.

The Company believes that the cooperation and high regard by the communities where it operates are also critical to security. As such, the Company and its contractors prioritize the employment of people in areas where they operate. Through its Mindanao Stakeholders Relations team, the Company has maintained constant communication and coordination with stakeholders in areas where the Company operates. Through the Del Monte Foundation Inc., the Company implements corporate social responsibility programs in partner communities. These programs include scholarship grants to deserving beneficiaries, conducting technical skills training and livelihood development, providing community health and home care education, construction of classrooms, provision of school amenities, and free medical and dental care through its mobile clinics, among other services.

If foreign exchange controls were to be imposed, the Company's ability to access foreign currency to purchase raw materials and equipment and to service foreign currency denominated debt obligations could be adversely affected

Generally, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. However, the Monetary Board of the BSP, with the approval of the President of the Philippines, has statutory authority, in the imminence of or during a foreign exchange crisis or in times of national emergency, to: (i) suspend temporarily or restrict sales of foreign exchange; (ii) require licensing of foreign exchange transactions; or (iii) require delivery of foreign exchange to the BSP or its designee banks. The Government has, in the past, instituted restrictions on the conversion of Philippine Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency obligations.

The Company purchases raw materials, machinery and equipment from abroad and needs foreign currency to make these purchases. In addition, the Company has incurred and may continue to incur foreign currency denominated obligations and Philippine Peso-denominated debt obligations that are payable in foreign currency. There can be no assurance that the Government will not impose economic or regulatory controls that may restrict free access to foreign currency in the future. Any such restrictions imposed in the future could severely curtail the Company's ability to purchase raw materials, machinery and equipment from outside the Philippines in U.S. dollars and its ability to make principal and interest payments in U.S. dollars on its foreign currency-denominated obligations or Philippine Peso-denominated debt obligations that are payable in foreign currency, which could materially and adversely affect its financial condition and results of operations.

Territorial disputes with China and other Southeast Asian countries may have an adverse effect on the Group's business

The Philippines, China and several Southeast Asian nations have been engaged in a series of long standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea.

In January 2013, the Philippines lodged an arbitration case against China at the Permanent Court of Arbitration in The Hague to resolve the territorial dispute. China refused to recognize that the international tribunal had jurisdiction over the case. In July 2016, the international tribunal ruled in favor of the Philippines in its case against China by upholding the position that China's "nine-dash line" maritime claim is excessive and that it encroached into the Philippines' 200-nautical mile exclusive economic zone. It held that China had no legal basis to claim historic and economic rights to resources within the sea areas falling within the "nine-dash line".

Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. In 2012, China banned banana and pineapple exports from the Philippines, which greatly affected the fruit-growing industry in Mindanao. While the ban was eventually lifted in October 2016 owing to the improved relations between the two countries, there is no assurance that further disputes between the Philippines and China may again arise and lead both countries to impose trade restrictions on the other's imports. The Government, under the administration of President Rodrigo Duterte, and China have taken meaningful steps to de-escalate tensions from the territorial dispute, and improve relations and increase cooperation between the two countries.

Any such impact from these disputes could materially and adversely affect the Company's business, financial condition and results of operations.

Public health epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Group's business, financial condition and results of operations.

In April 2009, an outbreak of the H1N1 virus, commonly referred to as "swine flu," occurred in Mexico and spread to other countries, including the Philippines. In August 2014, the WHO (World Health Organization) declared the Ebola outbreak that originated in West Africa as an international health emergency in view of the rising death toll due to the disease. That month, a Filipino seaman in Togo was quarantined for exhibiting symptoms of Ebola virus infection but was later released after testing negative for the disease. While still Ebola-free, the Philippines, however, remains vulnerable to exposure and spread of the disease for the following reasons: a) the considerable number of OFWs in the Ebola-hit West African countries; b) the impact of international travel which raises the probability of transmission; and c) lack of the necessary infrastructure to contain the spread of the disease. In March 2016, the Director-General of WHO terminated the Public Health Emergency of International Concern in regards to the Ebola Virus Disease outbreak.

In February 2015, a Filipina nurse who arrived from Saudi Arabia tested positive for the MERS-CoV (Middle East Respiratory Syndrome-Corona virus). She was quarantined, received medical treatment and later discharged and cleared of the disease by the Department of Health. All known contacts of the said nurse, including some passengers in the same flight that arrived from Saudi Arabia, were also cleared of the infection, putting the country once again free of an active case of the disease.

In March 2016, reports of an American woman who stayed in the Philippines for four weeks in January 2016, tested positive for the Zika virus upon returning home, indicating the local transmission of the disease through the Aedes aegypti mosquito. In May 2016, a South Korean national was reported to have acquired the infection while visiting the Philippines, following earlier reports of two other confirmed cases of the viral infection in the country. All of the patients had recovered, indicating that the Zika viral infection acquired in the country was self-limiting.

In August 2017, an outbreak of bird flu from a poultry farm in Central Luzon was confirmed, and the avian influenza strain was later found to be transmissible to humans. In response to the outbreak, restrictions on the transport and sale of birds and poultry products outside a seven-kilometer radius control areas surrounding the affected site were imposed. The Philippines has since been cleared of any human infection of the avian influenza virus.

If the outbreak of the Ebola virus, MERS-CoV, Zika virus, bird flu or any public health epidemic becomes widespread in the Philippines or increases in severity, it could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Group's business, financial condition and results of operations.

The COVID-19 pandemic could materially and adversely affect the Group's business, financial condition and results of operations.

Beginning 2020, an emerging cluster of people, many linked to the Huanan Seafood Wholesale Market in Wuhan, China were infected with pneumonia with no clear causes. Chinese scientists subsequently linked the pneumonia to a new strain of coronavirus that was given the initial designation 2019 novel coronavirus (2019-nCoV). Some of the first symptoms appeared on December 10, and 24 cases were later discovered to have a connection to the seafood market. On 10 January 2020, the first death and 41 clinically confirmed infections caused by the 2019-nCoV were reported. By 22 January 2020, the 2019-nCoV had spread to major cities and provinces in China with 571 confirmed cases and 17 deaths reported. Confirmed cases were also reported in other regions and countries including Hong Kong, Macau, Taiwan, Thailand, Japan, South Korea and the United States.

On 23 January 2020, the central government of China imposed a lockdown on Wuhan and other cities in Hubei to quarantine the center of the outbreak. The WHO continued to assess the outbreak of the disease which has spread to 114 countries and expressed its alarm at the disease's speed and severity, and the levels of inaction. On 11 March 2020, the WHO described the situation as a pandemic.

In the Philippines, Metro Manila was initially placed under partial lockdown on 12 March, which lockdown was expanded to the entire island of Luzon under the Enhanced Community Quarantine (ECQ) starting 17 March 2020. Local government units outside of the National Capital Region implemented a community quarantine in cases where at least two COVID-19 cases are confirmed within a lower level of its jurisdiction; for example, a province-wide quarantine should be implemented if there are at least two COVID-19 cases confirmed within different cities or municipalities in the same province. A city/municipality-wide quarantine should be implemented if there are at least two COVID-19 cases confirmed within different barangays in the same city or municipality. Local government units were also authorized to utilize their quick response funds upon declaration of a state of emergency.

On 6 April, the following localities were placed under Enhanced Community Quarantine: all regions of Luzon, Western Visayas, CARAGA Region, Zamboanga Peninsula, Samar, Biliran, Cebu, Negros Oriental, Camiguin, Bukidnon, Sultan Kudarat, Lanao del Sur, Lanao del Norte, Cotabato, South Cotabato, Tawi-Tawi and the municipality of Catarman in Northern Samar. President Rodrigo Duterte issued Executive Order 112, extending Enhanced Community Quarantine in select localities until 15 May and imposing a general community quarantine (GCQ) in the rest of the country, also overriding existing quarantine measures by local government units, starting 1 May 1. On 1 June 2020, Metro Manila, Davao City, Cagayan Valley, Central Luzon, Pangasinan and Albay were placed under GCQ while the rest of the country is on a modified GCQ. As of 31 July 2020, there are about 93,350 COVID-19 cases with about 65,200 recoveries and 2,020 deaths.

The impact of the COVID-19 disease changed the way businesses do their operations. In addition, the pandemic has transformed consumer habits. Consumers are more inclined to stay at home, thus, most of them cook their meals at home. Shopping trips are planned so as not to go out of the house as much as possible. E-commerce has become an alternative way to order food and other non-essential products. Eating in restaurants and other dining places have decreased. These new habits may impact the demand for our products, most especially our business to business segment. Moreover, there are strict government requirements companies must follow to ensure the health and safety of employees, and prevent contamination and spread of the disease. This new normal hampered the movement of goods and public transportation, making it difficult for employees to go to work. These challenges could materially affect the Company's financial performance and operating results.

The Company has managed the effects caused by the disease to our business. As a food manufacturing company, DMPI continued its operations in the midst of the pandemic in areas where it operates. There were no significant operational interruptions. Challenges caused by external factors such as restrictions on movement of materials, equipment and goods and the reduction of economic activity were managed to reduce any impact on the Company's overall results of operations.

The Philippine market sales has been stable despite the decrease in food service business due to lockdowns imposed as the decrease was mitigated by the increase in sales of the retail brands as the demand for beverage and culinary products became high.

Fresh sales were also impacted in the 4th quarter of FY 2020. The biggest fresh fruit market affected is China followed by the Middle East.

Site-specific Business Continuity Plans (BCP) in response to the COVID-19 pandemic, focusing on prevention and precaution were formulated, discussed, reviewed and continuously updated as new developments came in. The Company kept employees informed through regular advisories and announcements on the status of the business and governments plans of action. DMPI communicated to all employees that their health and safety is the Company's primary concern and that the Company will take care of them and their dependents. During the lockdown, work-from-home arrangement for support staff was implemented, supported by technology. DMPI maximized the use of videoconferencing apps and facilities to ensure regular communication and coordination within teams. Management crafted and implemented a return-to-work plan as soon as the government allowed employees to work on site.

Del Monte brands became magnified in a COVID-19-environment where consumers became most concerned with health and shifted to home cooking. Digital communications highlighted product quality and taste, health and immunity (100% Pineapple Juice ACE) and meal preparation and planning (Del Monte Kitchenomics), and sustained the growth even as the lockdown ends.

Investors may face difficulties enforcing judgments against the Company

The Company is organized under the laws of the Philippines and all or a substantial portion of the Company's assets are located in the Philippines. In addition, majority of the respective directors and officers of the Company, are residents of the Philippines, and all or a substantial portion of the assets of these persons are or may be located in the Philippines. As a result, it may be difficult for investors outside of the Philippines to effect service of process upon the Company, or their respective directors and officers or to enforce against any of them judgments obtained in courts or arbitral tribunals outside the Philippines.

The Philippines is not a party to any international treaty relating to the recognition or enforcement of foreign judgments. Philippine law provides that a final and conclusive judgment of a foreign court is enforceable in the Philippines through an independent action filed to enforce such judgment, and without re-trial or re-examination of the issues, only if (i) the court rendering such judgment had jurisdiction in accordance with its jurisdictional rules, (ii) the other party had notice of the proceedings, (iii) such judgment was not obtained by collusion or fraud or based on a clear mistake of fact or law, and (iv) such judgment was not contrary to public policy or good morals in the Philippines.

Risk Factors Relating to the Bond Offering

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing the Bonds and the information contained in this Prospectus; (ii) have access to and knowledge of appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio; (iii) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and (iv) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate, and other factors that may affect its investment and its ability to bear the applicable risks.

Each investor should have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds.

An active or liquid trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Even if the Bonds are listed on the PDEx, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets and the overall market for debt securities among other factors, which may affect liquidity. Although the Bonds are intended to be listed on PDEx as soon as reasonably practicable, no assurance can be given that an active trading market for the Bonds will develop and, if such a market were to develop the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners are under no obligation to maintain such a market. The liquidity and the market prices for the Bonds can be expected to vary with changes in market and economic conditions, the financial position and prospects of the Company and other factors that generally influence the market prices of securities.

The Company has no control over this risk as active trading of the Bonds is highly dependent on the Bondholders.

The Issuer may be unable to redeem the Bonds.

At maturity, the Issuer will be required to redeem all of the Bonds. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The failure by the Issuer to repay, repurchase or redeem tendered Bonds would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness of the Issuer.

The Issuer has a very strong business franchise in the Philippines. It has a strong recurring cash flow and maintains a low debt-equity ratio and a high level of liquidity in its balance sheet. The Issuer believes that it has sufficient resources which will allow it to service the principal and interest of the Bonds.

The Offer will have no impact to the Issuer's and DMPL Group's total indebtedness, since short term loans will be converted to long term Bonds. Interest costs, on the other hand, will be settled through net cash flows from operations. Moreover, issuing the Bonds will allow for more flexibility within the Issuer's operations by having longer payment terms and fixed-rate interest on substantial debts.

Holders of the Bonds may not be able to reinvest at a similar return on investment

Prior to the relevant maturity dates of the Bonds, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), any of the outstanding Bonds on the relevant Optional Redemption Dates (see "*Description of the Bonds*"). In the event that the Company exercises this early redemption option, all Bonds will be redeemed and the Company would pay the amounts to which Bondholders would be entitled. Following such redemption and payment, there can be no assurance that investors in the redeemed Bonds will be able to re-invest such amounts in securities that would offer a comparative or better yield or terms, at such time.

The Bondholder may face possible gain or loss if the Bonds are sold at the secondary market

As with all fixed income securities, the Bonds' market values move (either up or down) depending on the change in interest rates. The Bonds when sold in the secondary market are worth more if interest rates decrease since the Bonds have a higher interest rate relative to the market. Likewise, if the prevailing interest rate increases, the Bonds are worth less when sold in the secondary market. Therefore, holders may either make a gain or incur a loss when they decide to sell the Bonds.

The Bonds may not be able to retain its credit rating

There is no assurance that the rating of the Bonds will be retained throughout the life of the Bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

The Bonds have no preference under Article 2244(14) of the Civil Code

No other loan or other debt facility currently or to be entered into by the Issuer shall have preference of priority over the Bonds as accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines, and all banks and lenders under any such loans or facilities that are notarized have waived the right to the benefit of any such preference or priority. However, should any bank or Bondholder hereinafter have a preference or priority over the Bonds as a result of notarization, then the Issuer shall at the Issuer's option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds as may be practicable.

Risks Related to Certain Statistical Information in this Prospectus

Certain information in the Prospectus is from third-party sources and has not been verified

Certain statistics in this Prospectus relating to the Philippines are derived from various government and private publications, in particular, those produced by industry associations and research groups. This information has not been independently verified and may not be accurate, complete, up to date or consistent with other information complied within or outside the Philippines.

Certain information in the Prospectus is from unaudited financial statements

Certain information in this Prospectus relating to the Company are derived from the Company's unaudited financial statements for the three-month period ended 31 July 2020. The unaudited financial statements have not been independently verified by the Company's external auditor and may not be accurate, complete, up to date or consistent with other information collated within or outside the Philippines.

USE OF PROCEEDS

Following the offer and sale of the Bonds in the amount of PhP7.50 billion (assuming full exercise of the Oversubscription Option), the Company expects that the net proceeds of the Offer shall amount to approximately Php7,389,060,000.00 billion after fees, commission and expenses. The net proceeds from the issue of the Bonds, without the Oversubscription Option, is approximately Php4,922,070,000.00.

For a PhP7.5 billion issuance:

Net proceeds from the Offer are estimated as follows:

	Estimated Amounts (in ₱)
Estimated total proceeds from the sale of the Bonds	7,500,000,000.00
Estimated expenses	
Underwriting fee	33,750,000.00
Documentary Stamp Tax	56,250,000.00
Philippine SEC registration, filing and legal research fees	2,470,000.00
Listing and Processing Fees	200,000.00
Estimated professional fees (including accounting, credit rating and financial fees)	17,470,000.00
Estimated other expenses[(1)]	800,000.00
Total estimated expenses	₱110,940,000.00
Estimated net proceeds from the sale of the Bonds	**₱7,389,060,000.00**

Note:
[(1)] "Estimated other expenses" includes expenses for the printing of the Prospectus and miscellaneous expenses.

For a PhP5 billion issuance:

Net proceeds from the Offer are estimated as follows:

	Estimated Amounts (in ₱)
Estimated total proceeds from the sale of the Bonds	5,000,000,000.00
Estimated expenses	
Underwriting fee	22,500,000.00
Documentary Stamp Tax	37,500,000.00
Philippine SEC registration, filing and legal research fees	2,470,000.00
Listing and Processing Fees	200,000.00
Estimated professional fees (including accounting and financial advisory fees)	14,460,000.00
Estimated other expenses[(1)]	800,000.00
Total estimated expenses	₱77,930,000.00
Estimated net proceeds from the sale of the Bonds	**₱4,922,070,000.00**

Note:
[(1)] "Estimated other expenses" includes expenses for the printing of the Prospectus and miscellaneous expenses.

Aside from the fees shown above which include listing and annual maintenance fees for the first year only, the Company expects to pay the following estimated annual fees related to the Bonds:

1. PDEx annual listing maintenance of PhP150,000.00
2. Annual Rating Monitoring and Agency Fees of PhP504,000.00 (inclusive of VAT)
3. Trustee to Bondholders Annual Retainer Fee of Php160,000
4. Registry and Paying Agency fee amounting to approximately Php100,000 every Interest Payment Date. The Registrar will also charge a quarterly maintenance fee based on the face value of the Bonds and number of Bondholders.

100% of the net proceeds will be used by the Company to repay its existing indebtedness (debts which were obtained for general corporate purposes)..

Details on the use of proceeds are set out below:

For a PhP7.5 billion issuance:

Use of Proceeds	**Estimated Amounts**	**Percentage**
Repayment of Existing Indebtedness	7.4 Billion	100%
Estimated Net Proceeds (assuming oversubscription)	7.4 Billion	100%

For a PhP5 billion issuance:

Use of Proceeds	**Estimated Amounts**	**Percentage**
Repayment of Existing Indebtedness	4.9 Billion	100%
Estimated Net Proceeds (assuming no oversubscription)	4.9 Billion	100%

Existing indebtedness that the Company intends to repay are short-term and unsecured in nature. The following debts were obtained for general corporate purposes.

Bank	**Estimated Amounts**	**Maturity Date**	**Interest Rate**
Bank of the Philippine Islands	6.3 Billion	Aug 2020[1]	4.00%-4.25%
Mizuho Bank, Ltd.	1.1 Billion	Sept 2020	4.00%-4.25%
Total Indebtedness	**7.4 Billion**		

[1]*The short-term loans with Bank of the Philippine Islands were rolled over and will now mature on various dates in September and December 2020.*

The amounts to be repaid to Bank of the Philippine Islands and Mizuho Bank, Ltd. do not constitute the entire outstanding loans of the Company. Assuming there is oversubscription, a total of Php 3,202,853,000.00 will remain outstanding after repayment from the proceeds.

Bank	Outstanding Balance as of 31 August 2020	Maturity Date	Estimated Amount Allotted from the Proceeds	Balance Outstanding
Bank of the Philippine Islands	Php 6,760,000,000.00	August 2020	6,300,000,000.00	460,000,000.00
Mizuho Bank, Ltd.	3,842,853,000.00	September 2020	1,100,000,000.00	2,742,853,000.00
TOTAL	**10,602,853,000.00**			**3,202,853,000.00**

Assuming no exercise of oversubscription, the outstanding amount of the loans will be Php 5,702,853,000.00.

Any portion of the loans abovementioned that will remain outstanding will be rolled over or repaid by the company using internally generated funds. In the event that less than the estimated net proceeds are obtained, the use of the proceeds will still be for repayment of existing indebtedness in the order set forth below, with the balance to be rolled over or to be repaid by the Company using internally generated funds.

Pending the above use of proceeds, the Company shall invest the net proceeds from the Bonds in short-term liquid investments, including but not limited to short-term government securities, bank deposits and money market placements which are expected to earn interest at prevailing market rates. In the event such investments should incur losses, any shortfall will be financed from the Company's internally generated funds.

No amount of the proceeds will be used to reimburse any officer, director, employee for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

Except for the underwriting fees, issue management fees and expenses related to the Bonds, no amount of the proceeds will be utilized to pay any outstanding financial obligations to the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners. Please see section on *"Plan of Distribution"*.

The proposed use of proceeds described above represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures. In the event that there is any change in the Company's development plan, including *force majeure*, market conditions and other circumstances, the Company will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is better for the Company's and its shareholders' interest taken as a whole. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. Any material or substantial deviation, adjustment or reallocation in the planned use of proceeds, as indicated above, will be approved by the Company's Board of Directors and disclosed to the SEC, PDEx, and the bondholders in writing at least 30 days before such deviation, adjustment or reallocation is implemented.

PLAN OF DISTRIBUTION

The Company shall issue the Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners. The Offer does not include an international offering. The Bonds will be issued on 30 October 2020 (the "**Issue Date**") and will be comprised of (i) 3.4840% p.a. three-year fixed-rate bonds due 2023 (the "**Series A Bonds**"), and (ii) 3.7563% p.a. five-year fixed-rate bonds due 2025 (the "**Series B Bonds**"). The Issuer has the discretion to allocate the principal amount among the different series of the Bonds based on the bookbuilding process and may opt not to allocate any amount to any of these series.

Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners

BDO Capital & Investment Corporation, China Bank Capital Corporation, First Metro Investment Corporation, and RCBC Capital Corporation (the "**Joint Issue Managers Joint Lead Underwriters, and Joint Bookrunners**") have agreed to distribute and sell the Bonds at the Purchase Price, pursuant to an Underwriting Agreement with DMPI dated 14 October 2020 (the "**Underwriting Agreement**"). Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners have committed to underwrite the following amounts on a firm basis:

Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners	**Underwriting Commitment**
BDO Capital	PhP1,500,000,000.00
China Bank Capital	PhP1,500,000,000.00
First Metro Investment Corporation ("First Metro")	PhP1,000,000,000.00
RCBC Capital Corporation ("RCBC Capital")	PhP1,000,000,000.00
Total	PhP5,000,000,000.00

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to DMPI of the net proceeds of the Bonds.

The underwriting fees and selling fees to be paid by the Company in relation to the Offer shall be equivalent to 0.45% of the gross proceeds of the Offer. This shall be inclusive of fees to be paid to the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners.

Aside from the foregoing fees, the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners are not entitled to any other fees or discounts. The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners will also be reimbursed for out-of-pocket expenses that they advanced in relation to the transaction, if any.

The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners have no direct relations with DMPI in terms of ownership by either of their respective major shareholder/s and have no right to designate or nominate any member of the Board of Directors of DMPI.

The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners have no contract or other arrangement with DMPI by which it may return to DMPI any unsold Bonds.

No finders or broker dealers were engaged in connection with the sale of the Bonds.

For the purpose of complying with their respective commitments under the Underwriting Agreement, each Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner may, under such terms and conditions not inconsistent with the provisions of the Underwriting Agreement, particularly the underwriting commitment of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, enter into agreements with co-lead managers and co-managers for the sale and distribution to the public of the Bonds; provided, that the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall remain solely responsible to the Issuer in respect of their obligations under the Underwriting Agreement entered into by them with the Issuer, and except as otherwise provided in the Underwriting Agreement, the Issuer shall not be bound by any of the terms and conditions of any agreements entered into by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners with the co-lead managers and co-managers.

The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners are duly licensed by the SEC to engage in the underwriting or distribution of the Bonds. The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business, for DMPI or any of its subsidiaries.

BDO Capital & Investment Corporation ("BDO Capital") was incorporated in the Philippines in December 1998. It is duly licensed by the SEC to operate as an investment house and was licensed by the SEC to engage in underwriting or distribution of securities to the public. As of December 31, 2019, it had ₱3.89 billion and ₱3.60 billion in assets and capital, respectively. It has an authorized capital stock of ₱1.10 billion, of which approximately ₱1.00 billion represents its paid-up capital.

China Bank Capital Corporation ("China Bank Capital"), a subsidiary of China Banking Corporation, provides a wide range of investment banking services to clients across different sectors and industries. Its primary business is to help enterprises raise capital by arranging or underwriting debt and equity transactions, such as project financing, loan syndications, bonds and notes issuances, securitizations, initial and follow-on public offerings, and private equity placements. China Bank Capital also advises clients on structuring, valuation, and execution of corporate transactions, including mergers, acquisitions, divestitures, and joint ventures. It was established and licensed as an investment house in 2015 as the spin-off of China Banking Corporation's investment banking group, which was organized in 2012.

First Metro is a leading investment bank in the Philippines with fifty-six years of service in the development of the country's capital markets. It is the investment banking arm of the Metrobank Group, one of the largest financial conglomerates in the country. First Metro and its subsidiaries offer a wide range of services, from debt and equity underwriting to loan syndication, project finance, financial advisory, investment advisory, government securities and corporate debt trading, equity brokering, online trading, asset management, and research. First Metro has established itself as a leading bond house with key strengths in origination, structuring, and execution. As of 31 December 2019, it had total consolidated assets of ₱35.6 bn. Its return on equity stood at 2.72% and capital adequacy ratio at 45.60%.

RCBC Capital is a licensed investment house providing a complete range of capital raising and financial advisory services. Established in 1974, RCBC Capital has over 46 years of experience in the underwriting of equity, quasi-equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital is a wholly-owned subsidiary of the Rizal Commercial Banking Corporation and a part of the Yuchengco Group of Companies, one of the country's largest fully integrated financial services conglomerates. As of December 31, 2019, its total assets amounted to ₱4.27 billion and its capital base amounted to ₱3.62 billion. It has an authorized capital stock of ₱2.5 billion, of which approximately ₱2.36 billion represents its paid-up capital. As of June 30, 2020, its total assets amounted to ₱4.13 billion and its capital base amounted to ₱3.52 billion. It has an authorized capital stock of ₱2.50 billion, of which approximately ₱2.36 billion represents its paid-up capital.

Sale and Distribution

The distribution and sale of the Bonds shall be undertaken by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners who shall sell and distribute the Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners from purchasing the Bonds for their own respective accounts.

There are no Persons to whom the Bonds are allocated or designated. The Bonds shall be offered to the public at large and without preference.

The obligations of each of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners. Unless otherwise expressly provided in the Underwriting Agreement, the failure by a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner to carry out its obligations thereunder shall neither relieve the other Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners of their obligations under the same Underwriting Agreement, nor shall any Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner be responsible for the obligation of another Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner.

Offer Period

The Offer Period shall commence at 9:00 a.m. on October 19, 2020 and end at 5:00 p.m. on October 23, 2020, or such other dates and time as may be mutually agreed by the Company and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners.

Application to Purchase

The procedure set out in this section and the succeeding sections should be read together with the more detailed procedure and other conditions set out in the Application to Purchase.

Applicants may purchase the Bonds during the relevant Offer Periods by submitting to the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners properly completed Applications to Purchase, together with two signature cards, and the full payment of the Purchase Price of the Bonds in the manner provided in the said Application to Purchase.

Corporate and institutional applicants must also submit, in addition to the foregoing:

a) an original notarized certificate of the corporate secretary or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purposes;

b) copies of its Articles of Incorporation and By-Laws and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);

c) two (2) duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies) (whose authority(ies) and specimen signatures will be submitted to the Registrar and Paying Agent);

d) BIR Certificate of Registration showing the Applicant's Tax Identification Number;

e) identification document(s) ("**ID**") of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and

f) such other documents as may be reasonably required by any of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, or the Registrar and Paying Agent in the implementation of its internal policies regarding "know your customer" and anti-money laundering.

Individual applicants must also submit, in addition to accomplished Applications to Purchase and its required attachments:

a) ID of the Applicant which shall consist of any one of the following valid identification documents bearing a recent photo, and which is not expired: Tax Identification Number ID, Passport, Driver's License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Maritime Industry Authority (MARINA), Voter's ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman's Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, *e.g*., Armed Forces of the Philippines, Home Development Mutual Fund, Philippine Health Insurance Corporation, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);

b) two duly accomplished signature cards containing the specimen signature of the Applicant;

c) validly issued tax identification number issued by the BIR; and

d) such other documents as may be reasonably required by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, or the Registrar and Paying Agent in the implementation of their respective internal policies regarding "know your customer" and anti-money laundering.

An Applicant who is claiming exemption from any applicable tax, or entitlement to preferential tax rates shall, in addition to the requirements set forth above, be required to submit the certain documents to the relevant Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner (together with their respective Applications to Purchase), subject to acceptance by the Issuer as being sufficient in form and substance (please see the section on ***Tax-Exempt Status or Entitlement to Preferential Tax Rate*** in this Prospectus for a more detailed discussion on these necessary documents).

Failure on the part of the Bondholder to submit the aforementioned document(s) within the time prescribed shall result in the application of the regular tax rates.

The Purchase Price for each Bond is payable in full upon submission of the duly executed Application to Purchase. Payments of the Purchase Price shall be made either in checks or appropriate debit instructions or payment instructions made out to the order of the relevant Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner. All payments must be made or delivered to the Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner to whom the Application to Purchase is submitted.

The interest rate of the Bonds was based on the 3-day average of the 3-year and 5-year BVAL, as published on the relevant page of Bloomberg at approximately 5:00 p.m. (Philippine Standard Time), ending on and including the pricing date, plus spread. Various conditions have been taken into account in the final interest rate of the Bonds, including but not limited to the bookbuilding process, market conditions, concurrent offerings of fixed income securities, and the credit rating of the Bonds. The spread of the 3-year bonds is at 1.2% while the spread of the 5-year bonds is at 1.1%.

Completed Applications to Purchase and corresponding payments must reach the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners prior to the end of the Offer Period, or such earlier date as may be specified by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners. Acceptance by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners of the completed Application to Purchase shall be subject to the availability of the Bonds and the acceptance by DMPI. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase shall be deemed revoked.

Minimum Purchase

A minimum purchase of PhP50,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of PhP10,000.00.

Allotment of the Bonds

If the Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted at the discretion of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, in consultation with the Issuer and subject to the Issuer's right of rejection.

Acceptance of Applications

The Company and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners reserve the right to accept or reject Applications to Purchase the Bonds and allocate the Bonds available to the Applicants in a manner they deem appropriate.

Rejection of Applications

The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall accept, reduce or reject Applications to Purchase on behalf of the Issuer in accordance with the following provisions and the allocation plan. Reasons for rejection may include the following:

a) Applications may be rejected if: (i) the Purchase Price is unpaid; (ii) payments are insufficient or where checks, as applicable, are dishonoured upon first presentation; (iii) the Application to Purchase is not received by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners on or before the end of the Offer Period; (iv) the number of Bonds subscribed is less than the minimum amount of subscription; (v) the applications do not comply with the terms of the Offer; or (vi) the applications do not have sufficient information or are not supported by the required documents.

b) Applications may be reduced if the Offer is oversubscribed, in which case the number of Bonds covered by the applications shall be reduced *pro rata*.

In the event an Application to Purchase is rejected or the amount of Bonds applied for is scaled down for a particular Applicant, the relevant Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall notify the Applicant concerned that his/her application has been rejected or that the amount of Bonds applied for is scaled down.

Refunds

If any application is rejected or accepted in part only, payments made by the Applicant or the appropriate portion thereof shall be returned without interest to such Applicant through the relevant Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners with whom such Application to Purchase was made.

Refunds shall be made, at the option of each Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, either (i) through the issuance of check(s) payable to the order of the relevant Applicant and crossed "Payees' Account Only" and mailed or delivered, at the risk of the Applicant, to the address specified in the Application to Purchase, or (ii) through the issuance of instructions for automatic credit payments to the accounts of the relevant Applicants, as indicated in their respective Applications to Purchase.

Payments

The Registrar and Paying Agent shall open and maintain a Payment Account for each tranche of the Bonds, which shall be operated solely and exclusively by the said Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement, provided that beneficial ownership of the Payment Accounts shall always remain with the Bondholders. The Payment Account shall be used exclusively for the payment of the principal, interest and other payments due on the Bonds on the relevant Payment Date.

The Registrar and Paying Agent shall maintain the relevant Payment Account while the series of the Bonds are outstanding, and until six (6) months past the relevant Maturity Date or date of early redemption, as applicable. Upon closure of the Payment Accounts, any balance remaining in such Payment Account shall be returned to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments and such other payments that due on the relevant tranche of the Bonds.

Unclaimed Payments

Any payment of interest on, or the principal of the Bonds which remain unclaimed after the same shall have become due and payable, shall be held in trust by the Registrar and Paying Agent for the Bondholders at the latter's risk and shall be dealt with in accordance with the relevant provisions of the Registry and Paying Agency Agreement.

Purchase and Cancellation

The Issuer may purchase the Bonds at any time in the open market or by tender or by contract, in accordance with PDEx Rules, as may be amended from time to time, without any obligation to make *pro rata* purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

Secondary Market

The Company intends to list the Bonds in the PDEx.

For a more detailed discussion, please refer to the section "*Description of the Bonds – Secondary Trading of the Bonds*".

Registry of Bondholders

The Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Bonds sold in the Offer shall be issued in the name of the Trustee for the benefit of the Bondholders.

Legal title to the Bonds shall be shown in the Registry of Bondholders to be maintained by the Registrar and Paying Agent. The names and addresses of the Bondholders and the particulars of the Bonds held by them and all transfers of the Bonds shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry of Bondholders.

For a more detailed discussion, please refer to the section "*Description of the Bonds – Transfer of the Bonds*".

DETERMINATION OF THE OFFER PRICE

The Bonds shall be issued at 100% of the principal amount or face value.

MARKET PRICE OF AND DIVIDENDS ON DMPI'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Limitations and Requirements

Under Philippine law, dividends may be declared out of a corporation's unrestricted retained earnings which shall be payable in cash, property or stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the Philippine SEC.

Dividends shall be declared and paid out of the Company's unrestricted retained earnings which shall be payable in cash, property or stock to all shareholders on the basis of outstanding stock held by them. Unless otherwise required by law, the Board, at its sole discretion, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

- the level of the Company's earnings, cash flow, return on equity and retained earnings;
- its results for and its financial condition at the end of the year in respect of which the dividend is to be paid and its expected financial performance;
- the projected levels of capital expenditures and other investment programs;
- restrictions on payments of dividends that may be imposed on it by any of its financing arrangements and current or prospective debt service requirements; and
- such other factors as the Board deems appropriate.

The approval of the Board is generally sufficient to authorize the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing at least two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose.

The Revised Corporation Code of the Philippines (the "**Philippine Corporation Code**") prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividend without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

On 3 March 2020, the Board of Directors of the Company approved a policy limiting total dividends to be declared by the Company for any fiscal year to, at most, 75% of the Company's net income in the immediately preceding fiscal year, except as may be otherwise decided by the Board. This is to enable the Company to accrue for deferred tax liability on the Company's undistributed profits up to 75% of the preceding year's net income.

Record Date

The By-Laws of the Company provides that for purposes of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof or to receive payment of any dividend. or of making a determination of stockholders for any other purpose, the Board of Directors may provide that the stock and transfer books be closed for a stated period, but not to exceed, in any case, twenty (20) days immediately preceding the date of any meeting of the stockholders, or the date of the payment of any dividend, or the date for the allotment of rights or the date when any change or conversion or exchange of capital shall go in to effect, unless the applicable rules and regulations of the SEC or the PSE provide for a different period. In lieu of closing the stock and transfer books, the Board of Directors may fix in advance a date as the record date which shall in no case be more than forty-five (45) days prior to the date on which the particular action requiring the determination of stockholders is to be taken. except in any instance where applicable rules and regulations provide otherwise.

Dividend Policy

In 2019, the Company's Board of Directors has approved the adoption of a new cash dividend policy. The Company intends to maintain an annual cash dividend pay-out ratio of 33% of its consolidated net income for the preceding fiscal year, subject to compliance with applicable laws and regulations, and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, major corporate projects and undertakings. The Board may, at any time, modify such dividend payout ratio depending on the Company's results of operations and future projects.

On 3 March 2020, the Board of Directors of the Company approved a policy limiting total dividends to be declared by the Company for any fiscal year to, at most, 75% of the Company's net income in the immediately preceding fiscal year, except as may be otherwise decided by the Board. This is to enable the Company to accrue for deferred tax liability on the Company's undistributed profits up to 75% of the preceding year's net income.

On 29 June 2020, the Company declared cash dividends of ₱0.9235 per share to be paid to the holders of common shares of the Company as of close of business of 6 July 2020. Total cash dividends declared in FY2020 to common shareholders is PhP2.583 Billion gross of tax.

The Company's subsidiaries, which are not significant businesses at this time, do not have defined dividend policies. Dividend declaration is discretionary to the Board and subject to the respective companies' board approval. The Company has not received dividends from its subsidiaries.

RECENT ISSUANCE OF UNREGISTERED OR EXEMPT SECURITIES

On 22 January 2018, the Company's Board of Directors approved the declaration and issuance of stock dividend in preferred shares in the total amount of ₱322,920,000.00, or equivalent to 3,229,200 preferred shares at a par value of ₱100.00 per share to its preferred shareholders. The dividends accumulated at 5% per year based on par value since CY2005, CY2008-CY2013, SY2014 and FY2015-2017. The Company has issued these shares to its preferred shareholder, CARI, on 6 February 2018. Pursuant to this issuance, DMPI's total issued and outstanding preferred shares increased from 6,384,000 to 9,613,200 preferred shares, with par value of ₱100.00 per share. Such issuance of shares by the Company to its own stockholders exclusively was an exempt transaction under Section 10(d) of the SRC.

On 23 March 2018, all outstanding and unissued preferred shares were deemed converted to common shares when the Philippine SEC approved the amendment of the Company's articles of incorporation.

On 20 April 2018, the Company issued one share to each of Emil Q. Javier and Corazon S. de la Paz-Bernardo, DMPI's independent directors. On 5 September 2019, the Company issued one share to Jose T. Pardo, another independent director.

For a more detailed discussion on the authorized capital stock of DMPI, please refer to the discussion under the section "*Capitalization and Indebtedness*" starting on page 122 of this Prospectus.

CAPITALIZATION AND INDEBTEDNESS

The following table sets out the Company's debt, shareholders' equity and capitalization as of 30 April 2020, and as adjusted to reflect any material changes to the Company's capitalization since end of the reported period. The table should be read in conjunction with the Group's audited consolidated financial statements and the notes thereto, included elsewhere in this Prospectus. Other than as described below, there has been no material change in the Company's capitalization since 30 April 2020.

(₱ in thousands)	**Actual as of 30 April 2020 (Actual)**	**Pre-Offer Adjustments[(2)]**	**As adjusted after giving effect to the Offer (Unaudited)**
Total debt[(1)]	14,442,750	3,105,000	17,547,750
Equity:			
Capital stock	2,797,320		2,797,320
Other reserves	265,866		265,866
Non-controlling interest	8,150		8,150
Retained earnings:			
Appropriated	2,796,541		2,796,541
Unappropriated	5,180,226	(2,583,325)	2,596,901
Total equity	11,048,103	(2,583,325)	8,464,778
Total capitalization	**25,490,853**	**521,675**	**26,012,528**

Notes:

(1) Total debt comprises of short-term notes payable amounting to PhP11,442.75 million, and current portion of long-term debt amounting to PhP 3,000.00 million.

(2) Various cash equity transactions subsequent to 30 April 2020 consist of: (i) Purchase of Del Monte and Today's Trademark in the Philippines from Dewey Sdn Bhd.on May 1, 2020 for PhP 3Billion or U.S.$ 60 million, (ii) PhP 105 million for offer-related costs, and (iii) Declaration of cash dividends on June 29, 2020.

DMPI's Authorized Capital Stock

As of date, the Company's authorized capital stock is at Three Billion Pesos (PhP3,000,000,000.00) consisting of Two Billion Six Hundred Sixty Four Million Three Hundred Twenty One Thousand Six Hundred (2,664,321,600) Common Shares with par value of One Peso (PhP1.00) per share and Three Hundred Thirty Five Million Six Hundred Seventy Eight Thousand Four Hundred (335,678,400) voting, non-cumulative, convertible, redeemable and participating preferred shares ("Preferred Shares") with a par value of One Peso (PhP1.00) per share.

As of date, the Company's outstanding capital stock is at PhP2,797,320,003.00 consisting of 2,461,641,603 Common Shares and 335,678,400 Preferred Shares.

The Preferred Shares have the following general features, subject to such other provisions as may be provided in the corresponding enabling resolutions:

(1) Dividends

The holders of the preferred shares shall be entitled to receive dividends and distributions payable on the same basis as the common shares. No dividends or distributions shall be declared or paid to the holders of the common shares, without a declaration or payment of dividends on the same basis to the holders of the preferred shares.

(2) Liquidation Preference

In the event of the liquidation, dissolution or winding up of the Company, the preferred shares shall have preference over the common shares in respect of the assets of the Company available for distribution after payment of the liabilities of the Company.

(3) Voting Rights

The holders of the preferred shares have voting rights. They also have the right to receive notice of, to participate at the general meetings of the Company, and to receive a copy of all circulated written resolutions.

(4) Conversion to Common Shares

At any time and from time to time, any holder of the outstanding preferred shares shall have the right, at its option, to require DMPI to convert all or any part of such preferred shares held into common shares. However, that in the event of an initial public offering by the Company, all the preferred shares then outstanding shall be automatically converted into common shares.

(5) Redemption

The preferred shares shall be redeemable in accordance with the relevant provisions in the Articles of Incorporation and the corresponding enabling resolutions, subject to compliance with applicable laws.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables present selected financial information for the Company and should be read in conjunction with the independent auditors' reports and the Group's audited consolidated financial statements as of and for the years ended 30 April 2020, 2019 and 2018, including the notes thereto, included elsewhere in this Prospectus, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary financial information as of and for the years ended 30 April 2020, 2019 and 2018, was derived from the Group's audited consolidated financial statements, and prepared in accordance with PFRS. The Group's consolidated financial statements as of and for the years ended 30 April 2020, 2019, and 2018 were audited by SGV & Co. The summary financial information set out below is not necessarily indicative of the results of future operations.

The Company adopted PFRS 16, Leases, using modified retrospective approach with the initial date of the application of May 1, 2019. Amounts presented in the consolidated statement of financial position as at April 30, 2019, and consolidated statements of comprehensive income for the years ended April 30, 2019 and 2018 are based on PAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The comparative financial information for accounts affected by the adoption of PFRS 16 may not be comparable to the information presented as at and for the year ended April 30, 2020. Please refer to Note 3 of the Company's audited consolidated financial statements, which are included elsewhere in the Prospectus, for the effect of the adoption of PFRS 16.

The Company adopted PFRS 9, Financial Instruments, and PFRS 15, Revenue from Contracts with Customers, using modified retrospective approach of adoption with the initial date of application of May 1, 2018. Amounts presented in the consolidated statement of financial position, and consolidated statement of comprehensive income as at and for the year ended April 30, 2018 are based on PAS 39, Financial Instruments: Recognition and Measurement (superseded by PFRS 9) and PAS 18, Revenue, PAS 11, Construction Contracts and related Interpretations (superseded by PFRS 15). The comparative financial information for accounts affected by the adoption of PFRS 9 and 15 may not be comparable to the information presented for 2020 and 2019. Please refer to Note 3 of the Company's audited consolidated financial statements, which are included as an Annex to this Prospectus, for the effect of the adoption of PFRS 9 and PFRS 15.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands, Except Per Share Data)

	For the year ended 30 April		
	(Audited)		
	2018	**2019**	**2020**
		(₱)	
REVENUES	27,563,751	28,761,553	31,916,290
COST OF SALES	(21,003,569)	(22,010,168)	(23,384,240)
GROSS INCOME	6,560,182	6,751,385	8,532,050
DISTRIBUTION AND SELLING EXPENSES	(2,747,585)	(2,706,598)	(3,208,291)
GENERAL AND ADMINISTRATIVE EXPENSES	(845,133)	(778,716)	(817,432)
FINANCE COST	(399,017)	(498,046)	(695,161)
FOREIGN EXCHANGE GAIN – net	200,002	45,497	163,311

INTEREST INCOME	24,903	29,884	19,187
OTHER INCOME	380,543	298,423	226,802
OTHER EXPENSE	(94,392)	(82,246)	(122,291)
INCOME BEFORE INCOME TAX	3,079,503	3,059,583	4,098,175
INCOME TAX EXPENSE			
Current	436,621	466,349	655,980
Deferred	71,855	14,489	(31,417)
	508,476	480,838	624,563
NET INCOME	2,571,027	2,578,745	3,473,612

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (cont'd)

(In Thousands, Except Per Share Data)

	For the year ended 30 April		
		(Audited)	
	2018	**2019**	**2020**
		(₱)	
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will never be reclassified to profit			
Revaluation of land	–	–	152,477
Remeasurement gain (loss) on retirement liability	301,759	(154,850)	(37,539)
Unrealized gain (loss) on change in fair value of financial assets at FVOCI	–	(11)	1,003
Income tax effect	(90,528)	46,470	(34,645)
	211,231	(108,391)	81,296
Items that will be reclassified to profit or loss			
Unrealized gain on change in fair value of available-for-sale financial assets	4,134	–	–
Income tax effect	(967)	–	–
	3,167	–	–
	214,398	(108,391)	81,296
TOTAL COMPREHENSIVE INCOME	2,785,425	2,470,354	3,554,908
Total Net Income attributable to			
Equity holders of the Parent Company	2,571,269	2,578,863	3,473,665
Non-controlling interests	(242)	(118)	(53)
	2,571,027	2,578,745	3,473,612
Total Comprehensive Income attributable to			
Equity holders of the Parent Company	2,785,667	2,470,472	3,554,961
Non-controlling interests	(242)	(118)	(53)
	2,785,425	2,470,354	3,554,908
Earnings Per Common Share Attributable to Equity Holders of the Parent	1.33	0.92	1.24

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousands)

	As of 30 April		
	(Audited)		
	2018	2019	2020
		(₱)	
ASSETS			
Current Assets			
Cash and cash equivalents	764,666	563,934	1,170,916
Receivables	16,090,966	15,563,093	7,298,204
Inventories	6,405,571	5,953,401	4,645,327
Biological assets	2,170,889	2,717,316	3,076,198
Prepaid expenses and other current assets	654,588	900,571	503,790
Total Current Assets	26,086,680	25,698,315	16,694,435
Noncurrent Assets			
Biological assets	84,295	87,608	107,265
Financial assets at fair value through other comprehensive income	12,066	12,055	13,058
Investment properties	208,405	194,683	206,185
Property, plant and equipment	9,956,175	10,650,173	14,831,175
Receivable – noncurrent	–	–	3,108
Net retirement benefits asset	548,731	429,270	336,729
Deferred tax assets – net	2,194	1,917	329
Other noncurrent assets	1,490,036	1,573,247	1,345,367
Total Noncurrent Assets	12,301,902	12,948,953	16,843,216
	38,388,582	38,647,268	33,537,651
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term notes payable	11,136,568	9,836,102	11,442,750
Accounts payable and accrued expenses	4,928,829	4,077,535	5,042,055
Current portion of:			
Long-term notes payable	–	–	3,000,000
Lease liabilities	–	–	289,191
Income tax payable	68,777	40,965	226,415
Total Current Liabilities	16,134,174	13,954,602	20,000,411
Noncurrent Liabilities			
Long-term notes payable – net of current portion	3,000,000	3,000,000	–
Deferred tax liabilities – net	206,735	174,466	141,956
Lease liabilities – net of current	–	–	2,347,181
Other noncurrent liabilities	124,771	124,945	–
Total Noncurrent Liabilities	3,331,506	3,299,411	2,489,137
Total Liabilities	19,465,680	17,254,013	22,489,548
Equity			
Equity attributable to equity holders of Parent Company			
Capital stock	2,797,320	2,797,320	2,797,320
Other reserves	292,962	184,570	265,866
Retained earnings:			
Appropriated	10,903,000	15,698,000	2,796,541
Unappropriated	4,921,299	2,705,162	5,180,226
	18,914,581	21,385,052	11,039,953
Non-controlling interest	8,321	8,203	8,150
Total Equity	18,922,902	21,393,255	11,048,103

	38,388,582	38,647,268	33,537,651

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands))

	Year Ended 30 April		
	(Audited)		
	2018	2019	2020
	(₱)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	3,079,503	3,059,583	4,098,175
Adjustments for:			
Depreciation and amortization	4,719,356	4,484,526	5,280,499
Interest expense	309,052	400,166	589,665
Net retirement benefit expense	135,940	47,801	85,330
Unrealized foreign exchange gains (loss) – net	(485,808)	(196,845)	51,956
Interest income	(24,903)	(29,884)	(19,187)
Gain on sale of property, plant and equipment	(1,805)	(1,445)	(1,891)
Operating income before working capital changes	7,731,335	7,763,902	10,084,547
Decrease (increase) in:			
Receivables	(2,029,507)	625,294	(3,979,552)
Inventories	(1,054,113)	452,170	1,308,074
Biological assets	(27,886)	(549,740)	(378,539)
Prepaid expenses and other current assets	119,850	(249,739)	23,118
Increase (decrease) in:			
Accounts payable and accrued expenses	(405,897)	(849,872)	(1,099,893)
Other noncurrent liabilities	3,902	3,772	–
Cash generated from operations	4,337,684	7,195,787	5,957,755
Interest received	23,786	30,837	19,388
Contributions paid to pension plan	(107,615)	(86,788)	(26,729)
Income taxes paid	(392,602)	(490,540)	(337,139)
Net cash provided by (used in) operating activities	3,861,253	6,649,296	5,613,275
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	(5,734,654)	(5,166,560)	(5,445,646)
Movement in other noncurrent assets	(264,426)	(84,154)	(429,639)
Proceeds from sale of property and equipment	3,791	4,663	10,107
Net cash used in investing activities	(5,995,289)	(5,246,051)	(5,865,178)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of notes payable	158,212,974	147,444,848	161,839,072
Payments of notes payable	(155,876,325)	(148,645,061)	(160,206,051)
Interest paid	(304,097)	(402,660)	(557,053)
Payment of principal portion of lease liabilities	–	–	(210,221)
Net cash flows provided by (used in) financing activities	2,032,552	(1,602,873)	865,747
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(654)	(1,104)	(6,862)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(102,138)	(200,732)	606,982
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	866,804	764,666	563,934
CASH AND CASH EQUIVALENTS AT END OF YEAR	764,666	563,934	1,170,916

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED AUDITED FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion pertaining to the financial condition and results of operations of the Company should be read in conjunction with the Group's audited consolidated financial statements as of and for the years ended 30 April 2020, 2019 and 2018, and the notes thereto set forth elsewhere in this Prospectus. The Group's audited consolidated financial statements as of and for the years ended 30 April 2020, 2019 and 2018, included in this Prospectus were prepared in compliance with the PFRS.

This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Prospectus.

Under this section, reference to the Group would mean DMPI, as the parent company, and its subsidiaries.

Overview

The Company belongs to the DMPL Group, one of the world's largest and most well-known producers and marketers of premium quality food and beverage products. DMPI has been in operation in the Philippines for 94 years and caters to today's consumer needs for premium quality, healthy food and beverage products. It produces, markets and distributes its products worldwide under a variety of brand names, including *Del Monte*, a brand in existence since 1886.

For the year ended 30 April 2020, DMPI generated ₱31.9 billion of consolidated revenues, of which 61%[2] were revenues from the Philippines, and 39% were sales to affiliates which export DMPI products under the *Del Monte* brand, *S&W* brand and private label brands. Products sold in the Philippines include beverages (100% pineapple juice and juice drinks in various flavors), culinary (tomato sauce, spaghetti sauce, ketchup, meal mixes, condiments, and pasta) and packaged fruit (pineapples and tropical mixed fruits), while products for the export markets include fresh pineapple, processed pineapple and mixed-fruit, juices and sauces.

DMPI is the market leader in the Philippines with market shares ranging from 39%-87% in a number of categories, such as, canned pineapples and canned mixed fruits, RTD (ready-to-drink) juices (excluding doy/foil packs), tomato sauce and spaghetti sauce (*Source: Nielsen Retail Index, 12 months ending April 2020).*

The main office of DMPI is in Metro Manila, while its plantation and cannery are in Mindanao in the southern Philippines. DMPI's beverage PET plant is in Cabuyao, Laguna which is about a 1.5 hour-drive from Manila.

DMPI believes it manages one of the world's largest integrated pineapple operations. It produces its pineapple in its 26,000-hectare plantation in an area outside the typhoon belt and at elevations and climate conditions suitable for pineapple cultivation ideal for growing. The Company's processing facility, situated a 30 minute-drive from the plantation, has an annual capacity to process about 700,000 tonnes of pineapples. The competitiveness of this operation is complemented by an on-site can-making operation and an adjacent seaport.

[2] Based on revenues excluding PAS adjustments.

DMPI also has a state-of-the-art fresh cold storage and packing house facility, and a *Nice Fruit* production line which can freeze fruits for up to three years while retaining their freshness and nutritional properties. These fully integrated operations ensure an efficient supply chain from production to market and the delivery of premium quality products.

The Company continues to implement cost-reduction and productivity-enhancement programs, and invests in new technology and equipment to maintain its leadership position in the industry. DMPI's operations have also consistently maintained a high standard of quality control and product assurance. It meets food standards set by its customers locally and abroad, and by a number of international agencies.

DMPI operates and manages an extensive distribution network in the Philippines utilizing general trade (49% of sales), modern trade (34% of sales), foodservice (12% of sales), and convenience and emerging channel (5% of sales). In addition, the Company employs its own sales force to manage key accounts. DMPI's products are thus available in every major city in the Philippines. In the international markets, for fresh products beginning April 2019, the Company sells directly to customers in Asia-Pacific and the Middle East. For processed products, beginning May 2019, the Company sells private label and S&W-branded products, through its affiliate S&W Fine Foods, as well as to its affiliate, DMFI, in the U.S., its joint venture FieldFresh in India, and also to other customers that sell Del Monte-branded products in other parts of the world. Prior to April 2019, all the sales in international markets were managed by its affiliates, S&W Fine Foods and GTL. DMPI charges its customer affiliates, cost plus an arm's length markup for products sold to them.

S&W Fine Foods has also started selling products in e-commerce channels, i.e., *Amazon Japan, Tmall, JD and Pinduoduo China, Homeplus, Emart PK and Shinsegae Korea,* and *Redmart Singapore*, among others, and has also utilized social media in promoting its products and campaigns.

In the year ended 30 April 2020, the Company recorded consolidated revenues of ₱31,916.3 million, an increase by 11.0% from ₱28,761.6 million from the previous year ending 30 April 2019. The Company's net income increased by 34.7% from ₱2,578.7 million to to ₱3,473.6 million during the same period.

The DEL MONTE Brand

Del Monte has been in existence since 1886. DMPI believes that the *Del Monte* brand has almost universal awareness in the Philippines. *Del Monte* brand products are found in substantially all national supermarkets, large wholesalers and independent and chain grocery stores throughout the Philippines.

DMPI holds the *Del Monte* trademark rights exclusively in the Philippines for prepared food and beverage products. These trademarks are important to DMPI since brand recognition is a key factor in the success of DMPI's products. The current registrations of these trademarks in the Philippines are effective for varying periods of time and are renewed periodically. DMPI also holds exclusive rights to several other trademarks in the Philippines which include *Today's, Fiesta, 202, Fit 'n Right, Heart Smart, Bone Smart*, *Del Monte Quick 'n Easy,* and *Contadina*. The DMPL Group owns the *S&W* trademark worldwide except for Australia and New Zealand. For a more detailed discussion on DMPI's intellectual property rights, please see the discussion on "*Intellectual Property"* beginning on page 211 of this Prospectus.

With operations starting in 1926, *Del Monte* has a long history in the Philippines and is a household name with a strong following. DMPI is a market leader in the Philippines in canned pineapples, canned mixed fruits, RTD juices (excluding doy/foil packs), tomato sauce and spaghetti sauce categories (*Source: Nielsen Retail Index, 12 months ending April 2020). Del Monte* has a strong brand equity and customer loyalty, resulting in repeat purchases and brand loyalty that provide DMPI with greater pricing power in the Philippines.

Product Segments

DMPI segments its operation into product categories: packaged fruit, beverage, culinary, and fresh fruits and others.

Packaged Fruit

The packaged fruit segment includes sales and profit of processed fruit products under the *Del Monte* and *S&W* 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 pineapples and tropical mixed fruits.

Beverage

The beverage segment includes sales and profit of 100% pineapple juice, juice drinks in various flavors, and pineapple juice concentrate. Products are available in single- and multi-serve cans, as well as in cartons.

Culinary

The culinary segment includes sales and profit of packaged products primarily used as cooking ingredients or supplements, such as spaghetti sauce, tomato sauce, ketchup, pasta sauce, recipe sauce, pasta and condiments under *Del Monte, S&W* and *Contadina*. These are primarily tomato-based products.

Fresh Fruit and Others

Fresh fruit and others include sales and profit of *S&W*-branded fresh pineapples and buyer's label or non-branded fresh pineapples, and cattle. The cattle operation helps in the disposal of pineapple pulp, a residue of pineapple processing which is fed to the animals.

The following table sets forth DMPI's consolidated revenues by operating segment for the periods indicated:

Revenues	**Year Ended April 30**					
(₱ in millions)	**2020**	**% of Revenue**	**2019**	**% of Revenue**	**2018**	**% of Revenue**
Packaged fruit	8,493.1	26.6	7,524.7	26.2	7,905.8	28.7
Beverage	7,954.2	24.9	7,871.0	27.4	7,799.8	28.3
Culinary	6,459.1	20.2	6,138.5	21.3	6,109.0	22.2
Fresh fruit and others	6,086.8	19.1	4,458.9	15.5	3,445.8	12.4
Changes in fair values of biological assets	2,923.1	9.2	2,768.5	9.6	2,303.4	8.4
Total	**31,916.3**	**100.0**	**28,761.6**	**100.0**	**27,563.8**	**100.0**

The following table sets forth DMPI's consolidated income before income tax by operating segment for the periods indicated:

Profit/(Loss) before tax	**Year Ended 30 April**					
(₱ in millions)	**2020**	**% of Total**	**2019**	**% of Total**	**2018**	**% of Total**
Packaged fruit	775.1	18.9	825.3	27.0	1,154.0	37.5
Beverage	726.5	17.7	159.6	5.2	367.2	11.9
Culinary	1,223.5	29.9	1,077.7	35.2	1,094.2	35.5
Fresh fruit and others	1,074.0	26.2	750.1	24.5	295.2	9.6
Changes in fair values of biological assets	299.1	7.3	246.9	8.1	168.9	5.5
Total	**4,098.2**	**100.0**	**3,059.6**	**100.0**	**3,079.5**	**100.0**

FACTORS AFFECTING RESULTS OF OPERATIONS

DMPI's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected DMPI's results in the past and which DMPI expects to affect its financial results in the future. Factors other than those set out below could also have a significant impact on DMPI's results of operations and financial condition in the future. See discussion on "*Risk Factors*" found on page 80 of this Prospectus.

Raw Materials Costs and Product Prices

The primary inputs, commodities, ingredients and other raw materials that are required by the Company include energy (including natural gas), fuel, packaging, fruits, vegetables, tomatoes, grains (including corn), sugar, spices, meats, meat by-products, soybean meal, water, fats, oils and chemicals. To the extent that these raw materials are not manufactured or grown by the Company, prices for these and other items being used may be volatile and the Company might experience shortages in these items due to factors beyond its control, such as commodity market fluctuations, inflationary pressure, availability of supply, increased demand (whether for the item required or for other items, which in turn impacts the item required), weather conditions, natural disasters, currency fluctuations, governmental regulations (including import restrictions, agricultural programs and energy programs), labor strikes and the financial health of the Company's suppliers. Input, commodity, ingredient and other raw material price increases or shortages may result in higher costs or interrupt the Group's production schedules, each of which could have a material adverse effect on its results of operations. Production delays could lead to reduced sales volumes and profitability as well as loss of market share. Conversely, favorable movements of raw materials costs and other items would improve the Company's margins and results of operations.

Product Mix

DMPI has different products under each of the business units. The combination of the products, influenced by categories, channels, regions, and brands under each of the business units determine the mix impact to the financials of the Company. Broadly, the business can be divided into *processed foods* and *fresh fruit*.

Processed Food

The processed foods business sells products under multiple channels including: (i) retail, (ii) food service, and (iii) industrials, both in local and international markets.

The retail business sells products with the end consumer in mind, where products can be bought through both brick-and-mortar stores (supermarkets, groceries, sari-sari stores, public market stalls, etc.) as well as e-commerce. Retail has the largest sales contribution in the processed business, and the highest level of profitability.

Food service follows retail in terms of business size and profitability, and is comprised of sales to restaurants, caterers, hotels, etc., where pack sizes are generally bigger than its retail counterpart and special formulations are provided for specific customers. In the COVID-environment, Food Service has also supported community-based sellers.

Within these two channels, mix is largely determined by the products and categories being sold which include: (a) processed or packaged fruit, such as canned pineapples and canned tropical mixed fruits; (b) culinary, such as tomato sauces, spaghetti sauce, ketchup, meal mixes, condiments, and pasta; and (c) beverage, such as canned juices, cartoned and PET bottled ready-to-drink juices, dispenser juices, and concentrates.

Industrials, on the other hand, are composed of pine juice concentrates, fruit syrups, crushed pine and purees sold to businesses in large packs and drums. It is the smallest part of the retail business with high levels of volatility in profitability as prices are driven by the commodity market.

Fresh Fruit

The fresh fruit business focuses on sales of fresh pineapples whether as a whole fruit or in sliced form, whether fresh or frozen. Fresh fruit mix margins are higher for branded fruit versus unbranded fruit, which is dependent on fruit size. This segment is focused on international sales and, relative to its processed exports counterpart, the fresh fruits business is growing faster.

While mix is determined by multiple factors, the Company is focused on developing its profitable businesses with the growth centered on processed retail and food service businesses, as well as the fresh fruit business. Mix is set to be improved as well through optimization of discounts and promos, focus on branded versus unbranded sales, and introduction of new products.

Competition

In the Philippine market, DMPI operates within the Processed Fruit and Vegetable Industry. The Company is one of the Philippines' leading food and beverage companies, operating with market leadership status in ready-to-drink juices, processed fruits, culinary sauces, spaghetti sauces, and condiments in the Philippines (Source: *Nielsen Retail Index, 3 months ending April 2020*). DMPI's primary competition comprises Dole Philippines, Inc. on pineapple products (canned juices, pineapple solids, and mixed tropical fruit), NutriAsia and RFM Corporation on culinary products (tomato-based sauces, condiments, pasta), as well as Coca-Cola and Pepsico on beverages (juices in PET and single-serve cans). Changes in the competitive landscape, including new entrants into the market, consolidation of existing competitors and other factors, could have a material impact on the Company's financials and results of operations.

DMPI believes it can effectively compete with other companies in these categories as it has trusted, iconic food and beverage brands known for quality. The *Del Monte* brand has gained popularity among Filipino households for quality pineapple and mixed fruit products, tomato sauce, spaghetti sauces, ketchup and other culinary products as well as fruit-based beverages including 100% pineapple juice. The *Del Monte* brand has significant versatility, as various product categories can all be marketed under the *Del Monte* name – from canned fruit to juices, to sauces, to pasta, and to condiments, among others. The Company derives competitive advantages of being able to use the *Del Monte* brand across multiple products, in particular around advertising as the Company believes that advertising one specific *Del Monte* product has a halo effect on other *Del Monte* branded product categories including new products and product lines.

And with consumers' increasing focus on healthy eating and wellness, especially in the COVID-environment, the Company believes its portfolio of packaged fruits, juices and culinary products is ideally positioned as they are synonymous with healthy products.

DMPI also continues to introduce new or improved products or to reposition existing products, offering products that anticipate the changing tastes, dietary habits and trends, and product packaging preferences of consumers. The Company invests in significant consumer understanding programs in order to increase the chances of success of these initiatives.

Further, DMPI operates and manages an extensive distribution network in the Philippines covering a considerable portion of the Philippines' first-tier, second-tier as well as third-tier outlets. DMPI's network of distributors have the logistic capacity to cover the entire Philippines and warehouses strategically located around the country. The Company also continuously invests in sales and marketing initiatives that help expand household penetration and increase consumption frequency for its base business, as well as more convenient and/or budget-friendly product innovations.

Introduction of New Products and Branding Initiatives

The Company's future business and financial performance depend, in part, on its ability to successfully evolve its current product portfolio within existing categories to continuously strengthen its relevance, and consequently, increase consumption among a broader base of individual consumers and/or households. This entails the introduction of new products as well as the improvement of existing products with flavor, formats and/or packaging innovations that address changing consumption habits and preferences, new market trends, as well as emerging dietary and health concerns. Beyond current core categories, innovation also delves into expansion into non-core and/or adjacent categories, as well as new technologies that may require a different route-to-market model.

Significant development and marketing costs are usually incurred in connection with the introduction of new products—be it within existing categories or non-core categories. Successfully launching and selling new products put pressure on its sales and marketing resources, and sufficient funds would have to be invested behind a new product introduction to make it successful. If customers and consumers do not accept a new product, then the introduction of a new product can reduce the Company's operating income as introduction costs, including slotting fees, typically exceed revenues during the launch year. If the Company is not able to anticipate, identify or develop and market products that respond to changes in consumer preferences or if new product introductions or repositioned products fail to gain consumer acceptance, the Company's business may not grow as anticipated, and results of operations could be adversely affected. In the same way, the ability of the Company to introduce successful new products in the market, as it has done in recent years and aims to continue to do so, results in positive impact on its financial statements and results of operations.

Economic, Social and Political Conditions

The Company's international business and results of operations will be influenced, to a significant degree, by political, economic and social developments in the countries in which it operates.

In addition, the Company's overall earnings from its trading activities with international customers are primarily affected by movements in the worldwide supply, demand and prices of its products. For example, the supply of pineapple juice concentrate from Thailand, which is the largest exporter of pineapple juice concentrate in the world, may affect prices as well as demand in international markets.

The Company is subject to the risks inherent in conducting business across national boundaries, any one of which could adversely affect its business. These risks include but are not limited to:

- general economic downturns;
- currency exchange rate fluctuations or imposition of foreign exchange controls;
- governmental policies, laws or regulations, including increased protectionism affecting import and export duties and quotas or customs and tariffs;
- uncertainty regarding, or different levels of, protection of the Group's intellectual property;
- international incidents, including war or acts of terrorism;
- government instability; and
- nationalization of assets.

Changes in the Philippines and other economies in which the Company sells its products could have a direct and material impact on its financial condition and results of operations. Specific factors that could impact the results of operations include:

- Political situation between Philippines and China. This could impact the Company's business if the hostility between two countries increases and trade restrictions are imposed particularly on fresh fruits;
- Compliance with evolving FDA regulations and its interpretation across the regions and countries;
- Volatility of Peso to the U.S. dollars;
- Imposition of tariff on sourcing or importation of pineapple by the U.S.; and
- Increase in excise tax in the Philippines.
- Pandemic leading to nationwide and global restrictions, lockdowns, changing consumer preferences, recession

Taxes and Regulatory Environment

The Company's net income after tax is affected by the mixed tax rates it applies for both its cannery operations and fresh fruit processing project as a result of the availment of the preferential tax incentive deriving from its registration agreement with PEZA. Currently, the effective tax rate of the Company is in the range of 15% to 16% of income before income tax. This will increase to an estimated range of 28% to 30% if the company loses the preferential tax rate.

On 22 November 2007, the President of the Philippines issued Proclamation No. 1420, s.2007 "Creating and Designating Certain Parcels of Land of the Private Domain situated at Barangay Bugo, Cagayan de Oro City, Province of Misamis Oriental, Island of Mindanao, as a Special Economic Zone pursuant to Republic Act No. 7916 as amended by Republic Act No. 8748". On the same date, the cannery operation of the Company was registered in the Philippine Economic Zone Authority as an Export Zone Enterprise, with Registration Certificate No. 07-68. The same Registration Certificate was amended last 12 October 2015 to include the Fresh Fruit Processing Project of the Company at the BAREZ and amended again on August 18, 2017 to include production of peeled, cut fresh frozen pineapples at the BAREZ.

The Company registered the following activities under the original and amended PEZA Agreement:

a. Production of processed foods and beverages for export at the PPAEPZ;
b. Importation of raw materials, machinery, equipment, tools, goods, wares, articles, or merchandise directly used in the registered operations at the PPAEPZ;

c. Fresh Fruit Processing Project at the BAREZ; and
d. Production of peeled, cut fresh frozen pineapples at the BAREZ.

Fiscal and non-fiscal incentives available for the Company as provided in its registration agreement with PEZA for the cannery operations at PPAEPZ, are as follows:

(i) 5% gross income tax (5% GIT), in lieu of all national and local taxes, and to duty and tax-free importation privilege under Article 77, Book VI of E. O. 226.

(ii) Non-fiscal incentives shall include simplified import and export procedures, employment of foreign nationals and permanent resident status within the ecozone for foreign investors with initial investment of at least U.S.$150,000.

(iii) Qualified for purposes of VAT zero-rating of its transactions with local suppliers of goods, properties and services in accordance with Section 4.106-6 and 4.108-6 of Revenue Regulation 16-2005, The Consolidated Value Added Tax Regulation of 2005.

For the Fresh Fruit Processing Project at BAREZ under the Supplemental Agreement amended last 28 June 2016, the Company is subject to the following fiscal and non-fiscal incentives:

(i) 5% gross income tax (5% GIT), in lieu of all national and local taxes, and to duty and tax-free importation privilege under Article 77, Book VI of E. O. 226.

(ii) Non-fiscal incentives shall include simplified import and export procedures, employment of foreign nationals and permanent resident status within the ecozone for foreign investors with initial investment of at least U.S.$150,000.

(iii) Qualified for purposes of VAT zero-rating of its transactions with local suppliers of capital equipment and parts, and on direct production requirements.

For the production of peeled, cut fresh frozen pineapples at BAREZ under the Supplemental Agreement amended last August 18, 2017, the Company is subject to the following fiscal and non-fiscal incentives:

(i) ITH incentive to incremental sales arising from the new lines transferred from Nice Fruit S&W Philippines, Inc. (NFSPI), subject to the issuance by PEZA of a Notice of Confirmation/ Validation of the project's entitlement to ITH.

(ii) Qualified for purposes of VAT zero-rating of its transactions with local suppliers of capital equipment and parts, and on direct production requirements.

As a foreign-owned company registered as an Ecozone Export Enterprise with PEZA, the Company is required to sell 70% of its production to the export market. However, it has not been meeting the said export requirement so it filed a request for retention of Export Enterprise status.

On August 1, 2018, per BR No. 18-411, the PEZA Board approved DMPI's request for retention of its Ecozone Export Enterprise status until 30 April 2021, subject to DMPI's payment of all charges and taxes on its local sales in excess of the local sales limit. DMPI has paid the required taxes on the excess local sales to the BIR and the local government.

Further, retention of its Export Enterprise status with PEZA shall depend on its annual export sales performance which shall be brought to the PEZA board for approval. Should DMPI fail to comply with the said directive, PEZA shall be constrained to convert its status to an Ecozone Domestic Market Enterprise, subject to existing policy and guidelines and, if not yet available, to cancel its PEZA registration.

Impact of Weather in the Agricultural Output

Planting pineapples in open field (not in greenhouses) is highly influenced by weather. Therefore, the yields, quality and time of harvest of the fruits can also be affected.

Drought or "El Niño" can reduce the growth rate of the pineapple plants, causing delays in the harvest schedule for up to three months. The fruit development is also affected both in terms of size and weight due to inadequate water to fill the flesh producing more porous fruits. The pineapples are also prone to severe sunburns, which would not be suitable for export market. Lack of water also delays the ripeness of the fruits. The yield reduction ranges from 21 to 53 metric tons per hectare.

On the other hand, excess of rain or "La Niña" can cause root rot to the plants and other diseases of economic importance that can damage the plants at any stage of growing or fruit development. The fruits can get too much water causing issues like high translucency which is neither suitable for fresh market nor for canning of solids but is only acceptable for the juice. Fruits tend to be softer, which easily causes bruising. Field internal roads and access roads get damaged during harvest, making the activity more difficult. As a result, the fruits might stay longer in the trucks, which could increase the bruising. Yield reduction can range from 5 to 30 metric tons per hectare.

Particularly in case of El Niño, the impact of weather company could have lower volume of pineapple fruits that could lead to supply constraint particularly of pineapple fruit slices such as crushed and tidbits, but generally, it does impact entire region including competitor markets of Thailand and Indonesia.

CRITICAL ACCOUNTING POLICIES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements at the reporting date. However, uncertainty about these estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting policies are those that are both (i) relevant to the presentation of DMPI's financial condition and results of operations, and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. In order to provide an understanding of how DMPI's management forms its judgments about future events, including the variables and assumptions underlying the estimates, and the sensitivity of those judgments to different circumstances, DMPI has identified the significant accounting judgments, estimates and assumptions below and discussed in Note 4 to the audited consolidated financial statements included elsewhere in this Prospectus. While DMPI believes that all aspects of its consolidated financial statements, including the accounting policies discussed in Note 3 to the audited consolidated financial statements, should be studied and understood in assessing DMPI's current and expected consolidated financial condition and results of operations, DMPI believes that the significant accounting judgments, estimates and assumptions discussed in Note 4 to the audited consolidated financial statements warrant additional attention.

Recognition of Revenue from Contracts with Customers

a. *Identifying Performance Obligations.* The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

   The Group identified its sale and delivery of goods as its only one performance obligation. Revenue from delivery charges to the customer is not a separate performance obligation as the Group assessed the provision of this service to be highly dependent on or highly related with the goods promised in the contract.

   In 2019, certain customers of the Parent Company entered into bill-and-hold arrangements with the Parent Company. The customers are billed for goods that are ready for delivery, but the Parent Company retains physical possession of the product until it is transferred to the customer at a future date. The Parent Company determined that control has already been transferred to the customers, even though the customers do not have physical possession of the goods resulting to the identification of custodial services provided to the customer over the customers' assets as a separate performance obligation. A portion of the contract price should be allocated to the custodial services and separately recognized over the period of time the product is being held by the Parent Company, along with the related costs of storing the product. The amount of the custodial services for the year ended April 30, 2019 is not material.

   Principal versus Agent Consideration. The Group enters into contracts with its customers. The Group determined that it controls the goods and services before they are transferred to customers, and it has the ability to direct their use. The following factors indicate that the Group controls the goods and services before they are being transferred to customers. Based on the foregoing, the Group is considered the principal in its contracts with its customers. It has the primary obligation to provide the services to them.

   - The Group is primarily responsible for fulfilling the promise to provide the specified goods and services.
   - The Group has inventory risk on the goods and services before these are transferred to the customer.
   - The Group has discretion in establishing the prices for the other party's goods or services and, therefore, the benefit that the Group can receive from those goods or services is not limited. It is incumbent upon the Group to establish the price of its services to be offered to its customers.
   - The Group's consideration in these contracts is the entire consideration billed to the service provider.

b. *Revenue Recognition.* The Group recognizes revenue over time or at a point in time depending on its evaluation of when the customer obtains control of the promised goods or services.

Revenues from sale of goods are recognized at a point in time when the goods are delivered to and accepted by customers.

For the management fee income which is provided over the contract period, because transferring of control is over time, revenue is recognized monthly as the Group provides the service.

For bill-and-hold arrangements with the Parent Company, the Parent Company assessed whether control has transferred to the customers, even though the customers do not have physical possession of the goods. The following criteria must all be met in order for the customers to have obtained control in bill-and-hold arrangements:

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

Classification of Leases as lessor (effective May 1, 2019)

The Group entered into lease agreements on its leased property. The Group determines whether it has transferred all the significant risks and rewards of ownership of the leased properties to a lessee, such as lessee has the ultimate control over the use of the asset and the lease term is for the major part of the economic life of the asset. If it is determinable that significant risks and rewards of ownership of lease properties were transferred to the lessees, the lease is accounted as finance lease. If otherwise, the lease is accounted for as an operating lease.

Operating Lease Commitments as Lessee (effective prior to May 1,2019)

The Group has entered into various lease agreements as a lessee. The Group had determined that the significant risks and rewards of ownership over the underlying properties leased from third parties are retained by the lessors.

<u>Upon adoption of PFRS 16, Leases</u>

PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases in the statement of financial position.

Lessor accounting under PFRS 16 is substantially unchanged from the prescribed accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two (2) types of leases: operating and finance leases. PFRS 16 requires lessees and lessors to make more extensive disclosures than under PAS 17.

The Group adopted PFRS 16 as at May 1, 2019 using the modified retrospective approach and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Group, therefore, did not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets - building and improvements, under “Property, plant and equipment” and “ Investment property” accounts, were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate (IBR) at the date of initial application. The right-of-use assets pertaining to land leases, included as part of “Property, plant and equipment” account, were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The impact of adoption of PFRS 16 as at 1 May 2019 is as follows:

In thousands	**Increase (decrease)**
Asset	
Prepayments and other current assets	(₱368,828)
Investment properties	28,444
Property, plant and equipment	3,611,048
Receivables	3,271
Deferred tax assets - net	(839)
Other noncurrent assets	(936,297)
Net impact in total assets	₱2,336,799
Liabilities	
Lease liabilities	₱2,601,012
Other noncurrent liabilities	(124,945)
Deferred tax liabilities - net	(35,305)
Total adjustments on equity:	
Retained earnings	(103,963)
Net impact in total liabilities and equity	₱2,336,799

Impact of adoption of PFRS 16 in the statement of comprehensive income of the Group for the full year ended 30 April 2020:

In thousands	Increase (decrease)
Consolidated statement of comprehensive income:	
Revenues	₱ –
Cost of Sales	(72,797)
Gross profit	**72,797**
Less: General and administrative expenses	(24,335)
Add: Depreciation expense of right-of-use assets	207,996
EBITDA	**305,128**
Less: Depreciation expense of right-of-use assets	207,996
Profit from operations	**97,132**
Finance cost	52,888
Income before income tax	**44,244**
Income tax expense	22,192
Net income	**₱ 22,052**

Capitalization of Borrowing Cost

The Group determines whether the amount of borrowing costs qualify for capitalization as part of the cost of the qualifying asset, or should be expensed outright. The accounting treatment for the finance costs is determined by assessing whether the asset is a qualifying asset taking into consideration the period of time to bring the asset ready for its intended use. Failure to make the right judgment will result in misstatement of assets and net profit.

Obligation to Deliver Additional RCPS

The Share Purchase and Shareholder Agreements between DMPL, CARI, the Parent Company and SEA Diner provides conditional obligation to the Parent Company to deliver additional RCPS subject to meeting certain level of net income and adjusted equity value as defined in the abovementioned agreements for fiscal year ending April 30, 2021. Management assessed that the Parent Company's obligation to deliver additional RCPS has a carrying value of nil as at April 30, 2020 based on its budgeted net income for fiscal year ending April 30, 2021, and the expected timing and probability of an initial public offering. Management will remeasure this obligation at the end of every reporting period.

De Facto Control over Del Monte Txanton Distribution, Inc. (DMTDI)

The Parent Company owns 40.0% of DMTDI's common shares as at April 30, 2020 and 2019. Even with less than the majority voting rights, the Parent Company concluded that DMTDI is a subsidiary and that it has power to direct the relevant activities of DMTDI due to the Parent Company's ability to carry out major decisions in Board meetings and govern the financial and operating policies decision-making of the Parent Company by having majority seats in the Board. The key management personnel (i.e., President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Treasurer and Corporate Secretary) of the Parent Company also serve in the same positions in DMTDI.

Coronavirus disease of 2019 (COVID-19) Outbreak

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, and was subsequently extended until April 30, 2020. Beyond April 30, 2020 and until May 15, 2020, the ECQ has been extended in identified high-risk areas which include the NCR and identified provinces in the Philippines.

Meanwhile, identified moderate-risk areas will be under general community quarantine (GCQ) and identified low-risk areas will be placed under a less stringent GCQ and will be further relaxed to normalization if there is no deterioration. Starting May 16, 2020 until May 31, 2020, the NCR and selected areas in the Philippines transitioned to Modified ECQ. By June 1, 2020, substantially the entire Philippines was then placed under GCQ. These will be subject to further evaluation by the Inter-Agency Task Force (IATF). These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Group observed that the demand for beverage and culinary brands were high as the incidence of home cooking grew as well as the desire for products that are healthy and boost immunity. While the Group's retail brands grew, food service sales experienced decline due to the lockdowns imposed reducing the sales contribution to the total business. Aside from providing a cushion to total sales, the increase in the Group's retail business also provided additional lift to the profit margins as the food service business enjoyed higher discounts. Total volume for export of fresh fruits also experienced a decline in the fourth quarter of 2020. The Group offered certain price reductions to drive higher volume.

The Group managed to continue operating in the middle of the pandemic since its products are considered to be essential goods and its farming and manufacturing activities are based in Mindanao. There were no significant internal operational interruptions. Disruptions caused by external factors such as restrictions to movement of materials, equipment and goods as well as the resulting reduction in economic activity were managed so that there will be no major adverse impacts to the overall results of operations for the year ending April 30, 2021.

Measurement of Fair Values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its higher and best use.

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

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Estimating Allowance for Impairment Losses on Receivables (applicable beginning May 1, 2018)

The Group uses a provision matrix to calculate ECLs for its receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Provisions are made based on the simplified approach under PFRS 9. A loss allowance is recognized based on lifetime ECL.

Estimating Allowance for Doubtful Accounts (applicable until April 30, 2018 prior to the adoption of PFRS 9)

Provisions are made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts 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 the customers and counterparties, the customer’s current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience. The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different methodologies.

Estimating Net Realizable Value of Inventories

The Group writes down inventories when net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes based on specific identification and as determined by management for inventories estimated to be unsaleable in the future.

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 reporting date. The Group reviews on a continuous basis the product movement, changes in consumer demands and introduction of new products to identify inventories which are to be written down to net realizable values. The write-down of inventories is reviewed periodically to reflect the accurate valuation in the financial records.

Estimating Future Volume of Harvests

Bearer plants are stated at cost which comprises actual costs incurred in nurturing the crops reduced by the equivalent amortization of fruits harvested which considers the future volume of harvests. Estimated harvest is affected by natural phenomenon such as weather patterns and volume of rainfall. Field performance and market demand also affect the level of estimated harvests. The cost is developed by allocating growing costs for the estimated growth cycle of two to three years over the estimated harvests to be made during the life cycle of the plant crops. The Group reviews and monitors the estimated future volume of harvests regularly.

Estimating Fair Value of Growing Crops

The fair values of the growing pineapple crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest, as determined by the Group. Fair value is initially recognized when the pineapple fruit develops when the bearer plant has reached maturity to bear fruit. The fair value is approximated by the estimated gross margin at point of harvest less future fruiting costs to be incurred until harvest. Such future fruiting costs decreases as the growing crops near the point of harvest.

For the pineapple variety being sold as fresh fruits, the gross margin is based on the market price of pineapple fruits being sold by the Group. For the pineapple variety being processed as cased goods, the gross margin is based on the selling price of the final product sold in the market.

Estimating Fair Value of Agricultural Produce

The fair values of the harvested pineapple fruits are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest, as determined by the Group. For the pineapple variety being sold as fresh fruits, the market price is based on the selling price of fresh fruits as sold in the international markets. For the pineapple variety being processed as cased goods, the market price is derived from average sales price of the processed product adjusted for margin and associated costs related to production. Changes in fair values of agricultural produce after initial recognition are included in the carrying amount of cased goods at the reporting date.

Estimating Useful Lives of Investment Properties and Property, Plant and Equipment (excluding right-of-use assets)

The Group estimates the useful lives of its investment property, and property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of investment property, and property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of investment property, and property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and experiences with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful life of any of the investment properties, and property, plant and equipment would increase the recorded expenses and decrease the noncurrent assets.

Acquisitions, replacements and additions of items of investment property, and property, plant and equipment with estimated useful life of less than three years are charged to expense. Management believes that the difference between depreciating such items and directly charging them to expense is immaterial.

Estimating Realizability of Deferred Tax Assets

The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary difference is based on the projected taxable income in the following periods, including the timing of reversal of future taxable and deductible temporary differences.

Impairment of Non-financial Assets

An impairment review is performed on non-financial assets (enumerated in the following table) when events or changes in circumstances indicate that the carrying value may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant adverse changes in the technological, market, or economic environment where the Group operates;
- significant decrease in the market value of an asset;
- evidence of obsolescence and physical damage;
- significant changes in the manner in which an asset is used or expected to be used;
- plans to restructure or discontinue an operation;
- significant decrease in the capacity utilization of an asset; or
- evidence is available from internal reporting that the economic performance of an asset is, or will be, worse than expected.

Determining the recoverable amount of these assets requires estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of the recoverable amount are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach.

Determination of IBR

The Group cannot readily determine the interest rate implicit in the lease at lease commencement date, therefore, it uses its IBR to measure lease liabilities. IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as interest rates from partner banks based on the term of its loan borrowings and make certain-specific estimates based on the Group credit worthiness.

Present Value of Defined Benefit Obligation

The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions such as discount rates and future salary increases, among others. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date.

The Group determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligation. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

Provisions and Contingencies

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

DESCRIPTION OF REVENUE AND COST ITEMS

The following discussion of DMPI's results of operations with respect to the years ended 30 April 2020, 2019 and 2018, is based on, and should be read in conjunction with, DMPI's consolidated financial statements and related notes included elsewhere in this Prospectus.

Revenues

The Company generates its revenues from the growing, processing and distribution of canned and fresh pineapples, pineapple juice concentrate, tropical mixed fruit, beverage products, culinary, and certain other foods products to Philippines and international markets through its trading affiliates, S&W Fine Foods and DMFI, its joint venture FieldFresh, and also through other customers that sell Del Monte branded products in other parts of the world. These revenues consist of sales of goods in the course of ordinary activities measured at the fair value of the consideration received or receivable, net of returns, trade discounts and direct promotions.

Fair valuation adjustments on biological assets also form part of revenues. Biological assets within the scope of PAS 41 are measured on initial recognition and at subsequent reporting dates at fair value less costs to sell, unless fair value cannot be reliably measured. Biological assets and agricultural produce of the Group includes bearer plants, breeding and dairy herd, growing herd, cattle for slaughter, agricultural produce and cutmeat. The gain on initial recognition of biological assets at fair value less cost to sell, and changes in fair value less cost to sell of biological assets during a period, are included in profit and loss.

Cost of Sales

DMPI's cost of sales consists primarily of:

- cost of raw materials and supplies;
- cost of contracted services such as tollers' fees;
- depreciation of property, plant and equipment related to production;
- freight and logistics costs relating to transfers of raw materials from warehouses to farms and manufacturing or production facilities; and interwarehouse transfer of finished goods;
- warehousing costs to operate warehouses for storage of finished goods merchandise for sale;
- royalty expenses related to license and technical assistance agreement for the exclusive license to use trademarks in the Philippines in connection with the production, manufacture, sale, distribution, packaging, advertising, and promotion of certain food products;
- personnel expenses consisting of salaries, wages and related employee benefits for employees

involved in DMPI’s manufacturing activities;

- repairs and maintenance costs relating to the upkeep of production equipment, buildings and other facilities;
- rental expenses attributable to production, such as rental cost of warehouses of raw materials and pallets; and
- other overhead costs attributable to production such as travel and transportation expenses, fuel costs, security expenses, communications, light and water costs.

Distribution and Selling Expenses

DMPI’s distribution and selling expenses consist primarily of:

- freight, trucking, storage and handling expenses incurred in connection with the shipment, storage and distribution of finished products;
- personnel expenses consisting of salaries, wages and employee benefits for sales personnel;
- advertising and promotion expenses incurred in marketing DMPI’s products, including the cost of media advertisements, merchandising activities and other marketing and promotional activities;
- contracted services, which represent cost of services performed by outside contractors related to selling activities;
- rental expenses, which include, among others, rental of sales offices;
- research and development;
- depreciation of property, plant and equipment attributable to selling expenses; and
- other selling expenses, such as professional fees, taxes and licenses, supplies, travel and transportation, communications, light and water expenses, repairs and maintenance, and impairment losses on receivables.

General and Administrative Expenses

DMPI’s general and administrative expenses consist primarily of:

- personnel expenses consisting of salaries, wages and employee benefits for administrative and corporate support unit personnel;
- contracted services, which represent cost of services performed by outside contractors related to administrative activities;
- rental expenses, which include, among others, rental of administrative offices;
- depreciation of property, plant and equipment attributable to administrative expenses; and
- other administrative expenses, such as professional fees, taxes and licenses, supplies, travel and transportation, communications, light and water expenses, repairs and maintenance, and impairment losses on receivables.

Finance Cost

DMPI’s finance cost primarily consists of:

- interest on notes payable which mainly consist of unsecured peso and foreign currency-denominated loans payable to local banks; and
- financial charges related to documentary stamp taxes, bank service charges and others.

Foreign Exchange Gain

DMPI's exposure to foreign currency risk results from significant movement in foreign exchange rates.

Interest Income

DMPI's interest income primarily consists of interest received on short-term investments, such as money market placements and cash deposited with banks.

Other Income

DMPI's other income consists primarily of:

- net income (loss) from sundry sales such as damaged tin cans and employee sales;
- scrap sales such as copperwire scraps and used packaging materials;
- management income;
- rental income;
- gain on disposal of assets;
- toll revenue operations;
- reversal of long-outstanding payable;
- reversal of employee incentives; and
- forfeited personal retirement account.

Other Expenses

DMPI's other expenses consist primarily of:

- management fees;
- depreciation and amortization;
- operating expenses related to investment property;
- decline in value of assets;
- non recurring expenses; and
- red pine field growing cost write-off.

Income Tax Expense

DMPI's income tax expense consists primarily of:

- current income tax expense; and
- deferred income tax expense.

Segment Profit/(Loss) before Taxation

DMPI segments its operation into by product categories: packaged fruit, beverage, culinary, and fresh fruits and others.

Packaged Fruit

The packaged fruit segment includes sales and profit of processed fruit products under the *Del Monte* and *S&W* 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 pineapples and tropical mixed fruits.

Beverage

The beverage segment includes sales and profit of 100% pineapple juice, juice drinks in various flavors, and pineapple juice concentrate. Products are available in single- and multi-serve cans, as well as in cartons.

Culinary

The culinary segment includes sales and profit of packaged products primarily used as cooking ingredients or supplements, such as spaghetti sauce, tomato sauce, ketchup, pasta sauce, recipe sauce, pasta and condiments under *Del Monte, S&W* and *Contadina*. These are primarily tomato-based products.

Fresh Fruit and Others

Fresh fruit and others include sales and profit of *S&W*-branded fresh pineapples and buyer's label or non-branded fresh pineapples, and cattle. The cattle operation helps in the disposal of pineapple pulp, a residue of pineapple processing which is fed to the animals.

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

RESULTS OF OPERATIONS

Year Ended 30 April 2020 Compared to Year Ended 30 April 2019

(₱ in millions, except %)	2020	Year ended 30 April % of Revenue	2019	% of Revenue	% Change
Revenues	31,916.3	100.0	28,761.6	100.0	11.0
Cost of Sales	(23,384.2)	73.3	(22,010.2)	76.5	6.2
Gross Income	8,532.1	26.7	6,751.4	23.5	26.4
Distribution & Selling Expenses	(3,208.3)	10.1	(2,706.6)	9.4	18.5
General & Administrative Expenses	(817.4)	2.6	(778.7)	2.7	5.0
Financial Cost	(695.2)	2.2	(498.0)	1.7	39.6
Foreign Currency Exchange Gains – net	163.3	0.5	45.5	0.2	258.9
Interest Income	19.2	0.1	29.9	0.1	(35.8)
Other Income	226.8	0.7	298.4	1.0	(24.0)
Other Expense	(122.3)	0.4	(82.3)	0.3	48.6
Income Before Income Tax	4,098.2	12.8	3,059.6	10.6	33.9
Income Tax Expense	(624.6)	2.0	(480.9)	1.7	29.9
Net Income	3,473.6	10.9	2,578.7	9.0	34.7

Revenues

DMPI's consolidated revenues increased by 11.0% from ₱28,761.6 million in the year ended 30 April 2019 to ₱31,916.3 million in the year ended 30 April 2020. The following table sets forth DMPI's consolidated revenues by product category for the periods indicated:

	Years Ended 30 April				
(₱ million, except %)	**2020**	**% of Revenue**	**2019**	**% of Revenue**	**% Change**
Packaged fruit	8,493.1	26.6	7,524.7	26.2	12.9
Beverage	7,954.2	24.9	7,871.0	27.4	1.1
Culinary	6,459.1	20.2	6,138.5	21.3	5.2
Fresh fruit and others	6,086.8	19.1	4,458.9	15.5	36.5
Changes in fair values of biological assets	2,923.1	9.2	2,768.5	9.6	5.6
Total	**31,916.3**	**100.0**	**28,761.6**	**100.0**	**11.0**

For the fiscal year 2020, DMPI's revenues increased across all product categories. The Company's overall revenue growth was driven by the 12.9% growth in revenues from packaged fruit, which was attributable to growth in revenues from the Philippine market as a result of increased pricing and higher demand from the retail channels, as well as stronger export sales. The Company's overall revenue growth was also supported by the 36.5% growth in revenues from fresh fruit and others during the year mainly driven by change in the Company's commercial structure of its fresh business to sell directly to the customers instead of trading affiliates, and higher *S&W Fine Foods* branded sales in North Asia. The change in the Company's commercial structure was made from April 2019 for fresh fruits, and for sale of Del Monte branded business to affiliates and other customers of packaged pineapple products from May 2019. The impact of this change in structure is ₱1,238.3 million on revenue, and breakdown by product category has been shown below for easy reference.

	Years Ended 30 April				
(₱ million, except %)	**2020**	**% of Revenue**	**2019 (Restated, unaudited)[(1)]**	**% of Revenue**	**% Change**
Packaged fruit	8,493.1	26.6	7,545.9	25.2	12.6
Beverage	7,954.2	24.9	7,738.3	25.8	2.8
Culinary	6,459.1	20.2	6,153.8	20.5	5.0
Fresh fruit and others	6,086.8	19.1	5,798.7	19.3	5.0
Changes in fair values of biological assets	2,923.1	9.2	2,763.2	9.2	5.8
Total	**31,916.3**	**100.0**	**29,999.9**	**100.0**	**6.4**

[(1)]Restated to show the impact of the change in the Company's commercial structure effective 2019.

Philippines

The Philippine market sales were higher by 6.5% driven by price increases in line with inflation as well as volume growth. Price increase and lower trade promotion spend contributed +2.6% to net sales growth, driven by a series of price increases across all categories mostly in 2019. Sales increased across Modern Trade and General Trade by double digit as all categories delivered growth. Sales for beverages grew by 6.6% despite lower sales of dispensers due to the decision of a key customer to revert to a two vendor strategy and closure of accounts in the fourth quarter due to COVID related lockdowns. Sales for Culinary products grew by 5.4% driven by strong retail sales in the fourth quarter. The principal categories all experienced strong growth as consumer behaviour shifted to healthy, shelf-stable products in response to COVID-19 stay-at-home orders. Packaged Fruit grew by 8.5% driven by higher sales of Mixed Fruits during the holiday season. Faster growth was seen across all categories, most especially behind flagship Del Monte brands of *100% Pineapple Juice*, *Spaghetti Sauce* and *Tomato Sauce*. The relevance and imagery of these iconic Del Monte brands became magnified in a pandemic environment where consumers became more concerned with health, and shifted to home cooking. Digital communications highlighted product quality and taste, health and immunity (*100% Pineapple Juice ACE*) and meal preparation and planning (*Del Monte Kitchenomics*), and sustained growth even as the lockdown eased.

International Markets/Exports

Fresh business grew by 2.7% driven by higher sales of *S&W Fine Foods* branded sales in North Asia by 10.2% through expanded distribution. Fourth quarter sales to China were severely impacted in February before recovering in March/April by COVID 19 and declined compared to prior year period by 27.9%.

Exports of packaged foods mainly fruits and beverages grew by 9.9% driven by strong performance in the second half of the fiscal year as demand for packaged pine products rebound due to significantly lower production from Thailand.

Cost of Sales

Cost of sales increased by 6.2% from ₱22,010.2 million in the year ended 30 April 2019 to ₱23,384.2 million in the year ended 30 April 2020. The increase was primarily the result of increased sales volume and higher cannery costs driven by higher cost of Pineapple and lower volume. Unfavorable impact from cannery costs was partly offset by lower costs on purchased raw and packaging materials due to favorable forex and strengthening of peso.

Gross Income

As a result of the foregoing, gross income increased by 26.4% from ₱6,751.4 million in the year ended 30 April 2019 to ₱8,532.1 million in the year ended 30 April 2020. The Company's gross margin in the year ended 30 April 2020 was 26.7%, an improvement from the 23.5% gross margin it recorded in the year ended 30 April 2019, mainly as a result of lower purchase prices and favorable forex for the year. Margin improvement was also brought about by the full year impact of price increases which began to be implemented in fiscal year 2020.

The following table sets forth DMPI's consolidated gross income by product category for the periods indicated:

	Year Ended 30 April			
(₱ in millions, except %)	**2020**	**% of Gross Income**	**2019**	**% of Gross Income**
Packaged fruit	1,589.3	18.6	1,712.6	25.4
Beverage	1,842.6	21.6	1,363.4	20.2
Culinary	2,244.4	26.3	2,144.5	31.8
Fresh fruit and others	2,556.7	30.0	1,284.0	18.9
Changes in fair values of biological assets – net	299.1	3.5	246.9	3.7
Total	**8,532.1**	**100.0**	**6,751.4**	**100.0**

Moreover, the total impact of the change in the Company's commercial structure on gross income is ₱1,039.3 million. The breakdown of consolidated gross income by product category is also shown below for easy reference:

	Year Ended 30 April			
(₱ in millions, except %)	**2020**	**% of Gross Income**	**2019 (Restated, unaudited)[(1)]**	**% of Gross Income**
Packaged fruit	1,589.3	18.6	1,692.1	21.7
Beverage	1,842.6	21.6	1,314.8	16.9
Culinary	2,244.4	26.3	2,107.2	27.0
Fresh fruit and others	2,556.7	30.0	2,432.5	31.3
Changes in fair values of biological assets – net	299.1	3.5	244.1	3.1
Total	**8,532.1**	**100.0**	**7,790.7**	**100.0**

[(1)]Restated to show the impact of the change in the Company's commercial structure effective 2019.

Distribution and Selling Expenses

Distribution and selling expenses increased by 18.5% from ₱2,706.6 million in the year ended 30 April 2019 to ₱3,208.3 million in the year ended 30 April 2020, an increase in line with overall growth of the business. This increase was the result of higher freight and storage, and personnel costs. The Company also recorded increased warehousing and higher selling overhead spending for the year. As a percentage of revenue, distribution and selling expenses were slightly higher at 10.1% compared to 9.4% in the previous period.

General and Administrative Expenses

General and administrative expenses increased by 5.0% from ₱778.7 million in the year ended 30 April 2019 to ₱817.4 million in the year ended 30 April 2020 due to higher personnel cost in line with inflation, as well as technology costs on various IT automations and enhancements. This was offset by lower taxes and insurance, and training and employee activities.

Finance Cost

Finance cost which primarily consists of interest expenses and miscellaneous financial charges increased by 39.6% from ₱498.0 million in the year ended 30 April 2019 to ₱695.2 million in the year ended 30 April 2020 due to an increase in short-term notes payables incurred to support sales growth.

Foreign Exchange Gain - net

Foreign exchange gain - net increased by 258.9% from ₱45.5 million in the fiscal year ended 30 April 2019 to ₱163.3 million in the fiscal year ended 30 April 2020 due to the strengthening of the Peso against the U.S. Dollar, which resulted in higher foreign translation of local sales and receivables.

Interest Income

Interest income decreased by 35.8% from ₱29.9 million in the year ended 30 April 2019 to ₱19.2 million in the year ended 30 April 2020, primarily due to higher interest income from operating assets comprising advances to landowners for land leases.

Other Income

Other income decreased by 24.0% from ₱298.4 million in the year ended 30 April 2019 to ₱226.8 million in the year ended 30 April 2020 as the Company recognized lower management income, lower reversal of employee incentives, and lower scrap and other sales. These were partially offset by higher reversal of long-outstanding payable, and forfeited personal retirement account.

Other Expenses

Other expenses increased by 48.6% from ₱82.3 million in the year ended 30 April 2019 to ₱122.3 million in the year ended 30 April 2020 primarily due to higher management fee which doubled in the current year.

Income before Income Tax

As a result of the foregoing, income before tax increased by 33.9% from ₱3,059.6 million in the year ended 30 April 2019 to ₱4,098.2 million in the year ended 30 April 2020.

Income Tax Expense

Income tax expense increased by 29.9% from ₱480.9 million in the year ended 30 April 2019 to ₱624.6 million in the year ended 30 April 2020, mainly attributable to higher income before income tax.

Net Income

As a result of the forgoing, net income increased by 34.7% from ₱2,578.7 million in the year ended 30 April 2019 to ₱3,473.6 million in the year ended 30 April 2020. The Company's net income margin in the year ended 30 April 2020 was 10.9%, an improvement from the 9.0% net income margin it recorded in the year ended 30 April 2019, mainly as a result of improvement in gross margin from 23.5% to 26.7% due to lower cannery costs, price increases and foreign currency exchange gains.

Segment Profit/(Loss) Before Taxation

The following table sets forth DMPI's consolidated income before income tax by product category for the year ended 30 April 2020 and 2019:

	Year Ended 30 April			
(₱ in millions, except %)	**2020**	**% of Total Profit Before Tax**	**2019**	**% of Total Profit Before Tax**
Packaged fruit	775.1	18.9	825.3	27.0
Beverage	726.5	17.7	159.6	5.2
Culinary	1,223.5	29.9	1,077.7	35.2
Fresh fruit and others	1,074.0	26.2	750.1	24.5
Changes in fair values of biological assets	299.1	7.3	246.9	8.1
Total	**4,098.2**	**100.0**	**3,059.6**	**100.0**

For the year ended 30 April 2020, DMPI's income before tax increased across all product categories except on packaged fruit, as overall income before tax rose 33.9% to ₱4,098.2 million mainly due to higher sales as a result of higher pricing in Philippine market and higher demands in exports. Higher foreign exchange gain for the period also contributed to the improvement in overall income before tax. These positive drivers were partly offset by increases in operating expenses as discussed above.

Moreover, the total impact of the change in the Company's commercial structure on profit before tax is ₱768.8 million. The breakdown by product category is shown below for easy reference:

	Year Ended 30 April			
(₱ in millions, except %)	**2020**	**% of Total Profit Before Tax**	**2019 (Restated, unaudited)[1]**	**% of Total Profit Before Tax**
Packaged fruit	775.1	18.9	909.8	23.8
Beverage	726.5	17.7	262.0	6.8
Culinary	1,223.5	29.9	949.9	24.8
Fresh fruit and others	1,074.0	26.2	1,462.6	38.2
Changes in fair values of biological assets	299.1	7.3	244.1	6.4
Total	**4,098.2**	**100.0**	**3,828.4**	**100.0**

[1]*Restated to show the impact of the change in the Company's commercial structure effective 2019.*

Year Ended 30 April 2019 Compared to Year Ended 30 April 2018

(₱ in millions, except %)	2019	Year ended 30 April % of Revenue	2018	% of Revenue	% Change
Revenues	28,761.6	100.0	27,563.8	100.0	4.3
Cost of Sales	(22,010.2)	76.5	(21,003.6)	76.2	4.8
Gross Income	6,751.4	23.5	6,560.2	23.8	2.9
Distribution & Selling Expenses	(2,706.6)	9.4	(2,747.6)	10.0	(1.5)
General & Administrative Expenses	(778.7)	2.7	(845.1)	3.1	(7.9)
Financial Cost	(498.0)	1.7	(399.0)	1.4	24.8
Foreign Currency Exchange Gains – net	45.5	0.2	200.0	0.7	(77.3)
Interest Income	29.9	0.1	24.9	0.1	20.1
Other Income	298.4	1.0	380.5	1.4	(21.6)
Other Expense	(82.3)	0.3	(94.4)	0.3	(12.8)
Income Before Income Tax	3,059.6	10.6	3,079.5	11.2	(0.6)
Income Tax Expense	480.9	1.7	508.5	1.8	(5.4)
Net Income	2,578.7	9.0	2,571.0	9.3	0.3

Revenues

DMPI's consolidated revenues increased by 4.3% from ₱27,563.8 million in the year ended 30 April 2018 to ₱28,761.6 million in the year ended 30 April 2019. The following table sets forth DMPI's revenues by product category for the periods indicated:

(₱ in millions, except %)	2019	Year Ended 30 April % of Revenue	2018	% of Revenue	% Change
Packaged fruit	7,524.7	26.2	7,905.8	28.7	(4.8)
Beverage	7,871.0	27.4	7,799.8	28.3	0.9
Culinary	6,138.5	21.3	6,109.0	22.2	0.5
Fresh fruit and others	4,458.9	15.5	3,445.8	12.4	29.4
Changes in fair values of biological assets	2,768.5	9.6	2,303.4	8.4	20.2
Total	**28,761.6**	**100.0**	**27,563.8**	**100.0**	**4.3**

For the fiscal year 2019, DMPI's revenues increased across all product categories except on packaged fruits. The Company's overall revenue growth was primarily driven by the 29.4% growth in revenues from fresh fruit and others for the year, driven by higher *S&W Fine Foods* branded sales in China. The growth in fresh was also supported by marginal increases in beverage and culinary for the year, mainly driven by increases in pricing which were partly offset by decrease in sales as a result of unfavorable sales mix.

Philippines

The Philippine market sales decreased by 4.1%. Continued growth driven by key accounts in foodservice and retail was offset by general trade due to operational issues and changes in distributors to strengthen its distribution network. Sales price increases for the year contributed +4.7% growth compared to prior year period which partly offset the unfavourable impact of lower sales volume and sales mix. While all product categories were impacted, the category that was impacted the most by distributor transition in general trade was packaged fruits with sales declining by 12.4%.

International Markets/Exports

Fresh business grew by 17.2% driven by higher sales of *S&W Fine Foods* branded sales by 20.8% through expanded distribution in China. The price impact from change in the Company's commercial structure was ₱0.15 billion in April 2019. Excluding the impact of this change in commercial structure, the Company's fresh business would have posted growth at 25.8%.

Exports of packaged foods mainly fruits and beverages grew by 11.4% driven by strong performance in the first half of the fiscal year and higher sales to Europe. Sales of *S&W Fine Foods* packaged food products primarily fruits declined by 10.0% due to lower sales of pine solids and *Fiesta Fruit Cocktail* to China.

The Company also launched its frozen pine sticks in Japan which contributed to ₱0.2 billion for the fiscal year.

Fair Value of Biological Assets

Increase in the fair market value of biological assets for the period was mainly due to improved margin of the Company's fresh business.

Moreover, the impact of the change in the Company's commercial structure on revenues by product category is shown below for easy reference:

	Years Ended 30 April				
(₱ million, except %)	**2019 (Restated, unaudited)[(1)]**	**% of Revenue**	**2018 (Restated, unaudited)[(1)]**	**% of Revenue**	**% Change**
Packaged fruit	7,545.9	25.2	7,939.9	27.5	(5.0)
Beverage	7,738.3	25.8	7,717.5	26.7	0.3
Culinary	6,153.8	20.5	6,119.7	21.2	0.6
Fresh fruit and others	5,798.7	19.3	4,823.1	16.6	20.2
Changes in fair values of biological assets	2,763.2	9.2	2,301.2	8.0	20.1
Total	**29,999.9**	**100.0**	**28,901.4**	**100.0**	**3.8**

[(1)]Restated to show the impact of the change in the Company's commercial structure effective 2019.

Cost of Sales

Cost of sales increased by 4.8% from ₱21,003.6 million in the year ended 30 April 2018 to ₱22,010.2 million in the year ended 30 April 2019. The increase was primarily due to higher product costs across all markets particularly on Philippine market's pineapple costs, transportation and storage, and sugar tax on beverage. These increases were partially offset by lower fruit costs for Fresh business for the period.

Gross Income

As a result of the foregoing, gross income increased by 2.9% from ₱6,560.2 million in the year ended 30 April 2018 to ₱6,751.4 million in the year ended 30 April 2019. The Company's gross margin in the year ended 30 April 2019 was 23.5%, a slight decrease from the 23.8% gross margin it recorded in the year ended 30 April 2018. The decline was mainly attributable to higher product costs particularly pineapple costs, transportation and storage, and sugar tax on beverage. Unfavorable sales mix in the Philippine market also contributed to the decline in gross margin. These unfavorable factors offset the margin improvements brought about by price increases in Philippine market.

The following table sets forth DMPI's consolidated gross income by product category for the periods indicated:

	Year Ended 30 April			
(₱ in millions, except %)	**2019**	**% of Gross Income**	**2018**	**% of Gross Income**
Packaged fruit	1,712.6	25.4	1,930.5	29.4
Beverage	1,363.4	20.2	1,628.7	24.8
Culinary	2,144.5	31.8	2,142.9	32.7
Fresh fruit and others	1,284.0	18.9	689.2	10.5
Changes in fair values of biological assets	246.9	3.7	168.9	2.6
Total	**6,751.4**	**100.0**	**6,560.2**	**100.0**

Moreover, the impact of the change in the Company's commercial structure on revenues by product category is shown below for easy reference:

	Year Ended 30 April			
(₱ in millions, except %)	**2019 (Restated, unaudited)(1)**	**% of Gross Income**	**2018 (Restated, unaudited)(1)**	**% of Gross Income**
Packaged fruit	1,692.1	21.7	1,852.5	24.1
Beverage	1,314.8	16.9	1,641.6	21.3
Culinary	2,107.2	27.0	2,083.1	27.1
Fresh fruit and others	2,432.5	31.3	1,948.1	25.3
Changes in fair values of biological assets	244.1	3.1	168.8	2.2
Total	**7,790.7**	**100.0**	**7,694.1**	**100.0**

(1) Restated to show the impact of the change in the Company's commercial structure effective 2019.

Distribution and Selling Expenses

Distribution and selling expenses decreased by 1.5% from ₱2,747.6 million in the year ended 30 April 2018 to ₱2,706.6 million in the year ended 30 April 2019 mainly due to lower freight and storage costs, advertising and promotion expenses, and research and development costs. These decreases were partially offset by increase in personnel costs. As a percentage of revenue, distribution and selling expenses slightly decreased to 9.4% compared to 10.0% in the previous period.

General and Administrative Expenses

General and administrative expenses decreased by 7.9% from ₱845.1 million in the year ended 30 April 2018 to ₱778.7 million in the year ended 30 April 2019 due to lower personnel costs from higher vacancies.

The decrease was also attributable to lower professional fees and technology costs. These decreases were partially offset by higher depreciation and amortization, as well as higher taxes and licenses.

Finance Cost

Finance cost increased by 24.8% from ₱399.0 million in the year ended 30 April 2018 to ₱498.0 million in the year ended 30 April 2019 mainly due to higher interest expenses related to the Company's short-term unsecured dollar-denominated notes payable.

Foreign Exchange Gain - net

Foreign exchange gain - net decreased by 77.3% from ₱200.0 in the fiscal year ended 30 April 2018 to a ₱45.5 million in the fiscal year ended 30 April 2019 due to strengthening of the Peso against U.S. Dollar, primarily related to the Company's dollar receivables.

Interest Income

Interest income increased by 20.1% from ₱24.9 million in the year ended 30 April 2018 to ₱29.9 million in the year ended 30 April 2019, primarily due to higher interest income from the Company's Peso and dollar investment accounts.

Other Income

Other income decreased by 21.6% from ₱380.5 million in the year ended 30 April 2018 to ₱298.4 million in the year ended 30 April 2019. The decrease was mainly attributable to lower reversal of employee incentives and lower reversal of long outstanding payables for the period. These decreases were partially offset by higher management income and scrap and other sales.

Other Expenses

Other expenses decreased by 12.8% from ₱94.4 million in the year ended 30 April 2018 to ₱82.3 million in the year ended 30 April 2019 mainly driven by lower management fees and lower depreciation and amortization. These decreases were partially offset by higher write-off of red pine field growing costs.

Income before Income Tax

As a result of the foregoing, income before tax slightly decreased by 0.6% from ₱3,079.5 million in the year ended 30 April 2018 to ₱3,059.6 million in the year ended 30 April 2019.

Income Tax Expense

Income tax expense decreased by 5.4% from ₱508.5 million in the year ended 30 April 2018 to ₱480.9 million in the year ended 30 April 2019 mainly driven by lower income before income tax.

Net Income

As a result of the forgoing, net income slightly increased by 0.3% from ₱2,571.0 million in the year ended 30 April 2018 to ₱2,578.7 million in the year ended 30 April 2019. The Company's net income margin in the year ended 30 April 2019 was 9.0%, a decline from the 9.3% net income margin it recorded in the year ended 30 April 2018, mainly as a result of lower margin resulting from higher product costs and unfavorable sales mix particularly for the Philippine market. The decline in net income margin was also attributable to higher financial costs and unfavorable foreign exchange as a result of the strengthening of Peso against

U.S. Dollar. The Company's lower margins were partly offset by lower distribution and selling expenses, general and administrative expenses, and income tax expense.

Segment Profit before Taxation

The following table sets forth DMPI's consolidated income before income tax by product category for the year ended 30 April 2019 and 2018:

	Year Ended 30 April			
(₱ in millions, except %)	**2019**	**% of Total Profit Before Tax**	**2018**	**% of Total Profit Before Tax**
Packaged fruit	825.3	27.0	1,154.0	37.5
Beverage	159.6	5.2	367.2	11.9
Culinary	1,077.7	35.2	1,094.2	35.5
Fresh fruit and others	750.1	24.5	295.2	9.6
Changes in fair values of biological assets – net	246.9	8.1	168.9	5.5
Total	**3,059.6**	**100.0**	**3,079.5**	**100.0**

For the fiscal year 2019, DMPI's income before tax decreased across all product categories except fresh fruits and others, as overall income before tax declined 0.6% to ₱3,059.6 million in the year ended 30 April 2019 from ₱3,079.5 million in the year ended 30 April 2018 due to marginally lower gross margin, higher financial costs, and lower foreign exchange gain.

Moreover, the impact of the change in the Company's commercial structure on profit before tax by product category is shown below for easy reference:

	Year Ended 30 April			
(₱ in millions, except %)	**2019 (Restated, unaudited)[(1)]**	**% of Total Profit Before Tax**	**2018 (Restated, unaudited)[(1)]**	**% of Total Profit Before Tax**
Packaged fruit	909.8	23.8	1,071.1	29.4
Beverage	262.0	6.8	503.2	13.8
Culinary	949.9	24.8	907.5	24.9
Fresh fruit and others	1,462.6	38.2	996.3	27.3
Changes in fair values of biological assets – net	244.1	6.4	168.8	4.6
Total	**3,828.4**	**100.0**	**3,646.9**	**100.0**

[(1)]Restated to show the impact of the change in the Company's commercial structure effective 2019.

Year Ended 30 April 2018 Compared to Year Ended 30 April 2017

(₱ in millions, except %)	Year ended 30 April 2018	% of Revenue	2017	% of Revenue	% Change
Revenues	27,563.8	100.0	26,703.9	100.0	3.2
Cost of Sales	(21,003.6)	76.2	(20,174.5)	75.5	4.1
Gross Income	6,560.2	23.8	6,529.4	24.5	0.5
Distribution & Selling Expenses	(2,747.6)	10.0	(2,637.7)	9.9	4.2
General & Administrative Expenses	(845.1)	3.1	(873.1)	3.3	(3.2)
Financial Cost	(399.0)	1.4	(285.4)	1.1	39.8
Foreign Currency Exchange Gains – net	200.0	0.7	233.7	0.9	(14.4)
Interest Income	24.9	0.1	21.8	0.1	14.2
Other Income	380.5	1.4	271.6	1.0	40.1
Other Expense	(94.4)	0.3	(97.8)	0.4	(3.5)
Income Before Income Tax	3,079.5	11.2	3,162.5	11.8	(2.6)
Income Tax Expense	508.5	1.8	427.4	1.6	19.0
Net Income	2,571.0	9.3	2,735.1	10.2	(6.0)

Revenues

DMPI's revenues increased by 3.2% from ₱26,703.9 million in the year ended 30 April 2017 to ₱27,563.8 million in the year ended 30 April 2018. The following table sets forth DMPI's consolidated revenues by product category for the periods indicated:

(₱ in millions, except %)	Year Ended 30 April 2018	% of Revenue	2017	% of Revenue	% Change
Packaged fruit	7,905.8	28.7	7,996.8	29.9	(1.1)
Beverage	7,799.8	28.3	7,693.1	28.8	1.4
Culinary	6,109.0	22.2	5,743.1	21.5	6.4
Fresh fruit and others	3,445.8	12.4	2,993.2	11.3	15.1
Changes in fair values of biological assets	2,303.4	8.4	2,277.7	8.5	1.1
Total	**27,563.8**	**100.0**	**26,703.9**	**100.0**	**3.2**

For the fiscal year 2018, DMPI's overall revenue growth was primarily driven by the 15.1% growth in revenues from fresh fruit and others, which was attributable to higher *S&W Fine Foods* branded sales in Asia and Middle East. Growth drivers for culinary include higher pricing and higher growth from the food service channel, while the main growth driver for beverage was the increase in revenues from non-canned beverages following the launch of *100% Pine Juice in Tetra Pak* and *FNR Active Isotonic* drinks in PET Bottles.

Philippines

The Philippine market sales increased by 6.9% driven by price increases in line with inflation as well as volume growth. Higher pricing and lower trade promotion spend contributed +3.2% to net sales growth, driven by a series of price increases across all product categories. Prices were raised at below inflation rate across a range of products to mitigate the impact of sugar tax that has been imposed on beverages that contain sugar or artificial sweeteners. The Company continued to invest in driving inclusion of Del Monte products in consumers' weekly menu behind marketing campaigns across brands. All major categories of packaged fruit, beverage and culinary delivered higher sales. Sales for beverages increased by 5.0% driven by increase in revenues from non-canned beverages following the launch of *100% Pine Juice in Tetra Pak* and *FNR Active Isotonic* drinks in PET Bottles. The Company also made an initial foray into the 'juice with particulates' market with the introduction of *Del Monte Juice & Chews*, a snack-in-a-drink combining nata and pineapple with fruit juice blends, a drink popular amongst teens. Sales for culinary products increased by 8.1% driven by tomato-based sauces, pasta and other condiments both in retail and foodservice channels. Sales of packaged fruit increased by 8.0% driven by mixed fruits both in retail and foodservice channels.

Foodservice sales in the Philippines continued to expand, growing by 15.0%, riding on the rapid expansion of quick service restaurants and convenience stores, as well as the Company's growth of its juice dispensers, meal partnerships and customised products

International Markets/Exports

Overall, DMPI's international business declined by 1.9%. The Company's fresh business increased by 13.9% driven by higher sales of *S&W Fine Foods* branded sales by 21.7% through expanded distribution in China and higher contribution from exports as the Company continued to improve the quality of its fresh fruits.

Exports of packaged foods mainly fruits, and beverages decreased by 11.4% driven by decline mainly from North America particularly in industrials and mixed fruit categories. Sales declined mainly due to decreased exports of processed pineapple products, and significantly lower pine juice concentrate pricing as a result of the oversupply situation in Thailand, the main exporter of PJC.

Cost of Sales

Cost of sales increased by 4.1% from ₱20,174.5 million in the year ended 30 April 2017 to ₱21,003.6 million in the year ended 30 April 2018. The increase was primarily due to higher logistics and warehousing costs, higher obsolescence costs for pine juice concentrates, and higher packaging materials costs particularly for tin plates.

Gross Income

As a result of the foregoing, gross income increased by 0.5% from ₱6,529.4 million in the year ended 30 April 2017 to ₱6,560.2 million in the year ended 30 April 2018. The Company's gross margin in the year ended 30 April 2018 was 23.8%, a decrease from the 24.5% gross margin it recorded in the year ended 30 April 2017. The decline was due to unfavorable revaluation of biological assets and higher product costs particularly on logistics, warehousing, obsolescence and tin plates. The Company's gross margin in 2018 was mainly driven by price increases implemented in the Philippines across product categories to offset the sugar tax imposed on beverages, as well as the devaluation of the Peso.

The following table sets forth DMPI's consolidated gross income by product category for the periods indicated:

	Year Ended 30 April			
(₱ in millions, except %)	**2018**	**% of Gross Income**	**2017**	**% of Gross Income**
Packaged fruit	1,930.5	29.4	1,654.0	25.3

Beverage	1,628.7	24.8	1,883.3	28.8
Culinary	2,142.9	32.7	1,992.3	30.5
Fresh fruit and others	689.2	10.5	430.7	6.7
Changes in fair values of biological assets	168.9	2.6	569.1	8.7
Total	**6,560.2**	**100.0**	**6,529.4**	**100.0**

Distribution and Selling Expenses

Distribution and selling expenses increased by 4.2% from ₱2,637.7 million in the year ended 30 April 2017 to ₱2,747.6 million in the year ended 30 April 2018 mainly due to higher freight and storage costs, and personnel costs, which offset decreases in advertising and promotion. As a percentage of revenue, distribution and selling expenses marginally increased to 10.0% compared to 9.9% in the previous period.

General and Administrative Expenses

General and administrative expenses decreased by 3.2% from ₱873.1 million in the year ended 30 April 2017 to ₱845.1 million in the year ended 30 April 2018 due to lower professional fees, and travel and transportation expenses. These decreases were partially offset by higher personnel costs, technology-related expenses, utilities, and expenses for training and employee activities.

Finance Cost

Finance cost increased by 39.8% from ₱285.4 million in the year ended 30 April 2017 to ₱399.0 million in the year ended 30 April 2018 due to increased borrowings of short-term unsecured dollar-denominated notes payable as well as higher bank charges for the period.

Foreign Exchange Gain - net

Foreign exchange gain - net decreased by 14.4% from ₱233.7 in the fiscal year ended 30 April 2017 to a ₱200.0 million in the fiscal year ended 30 April 2018 due to strengthening of the Peso against U.S. Dollar, primarily related to the Company's dollar receivables.

Interest Income

Interest income increased by 14.2% from ₱21.8 million in the year ended 30 April 2017 to ₱24.9 million in the year ended 30 April 2018, primarily due to higher interest income from the Company's Peso savings and investment accounts.

Other Income

Other income increased by 40.1% from ₱271.6 million in the year ended 30 April 2017 to ₱380.5 million in the year ended 30 April 2018. The increase was mainly attributable to reversal of employee incentives as well as reversal of long outstanding payables. There was also increase in scrap and other sales for the period. These increases were partially offset by decrease in other income from toll revenue operations.

Other Expenses

Other expenses decreased by 3.5% from ₱97.8 million in the year ended 30 April 2017 to ₱94.4 million in the year ended 30 April 2018 driven by decrease in management fees and write-off of red pine field growing costs.

Income before Income Tax

As a result of the foregoing, income before tax decreased by 2.6% from ₱3,162.5 million in the year ended 30 April 2017 to ₱3,079.5 million in the year ended 30 April 2018.

Income Tax Expense

Despite lower income before tax, income tax expense increased by 19.0% from ₱427.4 million in the year ended 30 April 2017 to ₱508.5 million in the year ended 30 April 2018 driven by the higher contribution of local sales resulting in higher sales subjected to regular corporate income tax.

Net Income

As a result of the foregoing, net income decreased by 6.0% from ₱2,735.1 million in the year ended 30 April 2017 to ₱2,571.0 million in the year ended 30 April 2018. The Company's net income margin in the year ended 30 April 2018 was 9.3%, a decline from the 10.2% net income margin it recorded in the year ended 30 April 2017, mainly as a result of higher distribution and selling expenses particularly on freight, storage and personnel costs, as well as higher financial costs. The decline in margins was also driven by unfavorable foreign exchange and higher income tax expense for the period. The Company's lower margins were partly offset by lower general and administrative costs, as well as higher other income.

Segment Profit before Taxation

The following table sets forth DMPI's consolidated income before income tax by product category for the year ended 30 April 2018 and 2017:

	Year Ended 30 April			
(₱ in millions, except %)	**2018**	**% of Total Profit Before Tax**	**2017**	**% of Total Profit Before Tax**
Packaged fruit	1,154.0	37.5	733.0	23.2
Beverage	367.2	11.9	554.7	17.5
Culinary	1,094.2	35.5	1,096.1	34.7
Fresh fruit and others	295.2	9.6	209.6	6.6
Changes in fair values of biological assets – net	168.9	5.5	569.1	18.0
Total	**3,079.5**	**100.0**	**3,162.5**	**100.0**

For the fiscal year 2018, DMPI's overall income before tax declined 2.6% to ₱3,079.5 million in the year ended 30 April 2018 from ₱3,162.5 million in the year ended 30 April 2017 which was primarily driven by the decline in income before tax in beverage. This decline was mainly attributable to higher logistics and warehousing costs, higher provision of obsolescence for pine juice concentrates, as well as higher distribution and selling expenses.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal liquidity requirements are for both operating expenses and capital expenditures which comprised inventory purchases, salaries and wages, overhead costs, advertising and promotion and logistics costs.

The Company's principal sources of liquidity are from internally generated cash from operations and unsecured bank loans. As of 30 April 2020, the Company's total current assets were ₱16,694.4 million, of which cash and cash equivalents accounted for 7.0% or ₱1,170.9 million. This was against the Company's total current liabilities of ₱20,000.4 million, 27.8% of which, or ₱5,557.7 million, were non-interest bearing payables.

The Company expects a growth in its working capital due to increased sales and market share expansion. Moving forward, the Company expects to fund these requirements from its operating cash flows and borrowings. The Company may also, from time to time, seek other sources of funding, which may include debt or equity financing, depending on its financing needs and market conditions. In the course of conducting its business, the Company has, and will continue, to incur short-term debt from several banking institutions.

The following table sets forth the selected information from the Company's consolidated statements of cash flows for the period indicated:

	Year ended 30 April (Audited)		
(₱ in millions)	**2020**	**2019**	**2018**
Net cash flows provided by (used in) operating activities	5,613.3	6,649.3	3,861.3
Net cash flows used in investing activities[1]	(5,865.2)	(5,246.1)	(5,995.3)
Net cash flows provided by (used in) financing activities	865.7	(1,602.9)	2,032.6
Net increase (decrease) in cash and cash equivalents	607.0	(200.7)	(102.1)

[1]Includes additions to Bearer Plants at Cost recognized as Property, Plant and Equipment in compliance with the amendments in PAS 41.

Net cash flows provided by operating activities

For the year ended 30 April 2020, net cash flows provided by operating activities was ₱5,613.3 million, while the Company had consolidated income before income tax of ₱4,098.2 million. Cash generated by operating income (after adding back non-cash items and after working capital changes) was ₱5,957.8 million. This primarily resulted from higher profit offset by increase in working capital by ₱4,126.8 million mainly driven by increase in receivables and decrease in payables. The Company generated cash from interest of ₱19.4 million and paid income taxes of ₱337.1 million.

For the year ended 30 April 2019, net cash flows provided by operating activities was ₱6,649.3 million, while the Company had consolidated income before income tax of ₱3,059.6 million. Cash generated by operating income (after adding back non-cash items and after working capital changes) was ₱7,195.8 million. This primarily resulted from higher profit fully offset by the increase in working capital by ₱568.1 million mainly driven by decrease in current payables. The Company generated cash from interest of ₱30.8 million and paid income taxes of ₱490.5 million.

For the year ended 30 April 2018, net cash flows provided by operating activities was ₱3,861.3 million, while the Company had consolidated income before income tax of ₱3,079.5 million. Cash generated by operating income (after adding back non-cash items and after working capital changes) was ₱4,337.7 million. This primarily resulted from higher profit fully offset by the increase in working capital by ₱3,393.7 million mainly driven by increase in receivables and inventories. The Company generated cash from interest of ₱23.8 million and paid income taxes of ₱392.6 million.

Net cash flows provided by (used in) investing activities

For the year ended 30 April 2020, net cash flows used in investing activities was ₱5,865.2 million (see "*Capital Expenditures*" below). This cash outflow primarily consisted of the Construction in Progress ("**CIP**") of ₱337.2 million, additional machinery and equipment of ₱204.9 million, additions to bearer plants of ₱4,950.7 million, and recognition of ROU assets of ₱151.3 million in fiscal year 2020. Major items in the CIP include construction of Can Making Equipment from Ball Corporation, 2.3Kg Tidbits in Pouch Production Line and 202 Integration-Filling/Seaming, Process.

For the year ended 30 April 2019, net cash flows used in investing activities was ₱5,246.1 million. This cash outflow primarily consisted of the CIP of ₱686.6 million, additional machinery and equipment of ₱115.5 million, as well as additions to bearer plants of ₱4,275.9 million. Major items in the CIP included construction of NFC Juicing Plant and purchase of Can Making Equipment from Ball Corporation.

For the year ended 30 April 2018, net cash flows used in investing activities was ₱5,995.3 million. This cash outflow primarily consisted of the CIP of ₱910.4 million, additional machinery and equipment of ₱266.2 million, and additions to bearer plants of ₱4,283.4 million. Major items in the CIP included expenses related to the construction of the Company's In-house Tetra Pak Line, increase Tropical Product Line Capacity and acquisition of Klearcan can-making facility.

Net cash flows provided by (used in) financing activities

For the year ended 30 April 2020, the Company received proceeds of ₱161,839.1 million from availments of peso and dollar-denominated bank loans and paid out a corresponding ₱160,206.1 million for the same.

For the year ended 30 April 2019, the Company received proceeds of ₱147,444.8 million from availments of peso and dollar-denominated bank loans and paid out a corresponding ₱148,645.1 million for the same.

For the year ended 30 April 2018, the Company received proceeds of ₱158,213.0 million from availments of peso and dollar-denominated bank loans and paid out a corresponding ₱155,876.3 million for the same.

Capital Expenditures

Pursuant to its business expansion, the Company will invest various long range plan capital expenditure requirements, which include investments for the expansion of fresh packing capacity and expansion of canning equipment, among others.
The table below sets forth the components of the audited capital expenditures of DMPI for the periods indicated:

	Year ended 30 April					
(₱ in millions)	**2020**	**% of Total**	**2019**	**% of Total**	**2018**	**% of Total**

Machinery & Equipment	204.9	3.6	115.5	2.2	266.2	4.6
Buildings & Improvements	44.8	0.8	82.6	1.6	274.5	4.8
Leasehold Improvements	0.4	-	7.5	0.1	0.2	-
Construction in Progress	337.2	5.9	686.6	13.3	910.4	15.9
Bearer Plants at Cost[1]	4,950.7	87.0	4,275.9	82.8	4,283.4	74.7
Right of Use Assets[2]	151.3	2.7	-	-	-	-
Total	**5,689.3**	**100.0**	**5,168.1**	**100.0**	**5,734.7**	**100.0**

[1] The Company adopted the amendments in PAS 41. The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply.
[2] In fiscal year 2020, the Company, as lessee, adopted PFRS 16 on its leases which sets forth that at the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Group adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2020 and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4.

The following table sets out the future capital expenditures based on approved budgets and executable contracts:

	Year ended 30 April		
(₱ in millions)	**2020**	**2019**	**2018**
Uncommitted amounts approved by the Board	729.3	894.0	1,447.6
Commitments in respect of contracts made	227.3	312.2	156.5
	956.6	**1,206.2**	**1,604.1**

Uncommitted amounts represent the total expected amount of capital spending for the year while the commitments in respect of contracts made pertain to the expected cost of materials and services still to be delivered and to be served based on purchase orders or contracts with suppliers.

Contractual Obligations and Commitments

The following table sets forth the Company's contractual obligations and commitments as of 30 April 2020.

	Contractual Obligations and Commitments Payments due by Period		
(₱ in millions)	**Total**	**Fiscal Year 2021**	**Fiscal Years 2022 and beyond**
Short-term notes payable and current portion of long-term noted payable	14,442.8	14,442.8	-
Accounts payable and accrued expenses	5,042.1	5,042.1	-
Income tax payable	226.4	226.4	–
Lease liabilities (current and non-current) – upon adoption of PFRS 16	2,636.4	289.2	2,347.2
Rentals and lease commitments	3,791.3	366.5	3,424.8
Total	**26,139.0**	**20,367.0**	**5,772.0**

The Company's short-term interest-bearing loans and borrowings consist of dollar-denominated unsecured notes payable in original currency amounting to U.S.$76.6 million (Peso equivalent: ₱3,862.8 million) as of 30 April 2020. The loans bear interest at 2.875% to 3.86% and usually mature after 30 to 90 days.

In addition, the Company's long-term, unsecured Peso-denominated loan from a local bank amounting to ₱3,000.0 million was reclassified to short-term loans at April 30, 2020 as it will mature on August 2020. Interest is payable based on certain floating rates every quarter. Interest expense on long-term loans amounted to ₱137.3 million for the year ended 30 April 2020.

Trade payables are non-interest-bearing and are normally settled on 30- to 120-day terms.

The Company's royalties payable which comprises ₱113.5 million of total trade and other payables as of 30 April 2020 are non-interest bearing and are paid and remitted within 30 days after each calendar quarter, except the last quarter. The payment for the last quarter is made within 15 days after the issuance of the external auditor's certificate verifying the amount of the Parent Company's net sales for the period.

Income tax payable consists of current tax liability and deferred tax liability. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Based on existing agreements, the future minimum rental commitments as at 30 April 2020 for all non-cancellable long-term leases of real property, equipment and grower agreements amounted to ₱3,791.3 million.

The Group has unsecured lines of credit with local banks amounting to ₱20,772.2 million. These credit lines can be drawn for working capital and capital expenditures needs.

DMPI believes that its existing cash and credit lines, together with cash generated from operations and the proceeds of the Offer, will be sufficient to finance its working capital and capital expenditure needs.

Covenant Compliance

Certain unsecured bank loan agreements of the Company contain various covenants that are typical of these types of facilities such as financial covenants relating to required interest cover and debt to equity ratios.

The loan agreement stipulates that the Company maintain a debt service coverage ratio of at least 1.2x and a debt-to-equity ratio of not exceeding 2.0x. For the fiscal years ended 30 April 2020, 2019, and 2018, the Group is in compliance with the covenants stipulated in the loan agreement.

Off-Balance Sheet Arrangements

As of 30 April 2020, other than as disclosed under "*Material Contracts*", the Company was not a financial guarantor of the obligations of any unconsolidated entity. As at 30 April 2020, the Company has future rental commitments for all non-cancellable long-term leases of real property, equipment and grower agreements based on existing agreements (see "*Contractual Obligations and Commitments*" above).

KEY PERFORMANCE INDICATORS

The Company's performance indicators as of and for the years ended 30 April 2020, 2019, and 2018 are set forth below:

KPI	Formula	As of and for the year ended 30 April 2020		2019		2018	
Profitability Ratios							
Gross Profit Margin	Gross Income / Revenues	8,532,050 / 31,916,290	26.7%	6,751,385 / 28,761,553	23.5%	6,560,182 / 27,563,751	23.8%
Net Profit Margin	Net Income / Revenues	3,473,612 / 31,916,290	10.9%	2,578,745 / 28,761,553	9.0%	2,571,027 / 27,563,751	9.3%
EBITDA Margin	EBITDA (excluding depreciation for bearer plants) [(1)]/Revenues	5,646,165 / 31,916,290	17.7%	4,186,984 / 28,761,553	14.6%	4,073,476 / 27,563,751	14.8%
EBITDA Margin	EBITDA (including depreciation for bearer plants) [(1)]/Revenues	9,662,481 / 31,916,290	30.3%	7,896,108 / 28,761,553	27.5%	8,065,068 / 27,563,751	29.3%
EBIT Margin	EBIT[(1)] / Revenues	4,668,706 / 31,916,290	14.6%	3,429,983 / 28,761,553	11.9%	3,363,894 / 27,563,751	12.2%
Return on Assets	Net Income / Total Assets	3,473,612 / 33,537,651	10.4%	2,578,745 / 38,647,268	6.7%	2,571,027 / 38,388,582	6.7%
Return on Equity	Net Income / Total Equity	3,473,612 / 11,048,103	31.4%	2,578,745 / 21,393,255	12.1%	2,571,027 / 18,922,902	13.6%
Net Revenue Growth	(Current period revenues – Prior period revenues) / Prior period revenues	(31,916,290-28,761,553)/ 28,761,553	11.0%	(28,761,553-27,563,751)/ 27,563,751	4.3%	(27,563,751-26,703,905)/ 26,703,905	3.2%
Financial Leverage Ratio							
Debt-to-Equity Ratio	Total Liabilities[(2)]/ Total Equity	22,489,548 / 11,048,103	2.0	17,254,013 / 21,393,255	0.8	19,465,680 / 18,922,902	1.0
Interest Coverage	Earnings Before Interest and Taxes (EBIT)[(1)]/ Interest Expense	4,668,706 / 589,665	7.9	3,429,983 / 400,166	8.6	3,363,894 / 309,052	10.9
Liquidity Analysis Ratios:							
Current Ratio or Working Capital Ratio	Total Current Assets / Total Current Liabilities	16,694,435 / 20,000,411	0.8	25,698,315 / 13,954,602	1.8	26,086,680 / 16,134,174	1.6
Quick Ratio	(Total Current Assets – Inventories – Prepaid expenses and other current assets – Biological Assets – Assets held for sale)/ Current Liabilities	(16,694,435-4,645,327-503,790-3,076,198) / 20,000,411	0.4	(25,698,315-5,953,401-900,571-2,717,316) / 13,954,602	1.2	(26,086,680-6,405,571-654,588-2,170,889)/ 16,134,174	1.0

Notes:

(1) The table below sets forth the computation of EBIT and EBITDA for the years ended 30 April 2020, 2019 and 2018:

	Year ended 30 April 2020	2019	2018
Net income	*3,473,612*	*2,578,745*	*2,571,027*
Non-controlling interest	*53*	*118*	*242*
Interest expense	*589,665*	*400,166*	*309,052*
Interest income	*(19,187)*	*(29,884)*	*(24,903)*
Income tax expense	*624,563*	*480,838*	*508,476*
EBIT	***4,668,706***	***3,429,983***	***3,363,894***

Depreciation and amortization for PPE	*769,463*	*757,001*	*709,582*
*Depreciation expense of right-of-use assets**	*207,996*	*–*	*–*
EBITDA 1 (excluding depreciation for bearer plants)	***5,646,165***	***4,186,984***	***4,073,476***
Depreciation for bearer plants	*4,016,316*	*3,709,124*	*3,991,592*
EBITDA 2 (including depreciation for bearer plants)	***9,662,481***	***7,896,108***	***8,065,068***

**Depreciation expense of right-of-use assets reflects only an approximated amount that flows to P&L during the period and is ranging from 70% to 100% of total depreciation by each cost center.*

(2) Total Liabilities refer to total liabilities which composed of notes payable (short-term and long-term), accounts payable and accrued expenses, lease liabilities (current and non-current), income tax payable, deferred tax liabilities and other noncurrent liabilities

QUALITATIVE AND QUANTITATIVE DISCLOSURE OF MARKET RISKS

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is subject to various market risks, including risks from changes in commodity prices, interest rates, currency exchange rates and risks related to agricultural activities.

Foreign Currency Risk

The Group's exposure to foreign currency risk results from significant movement in foreign exchange rates that adversely affect the foreign-currency denominated transactions of the Group. The Group's risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currency-denominated assets and liabilities.

The tables below set forth the Group's foreign currency-denominated assets and liabilities, expressed in thousands of United States dollars and translated to Philippine peso. For readers' convenience only, amounts in Pesos were converted to U.S. dollars using the BSP Rate as of 30 April 2020 of ₱1.00 = U.S.$0.01982.

(In thousands)	**30 April 2020**	
	U.S.$	**₱**
Assets		
Cash	$ 15,248	₱769,315
Receivables	112,447	5,673,432
Other noncurrent assets	10,177	513,470
	137,872	6,956,217
Liabilities		
Short-term notes payable	76,560	3,862,750
Accounts payable and accrued expenses	12,224	616,728
	88,784	4,479,478
Net foreign currency-denominated assets	$49,088	₱2,476,739

	30 April 2019	
	U.S.$	**₱**
Assets		
Cash	$2,478	₱125,035
Receivables	262,505	13,244,458
Other noncurrent assets	1,799	90,755
	266,782	13,460,248
Liabilities		
Short-term notes payable	194,952	9,836,102
Accounts payable and accrued expenses	5,434	274,192
	200,386	10,110,294
Net foreign currency-denominated assets	$66,396	₱3,349,954

	30 April 2018	
	U.S.$	₱
Assets		
Cash	$1,817	₱91,666
Receivables	282,193	14,237,803
Other noncurrent assets	3,292	166,105
	287,302	14,495,574
Liabilities		
Short-term notes payable	216,763	10,936,568
Accounts payable and accrued expenses	9,644	486,572
	226,407	11,423,140
Net foreign currency-denominated assets	$60,895	₱3,072,434

Commodity Price Risk

The Group is regularly engaged in the purchase of tinplates and fuel and is significantly exposed to commodity price risk. The Group ensures future supply of tinplates while minimizing the impact of price movements by purchasing tinplates and fuel in advance of the production requirements. These purchase contracts are entered into for the purpose of receipt or delivery of tinplates and fuel in accordance with the expected usage requirements of the Group.

Also, the Group purchases large volumes of papaya fruits for production and is significantly exposed to commodity price risk related to papaya. The Group ensures long-term supply of papaya at stable prices by executing papaya supply agreements with farmers. The Group is also subsidizing some of the farmers' costs related to papaya to ensure long-term relationships with them.

Risk Related to Agricultural Activities

The Group is exposed to risks arising from changes in cost and volume of fruits harvested from the growing crops which is influenced by natural phenomenon such as weather patterns, volume of rainfall and field performance. The cost of growing crops is also exposed to the change in cost and supply of agricultural supplies and labor which are determined by constantly changing market forces of supply and demand.

The Group is subject to risk relating to its ability to maintain the physical condition of its fruit crops. Plant diseases could adversely impact production and consumer confidence, which impact sales.

The Group secures favorable harvest of pineapples and other agricultural produce from biological assets by continuously assessing factors that could affect harvest and responding to them on a timely manner. The Group is equipped with necessary technical manpower, farm inputs, such as fertilizer, chemicals and equipment to respond to any changes brought about by the factors as mentioned above.

The Group is subject to laws and regulations in the Philippines where it operates its agricultural activities. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Group's reputation.

The Group's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities. The Group maintains a balance between continuity of funding and flexibility through the use of credit lines available from local and international banks. For more information regarding the maturity profile of the Group's non-derivative financial liabilities based on contractual undiscounted payments, see Note 32 to the audited consolidated financial statements included elsewhere in this Prospectus.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Group's receivable from customers and refundable deposits. In monitoring credit risk, customers are grouped according to their credit characteristics, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group sells its products through major distributors and key accounts in various geographical regions. Management has a credit risk policy which includes, among others, the requirements for standby letter of credit to secure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The Group ensures that sales of products are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures. For more information regarding the Group's credit risk exposure, see Note 32 to the audited consolidated financial statements included elsewhere in this Prospectus.

PLAN OF OPERATIONS

The Company's key priorities for fiscal year 2021 include the following:

(i) Growth of the core business in the Philippines market and expansion of growing channels, such as convenience stores and general trade;
(ii) Investment in the launch of new products, including those introduced recently;
(iii) Continue improving productivity and expansion of land for both fresh and processed pineapple varieties;
(iv) Investment in capacity expansion projects (see "*Capital Expenditures*" above);
(v) Working capital improvement with particular focus on inventory;
(vi) Drive operational improvements in sales and supply chain management;
(vii) Continue growth in exports through distribution expansion in key international markets;
(viii) Investment in enablers such as IT programs and talent development;
(ix) Continue to pursue sustainability programs; and
(x) Investment in, and improvement of, Digital Marketing, Kitchenomics, and e-commerce.

For product research and development, the Company will focus on innovations that will support its strategic growth pillars, namely:

(i) Strengthening the core products, including packaging innovations, carbonated juice drinks, juice drinks with particulates, gourmet sauces and oils and condiments;

(ii) Expansion into new product categories;
(iii) International expansion consisting of range expansion in existing markets and entrance into new markets; and
(iv) Driving recipe enhancement and packaging optimization programs for existing range of products.

BUSINESS

Overview

The Company belongs to the DMPL Group, one of the world's largest and most well-known producers and marketers of premium quality food and beverage products. DMPI has been in operation in the Philippines for 94 years and caters to today's consumer needs for premium quality, healthy food and beverage products. It produces, markets and distributes its products worldwide under a variety of brand names, including *Del Monte*, a brand in existence since 1886.

For the year ended 30 April 2020, DMPI generated ₱31.9 billion of consolidated revenues, of which 61%[3] were revenues from the Philippines, and 39% were sales to affiliates which export DMPI products under the *Del Monte* brand, *S&W* brand and private label brands. Products sold in the Philippines include beverages (100% pineapple juice and juice drinks in various flavors), culinary (tomato sauce, spaghetti sauce, ketchup, meal mixes, condiments, and pasta) and packaged fruit (pineapple and tropical mixed fruits), while products for the export markets include fresh pineapple, processed pineapple and mixed-fruit, juices and sauces.

DMPI is the market leader in the Philippines with market shares ranging from 39%-87% in a number of categories, such as, canned pineapples and canned mixed fruits, RTD (ready-to-drink) juices (excluding doy/foil packs), tomato sauce and spaghetti sauce (*Source: Nielsen Retail Index, 12 months ending April 2020).*

The main office of DMPI is in Metro Manila, while its plantation and cannery are in Mindanao in the southern Philippines. DMPI's beverage PET plant is in Cabuyao, Laguna which is about a 1.5 hour-drive from Manila.

DMPI believes it manages one of the world's largest integrated pineapple operations. It produces pineapple in its approximately 26,000-hectare plantation in an area outside the typhoon belt and at elevations and climate conditions suitable for pineapple cultivation. The Company's processing facility, about an hour's drive from the plantation, has an annual capacity to process about 700,000 tonnes of pineapples. The competitiveness of this operation is complemented by an on-site can-making operation and an adjacent seaport.

DMPI also has a state-of-the-art fresh cold storage and packing house facility, and a *Nice Fruit* production line which can freeze fruits for up to three years while retaining their freshness and nutritional properties. These fully integrated operations ensure an efficient supply chain from production to market and the delivery of premium quality products.

The Company continues to implement cost-reduction and productivity-enhancement programs, and invests in new technology and equipment to maintain its leadership position in the industry. DMPI's operations have also consistently maintained a high standard of quality control and product assurance. It meets food standards set by its customers locally and abroad, and by a number of international agencies.

DMPI operates and manages an extensive distribution network in the Philippines utilizing general trade (49% of sales), modern trade (34% of sales), foodservice (12% of sales), and convenience and emerging channel (5% of sales) channels. In addition, the Company employs its own sales force to manage key accounts. DMPI's products are thus available in every major city in the Philippines. In the international markets, for fresh products beginning April 2019, the Company sells directly to customers in Asia-Pacific and the Middle East. For processed products, beginning May 2019, the Company sells private label and S&W-branded products, through its affiliate S&W Fine Foods, as well as to its affiliate, DMFI, in the U.S.,

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[3] Based on revenues excluding PAS adjustments.

its joint venture FieldFresh in India, and also to other customers that sell Del Monte branded products in other parts of the world. Prior to April 2019, all the sales in international markets were managed by its affiliates, S&W Fine Foods and GTL. DMPI charges its customer affiliates, cost plus an arm's length markup for products sold to them.

S&W Fine Foods has also started selling products in e-commerce channels, i.e., *Amazon Japan, Tmall, JD and Pinduoduo China, Homeplus, Emart PK and Shinsegae Korea,* and *Redmart Singapore*, among others, and has also utilized social media in promoting its products and campaigns.

In the year ended 30 April 2020, the Company recorded consolidated revenues of ₱31,916.3 million, an increase by 11.0% from ₱28,761.6 million from the previous year ending 30 April 2019. The Company's consolidated net income increased by 34.7% from ₱2,578.7 million to ₱3,473.6 million during the same period.

Corporate History

DMPI was incorporated on 11 January 1926 under its former name, Philippine Packing Corporation, as a subsidiary of Del Monte Corporation (formerly, "California Packing Corporation"). DMPI's present name was adopted in 1988. As of 2020, DMPI has enjoyed over 94 years of operations which have been interrupted only by the Second World War.

DMPI began planting pineapples on a commercial scale in 1928 on 4,000 hectares of land in Bukidnon province, Mindanao, Philippines. DMPI's cannery in Bugo, Cagayan de Oro commenced operation in June 1930 to process the first harvest from the plantation. DMPI's pioneer products were sliced pineapples and pineapple juice which were primarily marketed in the United States.

DMPI is 88%-owned by Central American Resources, Inc. ("**CARI**"), which in turn is 100%-owned by Del Monte Pacific Resources Limited ("**DMPRL**"). DMPRL is wholly owned by Del Monte Pacific Limited ("**DMPL**"). The remaining 12% of DMPI is owned by SEA Diner Holdings (S) Pte. Ltd ("**SEA Diner**").

DMPRL was previously indirectly wholly owned by DMC until January 1991 when DMC sold 15.0% of its interest to Kikkoman Corporation ("**Kikkoman**") and 34.9% to Del Monte International, Inc. ("**DM International**"). In March 1996, DMPRL repurchased its own shares representing the 50% and 15% interests of DMC and Kikkoman, respectively. As part of a restructuring in 1996, there was a change in control in DMPRL from DMC to a joint ownership by Del Monte Royal Foods Limited ("**Del Monte Royal**") based in the UK and the Macondray Group owned by the Lorenzo Group. Del Monte Royal held its interest in DMPRL through its indirect wholly owned subsidiaries, Del Monte Group Limited ("**DMGL**") and Juliet Holdings S.A. ("**Juliet**"). The Macondray Group held 50.0001% while DMGL and Juliet had an aggregate interest of 49.9999% in DMPRL.

DMPL, an investment holding company, was listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 2 August 1999. Until 2006, DMPL was controlled by Del Monte Royal and the Macondray Group.

In 2001, Cirio S.p.A. acquired and consolidated its interests in Del Monte Royal which resulted in the integration of the two groups (*i.e.*, Cirio S.p.A. and Del Monte Royal) into Cirio Del Monte NV.

In January 2006, NutriAsia gained an 84.5% stake in DMPL after acquiring shares from the Macondray Group and Cirio Del Monte.

The DEL MONTE Brand

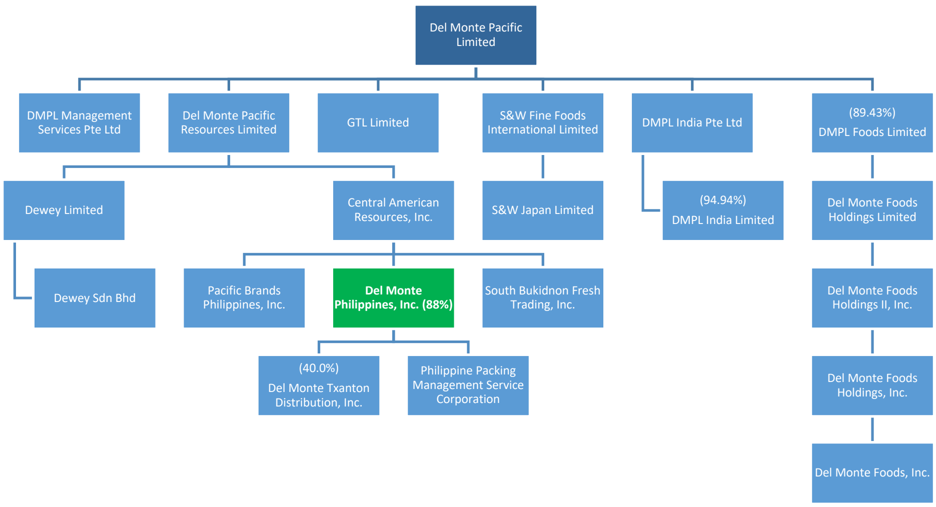
Del Monte has been in existence since 1886. DMPI believes that the *Del Monte* brand has almost universal awareness in the Philippines. *Del Monte* brand products are found in substantially all national supermarkets, large wholesalers and independent and chain grocery stores throughout the Philippines.

DMPI holds the *Del Monte* trademark rights exclusively in the Philippines for prepared food and beverage products. These trademarks are important to DMPI since brand recognition is a key factor in the success of the Company's products. The current registrations of these trademarks in the Philippines are effective for varying periods of time and are renewed periodically. DMPI also holds exclusive rights to several other trademarks in the Philippines, which include *Today's, Fiesta, 202, Fit 'n Right, Heart Smart, Bone Smart*, *Del Monte Quick 'n Easy* and *Contadina*. The DMPL Group owns the *S&W* trademark worldwide except for Australia and New Zealand. For a more detailed discussion on DMPI's intellectual property rights, please see the discussion on "*Intellectual Property*" beginning on page 211 of this Prospectus.

With operations starting in 1926, *Del Monte* has a long history in the Philippines and is a household name with a strong following. DMPI is a market leader in the Philippines in canned pineapples, canned mixed fruits, RTD juices (excluding doy/foil packs), tomato sauce and spaghetti sauce categories (*Source: Nielsen Retail Index, 12 months ending April 2020). Del Monte* has a strong brand equity and customer loyalty, resulting in repeat purchases and brand loyalty that provide DMPI with greater pricing power in the Philippines.

Corporate and Ownership Structure

The chart below sets out the DMPL Group's corporate structure as of the date of this Prospectus. Unless otherwise indicated, each subsidiary is wholly-owned by its parent:



Notes:
1) The DMPL Group owns 94.94% of DMPL India Limited, the holding company that owns 50% of FieldFresh Foods Private Limited, thereby having equal voting rights with the Bharti Group.
2) The Company owns 40.0% of DM Txanton, while Txanton Torre Wine and Olive Oil Co., Inc. holds the other 40.0% and Nonillon Holding Corp. holds the remaining 20.0%. However, DMPI has board control as it has the contractual right to four out of the seven board seats in DM Txanton.
3) Pacific Brands Philippines, Inc., GTL Limited, and Del Monte Txanton Distribution, Inc. are all inactive.

DMPL, the ultimate parent company of DMPI, was admitted to the Official List of the SGX-ST on 2 August 1999. DMPL was also listed with the PSE on 10 June 2013.

The details of the Company's subsidiaries and their principal activities are set out below.

Name of Subsidiary	Date of Incorporation	Place of Incorporation	Principal Activities	Effective Equity Held by the Group
Philippine Packing Management Service Corporation	18 June 2007	Philippines	Intellectual property holding and licensing; Management, logistics and support services	100.00%
Del Monte Txanton Distribution, Inc.	7 January 2015	Philippines	Inactive	40.00%

The contribution of DMPI's subsidiaries to total DMPI profit and loss is negligible, at 1% or less. On the other hand, DMPI contributes almost 30% of revenues to the total Group, and contributes significantly to the profits for the Group which have been impacted by restructuring costs incurred in the U.S. necessary to turnaround the business.

The following table shows the details of DMPI's contribution to DMPL's consolidated revenue:

in thousands	DMPI Consolidated (in PHP)	PPMSC (in PHP)	% PPMSC to DMPI Consolidated	DMTDI (in PHP)	% DMTDI to DMPI Consolidated
Revenue	31,916,200	206,842	0.6%	-	0.0%
Cost of Sales	23,384,240	165,959	0.7%	-	0.0%
Gross Profit	8,532,050	0,883	0.5%	-	0.0%
Income Before Tax	4,098,175	38,978	1.0%	(88)	0.0%
Net Income	3,473,612	27,143	0.8%	(88)	0.0%

in thousands	DMPL Group (in USD)	DMPL Group (PHP)	% of DMPI Consolidated to DMPL Group
Revenue	2,128,343	109,226,563	29.2%
Cost of Sales	1,676,186	86,021,866	27.2%
Gross Profit	452,157	23,204,697	36.8%
Income Before Tax	(64,654)	(3,318,043)	-123.5%
Net Income	(93,830)	(4,815,356)	-72.1%

Forex	51.32

Recent Developments

In January 2020, DMPL, CARI, DMPI, and SEA Diner entered into a share purchase agreement for the purchase by SEA Diner of CARI's 363,651,600 common shares of DMPI representing 13% of total issued and outstanding common shares in DMPI, subject to the fulfillment of certain conditions precedent. The aggregate consideration for the Private Placement this transaction was originally U.S.$130 Million.

On 30 April 2020, DMPL, CARI, DMPI, and SEA Diner entered into a supplemental agreement decreasing the number of sold shares to 335,678,400 common shares of DMPI representing 12% of the total number of issued and paid-up common shares in DMPI.

The final aggregate consideration for the Private Placement sale by CARI of 12% of total issued and outstanding shares in DMPI to SEA Diner ("**Private Placement**") was U.S.$120 Million. The other material terms of the Private Placement include:

Right to Convert into redeemable convertible preferred shares ("**RCPS**")	Following completion of the Private Placement, the shares purchased will be convertible into RCPS.
Dividend	SEA Diner's right to participate in dividends is on an as-converted basis, that is, if ordinary shareholders are entitled to dividends, then the RCPS holders will correspondingly be entitled to dividends on an as-converted basis.
Voting	SEA Diner, 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.
Transferability	The RCPS will be subject to certain transfer restrictions, such as the right of first refusal of CARI, but affiliates of SEA Diner shall be permitted transferees.
Conversion	SEA Diner, as long as it holds RCPS, may, at any time, exercise its right to convert the RCPS into common shares of DMPI. Conversion of RCPS into common shares of DMPI is at a ratio of one RCPS : one ordinary share of DMPI.
Exit	The RCPS shall automatically be converted into common shares of DMPI, on the occurrence of either an initial public offering or a trade or private sale of the DMPI shares covered by the Private Placement.
Redemption	If there is no liquidity event (IPO or trade sale) after five years from the closing of the Private Placement, the RCPS shall be redeemed at the redemption price, which is an amount paid on the RCPS plus

	an 8% rate of return (compounded on a per annum basis) calculated from the closing of the Private Placement up to the date of redemption. The right to redeem in the event there is no liquidity event after five (5) years from 20 May 2020 (the Completion Date) is subject to the mutual consent of both DMPI and SEA Diner. If DMPI does not consent to the RCPS holder's written redemption request, the 8% rate of return per annum shall 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. However, if an agreed default event occurs, SEA Diner may, by written notice to the Company, require the Company to redeem any or all of the RCPS held by SEA Diner at the agreed default redemption amount without prejudice to all other rights or remedies available to such holder of the RCPS. The right to redeem for certain default events is subject to the mutual consent of both DMPI and SEA Diner. If DMPI does not consent to the RCPS holder's written redemption request, the internal rate of return comprising the Default Redemption Amount shall 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. Under the original agreement, dividends declared pursuant to the RCPS were to be credited for the purpose of calculating the redemption amount. Under the 30 April 2020 supplemental agreement, the parties have agreed that any dividend received by SEA Diner from DMPI (other than the dividends in respect of the financial year ended 30 April 2020) will no longer be credited for the purpose of calculating the redemption amount.
Share Adjustment	There is also a share adjustment mechanism in the event that DMPL does not meet the forecasted net income of DMPI for the financial year ended 30 April 2021 numbers agreed with SEA Diner. Accordingly, additional DMPI shares (up to a maximum cap of 1.33% of the total issued share capital of DMPI as diluted by this adjustment) may be issued by DMPI to SEA Diner in accordance with the Private Placement agreement.
Call Option	SEA Diner shall also be entitled to a call option which gives it the right to buy from CARI additional DMPI shares of up to 41,959,800 DMPI shares. The option is held by the minority shareholder, SEA Diner and not by any of its director or executive officers. The Call Option is exercisable within the Option Period. "Option Period" means the period, (A) commencing on: (i) in the event where an IPO of DMPI is consummated on or before 30 April 2022, and: (a) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market

	capitalisation of US$2,000,000,000 or lower, the date on which such IPO of DMPI is consummated; or (b) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalisation of more than US$2,000,000,000 and following such IPO, the Investor 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 Investor 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 Proposed Sale; (ii) the date falling five (5) years after the consummation of an IPO of DMPI; and (iii) the date on which the Investor receives an amount in respect of a redemption of its DMPI shares pursuant to the Agreement that provides the Investor with a rate of return of no less than eight (8) per cent.

For a more detailed discussion on the authorized capital stock of the Company, please refer to the discussion under the section "*Capitalization and Indebtedness*" starting on page 122 of this Prospectus.

First Quarter Update

The information contained in this section of the Prospectus are derived from the Company's unaudited financial statements for the three-month period ended 31 July 2020.

For the first quarter ended 31 July 2020, DMPI generated Php 7.4 billion of consolidated revenues, in line with the previous year, of which 66% were from sales in the Philippines, and 34% were from sales to international markets. Sales in the Philippine market grew by 18% offsetting the lower export sales of fresh pineapples due to Covid-related demand and logistics issues in North Asia.

Operating income of the Company for the quarter was Php1.351.66 billion, 27% higher than the previous year while the Company's consolidated net income was Php940.33 million, which was in line with the previous year's.

in millions PHP	2021 Q1	2020 Q1	Index
Revenue	7,398.02	7,400.22	100.0

Cost of Sales	5,201.84	5,419.95	96.0
Gross Profit	2,196.18	1,980.28	110.9
Operating Income	1,351.66	1,064.58	127.0
Income Before Tax	1,205.89	1,108.92	108.7
Net Income	940.33	942.10	99.8

Sales by Geography

DMPI has operated an extensive distribution network in the Philippines utilizing general trade (56% of local sales), modern trade (36%), foodservice (5%), and convenience stores and emerging channels (3%). In addition, the Company has employed its own sales force to manage key accounts comprising modern trade establishments such as major supermarkets. DMPI's products are thus available in every major city in the Philippines.

Philippine Market

The following table sets forth DMPI's Philippine Market revenues broken down by sales channels.

Fiscal Year (1st Quarter)					
(₱ million, except %)	**2021 Q1**	**% of Revenue**	**2020 Q1**	**% of Revenue**	**Index**
Grocery / Retail	4,301	95	3,264	85	132
Food Service	223	5	571	15	39
Total	4,524	100.0	3,835	100	118

The Philippines market sales continued to reflect a robust performance, with 18.0% sales increase in peso terms. Growth was driven by higher volume, favorable sales mix and a stronger Philippine peso compared to the US dollars. Faster revenue growth was seen across all categories, especially with respect to flagship DEL MONTE brand products, DEL MONTE Spaghetti Sauce, DEL MONTE Tomato Sauce, DEL MONTE Quick 'n Easy Meal Mixes and DEL MONTE 100% Pineapple Juice. The relevance of these iconic Del Monte brand products was magnified in a pandemic environment where consumers turned to healthy food and cooked more meals at home. Hence consumption of products like DEL MONTE Tomato

Sauce was reinvigorated by highlighting their value propositions during these times especially to young and not so young moms who serve family meals.

Strong performance in the Philippines was driven by retail channel sales, which surged by 31.7%. On the other hand, the foodservice channel which accounted for 15% of sales before the pandemic, had seen a shift in focus by the DMPI to e-commerce and community delivery services, partially recouping declines caused by restaurant shutdowns during lockdown. Even as DMPI's foodservice business rebuilds with the re-opening of malls, DMPI has moved to further reinforce its online distribution fully cognizant of a future increasingly reliant on e-commerce.

In July, DMPI entered the Dairy segment and successfully launched a new fruit yoghurt milk drink, Mr. Milk, across retail channels nationwide.

International Market

The following table sets forth DMPI's revenues contributed by export sales, broken down by major market for the periods indicated:

Fiscal Year (1st Quarter)					
(₱ million, except %)	**2021 Q1**	**% of Revenue**	**2020 Q1**	**% of Revenue**	**Index**
Asia and Middle East	1,541.2	65.2	2,022.8	71.4	76.2
Americas	613.7	26.0	447.8	15.8	137.0
Europe	208.7	8.8	360.6	12.7	57.9
Total	2,363.6	100.0	2,831.2	100	83.5

Sales of the S&W branded products declined by 30 % in the first quarter where sales of shelf-stable packaged products such as canned pineapples, mixed fruits, beans and other products increased but sales of fresh pineapples in China decreased. Fresh pineapples sold through the foodservice channel - restaurants, hotels and airlines – were impacted although there had been some improvements at the end of the first quarter. With these improvements, the Group expects its export sales of fresh pineapples to recover in the remainder of the fiscal year.

Majority of DMPI's export sales have been to Asia and the Middle East. However, export sales to these countries had been lower than last year even as DMPI's shipment volumes to China had progressively increased in the last few months. Asia Pacific (outside Philippines) accounted for 21% of the Company's total FY2021 first quarter sales revenues.

Below are the respective percentage contribution of sales to America, Europe and Asia Pacific to DMPI's total sales revenues:

% of Total DMPI NSV	Asia Pacific	America	Europe
2021 1st Quarter	21%	8%	3%
2020 1st Quarter	27%	5%	6%

Sales by Category

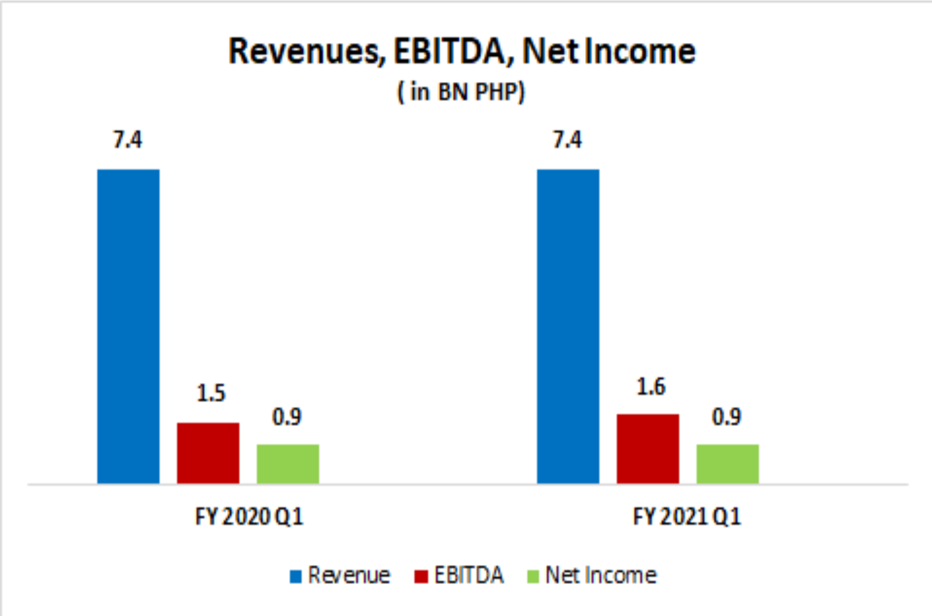
The Culinary segment outperformed relative to the previous year with an increase of 21.2% driven by Spaghetti Sauce and Pasta, brought about by the rise in home cooking. Packaged Fruit grew by 14.0% which contributed to 25.6% of total revenues. Additionally, Beverages grew at 9.7% led by 100% Pineapple Juice. However, Fresh Fruit declined by 33.8% due to Covid impact in North Asia but has continued to recover.

(₱ million, except %)	2021 Q1	% of Revenue	2020 Q1	% of Revenue	Index
Beverage	2,108.8	28.5	1,922.6	26.0	109.7
Packaged Fruits	1,892.2	25.6	1,659.7	22.4	114.0
Culinary	1,592.0	21.5	1,313.7	17.8	121.2
Fresh Fruit and Others	1,365.9	18.5	1,821.8	24.6	75.0
IAS	439.1	5.9	682.3	9.2	64.4
Total	7,398.0	100.0	7,400.2	100.0	100.0

Revenues, Gross Margin, EBITDA and Net Income

For the first quarters ended 31 July 2020 and 31 July 2019, DMPI had consolidated net income of ₱940.3 million and ₱942.1 million, respectively. This clearly shows the Company's stable business and resiliency even during a pandemic.

EBITDA (earnings before interest, taxes, depreciation and amortization excluding depreciation for bearer plants) was higher at Php1.6 billion, compared to last year's EBITDA of Php1.5 billion.



Gross Margin and EBIT Improvement

Gross margin improved by 2.9 % from 26.7% in Q1 FY2020 to 29.7% in Q1 FY2021. This was driven by favorable sales mix in the Philippine market and lower costs of major raw and packaging materials such as tomato paste and tinplate. Additionally, with the assignment of trademarks to the DMPI Group, the DMPI Group will no longer incur royalty expense for these trademarks resulting to a reduction in royalty expense of Php 104 million compared to first quarter last year.

Results Of Operations

Three-month Period Ended 31 July 2020 Compared to Three-month Period Ended 31 July 2019

	Three-month period ended 31 July				
(₱ in millions, except %)	**2020**	**% of Revenue**	**2019**	**% of Revenue**	**% Change**
Revenues	7,398.0	100.0	7,400.2	100.0	0.0
Cost of Sales	(5,201.8)	70.3	(5,419.9)	73.2	(4.0)
Gross Income	2,196.2	29.7	1,980.3	26.8	10.9
Distribution & Selling Expenses	(660.6)	8.9	(681.8)	9.2	(3.1)
General & Administrative Expenses	(192.4)	2.6	(231.2)	3.1	(16.8)
Financial Cost	(200.4)	2.7	(148.3)	2.0	35.1
Foreign Currency Exchange Gains – net	49.2	0.7	186.2	2.5	(73.6)
Interest Income	5.4	0.1	6.5	0.1	(16.9)

Other Income	32.9	0.4	26.9	0.4	22.3
Other Expense	(24.4)	0.3	(29.6)	0.4	(17.6)
Income Before Income Tax	1,205.9	16.3	1,109.0	15.0	8.7
Income Tax Expense	(265.6)	3.6	(166.8)	2.3	59.2
Net Income	940.3	12.7	942.2	12.7	(0.2)

Competitive Strengths

The Company believes that its competitive strengths are as follows:

Trusted, iconic food & beverage heritage brands known for quality

DMPI leverages its three heritage brands, *Del Monte, S&W* and *Contadina*, which all have more than 100 years heritage. For generations, consumers have trusted and enjoyed the Company's premium quality branded products: *Del Monte* originated in the USA in 1886, *S&W* in 1896, and *Contadina* in 1914. DMPI has proudly earned its reputation with a singular dedication to quality and, as a testament to this, the *Del Monte* logo puts 'Quality' at the center of its brand promise. The brand's seal is 'not a label - but a guarantee'. The iconic *Del Monte* brand has gained popularity among Filipino households for quality pineapple and mixed fruit products, tomato sauce, spaghetti sauces, ketchup and other culinary products as well as fruit-based beverages including 100% pineapple juice. A new line of premium products with pasta, pasta sauces, and olive oil under the *Contadina* brand was launched in the Philippines in 2016 to supplement the *Del Monte* offering, in recognition of rising affluence in the market.

The *Del Monte* brand has significant versatility, as various product categories can all be marketed under the *Del Monte* name – from canned fruit to juices, to sauces, to pasta, and to condiments, among others. The Company derives competitive advantages of being able to use the *Del Monte* brand across multiple products, in particular around advertising as the Company believes that advertising one specific *Del Monte* product has a halo effect on other *Del Monte* branded product categories including new products and product lines.

The Company enjoys market leadership positions in the Philippines, and its brands are well-positioned to benefit from both favorable macroeconomic and demographic trends, as well as the new COVID environment.

With operations starting in 1926, *Del Monte* has a long history in the Philippines and is a household name with a strong following. DMPI is a market leader in the Philippines in canned pineapples, canned mixed fruits, RTD juices (excluding doy/foil packs), tomato sauce and spaghetti sauce categories (*Source: Nielsen Retail Index, 12 months ending April 2020). Del Monte* has a strong brand equity and customer loyalty, resulting in repeat purchases and brand loyalty.

Product	Market Share in the Philippines (Based on Volume)	Product Photos

Canned pineapple	86.7% (#1)	
Canned mixed fruit	71.4% (#1) *(Del Monte Fiesta and Today's)*	
RTD juices, excluding doy/foil packs	38.9% (#1) *(Del Monte Pineapple Juice, Del Monte Juice Drinks, and Tipco)*	
Tomato sauce	84.3% (#1)	
Spaghetti sauce	38.7% (#1) *(Del Monte, Contadina, and Today's)*	

Source: Nielsen Retail Index, 12 months ending April 2020

As a market leader, the Company is ideally positioned to benefit from favorable consumer trends resulting from the strong GDP growth experienced by the Philippines. The Philippine economy has been enjoying continuous growth for several years now. At least for the past three years, the Philippine gross domestic product grew by 6.7%, 6.2% and 5.9% in 2017, 2018 and 2019 respectively (*Source: IMF Database*). The growth of the food and beverage industry in which the Company operates is directly driven by the increase in disposable income that Filipino consumers are enjoying as a result of this sustained period of Philippine economic growth. Also, the population of the Philippines is currently at 101.6 million *(Source: World Bank & Philippine Statistics Authority*), and the 12th largest globally. Since 2015, the Philippines has entered the 'demographic window' with 70 percent of the population being of working age, with a current median age of 23.4 years *(Source: World Bank & Philippine Statistics Authority*). The Company believes that this demographic situation translates to more consumers for its products.

Benefits in a COVID-environment

The Company believes that it is well positioned to win with consumers in a COVID-environment. Despite an economic dip in the first quarter of 2020 due to Enhanced Quarantine measures, Del Monte saw further acceleration of growth across all categories, most especially behind flagship Del Monte brands of 100% Pineapple Juice, Spaghetti Sauce and Tomato Sauce. The relevance and imagery of these iconic Del Monte brands became magnified in a COVID-environment where consumers became most concerned with health, and shifted to home cooking. Digital communications highlighted product quality and taste, health and immunity (100% Pineapple Juice ACE) and meal preparation and planning (Del Monte Kitchenomics), and sustained the growth even as the COVID lockdown ends.

Benefits from increased focus of consumers on health and wellness due to fruit-based company products and culture of innovation

The Company believes that the *Del Monte* portfolio of packaged fruits, juices and culinary products have been synonymous with healthy products. As consumers' increasingly focus on healthy eating and wellness, the Company believes it is ideally positioned to benefit from this secular consumption trend.

DMPI has launched a slew of new products using innovative technologies in ingredients, packaging and processes in the past ten years. Health and wellness has been the anchor for new product introductions, with the consumers' health needs in mind. Finding solutions to address emerging health issues has led to a host of innovative products that offer clinically-proven benefits: including weight and body fat management, cholesterol reduction, and bone health enhancement.

The Company's beverage portfolio in the Philippines includes health and wellness products such as *100% Pineapple Juice Heart Smart with Reducol™*, a special blend of plant sterols and stanols that help lower bad cholesterol; and *100% Pineapple Juice Bone Smart™*, a calcium-fortified juice that has twice the level of calcium than a glass of milk, designed to provide the same benefit to lactose-intolerant consumers. It also includes a range of *Del Monte Fit 'n Right Juice Drinks* with Green Coffee Extract and L-Carnitine proven to result in body fat reduction with diet and exercise.

A study commissioned by the DMPI Research and Development Group established that consumption of a small can of *Del Monte Pineapple Tidbits* a day could boost the body's first line of defense against infection. In order to make the product more accessible daily for consumers, a low-cash outlay pack format for Del Monte Pineapple Tidbits was launched.

The Company's portfolio of products that offer healthier choices has expanded: *100% Pineapple Juice* fortified with vitamins A, C & E, *100% Fiber-Enriched Pineapple Juice*, Lycopene-rich tomato sauces and ketchup, no-MSG culinary sauces and cooking aids. The health benefits claimed by the Company are supported by third party clinical studies commissioned by the Company.

The Company derives competitive advantages from its vertically integrated pineapple-based operations and from its scale

DMPI believes that it operates one of the world's largest fully-integrated pineapple operations which allows it to have oversight and exert control in each stage of the product life cycle, from cultivation to distribution of pineapple products. DMPI operates an approximately 26,000-hectare pineapple plantation in the Philippines with planting and harvesting nearly year-round, a cannery located within an hour's drive from the plantation that can process harvested fruit within the same day assuring freshness, and a state-of-the-art fresh packing house and cold storage facility for fresh fruit.

The Company believes having control over the full production cycle is necessary for it to control the quality of its products. In addition, the Company derives economic benefits from its scale which, the Company believes allows it to obtain competitive pricing from its suppliers and optimize its production costs and fixed cost base.

For certain pineapples which are not produced by DMPI directly, DMPI maintains long-term supply contracts with the farmers to ensure a stable supply of fruits for the Company's production and distribution chain. DMPI also has several toll packers for its products such as tomato sauce, spaghetti sauce and other sauces in "Stand-Up Pouch" format, ketchup in glass bottles, particulate beverages in cartons, 202 mL cans, pasta in plastic wrappers, and other packaged products in its portfolio under the *S&W* brand.

Strong logistics and supply chain management in complex geographies and markets

DMPI has developed a robust logistics and supply chain system that combines in-house and outsourced resources allowing it to optimize its operations and address the logistical challenges associated with the complex geography of the Philippine archipelago. The Company's supply chain allows it in particular to address its end markets' demands, and distribute its pineapple products throughout the country from its main production site in Mindanao, as well as its tomato-based/culinary products and other beverages from its own beverage factory in Laguna and its network of outsourced/toll manufacturers.

DMPI's supply chain and logistics solutions for its complex business and markets have developed and evolved through the years. These solutions include DMPI's Mindanao distribution center and warehouse that was designed to integrate the storage and handling of processed pineapple products for both domestic and export markets as well as key raw materials used in production. In addition, to serve the Visayas needs of the Philippine market, DMPI now has an Iloilo distribution center. And by fiscal year 2022, two (2) new distribution centers, one in Laguna and one in Bulacan, will be operational, replacing the old facility in Pasig. These will serve the Manila and Luzon distribution needs of the Philippine Market. The integrated structure and operations allow for optimal resource utilization. All the distribution centers and warehouses can handle both containerized and truck-laden movement of goods. In addition, DMPI has long standing relationships with various entities in the Philippines which service DMPI's logistics needs across several urban clusters across islands. The Company believes that its logistics chain is not easy to replicate.

DMPI believes that its efficient and integrated supply chain and distribution logistics system gives it the flexibility to take advantage of changes in product supply and demand as a result of market conditions and consumer preferences.

Nationwide market penetration through multi-channel direct and indirect distribution network for both the modern and traditional retail channels as well as the food service industry

DMPI operates and manages an extensive distribution network in the Philippines utilizing general trade (49% of sales), modern trade (34% of sales), foodservice (12% of sales), and convenience and emerging channel (5% of sales) channels. For general trade, DMPI works with non-exclusive distributors nationwide to service the Philippines' major regional supermarkets, major drugstores, as well as second-tier and third-tier outlets. Second-tier outlets comprise smaller supermarkets, regional-based wholesalers, grocery stores, and convenience stores. Third-tier outlets include "sari-sari" variety stores and public markets. DMPI's network of distributors have the logistic capacity to cover the entire Philippines and warehouses strategically located around the country.

DMPI directly sells to modern trade accounts or major national supermarkets (such as *SM supermarkets, Puregold, Robinsons* and *Rustan's supermarkets*) and major national wholesalers such as *Suy Sing* and *Ultra Mega*.

By dealing with distributors for second-tier and third-tier accounts, DMPI is able to penetrate the Philippine market more deeply, reach more households, and position itself for more growth. By using direct sales only for servicing key accounts, DMPI is able to optimize its resources and avoid the administrative burden of dealing with a large number of retailers.

DMPI also sells to the rapidly growing food service accounts in the Philippines which include convenience store chains like *7-Eleven*, *Family Mart*, and restaurants like full service and quick service chains, cafes and bars, and catering services.

DMPI has long-term relationships with its customers, including the SM group, Puregold, the Robinsons group, the Jollibee group, McDonald's and 7-Eleven, among others, in the Philippines, while its affiliate and long-term customer, S&W Fine Foods, has ongoing business relationships with *Shinsegae, Goodfarmer* and *NTUC FairPrice,* among others, in the rest of Asia.

The DMPL Group has also started selling products, mostly supplied by DMPI, in e-commerce channels, *i.e., Amazon Japan, Tmall, JD and Pinduoduo China, Homeplus, Emart PK and Shinsegae Korea,* and *Redmart Singapore*, among others, and has also utilized social media in promoting its products and campaigns.

Active cost management

The Company conducts regular reviews and sets annual goals for its productivity and cost efficiency programs to ensure that it stays competitive.

Past initiatives that helped improve the Company's operations and resulted in cost savings include: (i) working with can suppliers to change their manufacturing practice; (ii) changing terms of sale with a supplier in China, resulting in a reduction in ocean freight expenses annually; (iii) reducing size of packaging on pasta sauce; (iv) utilizing lean techniques to generate numerous continuous improvement projects to keep fixed costs flat year on year; and (v) implementing labor management systems in distribution centers which yielded an improvement in handling productivity.

Strong shareholder support, experienced management team and being part of the DMPL Group offers opportunities for global expansion

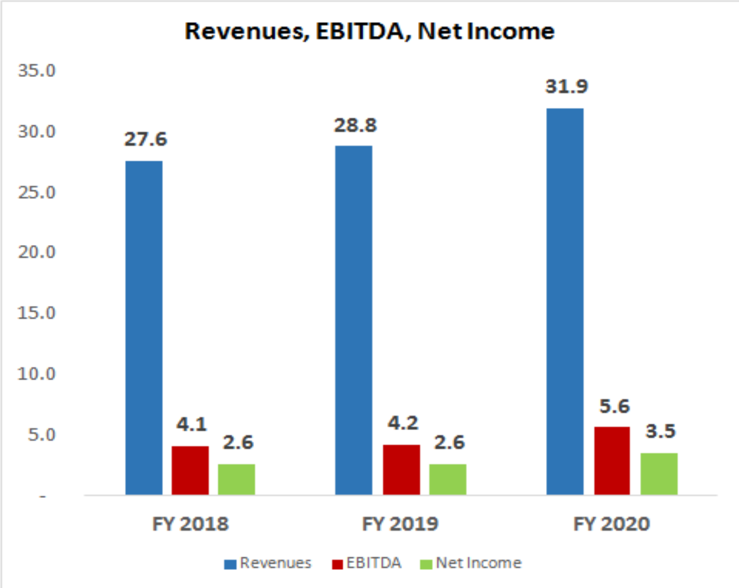
DMPI is owned by DMPL, which is dual-listed on the SGX-ST and the PSE. DMPL is majority owned by the Campos family of the Philippines. The Campos family has shown strong support in the businesses they own, such as NutriAsia, Inc. which is the largest condiments company in the Philippines. The family has supported significant capital expenditure investments and continued expansion of DMPI's business.

The Company is led by an experienced and dedicated management team with a proven track record of success. The President and COO of DMPI have over 35 years of experience, each hailing from reputable and successful consumer companies. The management of the Company is highly experienced in their fields and in their markets, and is well-accustomed to their operating environment. The Company believes that its strong core management team will continue to drive the Company's future growth through new products, new markets, cost management and efficiency programs, among others.

The Company derives significant operational benefits from being part of the DMPL Group which includes DMFI in the U.S., FieldFresh in India, and S&W Fine Foods which is establishing its footprint in numerous other countries in Europe, Asia and the Middle East. The DMPL Group is trusted for its high quality products and there is significant room to expand existing markets and penetrate new ones. There is also opportunity for cross-selling into, and research and development partnerships with, DMPI's affiliate companies' territories, *i.e.*, in the United States through DMFI and in the Indian subcontinent through FieldFresh.

Strong financial record with profitable growth

For the years ended 30 April 2020 and 30 April 2019 and 30 April 2018, DMPI had consolidated revenues of ₱31.9 billion, ₱28.8 billion and ₱27.6 billion, respectively, and consolidated net income of ₱3.5 billion, ₱2.6 billion and ₱2.6 billion, respectively. This represents a revenue growth of 11.0% and 4.3% in fiscal 2020 and 2019, respectively and and an increase in net income margin from 9.3% and 9.0% to 10.9% over the three fiscal years 2018 to 2020. EBITDA is earnings before interest, taxes, depreciation and amortization (excluding depreciation for bearer plants and right of use assets).



Strong sustainability program

At DMPI, sustainability is not just a business strategy but a way of life. DMPI stands by its commitment to grow its business in a manner that sustains a healthy balance among diverse interests of all stakeholders – employees and their families, business partners, customers and host communities. The Company develops long-range goals on health and safety, environment (renewable energy, reduction in greenhouse gas emissions, climate change, water stewardship), supply chain and sourcing, employee engagement and corporate social responsibility.

DMPI's office in Manila was awarded a LEED (Leadership in Energy and Environmental Design) Silver certification in 2016 by the U.S. Green Building Council (USGBC). The building has environment-friendly features on energy efficiency, water reduction, waste management and health and safety features. DMPL, DMPI's ultimate parent company, was honored as a finalist for Asia's Best First Time Sustainability Report at the 4th Asia Sustainability Reporting Awards (ASRA) on 6 March 2019 in Singapore. The Report highlighted DMPI's sustainability framework. ASRA is the highest recognition for corporate reporting in the region. The judges sifted through nearly 400 entries received from 16 countries for 17 award categories to select the finalists.

Sustainability enhances a company's reputation and increases its competitive advantage, while increasing productivity and reducing costs. Investments in sustainable projects can streamline processes to conserve resources. Sustainability also attracts investors and potential employees who place an importance on sustainability. An example of the Company's sustainability projects is its wastewater-to-energy plant. As the Company's cannery expanded production, it approached the capacity limits of its environment protection facilities. At the same time, the Company faced increased energy costs due to power shortages in the Mindanao region. The Company sought a long-term solution that would not only address a potential environmental regulation compliance issue but also generate savings as a low cost source of power. DMPI undertook a renewable energy project through a wastewater-to-energy plant that produces bio-gas using wastewater from the cannery. The wastewater-to-energy plant has enabled the Company to effectively treat its waste and convert the same to usable energy. Furthermore, the effluent from cleansed water discharged at coastal areas remains at low levels and within the standards mandated by Philippine regulations.

The Company contributes to the upliftment of the quality of life of communities where it operates. Its business directly and indirectly supports the livelihood of at least 20,000 residents, including those of fruit growers, truckers, harvesters and maintenance crews. In partnership with the Company, the Del Monte Foundation spearheads community projects as the Company expands its reach. The Foundation has served communities through scholarships and education, capacity-building, home care, community health, youth development and other programs.

Key Strategies

DMPI's overall vision is "*Nourishing families. Enriching lives. Every day.*"

We nourish families by providing delicious food and beverages that make eating healthfully effortless – anytime and anywhere. We build brands with quality products that are perfectly wholesome and thoughtfully prepared.

The Company's strategies and initiatives support the realization of this vision.

Strengthen consumer loyalty behind the core Philippines business, by investing in brand equity, product renovations, and integrated marketing communications.

DMPI intends to maintain or grow its market leadership positions in the categories of packaged pineapple, mixed fruits, Ready-To-Drink beverages in cartons and cans, tomato sauce and spaghetti sauce in the Philippines. The Company intends to continue to expand consumer penetration and consumption frequency behind these market leader brands, through integrated marketing campaigns and promotions. Historically, the company has invested approximately 3.2% of its revenues annually on communications on multi-media platforms (both traditional and digital).

Marketing communications and product renovations are focused on delivering healthy, nourishing, high quality products to consumers. Over the years, DMPI has successfully launched programs behind health, such as highlighting the benefits of pineapple juices (Vitamins A-C-E for immunity building; Tomato Sauce with Lycopene). The Company also continues to renovate its core brands with added functional benefits that are relevant to specific market segments, such as *Del Monte 100% Pineapple Juice – Fiber Enriched* (for daily detoxification, primarily for young adults) and *Del Monte 100% Pineapple Juice – Heart Smart* with Reducol (for cholesterol control among older adults).

On top of this, DMPI runs a successful recipe consumer program in the Philippines called *Del Monte Kitchenomics (DMK)*, intended to encourage increased usage of Del Monte culinary and fruit products either through everyday dishes (e.g. *adobo* with pineapple; fish *escabeche* with tomato sauce), or through cooking education and recipe support. *DMK* started more than 30 years ago as a mailer program, and has since evolved to a 3-million user base community present across Facebook, YouTube, and the *lifegetsbetter.ph* website. Regular engagement with the community provide consumers with weekly meal plans and recipes to inspire increased use of Del Monte products, as well as culinary tips to improve cooking skills overall. Most recently, *DMK* has also begun integration to e-commerce, to enable consumers to easily and immediately convert recipe awareness to purchase.

Invest in product innovation and new category launches, targeting health-focused categories for the Company's products, with heavy focus on Research & Development.

The Company has successfully introduced product innovations beyond the core, enabled by enhanced capability and sustained investment behind product research and development (investment of 0.42%, 0.38% and 0.51% of its annual revenues in fiscal year 2020, 2019 and 2018, respectively). These has resulted in products including: *Fit 'n Right, with L-Carnitine and sugar-blocking GCE* for weight management; *Heart*

Smart with Reducol™ for cholesterol reduction, and *Bone Smart* with Aquamin™ that provides twice the level of calcium of a glass of milk for lactose-intolerant consumers.

The Company has created a new role overseeing a new Innovations Group. Eileen Manuel-Asuncion, who has been with DMPI for 25 years and until recently was Marketing Head, has assumed this new role as Group Head, Innovation and New Products. The mandate for the team is to drive a more agile process for qualifying innovations that cover new technologies, non-core categories, emerging health concerns, as well as strategic projects including those related to sustainability. Fiscal year 2020 was a period of regrouping and development for the team. The first tranche of new products is expected to be launched within the first half of FY2021.

New packaging formats to attract new target markets

In order to increase penetration of its well-loved products, the Company recognizes the need for more accessible options for a broader range of consumers. Packaging formats and innovations are a key enabler, providing lower cash outlay options for the mass market. Del Monte was the first in the Philippines to introduce *Del Monte Pineapple Tidbits and Chunks* in Stand Up Pouches, and the Del Monte Ketchup range in spout pouches. These packaging alternatives provide over at least a 20% discount compared to traditional cans and glass bottles, and enable deeper distribution up to neighbourhood mom-and-pop stores (*sari-sari stores*), which act as expanded pantries and where cash outlay is a key consideration.

The Company intends to continue to innovate in the field of packaging as part of its strategy to target new segments as well as to revitalize existing markets and target segments.

Expand the Company's fresh pineapple production

The Company recognizes growing consumer demand for fresh produce and has been expanding its fresh pineapple production and business to increase its share in this growing market. For this purpose, the Company has been increasing its hectarage for fresh pineapples and has been gearing towards increased capacities of its fresh pineapple packing houses.

Continue to expand in the international market

The international market comprised 39.0% of DMPI revenues in FY2020, which include the U.S. and the markets of *S&W* branded business in North Asia, Southeast Asia, Middle East and the Americas. DMPI intends to continue expanding its business in Asia and the Middle East as it exports through its affiliate, S&W Fine Foods, more of the sought-after fresh pineapple under the *S&W* brand, packaged pineapple and mixed fruit, and enter new markets.

In addition to the new product development, the Company also develops and accesses new innovative technologies, such as *Nice Fruit's* technology that allows fruit to be frozen without losing freshness. Nice Fruit frozen pineapple products produced in the Philippines are being sold in the USA, Japan, Hong Kong, China and South Korea.

DMPI currently exports its Filipino sauces and juices in cartons to the United States. The Company plans to increase these cross-selling efforts between the *Del Monte* group various operations.

With the advent of e-commerce and digital business, DMPI sells its products through affiliate, S&W Fine Foods, through e-commerce channels outside the Philippines, for example via *Amazon Japan, Tmall, JD and Pinduoduo China, Homeplus, Emart PK* and *Shinsegae Korea,* and *Redmart Singapore.* It expects e-commerce sales to grow steadily in the coming years.

Maintain the Company's culture of operational and commercial excellence, and sustainability

One of the Company's core values is '*Excellence in Everything We Do*' and as such, Management ensures that the Company works towards operational and commercial excellence across the entire operations: pineapple plantation, cannery, PET plant, toll packers, supply chain, logistics, research and development, brand management, category portfolio management, sales and distribution, IT, finance, legal, human resource and sustainability.

The Company is vigilant in achieving cost leadership, improving productivity and efficiency, and continuously improving processes and systems. Some of the cost reduction initiatives include joint procurement with affiliates, outsourcing of IT and transaction processing functions, reducing wastage, and zero-based budgeting.

DMPI has been a champion of sustainability for many years and stands by its commitment to grow its business in a manner that sustains a healthy balance among diverse interests of all stakeholders (including employees and their families, business partners, customers and host communities), as well as sustaining the environment.

PRODUCTS

DMPI's four main product categories are Packaged Fruit (comprising 26.6% of the Company's revenues in fiscal year 2020), Beverage (comprising 24.9% of the Company's revenues in fiscal year 2020), Culinary (comprising 20.2% of the Company's revenues in fiscal year 2020) and Fresh Fruit and Others, including revaluation of biological assets (comprising 28.3% of the Company's revenues in fiscal year 2020). Packaged Fruit comprises processed pineapples and tropical mixed fruits. Beverage includes 100% pineapple juice, juice drinks in various flavors, and pineapple juice concentrate, while Culinary includes tomato sauce, spaghetti sauce, ketchup, meal mixes, condiments and pasta.

OPERATIONS

Administrative Offices

DMPI's Philippine market management and other corporate support functions are located at its offices in Bonifacio Global City, Taguig City. Other functions relating to the Mindanao cannery and plantation operations are carried out respectively at DMPI's offices in Bugo, Cagayan de Oro City and Camp Phillips, Bukidnon, both in northern Mindanao.

The Cannery and Processing Facility

DMPI operates what it believes to be one of the world's largest pineapple processing and canning facilities. DMPI's cannery occupies approximately 27 hectares of land, of which approximately 16 hectares are owned by DMPI while the rest of the land is leased. As of 30 June 2020, 1,909 regular employees are employed at the cannery. The cannery has a current capacity to process approximately 700,000 tonnes of pineapples per annum, representing more than half of the approximate total processed pineapple output of the Philippines. The cannery processed approximately 510,600 tons of pineapple during the previous fiscal year that ended on 30 April 2020.

The cannery has a storage capacity of eight weeks' supply of tin plates, two weeks' supply of tin cans and four weeks' supply of finished goods. The cannery also has its own twin deep-water dock by which it is able to accept direct shipments of tinplate, raw materials, and cattle.

The cannery processes all the plantation's pineapples that are not sold fresh. In addition to pineapple, the cannery receives papaya from DMPI's plantation and contract growers, and procures other raw materials for the production of various products including pineapple slices and cutpacks, mixed fruits, concentrates, and beverages, most of which are sold under the *Del Monte* brand.

DMPI maintains guidelines for quality control and assurance over the output of its plantation, fresh fruit packing houses, manufacturing facility for frozen pineapple, not-from-concentrate juice, and canned plastic, SUP, Tetra, and bulk packages in Mindanao and the Cabuyao plant. This strict adherence to product excellence is emphasized by DMPI's management to all employees through regular training, and by utilizing modern equipment and processing techniques in the food industry. DMPI conforms to worldwide food standards, such as the United States' Department of Agriculture Standards for Pineapple, BRC (British Retail Consortium), FSSC 22000 (Food Safety System Certification), SGF (EU Juice Industry), ISO 9000 (Quality Management System), ISO 17025 (Good Laboratory Practice) and religious certification standards for Halal and Kosher foods.

In compliance with regulatory standards, DMPI also sends samples to third party accredited laboratories in the United States, Europe and within the Philippines for testing for pesticide residue, authenticity and other chemical and microbiological analyses.

The auditors of DMPI's major international customers visit the Mindanao manufacturing facility on one or more occasions each year to inspect for quality and conduct social and compliance audits. The Food and Drug Administration ("**FDA**") of the Philippines, Korean FDA, and US FDA also conducts annual as well as ad hoc inspections of the cannery and DMPI's warehouses to ensure compliance with good manufacturing and sanitation regulations.

Throughout the production stages, DMPI complies with stringent hygiene and safety guidelines so as to minimize accidents in the workplace. DMPI maintains an occupational safety and health and hygiene program, as well as programs for industrial hazard and fire control. There have been no material safety incidents or issues to date.

Production Process at the Cannery

The cannery operates a 5-line can manufacturing plant, 30 pineapple packing lines, 7 canning lines for pineapple slices and cutpacks, 4 canning lines for mixed fruits, 3 canning lines for crushed pineapple, 5 canning lines and 1 Tetra Pak line for juices and drinks, 2 SUP lines for pineapple tidbits and chunks, 3 plastic cup lines, 3 evaporators and 2 aseptic lines for pineapple juice concentrate and fruit syrup production, 2 aseptic lines for crushed pineapple and pineapple bits, 14 packaging lines, normal and cold storage facilities, and deep-water docking facilities for cargo ships which bring in tinplate and raw materials.

Upon arrival from the plantation, pineapples are unloaded from trucks into a flume, washed and then graded and transported and distributed by conveyor belts to de-skinning and de-coring machines (known as a "ginacas"). They are then sliced, sorted and packed into tins, and syrup or pineapple juice is added. The cans are then sealed and cooked, and labelled and packed in cartons or trays and transferred to the warehouse.

Non-whole slices are used for making chunks, wedges, or tidbits, depending on size. The pineapple core and the meat from the pineapple skin and ends are used to make premium juice. The skin is also disintegrated and pressed to produce mill juice and sugar syrup, both are used as packing media for the canned pineapple solids. The residue pulp is fed to DMPI's livestock as part of the Company's emphasis on sustainability and by-product management.

The cannery produces its own tin-coated steel cans on modern can making lines. Cans are beaded for extra strength and to allow for the use of lighter gauge steel. This has allowed DMPI to save on raw material costs and container costs. Labelling, which is also performed at the cannery, takes place once orders are recorded and the relevant market has been determined. The cannery packs in nine can sizes and 642 different labels, determined by product type, can size and target market.

Once the cans are labelled and packed, they are moved to a deep water dock operated by a third party, which hosts two separate piers for unloading and loading vessels. The dock is able to accommodate ships up to a draught of 15 to 18 meters and enables DMPI not only to service its customers more frequently, but also to maintain a lower cost structure by minimizing transportation costs to and from the main local port of Cagayan de Oro.

As the nature of the Company's business makes it vulnerable to product recalls and withdrawals, DMPI has in place a robust Quality Management and Food Safety System that is designed to meet high global standards in product quality, food safety, hygiene and service. Manufacturing programs have been established to identify and control hazards that impact on food safety and product quality. These programs' effectiveness is periodically verified by various third-party certification bodies following well accepted quality systems and standards such as ISO 9001:2015, GMP, HACCP, GLP, GAP, BRC, IFS and FSSC. Moreover, DMPI has established a system to effectively manage incidents that may require immediate action to protect its brands, including procedures to manage emergency situations that may impact consumer safety, product quality or regulatory compliance. In the event that a product withdrawal or recall is activated, a well-documented traceability procedure is initiated. A complete identification of production lots from all raw and packaging materials used up to distribution is accomplished within eight hours. Effectiveness of these procedures is tested by periodic conduct of mock recalls.

Raw Materials

The cannery receives an average of approximately 2,100 tons of fresh pineapple from the plantation daily. The delivery of the pineapples to the cannery is subcontracted to a number of independent third parties. For the production of mixed fruit products, apart from producing its own pineapples and papaya, DMPI purchases papaya and nata de coco from growers in northern Mindanao. Cherries are imported from Europe.

DMPI sources tin plate from suppliers located in Asia to produce the tin cans. Tin plate is delivered to the cannery at an average of 2,760 metric tons a month and approximately 37 million cans are produced by DMPI each month.

The cannery uses water sourced from wells owned and operated by DMPI. Energy needs are supplied by the national grid, and the cannery also has its own back-up generators. DMPI's cannery also has a Waste-to-Energy Plant which converts bio-waste to energy that provides savings on energy usage resulting in lower production costs and reduces the facility's total waste and carbon emissions. This has been an alternative to power sourced from the energy grid.

Sugar is purchased locally and from abroad, as well as being a by-product of the pineapple processing. Accordingly, there is no supplier concentration for this raw material.

The following are the top 10 suppliers of DMPI for various materials and services:

Supplier	Classification	Commodity	Country of Origin
Nippon Steel Trading Corporation	Packaging Material	Electrolytic Tinplates	Japan
General Services Cooperative	Services	Various services	Philippines
Adsia Logistics, Inc.	Services	Logistics Services	Philippines
Asiapro Multi-Purpose Cooperative	Services	Various services	Philippines

Transpacific Commodities Co. Ltd.	Raw Material	Tomato Paste	China
Innovative Packaging Industry Corp.	Services	Tolling Services	Philippines
Petron Corp.	Petroleum	Fuel	Philippines
All Asian Countertrade, Inc.	Raw Material	Sugar	Philippines
Corbox Corporation	Packaging Material	Cartons	Philippines
Korco Ab	Packaging Material	Kraft Paper	Sweden

Arrangements with suppliers vary from three months to three years, depending on the nature of the products being supplied. To ensure that the materials provided by third-party suppliers meet the Company's safety or quality standards, DMPI has in place a Supplier Quality Management Program to aid in the selection of the best suppliers for the Company. The objective of the program is to align the Company's quality parameters with those of the suppliers. The suppliers are rated using a performance scorecard as a tool to determine allocation of the Company's requirement to suppliers. The scorecard measures quality, timeliness and competitive advantage which are the bases of awarding allocations to suppliers.

It is the Company's practice to have at least three suppliers per material to avoid any supplier concentration and ensure sustainability of supply. However, for tinplates, negotiations are done on either a quarterly or semi-annual basis depending on the price movement of raw materials in the market. Tolling services rates are reviewed on an annual basis. For most packaging materials, negotiations are done mostly on a semi-annual or annual basis. DMPI has been able to achieve significant cost savings at the cannery through a number of measures, including upgrading of equipment which addressed wastage, downtime and quality issues. In addition to cost efficiencies, productivity and throughput have also increased. These were due to the cannery's continuous improvement programs anchored on "natural work teams". Every year, selected teams gather in an activity called "hugpong" to showcase their respective team projects aimed at improving productivity and throughput, as well as safety and quality.

Cabuyao PET Plant

DMPI's plant in Cabuyao, Laguna operates an automated bottling line that produces ready-to-drink beverages in PET (polyethylene terephthalate) bottles (which are fabricated in-house out from bottle preforms). The plant has its own loading dock and warehousing facilities for the receiving and storage of ingredients, packaging materials and for storage and dispatch of finished goods to distributors.

The manufacturing process in the plant starts with ingredients preparation wherein all ingredients are prepared and weighed based on the required production volume. The ingredients are mixed with water based on pre-approved formulas and then cooked in a tubular heat exchanger to eliminate microorganisms. Processed beverages are hot-filled into sanitized PET blown bottles and immediately capped using the capper machine. By tilting the filled bottles, the caps come into contact for several seconds with the hot beverage and therefore are sanitized. For traceability, batch codes are etched in every bottle using a laser coder. Products then pass through a cooling tunnel to prevent contamination by any heat-resistant bacteria. The products are then labelled using the sleever machine then cased using full shrink-wrap. Each case is applied with case code stickers, palletized automatically in a robotic palletizer and wrapped with stretch film wrap before being released to the finished goods warehouse.

Toll Packing

DMPI also sources certain products sold in the Philippine market from toll packers (third-party contract manufacturers). Typically, DMPI would subcontract to toll packers where the packaging of products would be more efficiently handled externally. Such products include tomato sauce, spaghetti sauce and other sauces in stand-up pouches, ketchup in glass bottles, particulate beverages in cartons, 202 mL cans, and pasta in plastic wrappers as well as food service sachets and beverage concentrates.

Arrangements with toll packers may involve the toll packer or DMPI sourcing the raw materials for the product. DMPI ensures that stringent quality measures are established and maintained. Each toll packer (including its production capabilities and manufacturing processes) is qualified by DMPI's Supply Chain Group. A quality assurance mechanism which checks samples from production runs is also in place. DMPI has employees assigned and stationed at toll packer premises and all production parameters are closely monitored. Products undergo parallel testing between the toll manufacturer and DMPI before releasing the finished goods for trade selling. Stringent food safety and quality measures are cascaded and their application monitored by DMPI in order to meet customer and regulatory requirements. Continuous improvement programs such as verification/validation audits further enhance DMPI's measures to achieve the highest levels of quality.

To ensure that all *Del Monte* products, whether produced in-house or by toll packers, are safe and of high quality, DMPI implements a Toll Manufacturers Quality Management Program for all its toll manufacturing facilities.

Plantation

DMPI believes it operates one of the world's largest pineapple plantations for processed pineapples, which covers approximately 26,000 hectares of leased land in Northern Mindanao about 15-120 kilometres from the cannery and port site in Bugo, Cagayan de Oro City. DMPI sources all its pineapple and papaya raw materials from the plantation and its papaya growers. In the fiscal year ended 30 April 2020, it produced approximately 510,600 tons of processed pineapples and 175,200 tons of fresh pineapples.

DMPI's plantations are located on a high elevation which minimizes the risk of flooding. To manage any impact from heavy rainfall and floods, plantings are done in various locations to minimize tonnage loss, and towing units are augmented to ensure continuity of harvest during wet conditions. The Company has also embarked on mitigating measures in the field, such as continuous enforcement of land preparation activities, soil management practices and reinforcing root health, among others. The Company continuously monitors any situation of weather disturbances and executes mitigating plans accordingly. The Company also implements proactive cost management across all other areas of its plantation to make up for higher pineapple costs resulting from any climate-related risk.

As at 30 June 2020, there were 1,759 regular employees employed at the plantation. DMPI provides rent-free housing to approximately 75% of these employees and their families in four residential communities within the plantation. Each of the residential communities has its own school, church, social hall, sports facilities and shops. The largest of these communities also houses the offices and machinery workshops for the plantation, and has a hospital, fire brigade and three schools. Employees and their families live in the residential communities so long as they are employed by DMPI. Upon leaving employment, they are required to move out of the residential communities (although many employee families have second and third generation employees). DMPI operates a program which prepares employees for re-integration into different social communities. The cannery and plantation labor-management cooperation (LMC) of DMPI were awarded the country's Outstanding LMC for Industrial Peace in 2005 and 2007, respectively, awarded by the National Conciliation and Mediation Board. The cannery's LMC has qualified in the regional and national competitions in 2019.

Aside from selling canned pineapples, DMPI grows and sells fresh pineapples to the export market. The pineapple variety grown for the fresh market is yellower, less acidic, and sweeter, and is the world's benchmark variety for the fresh pineapple market. This pineapple variety is grown in about 5,800 hectares of plantation. Upon harvest at their optimal ripeness, the pineapple fruits are washed, sanitized, waxed and packed at DMPI's two modern packing houses located in Manolo Fortich and Quezon, Bukidnon. For the fiscal year ended 30 April 2020, DMPI harvested 175,200 tons of fresh pineapples which were packed to 15,672,000 boxes. These packed fresh pineapples are exported through temperature-controlled containerized vans to Japan, China, Hong Kong, Singapore, South Korea, Taiwan, and the Middle East countries. Residual fresh fruits in the packing houses are either sold locally or delivered to the cannery for processing. The packing house in Manolo Fortich, Bukidnon is located inside an ecozone, the Bukidnon Agro-Resources Export Zone (BAREZ), which is registered with PEZA. As such, DMPI enjoys fiscal and non-fiscal incentives. In lieu of all national and local taxes, DMPI only pays 5% gross income tax from its fresh fruit operation. The export and import documentation and processes are also simplified.

To ensure the quality of its produce, DMPI adheres to and strictly complies with the good agricultural and manufacturing best practices. Its plantations have consistently maintained its certifications for PhilGAP certified by the Department of Agriculture, GLOBALGAP certified by SGS India Pvt. Ltd., ISO 9001:2015, a quality management system, certified by SGS Philippines. The Bureau of Plant and Industry of the Department of Agriculture has accredited DMPI's fresh pineapple plantations and packing houses. Regular internal and external audits are conducted to ensure compliance with these quality systems.

The Foundation, a non-stock and non-profit organization operating in Bukidnon, engages in certain charitable and philanthropic activities that benefit the plantation community as a whole. The Foundation receives donations from DMPI to support its educational and skills development program.

In 1988, the Philippine Government instituted a Comprehensive Agrarian Reform Law requiring agricultural land in excess of a certain size to be distributed to the tiller. Pursuant to this law, the ownership of some 8,271 hectares of land leased by DMPI from NDC, a Philippine government-owned and controlled corporation, was transferred to the Del Monte Employees' Agrarian Reform Beneficiaries Cooperative ("**DEARBC**"), which was composed of all cannery and plantation personnel below managerial level and was leased back to DMPI.

In January 1997, DMPI concluded negotiations with DEARBC for the renewal of their agreement covering approximately 8,271 hectares for a term of 25 years effective from 11 January 1999 until 10 January 2024. The term was further extended to 10 January 2049 by virtue of an Amendment Agreement dated 9 January 2019. Rental rates adjustments are negotiated every five years.

Approximately 18,000 hectares of agricultural land are leased from several landowners. Such leases typically provide for a 20-year term. In addition, DMPI has under lease approximately 983 hectares from the NDC which are devoted to offices, shops, residences of employees, social and sports facilities. This lease will expire on 29 February 2032.

Approximately 16 hectares out of the total area of approximately 27 hectares at the cannery in Bugo is freehold land owned by DMPI which acquired it on 30 March 1931. The constitutional restriction on foreign ownership only took effect in 1935 and has no effect on such land owned by DMPI.

To manage the risk of losing rights to the lands used for its operations, the Company conducts standard due diligence on the land and has a dedicated team tasked with sourcing land and renewing existing land leases. In addition, the expiration of its lease agreements do not overlap to ensure that the Company will have available land for its operations at any given time.

MARKETING, SALES AND DISTRIBUTION

Philippine Market

DMPI is one of the Philippines' leading food and beverage companies, operating with market leadership status in ready-to-drink juices (excluding doy/foil packs), packaged fruits, tomato sauces, and spaghetti sauces in the Philippines (*Source: Nielsen Retail Index, 3 months ending April 2020*). In the past three years, the Company's revenues from the Philippines has steadily improved behind continuous investments in sales and marketing initiatives that help expand household penetration and increase consumption frequency for its base business, as well as more convenient and/or budget-friendly product innovations. In terms of sales and distribution channels, the Company has experienced steady growth in the modern trade channel, which has been complemented by strategic partnerships with key accounts in the emerging food service channel, even as its distributor-covered tertiary trade business continues to grow at a more modest rate.

DMPI sells its products in the Philippine market directly to major national supermarkets (modern trade) and major national wholesalers, as well as through independent distributors nationwide.

Virtually all of the Philippines' first-tier outlets, consisting of 21 major supermarket chains including SM supermarkets, Puregold, Robinsons, Rustan's supermarkets, 3 major wholesaler chains and 21 major food service accounts, are serviced by DMPI directly.

These distributors service the Philippines' major regional supermarkets, major drugstores, and second-tier and third-tier outlets. Second-tier outlets comprise smaller supermarkets, regional-based wholesalers, grocery stores, and convenience stores. Third-tier outlets include "sari-sari" variety stores and public markets.

By dealing with distributors for second-tier and third-tier accounts, DMPI is able to penetrate the Philippine market more deeply, reach more households, and position itself for more growth. By using direct sales only for servicing key accounts, DMPI is able to optimize its resources and avoid the administrative burden of dealing with a large number of retailers.

DMPI has an extensive distribution network in the Philippines covering a considerable portion of the Philippines' first-tier, second-tier as well as third-tier outlets. DMPI's network of distributors have the logistic capacity to cover the entire Philippines and warehouses strategically located around the country.

Food Service

DMPI also sells to food service accounts in the Philippines which include convenience store chains, restaurants like full service and quick service chains, cafes and bars, and catering services. The food service industry in the Philippines has been growing for the last three years.

In order to develop and continually grow DMPI's food service business, a separate food service marketing and sales group was formed to focus on taking advantage of this fast growing segment. DMPI's food service customers currently account for 15% of DMPI's Philippine market sales. Customized products are developed for the major fast food chains like Jollibee and McDonald's, and institutional customers in the country such as 7-Eleven convenience stores.

Convenience and Emerging Channel

DMPI started serving the retail segment of the top convenience store accounts in the Philippines with a dedicated team last 2018. This channel currently accounts for 4% of DMPI's Philippine market sales with 94% of the business in the Beverage category.

In order to meet the rising demand for online shopping, DMPI also started to sell in the top 2 online platforms in the Philippines, namely Lazada and Shopee, last July 2018.

Marketing and Promotion

DMPI has been committed to the development of the *Del Monte* brand in the Philippines. Over the last three years, DMPI funneled back, on average, 2% of Philippine annual net sales on advertising and promotional expenses, with the intention of driving continuous improvements in household penetration, as well as in sustained improvements in consumption frequency among the target market. DMPI employs a full 360-degree communications planning for its major brands, generating awareness through traditional media (TV, radio, out-of-home billboards and LEDs) and digital platforms (including owned websites and social media communities), and brand consideration at point of purchase through point-of-sale materials and consumer promos.

At the trade level, as of June 2020, DMPI rents exclusive display spaces in 1,410 supermarkets nationwide. These display spaces significantly improve the in-store presence of *Del Monte* products, and also help to stimulate impulse purchases.

Further, even before customer and brand communities became trendy marketing initiatives, DMPI already had one of the most iconic and most engaged culinary community: *Del Monte Kitchenomics (DMK)*. Evolving from a direct-mail based Customer Relationship Management (CRM) program established in the 1980's, *Del Monte Kitchenomics* currently engages with a community over 3 million strong, on Facebook through daily posts on recipes and culinary tips. Recently, its YouTube channel has been strengthened and revamped, resulting in the awarding of a prestigious *YouTube Silver Button* recognition. The *Del Monte Kitchenomics* section is also the most-visited section in DMPI's consumer website (www.lifegetsbetter.ph), offering recipes, cooking instructional videos, and a direct link to e-commerce for immediate purchase of *Del Monte* products.

DMPI regularly utilizes market research tools to measure its market share position in all the major categories in which it competes. It also periodically conducts usage, attitude and image studies to measure consumer perception and needs. DMPI's marketing group engages market research agencies (including ACNielsen and Kantar) to conduct special research as the need arises. As a result of its marketing campaigns and product innovations, the Company believes it has developed an in-depth understanding of the target consumer and his/her needs and wants, within the context of everyday life (with all its triumphs and challenges).

As an example of the Company's adaptability to evolving needs, DMPI has evolved its *100% Pineapple Juice* line from providing refreshment and vitamins, into a pro-active health partner that has highly relevant functional benefits that appeal to a wide base of consumers, including: *Fiber-Enriched* which appeals to young adults with a propensity to indulge, eat out and go on food trips; *Heart Smart* which appeals to adults whose primary concern is cholesterol management; and *Bone Smart* for calcium-seekers who don't like or can't drink milk. All these products variants complement the core *Immunity ACE* variant.

DMPI has also since evolved its *Juice Drinks* line (which previously just benefitted from the impact of the Company's advertising for its *100% Pineapple Juice*) with innovations that meet consumers' changing preferences. Finally, with *Fit 'n Right*, DMPI believes that it continues to dominate the weight management beverage space, fortifying its juice drinks with Green Coffee Extract which is clinically proven to reduce fat and help reduce sugar absorption from food.

Even as it expands its brand footprint among millennials and single young adults, DMPI continues to value its core consumer of mothers and homemakers of all ages, culinary expertise and life stage. Its introduction of its **resealable 1L Carton** as a new packaging format for its beloved *Juice Drinks* has rebuilt multi-serve family consumption with meals. **Juice drink seasonal flavors** also provide homemakers and consumers with an easy way to add excitement or novelty to any meal.

Packaging innovation, matched by recipe-driven advertising campaigns and *Kitchenomics* posts, also enabled DMPI to expand usage for its processed fruit products beyond Christmas fruit and macaroni salad into weekday meals and weekend desserts. The introduction of the **Fruits in Stand-Up Pouch**, in particular, provided a low-cash outlay option that not only lowered the barrier for trial for households, but also helped expand trade coverage for the brand (expanding from supermarkets to tertiary trade), enabling households easy access at any given point in time.

In culinary, DMPI continues to invest in building relevance for the inclusion of *Del Monte*-based dishes at least once a week—be it among traditional households, positioning *Del Monte Tomato Sauce*-based dishes as meals worth coming home to, or among younger households with working moms, positioning *its Quick 'n Easy* line as a quick and delicious way to prepare a wide variety of viands that go beyond just fried dishes. With the proliferation of low-priced alternatives, **Del Monte Spaghetti Sauce** introduced value packs, and also continues to innovate with products such as *Creamy & Cheesy* and *Carbonara*.

DMPI engages the services of a third party creative agencies for culinary and fruits (TBWA-SMP), for spaghetti sauce (BBDO/Guerrero), and for beverages (Wundermann-Thompson). It has also consolidated its media management to a single media-planning agency across all platforms (be it traditional or digital, across all brands). This is consistent with the emerging multi-screen viewing habit among consumers, and is meant to optimize reach and frequency at the most cost-effective rate possible.

Pricing

The Company believes its products are priced in the premium range compared to other market players and serve as benchmarks for the competition. Such premium pricing reflect the high quality that is associated with the *Del Monte* brand.

Customers

DMPI's main customers include Puregold, Suy Sing, the SM Group, Robinsons, Philippine Seven, and certain distributors. DMPI's number one account contributes 11.3% to the total sales volume, while DMPI's top five accounts cover 34.8% of total sales volume for Philippine market.

The Company cultivates its relationship with major customers at all levels of the organization and endeavors to improve its market position to foster stronger mutually beneficial partnerships.

Competition

In the Philippine market, DMPI operates within the Processed Fruit and Vegetable Industry. The Company is one of the Philippines' leading food and beverage companies, operating with market leadership status in ready-to-drink juices, processed fruits, culinary sauces, spaghetti sauces, and condiments in the Philippines (Source: *Nielsen Retail Index, 3 months ending April 2020*). DMPI's primary competition comprises of Dole Philippines, Inc. on pineapple products (canned juices, pineapple solids, and mixed tropical fruit), NutriAsia and RFM Corporation on culinary products (tomato-based sauces, condiments, pasta), as well as Coca-Cola and Pepsico on beverages (juices in PET and single-serve cans). Major retailers' private label brands also compete with some of DMPI's products but they have less significant impact relative to these national brands that compete with DMPI.

DMPI believes it can effectively compete with other companies in these categories as it has trusted, iconic food and beverage brands known for quality. The *Del Monte* brand has gained popularity among Filipino households for quality pineapple and mixed fruit products, tomato sauce, spaghetti sauces, ketchup and other culinary products as well as fruit-based beverages including 100% pineapple juice. The *Del Monte* brand has significant versatility, as various product categories can all be marketed under the *Del Monte* name – from canned fruit to juices, to sauces, to pasta, and to condiments, among others. The Company derives competitive advantages of being able to use the *Del Monte* brand across multiple products, in particular around advertising as the Company believes that advertising one specific *Del Monte* product has a halo effect on other *Del Monte* branded product categories including new products and product lines.

And with consumers' increasing focus on healthy eating and wellness, especially in the COVID-environment, the Company believes its portfolio of packaged fruits, juices and culinary products is ideally positioned as they are synonymous with healthy products.

DMPI also continues to introduce new or improved products or to reposition existing products, offering products that anticipate the changing tastes, dietary habits and trends, and product packaging preferences of consumers. The Company invests in significant consumer understanding programs in order to increase the chances of success of these initiatives.

Further, DMPI operates and manages an extensive distribution network in the Philippines covering a considerable portion of the Philippines' first-tier, second-tier as well as third-tier outlets. DMPI's network of distributors have the logistic capacity to cover the entire Philippines and warehouses strategically located around the country. The Company also continuously invests in sales and marketing initiatives that help expand household penetration and increase consumption frequency for its base business, as well as more convenient and/or budget-friendly product innovations.

International Market

In FY2020, DMPI generated 61%[4] of its revenues from the Philippines (excluding PAS adjustments), and the balance of 39% through exports under the *S&W* brand (22% of revenues) and through DMFI and private labels (17% of revenues).

DMPI sells to affiliate S&W Fine Foods the *S&W* branded and private label products produced in the Philippines. S&W Fine Foods then sells the products to the export markets and handles the distribution and marketing of these products. DMPI also sells Del Monte branded products to affiliate DMFI, joint venture FieldFresh, and to other third party customers.The following table sets forth DMPI's revenues contributed by foreign sales, by major market for the periods indicated:

	Fiscal Year					
(₱ million, except %)	**2020**	**% of Revenue**	**2019**	**% of Revenue**	**2018**	**% of Revenue**
Asia and Middle East	7,244.9	63.7	4,506.2	53.6	3,684.9	52.2
Americas	2,199.9	19.3	1,918.7	22.8	1,880.4	26.6
Europe	1,932.7	17.0	1,988.2	23.6	1,500.8	21.2
Total	**11,377.5**	**100.0**	**8,413.1**	**100.0**	**7,066.1**	**100.0**

[4] Based on revenues excluding PAS adjustments.

Majority of DMPI revenues, gross income, and income before tax, originates from the Asia Pacific region and continues to increase. Asia Pacific (outside Philippines) now accounts for 29% of the Company's FY2020 revenues.

Below are the details of the sales to America, Europe and Asia Pacific:

% of Total DMPI NSV			
2020	**America**	**Europe**	**Asia Pacific**
Revenues	8%	7%	29%
Gross Income	1%	1%	37%
Income before income tax	0%	0%	55%
2019	**America**	**Europe**	**Asia Pacific**
Revenues	7%	8%	16%
Gross Income	5%	2%	27%
Income before income tax	10%	5%	41%
2018	**America**	**Europe**	**Asia Pacific**
Revenues	7%	6%	14%
Gross Income	5%	2%	13%
Income before income tax	10%	3%	25%

Exports for the retail market include fresh pineapple, processed pineapple and mixed-fruit, juices and sauces. Exports for the industrial market include pineapple juice concentrate and pineapple crushed.

Exports to private label customers include sales to other *Del Monte* companies and other customers in Americas, Europe, Middle East and Asia. The Group through *S&W* also has co-branding with one of Spain's leading supermarket chains, and co-branding with *St Mamet*, France's leading canned fruit processor.

S&W-branded fresh and processed products are sold through distributors in various countries in Asia and the Middle East. Depending on market dynamics and the level of channel penetration required in the various territories, the distributorship model can either be exclusive or non-exclusive. These distributors handle the major portion of the value chain from importation, warehousing, delivery to selling activities via outright purchase from *S&W*.

S&W products are sold through various channels, both retail and foodservice, through these distributors. For instance in Singapore, the distributors sell to big retailers such as Fairprice, Cold Storage, Giant and Mustafa. For the foodservice, they cover hotels, restaurants, bakeries, cafes, airlines, ship chandlers and even catering services.

S&W also has direct accounts with select key retail chains such as FairPrice in Singapore for selected categories.

Fresh pineapples under the *S&W* brand and private labels are exported to Asian countries, mainly China, Japan, South Korea, Middle East, Taiwan and Singapore, with China and Japan as the top two markets in FY2020. For the last three fiscal years, the Group's fresh pineapple sales volume and net sales value have been growing by a double-digit pace year on year, that is, excluding Q4 of FY2020 due to the impact of the COVID-19 pandemic. Today, the MD2 pineapples are ranked in the top 3 position in key markets namely, China, Japan, South Korea and the Middle East regions, in both retail and wholesale channels. As the demand continues to grow and exceeds supply, the Group also continues to improve the fruit quality to gain more market shares in Asia and the Middle East.

The fresh pineapple sector has few dominant players. The DMPL Group's major competitors are *Dole* and *Fresh Del Monte*. These companies export fresh pineapples out of the Philippines. The outlook for fresh pineapple is positive given the strong demand in Asia, with growing consumption among middle-upper income consumers especially in China. Prices are attractive and stable due to limited supply.

The DMPL Group has also extended distribution to fresh cut distributors in Japan and South Korea. Fresh cut (whereby fruit is already peeled and cut into pieces for ready consumption) is a big segment in these markets as consumers are willing to pay more for convenience.

The DMPL Group expects to increase its market share over the years as it continues to improve its yields and production, thus offering the market with superior quality golden sweet pineapple variety called MD2 at a steady supply.

The DMPL Group does not have rights to the *Del Monte* trademark outside the United States, South America, the Philippines, the Indian subcontinent and Myanmar, hence, it uses the *S&W* brand for the other Asian markets and the Middle East.

The Group's three clusters (for *S&W*-processed products) are North Asia, South East Asia, and the Middle East/Pakistan:

1. North Asia – Key competitors in canned pineapples and juices are *Dole* and *Del Monte* plus low-priced products from Thailand and Indonesia, notably in China. The food service channel in China and South Korea has shown good performance, and the Group plans to extend distribution in China's retail market with new value added products. The Group intends to capitalize on the large demand for canned pineapples in Japan when the import quota is accessible. In general, the Group intends to grow in canned tropical fruits and enter the beverage market with canned ready to drink juices either imported from Philippines or outsourced locally.

2. South East Asia – Key competitors are *Del Monte Asia* and *Hosen* for canned pineapples, *Hunts* for tomatoes and *Pokka* for beverages. The Group has a stable presence in Singapore, Malaysia, Thailand and Indonesia. The Group plans to grow in new culinary and specialty products in Singapore, Malaysia, and Indonesia, as well as increase distribution in the Philippines by piggybacking on DMPI's sales team.

3. Middle East/Pakistan – Sales in this new market began in 2013. Key competitors are *Dole* and *Del Monte* for canned pineapples and *Rani*, *Dole, Del Monte*, and various local brands for juices. The Group's portfolio is skewed towards canned pineapples and beverages. There is opportunity to capture part of the huge juice market with locally outsourced products in order to be more competitive in the low-priced market. Meanwhile, *S&W* in UAE will focus on additional sauces which was launched in 2018. This is in line with the growing demand among the expanding captive Filipino customer base as well as acceptability of these with the Asian customers in general.

QUALITY CONTROL, HEALTH AND SAFETY

Drawing strength from its heritage of quality and reliability, DMPI produces globally competitive food products in the most sustainable way possible. The Company has quality and food safety policies that ensure its products are of the highest quality.

DMPI's Quality Policy signifies the Company's commitment to total customer satisfaction in providing food products that meet the highest global standards in quality, food safety, hygiene and service. Furthermore, DMPI's Food Safety Policy ensures its commitment (a) to providing food products that conform to food safety standards and to statutory and regulatory requirements through a food safety management system throughout the food chain, and (b) following a full hazard analysis of all food related operations. The Company requires its toll manufacturers and co-manufacturers to adhere to the same commitment in delivering its products to the market. Continuous improvement of the Company's quality system is driven through management review, quality planning and quality improvement teams.

The Company's agro-industrial processes are assessed by the world's leading certifying bodies, with quality audits performed by reputable, independent international auditors, business partners, and customers. The audit results confirm the Company's commitment to quality and food safety from farm to fork and demonstrate that the Company's processes meet or exceed standards for the supply or export of food products to certain countries.

Its plantation operations is certified to Global GAP (Good Agricultural Practices) which is a testament to the Company's commitment to the environment and its initiative of advancing good agricultural practices to its retailers and buyers.

The Company's Cannery operations has maintained high standards on quality manufacturing with its Food Safety Systems Certification ("**FSSC 22000**") from Société Générale de Surveillance Philippines (SGS Philippines). The FSSC 22000 certification covers fruit and juice products in cans, aseptic packs, plastic cups and stand-up pouches. The certification ensures the quality of products manufactured in the cannery. This is a key requirement for marketing the Company's products worldwide. The FSSC incorporates key standards, like ISO (International Organization for Standardization) 22000, HACCP (Hazard Analysis and Critical Control Points), and GMP (Good Manufacturing Practices) manufacturing standards, into a single system.

The newly-inaugurated Freezing and Juicing Plants are also certified to FSSC 22000 which covers frozen, ready-to-eat fruit products and aseptic or frozen not-from-concentrate pineapple juice products.

Quality, Food Safety, and religious certifications issued to the Company also include ISO 9001:2015, HACCP and Food Hygiene – GMP certified by Société Générale de Surveillance, Grade A certification from British Retail Consortium (BRC) for continued entry of our products into the United Kingdom, Sure – Global – Fair (certified under the Voluntary Control System of the SGF of the European Union) , and certifications for HALAL (certified by the Islamic Dawah Council of the Philippines) for countries with Muslim populations, and Kosher (certified by Triangle K, Kashruth-Beth Din Congregation and Badatz) for the Jewish community. The Company's Fresh Fruit Pack House is also ISO 9001:2008 certified in line with the Company's commitment to quality.

The Company's PET Plant in Cabuyao, Laguna plans and conducts food safety trainings, specifically Hygienic Engineering, and also has a food safety management system. The Company's Toll Manufacturers Quality Management Program mandates that all toll manufacturers of DMPI will be FSSC 22000- or BRC certified by FY2021. At present, 71% of the Company's toll manufacturers are either FSSC- or BRC-certified. The Company is also ISO 9001:2015 certified for its Toll Manufacturing Operations, validating industry best practices in cooperation with manufacturing business partners in producing safe and quality products for its customers in the Philippines. Global co-manufacturers are 100% certified to FSSC 22000 or BRC.

SUSTAINABILITY EFFORTS AND ENVIRONMENTAL CONSERVATION

Throughout history, the Company has strived to operate a sustainable business that produces quality products, creates jobs, acts with integrity and contributes to the economic, environmental and social well-being of the local communities it serves. The Company adheres to strict and full compliance with all applicable environmental regulations, and strives to exceed industry standards across its operations.

DMPI believes that the following tenets are central to its sustainability efforts:

- *Nurturing consumers.* The Company delivers quality products that are safe and nutritious.
- *Nurturing employees*. The Company is a people-driven organization committed to the well-being of its employees, consumers, and the local communities.
- *Nurturing nature.* The Company's success is based on preserving a healthy natural environment by ensuring the lasting productivity of its fields and that of its growers through lower-impact agricultural practices, reducing waste and optimizing the use of materials, energy and water.
- *Nurturing governance.* The Company is committed to the highest standards of corporate governance and supports the principles of openness, integrity and accountability.
- *Nurturing communities.* The Company believes in nurturing the communities where it operates to maintain a symbiotic relationship with them and the social license to operate.
- *Nurturing growth.* The Company continues to grow its business and the local economy to sustain profitability, as well as care for the people and the environment.

Under DMPI's sustainability framework, the Company has enhanced its stakeholder advocacy program for environmental conservation. While the Company's carbon footprint remains within global standards, many initiatives have been undertaken to further reduce process residues, strengthen energy conservation in all worksites and plantation homes, and explore more efficient energy sources. The Company also works with the local communities to enhance disaster preparedness and reduce disaster risks to ensure sustainability and promote resilience.

Through the Foundation, the Company is able to focus on communities where it operates, help provide education, healthy living and livelihood to over 100 communities in the provinces of Bukidnon and Misamis Oriental.

Through a concerted effort of DMPI's local partners and the Foundation's program beneficiaries, about 15,100 trees have been planted in various municipalities in FY2020. The Foundation has pursued tree-growing efforts and has partnered with schools and organizations in the vicinity of the plantation to gather volunteers to plant more trees. Beneficiaries of its training programs also plant trees in community tree parks prior to their graduation. The Foundation scholars have a yearly commitment to plant trees during school break.The Bukidnon Protected Area Management Board has allowed the Foundation to adopt a 10-hectare area in Mt. Kitanglad for reforestation. The Foundation donated 10,000 indigenous tree seedlings to the Cagayan de Oro River Basin Management Council and its partners, the Department of Environment and Natural Resources, Department of Interior and Local Government, the Xavier University Science Foundation, and an indigenous people's organization to help rehabilitate Mt. Kalatungan in Talakag, Bukidnon, home to the Philippine eagle and watershed of the city's main river. The Foundation expanded the reforestation area in Mt. Kitanglad by an additional four hectares planted with 5,600 coffee trees and bamboo. This is under the care and maintenance of 24 Indigenous People (IP) families who are residing at the foot of the mountain. To date, seven hectares have been planted with arabica coffee, three hectares of which are already fruit-bearing and helping the IP caretakers generate income.

A Memorandum of Agreement between the Foundation and a trial association, MAMACILA (Mat-i, Man-ibay, Civoleg, Langguyod Higaonon Tribal Community, Inc.), in Claveria was signed for the establishment of a nursery of endemic tree seedlings. The seedlings will be used for reforestation of the area assigned to

DMPI by the LGU-Claveria. The Foundation will provide the group financial and/or material assistance for the nursery establishment up to a maximum of PhP50K. In turn, the association will repay the Foundation with seedlings.

The Foundation also helped the rehabilitation of a water system in a local community in Sumilao, Bukidnon where a pineapple plantation area of DMPI is. To help the residents have better access to potable water, the Foundation provided over a thousand meters of polyethylene water pipes. The Level-2 water system project was completed in February 2020, in partnership with the local government unit of Sumilao, the barangay local government unit, and the Coca-Cola Foundation Phils., Inc. 25 communal water supply outlets were installed within the barangay which benefits 154 households.

Cannery employee volunteers conduct an annual coastal clean-up of the shoreline of Macajalar Bay, one of Mindanao's largest bays and home to many marine species. The Company became an official and active member of Cabuyao River Protection Advocates, a multi-sectoral organization that leads environmental protection and conservation programs in the community.

During the COVID quarantine period, DMPI, through the Foundation, donated food products to about 60 non-governmental organizations, including 37 hospitals and healthcare facilities, to support frontline workers and indigent communities during the quarantine caused by the pandemic. The Foundation assisted the Stakeholder Relations team in identifying recipients and distributing product donations to frontliners and various government units in Bukidnon and Misamis Oriental. In April 2020, the Foundation donated washable personal protective equipment coveralls to doctors and nurses in Cagayan de Oro and Misamis Oriental through the Misamis Oriental Medical Society. This was in response to the appeal of health professionals to help them prepare for COVID-19 incidents in the city and the region.

The Company is also passionate about cultivating good food by bringing high-quality, healthy and nutritious food to people in a way that protects the environment and builds strong ties with the communities. Del Monte brands became magnified in a COVID environment where consumers became most concerned with health, and shifted to home cooking. Digital communications highlighted product quality and taste, health and immunity (100% Pineapple Juice ACE) and meal preparation and planning (Del Monte Kitchenomics), and sustained the growth even as the COVID quarantine restrictions were eased.

DMPI has long been considered a leader in introducing agricultural practices such as soil conservation, water stewardship, pest management, use of technology, repurposing waste, and helping farmers grow stronger, more productive crops with less fertilizer, water, and other materials.

For more information about our sustainability initiatives, click on the link: https://www.delmontephil.com/sustainability/sustainability-report to access our sustainability reports and videos.

PROPERTIES

As of the date of this Prospectus, DMPI operates a cannery and processing facility which occupies approximately 27 hectares of land, of which approximately 16 hectares of freehold land are owned by DMPI while the rest is being leased by DMPI. This land was acquired by DMPI on 30 March 1931. The Company also owns approximately 135 square meters of land in Singapore which is being leased to an affiliate company that is domiciled in Singapore. There are no mortgages, liens, or encumbrances on the lands owned by the Company. However, 2,628.56 square meters of the 16-hectare freehold land owned by DMPI is subject to a road right of way.

DMPI also enters into lease agreements or other arrangements with various persons and entities for its pineapple growing operations which covers approximately 26,000 hectares of land in Mindanao, Philippines. It has an existing long-term lease agreement with DEARBC for approximately 8,271 hectares of land; with the NDC for approximately 983 hectares of land; and growership agreements with several owners for approximately 18,000 hectares of agricultural land. Generally, the leased properties are required to be devoted to their present actual use or the purposes stated in the relevant agreements. See also discussion on *"Material Contracts"* found on page 281 of this Prospectus.

Leased Property	Amount of Lease Payments (annual, fiscal year basis) in PHP	Expiration Dates	Terms of Renewal Options
Approximately 8,271 hectares of land in Mindanao (DEARBC)	109,576,115.67	10 January 2049	Subject to the mutual agreement of the parties.
Approximately 983 hectares of land in Mindanao (NDC)	11,354,579.36	29 February 2032	Subject to the mutual agreement of the parties and existing laws and regulations.
Office space and parking slots in JY Campos Centre in Taguig City	84,122,033.38	31 July 2023	Subject to the mutual written agreement of the parties. However, should the LESSEE continue occupying the Leased Premises after the expiration of the term of the agreement without the LESSOR taking any action against it, the lease shall be deemed to be on a month-to-month basis only.
Warehouse in Kalawaan, Pasig City (LSL)	59,848,645	28 February 2022	The contract may be renewed for another term at the option of the LESSEE which option must be exercised by the LESSEE 60 days prior to the expiration of the existing lease, subject to renegotiation of the terms and conditions. However, should the LESSEE continue occupying the Leased Premises after the expiration of the period of the contract without the LESSOR taking any action against it, the lease

			shall be deemed to be on a month-to-month basis only.
Warehouse in Kalawaan, Pasig City (Metroasia)	121,581,266	31 January 2022	Any extension or renewal of the contract shall be agreed upon by the parties in writing.
PET Plant in Cabuyao, Laguna	29,071,658.40	30 November 2025	Subject to automatic renewal for a period of 11 years.
Warehouse in Meycauayan, Bulacan	11,129,299	4 May 2021	The contract may be renewed at the option of the LESSEE under such terms and conditions as may be agreed upon by the parties in writing. However, should the LESSEE continue occupying the Leased Premises after the expiration of the term of the contract without the LESSOR taking any action against it, the lease shall be deemed to be on a month-to-month basis only.
Warehouse in Lapu-Lapu City, Mactan, Cebu	6,720,000	30 April 2021	Subject to monthly automatic renewal.
Warehouse in Leganes, Ilo-ilo	7,503,000	31 December 2021	The contract may be renewed under such terms and conditions as may be agreed upon by the parties in writing. However, should the LESSEE continue occupying the Leased Premises after the expiration of the term of the contract without the LESSOR taking any action against it, the lease shall be deemed to be on a month-to-month basis only.
Mindanao Distribution Center	85,768,968.60	1 September 2027	Upon the expiration of the term of the agreement, the lease shall automatically

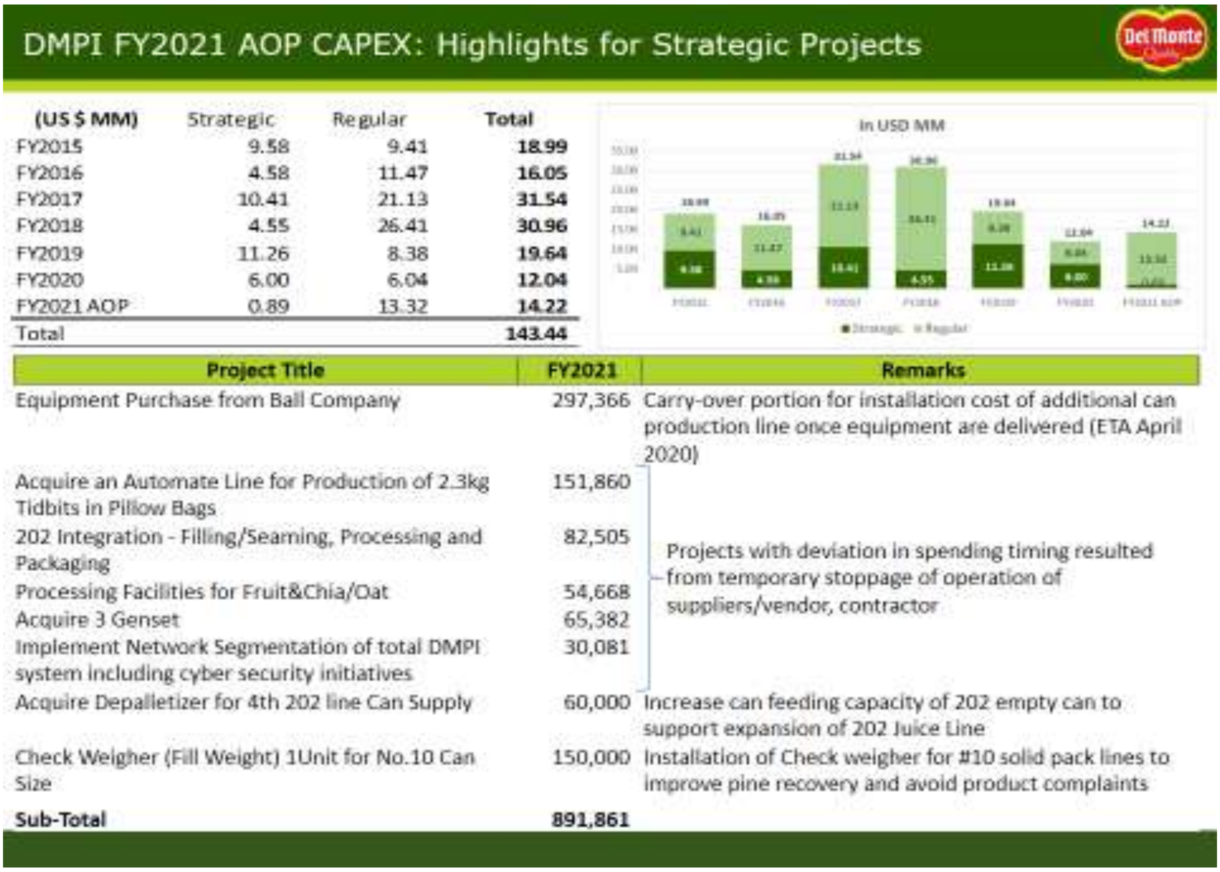
			renew for five (5) years under the same terms and conditions except as otherwise agreed upon by the parties in writing.

DMPI also owns the following properties as of 30 April 2020:

Description	Location/Address	Condition	Book Value (in PhP million)
Cannery			**2,293.80**
Administrative (Main) Office	Bugo, Cagayan de Oro City	Good	107.20
Can Plant	Bugo, Cagayan de Oro City	Good	154.50
Cannery Clothes and Shoes Changing	Bugo, Cagayan de Oro City	Good	3.40
Central Maintenance	Bugo, Cagayan de Oro City	Good	20.70
Coal-Fired Boiler Plant	Bugo, Cagayan de Oro City	Good	96.90
Compound & Yard	Bugo, Cagayan de Oro City	Good	529.00
Concentrate Plant	Bugo, Cagayan de Oro City	Good	35.30
DM Bugo Clinic	Bugo, Cagayan de Oro City	Good	2.40
Engineering & Design	Bugo, Cagayan de Oro City	Good	1.10
Factory Offices	Bugo, Cagayan de Oro City	Good	4.70
General Products Plant	Bugo, Cagayan de Oro City	Good	0.00
GPSL/PCL/GL Plant	Bugo, Cagayan de Oro City	Good	9.10
Labeling & Warehousing	Bugo, Cagayan de Oro City	Good	195.20
Mixed Fruit Plant	Bugo, Cagayan de Oro City	Good	60.90
Preparation Plant	Bugo, Cagayan de Oro City	Good	76.80
Processing Plant	Bugo, Cagayan de Oro City	Good	245.60
Quality Control	Bugo, Cagayan de Oro City	Good	7.40
Steam & Power Plant	Bugo, Cagayan de Oro City	Good	40.60
Sugar Recovery Plant	Bugo, Cagayan de Oro City	Good	13.70
Tetra Plant	Bugo, Cagayan de Oro City	Good	216.80
Waste Water Treatment Plant	Bugo, Cagayan de Oro City	Good	472.50
Others			**578.80**
Customers Area	Various locations	Good	69.50
Forwarding Warehouses	Various locations	Good	16.20
Kalawaan Office	Pasig City	Good	3.30
Las Pinas Warehouse	Las Pinas City	Good	2.10
NutriAsia Plant	Cabuyao, Laguna	Good	1.00
PET Plant	Cabuyao, Laguna	Good	233.20
Taguig Office	Taguig City	Good	212.10
Tollpacker - Innovative Packaging	Valenzuela City	Good	8.70
Tropical Asset Fruit Corp. (TFAC)	Malolos, Bulacan	Good	3.40
Mindanao Distribution Center	Tagoloan, Misamis Oriental	Good	29.30
Plantation Operations			**1,857.50**
Baungon	Baungon, Bukidnon	Good	2.90
Camp 1 (JMC)	Manolo Fortich, Bukidnon	Good	310.50
Camp 14	Manolo Fortich, Bukidnon	Good	11.90
Camp 9	Manolo Fortich, Bukidnon	Good	35.70
Camp Fabia	Manolo Fortich, Bukidnon	Good	0.40
Camp Phillips	Manolo Fortich, Bukidnon	Good	538.60

Cawayanon	Manolo Fortich, Bukidnon	Good	9.50
Claveria	Claveria, Misamis Oriental	Good	4.30
Dalwangan	Malaybalay City, Bukidnon	Good	6.20
Damilag	Manolo Fortich, Bukidnon	Good	0.30
Dehydro Freezing Plant	Manolo Fortich, Bukidnon	Good	689.30
El Salvador	El Salvador, Misamis Oriental	Good	0.50
FF Packing Shed	Manolo Fortich, Bukidnon	Good	92.80
Hospital	Manolo Fortich, Bukidnon	Good	6.20
Impasug-ong	Impasug-ong, Bukidnon	Good	13.30
Kiantig Quezon	Quezon, Bukidnon	Good	12.20
Livestock & Cut-meat	Manolo Fortich, Bukidnon	Good	4.60
Montemar Industries	Manolo Fortich, Bukidnon	Good	0.20
South Bukidnon	Quezon, Bukidnon	Good	106.40
Sumilao	Sumilao, Bukidnon	Good	10.30
Taliwan	Taliwan, Misamis Oriental	Good	1.40
Grand Total			**4,730.10**

In FY2021, DMPI plans to lease 759 hectares of land for the Company's pine business, and intends to invest PhP729.5 million in capital expenditures, mainly for its cannery and plantation.



(US $ MM)	Strategic	Regular	Total
FY2015	9.58	9.41	**18.99**
FY2016	4.58	11.47	**16.05**
FY2017	10.41	21.13	**31.54**
FY2018	4.55	26.41	**30.96**
FY2019	11.26	8.38	**19.64**
FY2020	6.00	6.04	**12.04**
FY2021 AOP	0.89	13.32	**14.22**
Total			**143.44**

Project Title	FY2021	Remarks
Equipment Purchase from Ball Company	297,366	Carry-over portion for installation cost of additional can production line once equipment are delivered (ETA April 2020)
Acquire an Automate Line for Production of 2.3kg Tidbits in Pillow Bags	151,860	Projects with deviation in spending timing resulted from temporary stoppage of operation of suppliers/vendor, contractor
202 Integration - Filling/Seaming, Processing and Packaging	82,505	
Processing Facilities for Fruit&Chia/Oat	54,668	
Acquire 3 Genset	65,382	
Implement Network Segmentation of total DMPI system including cyber security initiatives	30,081	
Acquire Depalletizer for 4th 202 line Can Supply	60,000	Increase can feeding capacity of 202 empty can to support expansion of 202 Juice Line
Check Weigher (Fill Weight) 1Unit for No.10 Can Size	150,000	Installation of Check weigher for #10 solid pack lines to improve pine recovery and avoid product complaints
Sub-Total	**891,861**	

EMPLOYEES

As of 30 April 2020, the Company employed 4,319 regular employees. The following table sets forth the breakdown of the Company's employees by function:

	No. of Employees
Operations (Operation Services, Supply Chain)	3,780
Support Groups (HR, Procurement, Legal, Audit, IT)	134
Research & Development, and Quality Assurance	153
Sales and Marketing	176
Finance	67
Executive Office and Corporate Planning	9
Total	**4,319**

Aside from its direct employees, DMPI provides employment to 9,566 contractual workers as of 30 April 2020.

The Company intends to optimize the current headcount for the next twelve months.

DMPI has CBAs with three labor unions - one at its cannery facility in Bugo, Cagayan De Oro and two at the plantation (one for the hourly paid and another for the monthly paid employees) in Bukidnon, Mindanao, Philippines. The Company has not experienced any labor strike in the past three years.

The CBAs with these three labor unions are due to expire as follows:

Labor Union	CBA Expiry
Plantation – Hourly	31 October 2024
Plantation - Monthly	30 November 2020
Cannery	30 June 2024

DMPI expects no issues in the renegotiation of mutually acceptable CBAs.

The Company also has established Labor-Management Councils that prepare the ground work for efficient and swift negotiations between the employees' union and the Company. DMPI has not experienced a labor strike in the past 40 years, a testament to the Company's good relations with its workforce. DMPI is also a three-time Employer of the Year of the Personnel Management Association of the Philippines and has been recognized by the Department of Labor of the Philippines.

INTELLECTUAL PROPERTY

Brands, trademarks, patents and other related intellectual property rights relating to DMPI's principal products are either registered or pending registration in the Philippines and foreign countries in which DMPI distributes, sells or intends to distribute and sell its products.

DMPI either owns or has exclusive right to, and uses various brand names, related trademarks and other intellectual property rights to manufacture, prepare, package, advertise, distribute and sell its products in the Philippines and abroad. DMPI considers these trademarks and other intellectual property rights as important because brand name recognition is a key factor in the success of many of DMPI's product lines. DMPI has certain patent rights to a number of inventions in the Philippines and select countries abroad.

As of the date of this Prospectus, DMPI owns the exclusive rights to the following active trademarks and patents:

a. *Trademark*

	Registered Trademark	Nice Class[5] (Goods Classification)	Description	Expiry Date
1.	202	32	Word Mark	13 January 2029
2.	100% Fruitection	32	Word Mark	14 March 2029
3.	Active Isotonic	32	Word Mark	1 January 2025
4.	Active Isotonic	32	Logo Composite	4 June 2025
5.	Apple-T	32	Word Mark	17 February 2030
6.	Baker Street	30	Word Mark	3 March 2030
7.	Bone Smart	32	Word Mark	10 October 2023
8.	Bone Smart Logo	32	Logo	7 July 2026
9.	Carb Smart	30	Word Mark	9 September 2028
10.	Cheese Magic	29, 30	Word Mark	13 September 2029
11.	Del Monte	29, 30, 32	Word Mark	7 June 2022
12.	Del Monte 100%	32	Word Mark	15 October 2029
13.	Del Monte and Shield Design	29, 30, 32	Logo Composite	17 August 2026
14.	Del Monte Awesomesauce	30	Word Mark	17 November 2029
15.	Del Monte Chef's Plate	29, 30	Word Mark	17 February 2030
16.	Del Monte Dolce	31	Word Mark	14 March 2029
17.	Del Monte Fiesta Crème	29	Word Mark	17 May 2028
18.	Del Monte Fiesta Crème Logo	29	Logo	17 November 2029
19.	Del Monte Fit N' Right and Device	32	Word Mark and Device	28 June 2022
20.	Del Monte Fresco and Device	32	Word Mark and Device	17 February 2030
21.	Del Monte Fruit Snacks	29	Logo Composite	2 January 2030

[5] Nice classification is a system of classifying goods and services for the purpose of registering trademarks. It was established by the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks ("Nice Agreement). Nation signatories to the Nice Agreement, including the Philippines, employ the designated classification codes in their official documents and publications.

22.	Del Monte Fruitastic	29, 32	Word Mark	25 November 2028
23.	Del Monte Life Plus	29, 30, 32	Word Mark	10 November 2026
24.	Del Monte Quick N Easy	30	Word Mark	5 May 2028
25.	Del Monte Quick N Easy Crispy Breading Mix	30	Word Mark	26 May 2021
26.	Del Monte Shield Device	29, 30, 32	Logo	7 June 2022
27.	Del Monte Twango	30	Word Mark	2 August 2028
28.	DM Life Gets Better	29, 30, 32	Logo Composite	19 May 2026
29.	DRINKO	32	Work Mark	12 March 2030
30.	Fiberpine	29	Word Mark	2 January 2030
31.	Fiesta	29	Word Mark	23 July 2021
32.	Fit 'N Right	32	Word Mark	11 June 2027
33.	Fit 'N Right Fruit Crush	32	Word Mark	1 March 2028
34.	Fruit Express	29	Word Mark	14 March 2029
35.	Fruitection	32	Word Mark	2 August 2028
36.	Heart Smart[6]	29, 30	Word Mark	23 April 2029
37.	Heart Smart[7]	32	Word Mark	9 February 2029
38.	Heart Smart Logo[8]	29, 30	Logo Composite	11 April 2029
39.	Heart Smart Logo[9]	32	Logo Composite	12 May 2026

[6] Nice Class 29, 30
[7] Nice Class 32
[8] Nice Class 29, 30
[9] Nice Class 32

40.	Immunity Boost	32	Word Mark	16 September 2028
41.	Kidsmart	29, 32	Word Mark	6 January 2029
42.	Kitchenomics	16	Logo Composite	5 September 2022
43.	Kitchenomics Logo	16, 41	Logo Composite	13 March 2024
44.	Kitchen Select	29, 30	Word Mark	23 June 2029
45.	Life Gets Better and Del Monte Device	35	Logo Composite	22 October 2025
46.	Mission	30	Logo Composite	25 December 2025
47.	Mommadali	30	Word Mark	22 December 2029
48.	Mommadiskarte	30	Word Mark	6 June 2029
49.	Del Monte Quick N Easy Maging Mommadiskarte in 1-2-3	30	Logo Composite	25 August 2029
50.	Nature's Vitaminerals	29	Logo Composite	20 March 2024
51.	Nourishing Families Enriching Lives Every Day	29, 30, 32, 35, 44	Word Mark	25 August 2029
52.	Philpack	29, 30, 31, 32, 35, 44	Word Mark	7 July 2029
53.	Pina-Level Up	29	Word Mark	9 January 2024
54.	Pineapple Crush	32	Word Mark	25 September 2026
55.	S & W Farms	31, 32	Word Mark	4 October 2028
56.	S&W Fruit N' Fiber	29, 32	Word Mark	13 December 2028
57.	S&W Premium	29, 30, 32	Logo Composite	12 May 2026

58.	S&W Sweet 16	31, 32	Word Mark	27 October 2026
59.	Today's	29, 30	Logo Composite	1 July 2025
60.	Today's	29	Word Mark	18 September 2021
61.	Today's[10]	31	Logo Composite	28 June 2028

	Registered Trademark	Description	Expiry Date
62.	202	Word Mark	13 January 2029
63.	100% Fruitection	Word Mark	14 March 2029
64.	Active Isotonic	Word Mark	1 January 2025
65.	Active Isotonic	Logo Composite	4 June 2025
66.	Apple-T	Word Mark	17 February 2030
67.	Baker Street	Word Mark	3 March 2030
68.	Bone Smart	Word Mark	10 October 2023
69.	Bone Smart Logo	Logo	7 July 2026
70.	Carb Smart	Word Mark	9 September 2028
71.	Cheese Magic	Word Mark	13 September 2029
72.	Del Monte	Word Mark	7 June 2022
73.	Del Monte 100%	Word Mark	15 October 2029
74.	Del Monte and Shield Design	Logo Composite	17 August 2026
75.	Del Monte Awesomesauce	Word Mark	17 November 2029
76.	Del Monte Chef's Plate	Word Mark	17 February 2030

[10] Nice Class 31

	Registered Trademark	Description	Expiry Date
77.	Del Monte Dolce	Word Mark	14 March 2029
78.	Del Monte Fiesta Crème	Word Mark	17 May 2028
79.	Del Monte Fiesta Crème Logo	Logo	17 November 2029
80.	Del Monte Fit N' Right and Device	Word Mark and Device	28 June 2022
81.	Del Monte Fresco and Device	Word Mark and Device	17 February 2030
82.	Del Monte Fruit Snacks	Logo Composite	2 January 2030
83.	Del Monte Fruitastic	Word Mark	25 November 2028
84.	Del Monte Life Plus	Word Mark	10 November 2026
85.	Del Monte Quick N Easy	Word Mark	5 May 2028
86.	Del Monte Quick N Easy Crispy Breading Mix	Word Mark	26 May 2021
87.	Del Monte Shield Device	Logo	7 June 2022
88.	Del Monte Twango	Word Mark	2 August 2028
89.	DM Life Gets Better	Logo Composite	19 May 2026
90.	DRINKO	Work Mark	12 March 2030
91.	Fiberpine	Word Mark	2 January 2030
92.	Fiesta	Word Mark	23 July 2021
93.	Fit 'N Right	Word Mark	11 June 2027
94.	Fit ‘N Right Fruit Crush	Word Mark	1 March 2028
95.	Fruit Express	Word Mark	14 March 2029

	Registered Trademark	Description	Expiry Date
96.	Fruitection	Word Mark	2 August 2028
97.	Heart Smart[11]	Word Mark	23 April 2029
98.	Heart Smart[12]	Word Mark	9 February 2029
99.	Heart Smart Logo[13]	Logo Composite	11 April 2029
100.	Heart Smart Logo[14]	Logo Composite	12 May 2026
101.	Immunity Boost	Word Mark	16 September 2028
102.	Kidsmart	Word Mark	6 January 2029
103.	Kitchenomics	Logo Composite	5 September 2022
104.	Kitchenomics Logo	Logo Composite	13 March 2024
105.	Kitchen Select	Word Mark	23 June 2029
106.	Life Gets Better and Del Monte Device	Logo Composite	22 October 2025
107.	Mission	Logo Composite	25 December 2025
108.	Mommadali	Word Mark	22 December 2029
109.	Mommadiskarte	Word Mark	6 June 2029
110.	Del Monte Quick N Easy Maging Mommadiskarte in 1-2-3	Logo Composite	25 August 2029
111.	Nature's Vitaminerals	Logo Composite	20 March 2024

[11] Nice Class 29, 30
[12] Nice Class 32
[13] Nice Class 29, 30
[14] Nice Class 32

	Registered Trademark	Description	Expiry Date
112.	Nourishing Families Enriching Lives Every Day	Word Mark	25 August 2029
113.	Philpack	Word Mark	7 July 2029
114.	Pina-Level Up	Word Mark	9 January 2024
115.	Pineapple Crush	Word Mark	25 September 2026
116.	S & W Farms	Word Mark	4 October 2028
117.	S&W Fruit N' Fiber	Word Mark	13 December 2028
118.	S&W Premium	Logo Composite	12 May 2026
119.	S&W Sweet 16	Word Mark	27 October 2026
120.	Today's	Logo Composite	1 July 2025
121.	Today's	Word Mark	18 September 2021
122.	Today’s[15]	Logo Composite	28 June 2028

b. Patent

	Description	Status of Registration	Date of Issuance / Date of Filing
1.	A Vitamin-Fortified Beverage Supplemented with L-Carnitine (Levo-Carnitine)	Registered	3 November 2016 Expires on 31 August 2027
2.	Low Calorie Fruit Blend Composition	Pending	11 February 2009
3	Process of Improving the Color of Pineapple	Pending	8 April 2009
4.	A Juice Supplemented with Green Coffee Bean Extract	Pending	23 July 2011
5.	Fruit Puree Filled with Fruits	Pending	9 October 2012
6.	Aseptic Thermal Processing for Fruits and Vegetables[16]	Pending	20 December 2013

[15] Nice Class 31
[16] Also filed in Indonesia and Thailand via the Patent Convention Treaty (PCT)

7.	Packing Fruits in Plastic Cans[17]	Pending	26 November 2015
8.	Packing Fruits in Plastic Cans[18] (Japan)	Registered	4 August 2020 Expires on 26 November 2035

DMPI's trademark registrations, as detailed above allow it to prevent unfair competition by having exclusive rights to these trademarks in the Philippines for its products that correspond to the class of goods for which these are registered, particularly, Class 16 (printed matter), Class 29 (preserved fruits and vegetables), Class 30 (seasonings, spices, sauces and other condiments), Class 31 (fresh fruits and vegetables), Class 32 (non-alcoholic beverages, fruit beverages and fruit juices). As a Company, DMPI likewise have trademark registrations for the following services: Class 35 (advertising, business management; business administration), Class 31 (providing of training), and Class 44 (agriculture, horticulture and forestry services). To ensure that its trademarks are not infringed or diluted, DMPI has a system in place to regularly monitor potentially confusing marks or unauthorized use of its trademarks. With regard to new trademarks, prior to using the same and investing in the brand development, DMPI first conducts a freedom to operate in the jurisdiction where it intends to market the products. In view of these, DMPI has not had any significant disputes with respect to any of its trademarks or other intellectual property rights.

Quality is very important to consumers, especially more so with food products. While DMPI ensures that it adheres to current Good Manufacturing Practices (cGMP) and complies with all relevant rules and regulations applicable to its business and products, communicating this quality standard to its consumers hinges on its trademarks and the value built into these brands for years. Given this, while DMPI can continue producing high quality products, its operations and business relies heavily on it being able to use its trademarks to market its products.

While DMPI has been around in the Philippines for more than 90 years and values its heritage, it recognizes the importance of innovation. As such, it continually encourages its employees to generate new product and packaging inventions and improvements. As a result of this, it obtained a patent for an invention it uses for its beverage innovation[19] and for its new packaging system and process[20] which it uses for its preserved fruit products. Although these patents are used for certain products of DMPI, these products do not represent a substantial portion of DMPI's business. Aside from applying for patent protection for these inventions, DMPI regularly monitors the competitive landscape to check for potential infringement of its patents. To date, DMPI has not had any significant dispute with regard to its patents.

While DMPI has the exclusive rights to the *Del Monte* trademarks in the Philippines, other entities affiliated and not affiliated with it have the rights to such trademarks in their respective territories. For instance, DMPI's affiliate, DMFI owns the *Del Monte* trademarks for processed food and beverage products in the U.S. and countries in South America. Its affiliate, FieldFresh, has the exclusive *Del Monte* trademark rights for processed food and beverage products in India. Affiliate DMPRL has similar exclusive *Del Monte* trademark rights for the rest of the Indian subcontinent and Myanmar.

On the other hand, entities not affiliated with DMPI have the exclusive trademark rights in other countries such Fresh Del Monte Produce Inc., which has exclusive rights to the brand for fresh produce worldwide and for processed food and beverage products in Europe, the Middle East, Africa and countries and

[17] Also filed in the European Union, Korea, USA, and China via the PCT
[18] Filed via the PCT
[19] A Vitamin-Fortified Beverage Supplemented with L-Carnitine (Levo-Carnitine)
[20] Packing Fruits in Plastic Cans

territories constituting the former Soviet Union. Del Monte Asia holds the exclusive rights to the brand for processed food and beverage products in certain countries in Asia-Pacific while its affiliate Kikkoman has these same rights for Japan.

RESEARCH AND DEVELOPMENT

DMPI invested 0.42%, 0.38% and 0.51% of its annual revenues in fiscal year 2020, 2019 and 2018, respectively, in research and development.

Below is a breakdown of amount spent on research and development are as follows:

	FY2020	FY2019	FY2018
Revenue	31,916,290	28,761,553	27,563,751
Research and Development	132,949	110,034	140,570
% to revenue	**0.42%**	**0.38%**	**0.51%**

In addition to the research and development expenses in DMPI's financial statements, the following costs were also incurred in developing red pine variety in the last several years. These costs were incurred in under DMPI's Agri-Research and Non- Recurring costs.

RED PINE (in PHP)	FY2018	FY2019	FY2020
Growing	761,356	528,583	422,223
Non-Recurring Expenses & Agri-Research Spending	6,871,832	4,866,008	1,498,323

Its main research and development center in Cabuyao, Laguna supports the initiatives behind the fruit juice drink category, the range of culinary product category, and packaging development for these two categories. Product and packaging development outside of existing product categories and new technologies are also done in this location. It also hosts the central quality assurance laboratory as well as the regulatory, nutrition and technology groups. A second research and development laboratory in Bugo, Cagayan de Oro City supports the initiatives behind the processed fruit category, canned 100% juice drinks, 100% juice drinks in cartons, and packaging and new process development for these products as well. The research and development initiatives are aimed at (a) developing new products, packaging formats and new processing technologies (b) providing better quality products with superior taste and enhanced nutritional bundles, , and (c) achieving cost leadership. Research and development also looks into new and adjacent product categories and enabling technologies that will drive future growth from innovations that will deliver new benefits, improved processes, novel packaging systems, and agricultural techniques.

DMPI also has a research facility in its plantation in Bukidnon, Northern Mindanao that works on addressing the challenges in agriculture. Agricultural research areas are (a) pineapple and papaya agronomy addressing concern on plant growing – from land preparation until harvest of the fruits, (b) crop protection addressing concerns on plant diseases, (c) entomology dealing with concerns on insect and nematode control, (d) optimization of post-harvest treatment and handling, (e) plant breeding and new crops development for new varieties, tissue cultures, and seed production, as well as collaborative researches with external research facilities and universities, and (f) agronomy studies on the expansion areas in south Bukidnon and mid-Bukidnon. It also hosts the analytical laboratory that supports the requirements of plantation research, as well the regular quality testing and monitoring of samples taken from the plantation.

These research and development groups support the Company's vision of "*Nourishing families. Enriching lives. Every day.*" by achieving competitive advantages in these areas for both the Philippine and the international markets.

INFORMATION TECHNOLOGY AND MANAGEMENT SYSTEMS

DMPI's IT systems support business strategies and help drive innovation. At the core of it all, DMPI utilizes SAP as its enterprise resource planning software that integrates business processes from multiple business areas. SAP is comprised of multiple modules including procurement processing, vendor payment management, production planning, production order processing and variance monitoring, sales order processing up to generation and monitoring of invoices and credit notes, and inventory and warehouse management that monitors and records all transactions related to raw, packaging and finished materials. All of these are integrated into the financial module for statutory and management reporting.

DMPI also utilizes Odoo as a customer order portal which is integrated with SAP; Anaplan as a financial planning tool; and to streamline the management reporting, the Company is using SAP business warehouse/business intelligence system to generate management reports that are used to make analyses and to support executive-level decision-making. To support the agricultural side of the business, DMPI utilizes an in-house developed Farm Management System as an online transaction system to capture day-to-day operations from land preparation to harvest of pineapples. Mobile tablets are deployed to field technicians to support the data gathering and tabulation of various pineapple operations records that go in to the system. The system is complemented with the use of SAS Analytics tool to do analysis and reporting in order to support decision making. New to the Company is the implementation of drones and GIS/GPS based tools to conduct aerial assessment and analysis of field conditions, which is a step towards achieving precision agriculture method to optimize areas of operations.

Given that the Company is dependent on IT systems in effectively managing its order processing and supply chain management, DMPI has in place disaster recovery programs to support the Company's overall business continuity plans.

The protection of information and systems is vital to DMPI's business and the Company has initiated cybersecurity programs to address systems vulnerabilities and manage cyber risks to protect data and information. First and foremost in the program was implementing a network refresh that replaced vulnerable and degraded network devices. The roll-out of network access control through network segmentations, Advanced Persistent Threat protections against zero-day malwares, and endpoint encryption complemented the cybersecurity programs. The Company also rolled-out cybersecurity awareness and training that started with Mindanao-based employees and will be an on-going program to cover all employees across all sites. The program is punctuated by an updated Information Security Policy that will strengthen the organization's posture on cybersecurity adaptation.

INSURANCE

DMPI has an all-risk policy that covers its facilities and inventories, against all risks of direct, sudden, and accidental physical loss or damage (except as specifically excluded), such as fire, lightning, acts of nature (e.g. typhoons, floods, earthquakes and volcanic eruptions, explosion, riot or strikes, malicious damage), including machinery breakdown and business interruption insurance for its domestic production facilities. DMPI's facilities and inventories in Mindanao are insured with Standard Insurance Co., Inc. with a total insured value of approximately U.S.$326.0 million, with a maximum recovery for any single loss amounting to U.S.$90.0 million for each and every occurrence and annual aggregate combined property damage and business interruption applied collectively to the entire DMPL Group.

DMPI also covers its inventories in various warehouses (other than in Mindanao) under a separate "Industrial All-Risk" policy with a total insured value of approximately U.S.$35.0 million. In addition, it has a "Marine Cargo" insurance policy covering its domestic and international shipments of goods and equipment; a "Commercial General Liability" insurance policy that covers third party bodily injuries and property damages, including sudden and accidental pollution; and a "Directors and Officers Liability" insurance policy. The Company's insurance policies are secured from leading Philippine insurance companies that are generally reinsured with a panel of A-rated reinsurers.

Material Permits and Licenses

The Company and its subsidiaries are in possession of the material permits required for the conduct of its business. Details of these material permits are set out in the table below.

DMPI

(i) The Cannery Permits

Name of License/Permit	Issuing Regulatory Body	License/ Permit No.	Issue Date	Expiry Date
Environmental Compliance Certificate ("**ECC**") for the Bugo Cannery Project at Bugo, Cagayan de Oro	Department of Environment and Natural Resources ("**DENR**")	10(43)06 05-15 4226-31141	15 May 2006	n.a.
ECC for the Coal-Fired Boilers Project at Bugo, Cagayan de Oro	DENR	10(43)07 11-28 4565-38123	28 November 2007	n.a.
ECC for the Industrial Sanitary Landfill Project at Mambatangan, Manolo Fortich, Bukidnon	DENR	ECC-R10-2009-006-9200	20 January 2009	n.a.
ECC for the Waste to Energy Project at Bugo, Cagayan de Oro	DENR	ECC-R10-1304-0083	31 May 2013	n.a.
Hazardous Waste Generator Registration Certificate (Bugo, Cagayan de Oro City)	DENR	GR-R10-43-00055	9 December 2015	n.a.
Permit To Operate Generator Sets (Bugo Manufacturing Plant)	DENR	2019-POA-I-1043-171(1/4) (Renewal)	02 October 2019	26 September 2024
Permit To Operate Boiler House (Bugo Manufacturing Plant)	DENR	2019-POA-I-1043-171(2/4) (Renewal)	02 October 2019	26 September 2024

Permit To Operate Coal Fired Boiler (Bugo Manufacturing Plant)	DENR	2019-POA-I-1043-171(3/4) (Renewal)	02 October 2019	26 September 2024
Permit To Operate Coal Crushing and Handling System (Bugo Manufacturing Plant)	DENR	2019-POA-I-1043-171(4/4) (Renewal)	02 October 2019	26 September 2024
Discharge Permit	DENR	DP-R10-19-04543	16 December 2019	16 December 2020
Certificate of Compliance	Energy Regulatory Commission	COC No. 16-12-S-15599M	15 December 2016	14 December 2021
Purchaser's License (Controlled Chemicals) – Bugo, Cagayan de Oro City	Philippine National Police ("**PNP**")	License No. PJD05-080801-02018	2 September 2019	30 July 2020 *Renewal application has been filed and inspections conducted last 24 July and 7 August 2020.
License to Handle Controlled Precursors and Essential Chemicals – Bugo, Cagayan de Oro City	Philippine Drug Enforcement Agency ("**PDEA**")	PDEA Control No. P6-010880001-R116-K and P3-010880001-R113-K	16 March 2020	16 May 2021
Radioactive Material License – Bugo, Cagayan de Oro City	Philippine Nuclear Research Institute ("**PNRI**")	License No. Y10.10009.18	25 September 2018	30 September 2023
Original Certificate of Registration as an Ecozone Export Enterprise (Philippine Packing Agricultural Export Processing Zone ("**PPAEPZ**")	Philippine Economic Zone Authority ("**PEZA**")	No. 07-68	3 December 2007	n.a.
Amended Certificate of Registration as an Ecozone Export Enterprise (PPAEZ)	PEZA	No. 07-68	2 July 2013	n.a.
Certificate of Registration – Bugo Head Office	Bureau of Internal	OCN 8RC0000019599 TIN 000-291-799-000	30 June 1994	n.a.

	Revenue (“**BIR**”)			
Certificate of Registration of Facility – Bugo warehouse	BIR	OCN: xRC0001343010E TIN 000-291-799	19 December 2017	n.a.
Certificate of Registration – Mindanao Distribution Center	BIR	OCN: xRC0001187211E TIN 000-291-799-00031	12 September 2017	n.a.
Certificate of Registration	Department of Labor and Employment (“**DOLE**”)	EIN No. 001013	27 November 2015	n.a.
Registration	Social Security System (“**SSS**”)	SSS No. 08-0000900-7-000	September 1957	n.a.
Registration	Philippine Health Insurance Corporation (“**PhilHealth**”)	PhilHealth Employer No. 015000001642	28 July 2009	n.a.
License to Operate as Food Manufacturer/ Importer/Exporter – DMPI Bugo	Food and Drug Administration (“**FDA**”)	LTO No. CFRR-RX-FM 937	23 September 2016	15 March 2021
License to Operate as Food Manufacturer/ Importer/Exporter – PHILPACK Bugo	FDA	LTO No. CFRR-RX-FM-1054	27 April 2016	7 February 2021
Certificate of Registration – Export	Bureau of Customs (“**BOC**”)	CCN: EX0000545414	10 March 2020	10 March 2021
Certificate of Accreditation as Importer	BOC	CCN: IM0006552196	28 March 2020	27 March 2021
Business Permit	Mayor’s Office, Cagayan de Oro City – Manufacturing	2020-18248	11 February 2020	30 September 2020
Business Permit	Mayor’s Office, Cagayan de Oro City – Contractor	2020-18249	11 February 2020	31 December 2020
Business Permit	Mayor’s Office, Casinglot, Tagoloan – Warehouse	2020-1226	4 March 2020	31 December 2020

Business Permit	Mayor's Office, Natumolan, Tagoloan – Warehouse	2020-1227	4 March 2020	31 December 2020

NOTE: There is a local registration with Pag-IBIG/Home Development Mutual Fund Cagayan de Oro. A certification has been issued.

(ii) The Plantation Permits

Name of License/Permit	Issuing Regulatory Body	License/ Permit No.	Issue Date	Expiry Date
ECC for the Fresh Fruit Packing Shed Waste Solution Disposal System at the Fresh Fruit Packing Shed, Camp JMC, Manolo Fortich, Bukidnon	DENR	94-ECC-L/SP-1013-554	4 April 1995	n.a.
ECC for the Standby Power Generating Plant at Phillips Compound, Manolo Fortich, Bukidnon	DENR	94-ECC-GS-1013-555	4 April 1995	n.a.
ECC for the Pineapple Plantation Area's Expansion Project at the Municipalities of Sumilao, Impasug-ong, and Malaybalay, Province Bukidnon	DENR	95-ECC-PP-1013-574	25 April 1995	n.a.
ECC for the Pesticide Mixing Station Project at Camp JMC, Manolo Fortich, Bukidnon	DENR	95-ECC-UTL/PMS-1013-758	29 September 1995	n.a.
ECC for the Pineapple Plantation Expansion Project at Sitios Pig-alaran, Lower Bontongon, Kilaug, Pig-ulotan, and Laruc, all in Barangay Poblacion and Kisolon, Municipality of Sumilao, Province of Bukidnon	DENR	97-ECC-AGP/PNP-1013-1194	20 April 1997	n.a.
ECC for the Pineapple Plantation Expansion Project at the Barrios of	DENR	10(13)01 02-12 1731-11410	12 February 2001	n.a.

Poblacion, La Fortuna, Cawayan, Impalutao, Capitan Bayong, and Kibenton, Municipality of Impasug-ong, Province of Bukidnon				
ECC for the Feedlot and Slaughterhouse Project at Damilag, Manolo Fortich, Bukidnon	DENR	10(13)01 09-04 1862-31111	4 September 2001	n.a.
ECC for the Relocation and Upgrading of Central Bodega Complex Project at Field 06, Agusan Canyon, Manolo Fortich, Bukidnon	DENR	10(13)02 07-30 3012-35140	30 July 2002	n.a.
ECC for the Pineapple Plantation Expansion Project at Barrios Alae, San Miguel, and Damilag, Municipality of Manolo Fortich, Province of Bukidnon	DENR	10(13)03 08-08 3360-11420	13 August 2003	n.a.
ECC for the Standby Power Generating Sets at Camp Phillips, Camp JMC, Cawayanon and Camp Fabia, Municipality of Manolo Fortich, Province of Bukidnon	DENR	10(13)04 03-29 3605-41100	29 March 2004	n.a.
ECC for the Standby Generating Sets at Camp 14 and Camp LF Lorenzo, Bukidnon	DENR	10(13)04 03-29 3606-41100	29 March 2004	n.a.
ECC for the Standby Power Generating Sets at Impasug-ong Compound, Impasug-ong, Bukidnon	DENR	10(13)04 03-29 3607-41100	29 March 2004	n.a.
ECC for the Standby Power Generating Sets at Sumilao Compound, Sumilao, Bukidnon	DENR	10(13)04 03-29 3608-41100	29 June 2004	n.a.
ECC for the Pineapple Plantation Project at Barangays Dalwangan, Kalasungay, and Patpat, City of Malaybalay, Province of Bukidnon	DENR	10(13)04 06-29 3686-11410	29 June 2004	n.a.

ECC for the Pineapple Plantation Project at Barangays Imbayao, Casisang, Mapayag, and San Jose, all in the City of Malaybalay, Province of Bukidnon	DENR	10(13)07 12-27 4579-11420	27 December 2007	n.a.
ECC for pineapple plantation in barangays Imbayao, Casisang, Mapayag, Dalwangan, Kalasungay, Patpat, Magsaysay, B10, B11, Aglayan and Capitan Anghel, Malaybalay City	DENR	10(13)07 12-27 4579-11420 (amendment)	26 October 2015	n.a.
ECC for the Pineapple Plantation Project at Barangays Kuya and Magsaysay, Maramag, Bukidnon	DENR	ECC-R10-0909-0023	9 October 2009	n.a.
ECC for the Pineapple Plantation Project (to include Barangay Base Camp, Maramag, Bukidnon)	DENR	ECC-R10-0909-0023 (amendment)	15 September 2010	n.a.
ECC for the Pineapple Plantation Project at Barangays Ani-e, Bangon-Bangon, Cabacungan, Gumaod, Hinaplanan, Kalawitan, Luna, Patrocinio, Plaridel, Poblacion, Punong, Rizal, and Tamboboan, all in the Municipality of Claveria, Province of Misamis Oriental	DENR	ECC-R10-0910-0040	6 November 2009	n.a.
ECC for the Fresh Fruits Packing House Project at Barangay San Jose, Quezon, Bukidnon	DENR	ECC-R10-0911-0066	10 December 2009	n.a.
ECC for the Agricultural Crop Plantation Project at Barangays San Jose, Salawagan, Butong, Paitan, Lumintao, Mensalirac, Libertad, Mirangeran, Mimbatang, San Isidro, Manuto, and Mahayag, all in the	DENR	ECC-R10-0912-0094	18 January 2010	n.a.

Municipality of Quezon, Province of Bukidnon				
ECC for the Agricultural Crops Plantation Project at Barangays Balintad, Buenvista, Danatag, Liboran, Lingating, Mabuhay, Mabunga, Salimbalan, San Miguel, and San Vicente, all in the Municipality of Baungon, Province of Bukidnon	DENR	ECC-R10-0912-0095	18 January 2010	n.a.
ECC for pineapple and papaya plantation in barangays Balintad, Buenvista, Danatag, Liboran, Lingating, Mabuhay, Mabunga, Salimbalan, San Miguel & San Vicente and Imbatug, Baungon, Bukidnon	DENR	ECC-R10-0912-0095 (amendment)	21 July 2015	n.a.
ECC for the New Agricultural Crops Plantation Project at Barangays Cogon, Gaas Napaliran, Lingangao, Mambayaan, Napaliran, San Isidro, Talusan, Vencer Cogon, V./ Mandangoa, Dumarait, Kauswagan, Manaol, and Taboc of Lagonglong, all in the Province of Misamis Oriental	DENR	ECC-R10-1101-0003	24 January 2011	n.a.
ECC for the Fresh Fruit Packing House Complex Project at Barangays San Jose and Poblacion, Quezon, Bukidnon	DENR	ECC-R10-1003-0065	26 March 2010	n.a.
ECC for the Agricultural Crops Plantation Project at Barangays Culasihan, Bantuanon, and Bugkaon, all in the Municipality of Lantapan, Province of Bukidnon	DENR	ECC-R10-1105-0172	13 June 2011	n.a.

ECC for pineapple and papaya plantations in barangays Culasihan, Bantuanon, Bugkaon, Poblacion, Capitan Juan, Cawayan, Songco, Baclayon, Kibanggay, Victory, Basak, Alanib, & Balila, Lantapan, Bukidnon	DENR	ECC-R10-1105-0172 (amendment)	26 February 2015	n.a.
ECC for the Pineapple Plantation Expansion Project at Barangays 1 to 5, San Isidro, Sto. Niño, San Antonio, Lingi-on, Dagumbaan, Cacaon, Liguron, and Cosina, all in the Municipality of Talakag, Province of Bukidnon	DENR	ECC-R10-1110-0312	28 October 2011	n.a.
ECC for the Pineapple Plantation Project at Barangays Kagumahan, Campo, Subsub, and Kaliti-an of Kinoguitan, and in Barangays Kidampas, Ampianga, Kaulayan, and Mimbuahan of Sugbongcogon, Province of Misamis Oriental	DENR	ECC-R10-1206-0103	9 July 2012	n.a.
ECC for the Pineapple Plantation Project at Barangays Kiburiao, Pig-olotan, Puntian, Sta. Cruz, and Palacapao of Quezon, and in Barangays Balangigay and San Lorenzo of Kitaotao, all in the Province of Bukidnon	DENR	ECC-R10-1208-0175	29 August 2012	n.a.
ECC for pineapple plantation in barangays Bocboc, Buyot, Cabadiangan, Calao-Calao, Embayao, Kalubihon, Kasigkot, Kawilihan, Kiara, Mahayahay, Manlamonay, Maraymaray, Mauswagon,	DENR	ECC-R10-1503-0059	6 March 2015	n.a.

Minsalagan, New Nongnongan, Old Nongnongan, Pualas, San Francisco, San Nicolas and San Roque, Don Carlos, Bukidnon				
ECC for proposed pineapple plantation to be located at Sinuda Kitaotao, Bukidnon	DENR	ECC-OL-R10-2017-0150	7 September 2017	n.a.
ECC for the Pineapple Plantation Project in Barangays Adtuyon, Barandias, Lantay, Poblacion, and Portulin of Pangantucan, Bukidnon	DENR	ECC-R10-1303-0056	19 March 2013	n.a.
ECC for the Pineapple Plantation Project in Barangays Gandingan, Nabaliwa, Bacusanon, Adtuyon, Barandias, Lantay, Poblacion, Portulin, Lacantaon, Kipaducan, Bangahan, Kimanait, and Malipayon of Pangantucan, Bukidnon	DENR	ECC-R10-1303-0056 (amendment)	29 September 2014	n.a.
Certificate of Non-Coverage for Agricultural Crops Plantation covering total land area of 30 hectares located at Lanao and Lourdes Alubijid, Misamis Oriental	DENR	CNC-R10-1412-0153	11 December 2014	n.a.
Certificate of Non-Coverage for Agricultural Crops Plantation covering total land area of 30 hectares located at Himaya, Hinigdaan and Tag-bao El Salvador, Misamis Oriental	DENR	CNC-R10-1412-0155	11 December 2014	n.a.
Certificate of Non-Coverage for Papaya Project located at Baybay, Benigwayan, Calatcat, Lagtang, Loguilo, Lumbo,	DENR	CNC-OL-R10-2015-12-09570	22 December 2015	n.a.

Molocboc, Poblacion, Sampatulog, Sungay, Talaba, Taparak, Tugasnon and Tula Alubjid, Misamis Oriental				
Discharge Permits	DENR	DP-R10-19-04541 DP-R10-19-04544 DP-R10-19-04539 2018-DP-G-1013-777 (Amendment) DP-R10-19-03020 2018-DP-F-1013-958 (Renewal)	16 December 2019 16 December 2019 16 December 2019 22 August 2018 3 October 2019 19 July 2018	16 December 2024 16 December 2024 16 December 2024 13 June 2023 3 October 2020 3 June 2023
Permit To Operate Generator Set (Pineapple Plantation – Impasug-ong, Bukidnon)	DENR	2020-POA-G-1013-533 (1/4) (Renewal)	6 April 2020	6 April 2025
Permit To Operate Generator Sets (Pineapple Plantation – Camps 9 and 14, Libona, Bukidnon)	DENR	2020-POA-G-1013-533 (2/4) (Renewal)	6 April 2020	6 April 2025
Permit To Operate Generator Set (Pineapple Plantation – Sumilao, Bukidnon)	DENR	2020-POA-G-1013-533 (3/4) (Renewal)	6 April 2020	6 April 2025
Permit To Operate Generator Sets (Pineapple Plantation – Manolo Fortich, Bukidnon)	DENR	2020-POA-G-1013-533 (4/4) (Renewal)	6 April 2020	6 April 2025
Permit To Operate Generator Set (Fresh Fruit Packing House San Jose, Quezon, Bukidnon)	DENR	2019-POA-E-1013-1123 (Renewal)	29 March 2019	19 May 2024
Permit To Operate Generator Set (Camp JMC, Agusan Canyon, Manolo Fortich, Bukidnon)	DENR	2019-POA-J-1013-3365 (New)	13 November 2019	13 November 2024

Hazardous Waste Generator Registration Certificate (Camp Phillips, Manolo Fortich, Bukidnon)	DENR	GR-R10-13-00020	22 January 2016	n.a.
Certificate for Safe Re-Use of Wastewater (Brgy. Plaridel, Claveria, Misamis Oriental)	Department of Agriculture	DMPIP 02-18	29 June 2018	29 June 2021
License to operate as importer-end user (Pesticides)	Fertilizer and Pesticide Authority (“**FPA**”)	LIC. NO.: X-55-(P)-I-00107		15 January 2020 *Renewal application filed in 2019. Awaiting release of license.
License to operate as importer-end user (Fertilizers)	FPA	LIC. NO.: X-55-(F)-IEU-00004	9 January 2020	15 January 2021
License to operate as institutional user (Pesticides)	FPA	LIC. NO.: X-52-P-IU-001 LIC. NO.: X-52-P-IU-005 LIC. NO.: X-52-P-IU-006 LIC. NO.: X-52-P-IU-008 LIC. NO.: X-52-P-IU-009 LIC. NO.: X-52-P-IU-0012 LIC. NO.: X-52-P-IU-0013 LIC. NO.: X-52-P-IU-0017 LIC. NO.: X-52-P-IU-0018 LIC. NO.: X-52-P-IU-0019 LIC. NO.: X-52-P-IU-0021 LIC. NO.: X-52-P-IU-0023 LIC. NO.: X-52-P-IU-0024 LIC. NO.: X-55-P-IU-0034 LIC. NO.: X-55-P-IU-0035 LIC. NO.: X-55-P-IU-0036 LIC. NO.: X-55-P-IU-0037	9 January 2020	15 January 2021

		LIC. NO.: X-55-P-IU-0038 LIC. NO.: X-55-P-IU-0039		
License to operate as institutional user (Fertilizers)	FPA	LIC. NO.: X-52-F-IU-001 LIC. NO.: X-52-F-IU-005 LIC. NO.: X-52-F-IU-006 LIC. NO.: X-52-F-IU-008 LIC. NO.: X-52-F-IU-009 LIC. NO.: X-52-F-IU-0012 LIC. NO.: X-52-F-IU-0013 LIC. NO.: X-52-F-IU-0017 LIC. NO.: X-52-F-IU-0018 LIC. NO.: X-52-F-IU-0019 LIC. NO.: X-52-F-IU-0021 LIC. NO.: X-52-F-IU-0023 LIC. NO.: X-52-F-IU-0024 LIC. NO.: X-55-F-IU-0034 LIC. NO.: X-55-F-IU-0035 LIC. NO.: X-55-F-IU-0036 LIC. NO.: X-55-F-IU-0037 LIC. NO.: X-55-F-IU-0038 LIC. NO.: X-55-F-IU-0039	9 January 2020	15 January 2021
Warehouse Registration Certificates (for various fertilizer and chemical bodegas in Bukidnon and Misamis Oriental)	FPA	REG. NO.: X-52-P-W-002 REG. NO.: X-52-P-W-008 REG. NO.: X-52-P-W-0017 REG. NO.: X-52-P-W-0018	9 January 2020	15 January 2021

		REG. NO.: X-52-P-W-0019 REG. NO.: X-52-P-W-0023 REG. NO.: X-52-P-W-0029 REG. NO.: X-52-P-W-0031 REG. NO.: X-52-P-W-0034 REG. NO.: X-55-P-W-0044 REG. NO.: X-55-P-W-0051 REG. NO.: X-55-P-W-0055 REG. NO.: X-55-P-W-0062 REG. NO.: X-52-F-W-002 REG. NO.: X-52-F-W-009 REG. NO.: X-52-F-W-0019 REG. NO.: X-52-F-W-0020 REG. NO.: X-52-F-W-0021 REG. NO.: X-52-F-W-0026 REG. NO.: X-52-F-W-0027 REG. NO.: X-52-F-W-0028 REG. NO.: X-52-F-W-0029 REG. NO.: X-52-F-W-0030 REG. NO.: X-52-F-W-0040 REG. NO.: X-52-F-W-0042 REG. NO.: X-52-F-W-0045 REG. NO.: X-55-F-W-0059 REG. NO.: X-55-F-W-0082 REG. NO.: X-55-F-W-0086		

		REG. NO.: X-55-F-W-0103		
Certificate Of Product Registration - Imported Fertilizer	FPA	REG. NO.: 1-1IF-2669 REG. NO.: 1-1IF-1903 REG. NO.: 1-1IF-7238 REG. NO.: 1-1IF-7239	14 January 2014 29 June 2018 29 June 2018	4 May 2017 20 July 2017 *Renewal application filed on 13 September 2017 29 June 2021 29 June 2021
Purchaser's License (Controlled Chemicals) - Camp Phillips, Manolo Fortich, Bukidnon	PNP	License No. PJA16-270214-03653	26 September 2019	31 July 2020 *Renewal application has been filed already and inspection by the PNP Provincial Office conducted on 9 September 2020.
License to Handle Controlled Precursors and Essential Chemicals – Bukidnon Plantation Operations	PDEA	PDEA Control No. P6-010880002-R051-K	3 September 2020	6 August 2021
Radioactive Material License – Camp Phillips, Manolo Fortich, Bukidnon	PNRI	License No. Y10.10010.18	5 September 2018	31 October 2023
Amended Certificate of Registration as an Ecozone Export Enterprise (PPAEZ and Bukidnon Agro-Resources Export Zone ("**BAREZ**")	PEZA	No. 07-68	12 October 2015	n.a.
Certificate of Registration of Facility – Camp JMC	BIR	OCN: xRC0001571212E TIN 000-291-799-F0004	07 May 2018	n.a.

Certificate of Registration – Camp Phillips	BIR	OCN: xRC0001254180E TIN 000-291-799-00013	24 October 2017	n.a.
Certificate of Registration – San Jose, Quezon	BIR	OCN: xRC0001106220E TIN 000-291-799-00023	26 July 2017	n.a.
Certificate of Registration	DOLE	EIN No. 0020	3 August 2015	n.a.
Certificate of Registration – Export	BOC	CCN: EX0000709794	28 November 2019	27 November 2020
Certificate of Registration – Import	BOC	CCN: IM0007044410	28 October 2019	27 October 2020
License to Operate as Food Manufacturer – PHILPACK Camp Phillips	FDA	LTO - 3000003686752	-	16 February 2024
Business Permit	Mayor's Office, Libona, Bukidnon – Manufacturer Exporter	0803-20	17 January 2020	31 December 2020
Business Permit	Mayor's Office, Sumilao, Bukidnon – Pineapple Manufacturer – Exporter, Pineapple Exporter	BP-2020-00245-0	17 January 2020	31 December 2020
Business Permit	Mayor's Office, Malaybalay City – Exporters (Essential) Manufacturer	2020-4622RENEWAL	26 February 2020	30 September 2020
Business Permit	Mayor's Office, Impasugong, Bukidnon – Pineapple Plantation Pineapple Exporter	BP-2020-00347-0	12 February 2020	31 December 2020
Business Permit	Mayor's Office, Claveria, Mis. Or. – Pineapple Exporter	BP-2019-00827-0	21 January 2020	31 December 2019

				*Pending issuance of a zoning clearance.
Business Permit	Mayor's Office, Claveria, Mis. Or. – Manufacturer of Essential Commodities	BP-2019-00826-0	21 January 2019	31 December 2019 *Pending issuance of a zoning clearance.
Business Permit	Mayor's Office, Alubijid, Mis. Or. – Exporter/ Importer of Any Article of Commerce	2020-0466	21 January 2020	31 December 2020
Business Permit	Mayor's Office, Balingasag, Mis. Or. – Exporter	OR#10035743	31 January 2020	31 December 2020
Business Permit	Mayor's Office, Balingasag, Mis. Or. – Manufacturer	OR#10035744	31 January 2020	31 December 2020
Business Permit	Mayor's Office, Pangantucan, Bukidnon – Pineapple Plantation	402-2020	20 January 2020	31 December 2020
Business Permit	Mayor's Office, Baungon, Bukidnon – Manufacturer and Exporter	20-1030	20 July 2020	31 December 2020
Business Permit	Mayor's Office, Manolo Fortich, Bukidnon – Exporter/ Essential Commodities	20-02766	28 January 2020	31 December 2020
Business Permit	Mayor's Office, Manolo Fortich, Bukidnon – Feedlot	OR# 0738611	30 June 2020	30 September 2020
Business Permit	Mayor's Office, Manolo Fortich, Bukidnon – Manufacturer/ Essential Commodities	OR# 0738608	30 June 2020	30 September 2020
Business Permit	Mayor's Office, Manolo Fortich,	OR# 0738612	30 June 2020	30 September 2020

	Bukidnon – Other Service (Café)			
Business Permit	Mayor's Office, Manolo Fortich, Bukidnon – Contractors	20-03121	30 January 2020	31 December 2020
Business Permit	Mayor's Office, Manolo Fortich, Bukidnon – Gas Filling Station	OR# 0738620	30 June 2020	31 December 2020
Business Permit	Mayor's Office, Manolo Fortich, Bukidnon – Bungalow	OR# 0738613 OR# 0738614	30 June 2020	31 December 2020
Business Permit	Mayor's Office, Manolo Fortich, Bukidnon – Del Monte School	OR# 0738615 OR# 0738616	30 June 2020	31 December 2020
Business Permit	Mayor's Office, Manolo Fortich, Bukidnon – Feedmill	OR# 0738609 OR# 0738610	30 June 2020	31 December 2020
Business Permit	Mayor's Office, Talakag, Bukidnon – Producer/ Exporter	OR# 9754743	17 January 2020	31 December 2020
Business Permit	Mayor’s Office, Lantapan, Bukidnon – Exporter, Manufacturer, Dealer, etc. - Producers	OR# 0751143 OR# 0861703	20 July 2020	30 September 2020
Business Permit	Mayor’s Office, Maramag, Bukidnon – Pineapple Plantation (Producer) Export; Pineapple Plantation (Manufacturer) Export; Pineapple	OR# 0226500 OR# 0226501	6 July 2020	30 September 2020

	Plantation (Manufacturer)			
Business Permit	Mayor’s Office, Quezon, Bukidnon – Manufacturer/ Exporter of Essential Commodities	OR#1009818	20 July 2020	30 September 2020
Business Permit	Mayor’s Office, Quezon, Bukidnon – Contractor	OR#0328293	31 January 2020	31 December 2020
Business Permit	Mayor’s Office, El Salvador City – Papaya Plantation (Himaya)	819-2020	21 January 2020	31 December 2020
Business Permit	Mayor’s Office, El Salvador City – Papaya Plantation (Cogon)	818-2020	21 January 2020	31 December 2020
Business Permit	Mayor’s Office, El Salvador City – Papaya Plantation (Hinigdaan)	817-2020	21 January 2020	31 December 2020
Business Permit	Mayor’s Office, El Salvador City – Papaya Plantation (Kalabaylabay)	820-2020	21 January 2020	31 December 2020
Business Permit	Mayor’s Office, El Salvador City – Nursery	1059-2020	31 January 2020	31 December 2020
Business Permit	Mayor's Office, Don Carlos, Bukidnon – Pineapple Local Sale and Pineapple Exporter	OR#0263520	20 January 2020	31 December 2020

(iii) Non-Mindanao Permits

Name of License/Permit	**Issuing Regulatory Body**	**License/ Permit No.**	**Issue Date**	**Expiry Date**

ECC for the Pineapple Flavored Juice Manufacturing Project at LISP 1, Barangay Diezmo, Cabuyao City, Laguna	DENR	ECC-R4A-1504-0291	02 June 2015	n.a.
Hazardous Waste Generator Registration Certificate	DENR	Online Registration No. GR-4A-34-000273	26 February 2016	n.a.
Certificate of Registration as Developer/Operator of JY Campos IT Centre	PEZA	No. EZ 18-07	1 February 2018	n.a.
Certificate of Registration – Fort Office	BIR	OCN 8RC0000022608 TIN 000-291-799-020	2 May 2007	n.a.
Certificate of Registration – Kalawaan Office	BIR	OCN 8RC0000022605 TIN 000-291-799-001	25 November 1998	n.a.
Certificate of Registration – Tipas Office	BIR	OCN 8RC0000045030 TIN 000-291-799-021	29 October 2009	n.a.
Certificate of Registration – Cabuyao Office	BIR	OCN 8RC0000446292 TIN 000-291-799-00030	28 March 2016	n.a.
Certificate of Registration – Cebu Office	BIR	OCN 8RC0000022606 TIN 000-291-799-010	21 October 2003	n.a.
Certificate of Registrationof Facility – Johnstown warehouse	BIR	OCN: 8RC0000412319 TIN 000-291-799	26 February 2016	n.a.
Permit to Operate as Manufacturer of Sweetened Beverages	BIR	ELTRD-(SB)-01-04-19-27820	16 April 2018	n.a.
Power Piping Line Operation Permit	DOLE	PPLDL-IVA-242-18	15 August 2019	n.a.
Power Piping Line Operation Permit	DOLE	PPLDL-IVA-243-18	15 August 2019	n.a.
Power Piping Line Operation Permit	DOLE	PPLDL-IVA-244-18	15 August 2019	n.a.
Permit to Operate Pressure Vessel	DOLE	PVDL-IVA-180-17	15 August 2019	n.a.

Registry of Establishment	DOLE	RE-LPO-1015-429	20 October 2015	n.a.
Registry of Establishment	DOLE	EIN: MTPLFO-1710-013	2 October 2017	n.a.
Registration	SSS	SSS No. 08-0000901-0-000	September 1957	n.a.
Registration	PhilHealth	PhilHealth Employer No. 001000012438	18 September 2007	n.a.
Certificate of Employer's Registration	Pag-IBIG/Home Development Mutual Fund	Certificate of Employer's Registration Reference No. 010-000071-P	14 May 2010	n.a.
Laguna Lake Development Authority ("**LLDA**") Clearance – Kalawaan Office	LLDA	LLDA Clearance (for Development Plan/ Program/Project in the Laguna de Bay Region) Permit No. PC-24c-010-00293	10 December 2010	n.a.
LLDA Clearance – Cabuyao Office	LLDA	LLDA Clearance (for Development Plan/Program/Project in the Laguna de Bay Region) Permit No. PC-20a-016-00199	8 June 2016	n.a.
License to Operate as Food Importer/ Wholesaler – Taguig	FDA	LTO No. 3000001122786	-	19 January 2022
License to Operate as Food Trader – PHILPACK Taguig	FDA	LTO - 3000003053882	*Renewal approved on 13 July 2020	
License to Operate as Food Trader – DMPI Taguig	FDA	LTO No. 3000003495927	-	1 September 2023
License to Operate as Food Manufacturer – Cabuyao, Laguna	FDA	LTO No. 3000001715450	-	23 July 2022
License to Operate as Food Manufacturer – Meycauayan, Bulacan	FDA	LTO No. 3000002550672	-	09 March 2023

Business Permit – JYCC 1st Floor	Mayor's Office, Taguig City	LCN-11-019306	13 February 2020	31 December 2020
Business Permit – JYCC 2nd Floor	Mayor's Office, Taguig City	LCN-11-028217	13 February 2020	31 December 2020
Business Permit – JYCC 5th Floor	Mayor's Office, Taguig City	LCN-11-019304	17 February 2020	31 December 2020
Business Permit – JYCC 6th Floor	Mayor's Office, Taguig City	LCN-11-003311	17 February 2020	31 December 2020
Business Permit – JYCC 7th Floor	Mayor's Office, Taguig City	LCN-11-019305	13 February 2020	31 December 2020
Business Permit – JYCC 9th Floor	Mayor's Office, Taguig City	LCN-11-028218	17 February 2020	31 December 2020
Business Permit – JYCC 10th Floor	Mayor's Office, Taguig City	LCN-11-019308	22 January 2019	31 December 2019 *Calculation of local business taxes and proper classification of DMPI's products is the subject of a Petition filed by DMPI against the OIC-City Treasurer of Taguig, et. al. for Cancellation/ Revision of Local Business Tax Assessments pursuant to Section 195 of the Local Government Code on 1 September 2020.
Business Permit – JYCC 11th Floor	Mayor's Office, Taguig City	LCN-11-019307	13 February 2020	31 December 2020

Business Permit – LSL Warehouse	Mayor's Office, Pasig City	OR# 6537100	24 January 2020	31 December 2020
Business Permit – Tipas Office	Mayor's Office, Taguig City	OR# 3303158 OR# 3916598	19 January 2018	31 March 2018 20 July 2018 *Calculation of local business taxes and proper classification of DMPI's products is the subject of a Petition filed by DMPI against the OIC-City Treasurer of Taguig, et. al. for Cancellation/Revision of Local Business Tax Assessments pursuant to Section 195 of the Local Government Code on 1 September 2020.
Business Permit – Igloo Warehouse	Mayor's Office, Pasig City	OR# 6557274	24 January 2020	31 December 2020
Business Permit – Metroasia Warehouse	Mayor's Office, Pasig City	OR# 6537101	24 January 2020	31 December 2020
Business Permit – Innopack Warehouse	Mayor's Office, Meycauayan, Bulacan	OR# MNBCF 77579	20 January 2020	31 December 2020
Business Permit – Borderhouse Warehouse	Mayor's Office, Meycauayan, Bulacan	OR# MNBCF 77580	20 January 2020	31 December 2020
Business Permit – Cabuyao, Laguna	Mayor's Office, Cabuyao, Laguna	2020-2868	22 January 2020	31 December 2020
Business Permit – Cebu Warehouse	Mayor's Office, Lapu-Lapu	OR# 8825922	14 July 2020	31 December 2020

Business Permit - Iloilo	Mayor's Office, Leganes, Iloilo	iLGU-BPLS-2020-01-238	17 January 2020	31 December 2020

A. PPMSC Permits

Name of License/Permit	Issuing Regulatory Body	License/ Permit No.	Issue Date	Expiry Date
ECC for the Development of the Bukidnon Agro-Resources Zone Area Project	DENR	ECC 10 (13)07-08 4461 84100	7 August 2007	n.a.
Certificate of Registration as Developer/Operator of PPAEPZ	PEZA	07-45	03 December 2007	n.a.
Certificate of Registration as Developer/Operator of BAREZ	PEZA	EZ-14-34	25 November 2014	n.a.
Certificate of Registration	BIR, Revenue District No. 098	OCN 2P00000305948 TIN 006-431-398-000	17 July 2007	n.a.
Certificate of Registration	BIR, Revenue District No. 099	OCN 2RC0000426984 TIN 006-431-398-001	16 August 2011	n.a.
Business Permit	Mayor's Office, Municipality of Quezon, Bukidnon – Trading	OR# 0328294	31 January 2020	31 December 2020
Business Permit	Mayor's Office, Cagayan de Oro City- Trading	2020-09526	20 January 2020	30 September 2020
Business Permit	Mayor's Office, Cagayan de Oro City- Services Management, Logistical, Support	2020-09525	20 January 2020	30 September 2020

B. DM Txanton

Name of License/Permit	Issuing Regulatory Body	License/ Permit No.	Issue Date	Expiry Date
Certificate of Registration	BIR, Revenue District No. 044	OCN xRC0000047703 TIN 008-933-056-00000	30 March 2015	n.a.
License to Operate as Food Distributor/ Importer	FDA	LTO No. 3000002341577	-	18 February 2023

ENVIRONMENTAL LAW COMPLIANCE

The total cost incurred in Clean Air Act compliance, soil conservation, pollution control, and waste management at DMPI's plantations and cannery in Mindanao is summarized below from FY2018 to FY2020:

Plantation & Fresh (PHP)	FY2018	FY2019	FY2020
Clean Air Act (Avoid burning/Manage methane emission)	97,914,463	105,684,801	125,039,114
Soil Conservation Activities	309,578,522	266,764,604	309,233,574
Pollution Control	1,824,897	2,168,777	1,365,517
Waste Management	13,626,135	33,609,030	28,303,016
Grand Total	**422,944,016**	**408,227,213**	**463,941,221**

Cannery (PHP)	FY 2018	FY 2019	FY 2020
Waste Management	**129,024,802**	**128,767,816**	**147,146,768**

2019 DENR Notices of Violation

In June 2019, the DENR issued two Notices of Violation ("**NOV**") to the DMPI Cannery citing violations of the Clean Water Act of 2004 as follows: 1) discharging wastewater directly into Macajalar Bay, and 2) discharging pollutive effluent at the bypass line located in the DMPI seawall along Macajalar Bay with BOD value of 1,978 mg/L and pH value of 4.83 in violation of the General Effluent Standard BOD of 200 mg/L for strong wastewater with greater than or equal to 3,000 mg/L and pH of 6.0 (max 9.0) pursuant to DAO 2016-08, otherwise known as the Water Quality Guidelines and General Effluent Standard. DMPI was required to submit a sworn explanation.

Sec. 27 (a) of the Clean Water Act prohibits the discharge of any material into water bodies which could cause water pollution.

DMPI timely submitted its explanation to the DENR in July 2019. DMPI explained that there was no intention to discharge wastewater or pollutive effluent into Macajalar Bay. In fact, DMPI needs its wastewater for the operation of its waste-to-energy ("**WTE**") facility. Based on DMPI's investigation, there was seepage of waste water into Macajalar Bay and the probable cause are cracks in the old water canals. In order to address the problem and prevent similar incidents, DMPI instituted immediate remedial measures and also implemented long-term sustainable corrective actions. DMPI provided DENR with a timeline on the implementation of its corrective measures. To date, there has been no action from DENR and the case remains pending.

2020 DENR Notices of Violation

In August 2020, the DENR issued two NOVs to the DMPI Cannery citing the following violations: 1) discharging the blowdown from its Coal-Fired Boilers ("**CFB**") to the receiving body of water without the required discharge permit in violation of Clean Water Act of 2004, and 2) failure to submit Annual Social Development Plan ("**ASDP**") and non-observance of mitigating measures cited in its EIS in violation of the conditions in its ECC. DMPI was required to submit sworn explanations.

Sec. 14 Article 2 of the Clean Water Act and DENR MC 001-2012 requires all establishments regardless of the volume of discharge to secure a discharge permit.

DMPI timely submitted its explanations to the DENR in August 2020. DMPI also attended the technical conference with DENR. As to the lack of discharge permit for the CFB's blowdown, DENR accepted the corrective action to secure an amendment to its existing discharge permit to include the CFB blowdown. Cannery Operations had initiated the application for amendment. As to the violation of ECC conditions, DMPI submitted documents to show compliance with the ECC conditions cited. During the technical conference, the DENR also directed DMPI to address the foul odor complaints from the community which was one of the triggers for the issued NOVs. DMPI committed to implement remedial measures for the foul odor.

LEGAL PROCEEDINGS

As of the date of this Prospectus, DMPI is involved in various civil and criminal lawsuits and legal actions arising in the ordinary course of business. However, save as disclosed below, the Company does not consider any of these as material as these legal proceedings will not affect the daily operations of its business nor will it have any material effect on the financial position of the Company. Also, these cases are not expected to exceed 10% of the current assets of DMPI.

2009 Deficiency Tax Assessment

On 11 August 2017, DMPI received a Preliminary Assessment Notice ("**PAN**") in relation to the Bureau of Internal Revenue's ("**BIR**") tax investigation on DMPI's internal revenue taxes for taxable year 2009 pursuant to Letter of Authority ("**LOA**") No. 211-2010-00000187. In the PAN, the BIR proposed to assess DMPI for alleged deficiency income tax, value-added tax, withholding tax on compensation, and final withholding tax for taxable year 2009, totaling ₱2,510,014,599.26, inclusive of surcharges and interest. The BIR imposed a 50% surcharge (for false or fraudulent returns) instead of the 25% rate, which may mean that the BIR applied the 10-year extraordinary prescriptive period to DMPI's tax liability for 2009.

DMPI filed a reply to the PAN to dispute the BIR's assessment findings for 2009 for lack of factual and legal bases. DMPI also argued that the BIR's right to issue the PAN had prescribed. The matter remains pending with the BIR.

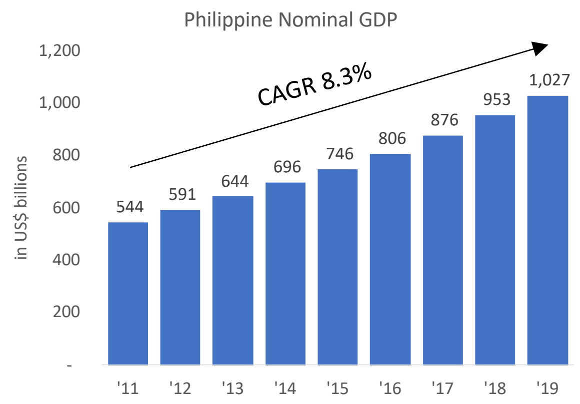
INDUSTRY

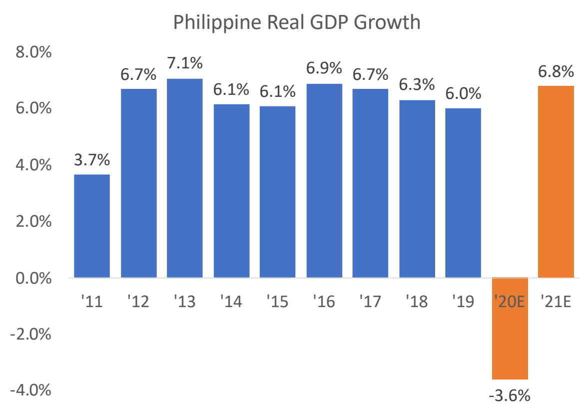
Certain information set out in this Section has been extracted from reports prepared by Euromonitor International, and such information has been taken from these reports and has not been independently verified by the Company, the Underwriters or any of their respective director, officers, representatives, affiliates or advisors, and no representation is given as to its accuracy. Other information has been derived in part from publicly available government sources, market data providers and other independent third party sources.

Overview of the Philippine Economy

The Philippine economy has experienced steady growth with nominal GDP expanding at a compound annual growth rate ("**CAGR**") of 8.3% from 2011 to 2019. Furthermore, real GDP growth averaged 6.2% from 2011 to 2019. According to the International Monetary Fund ("**IMF**"), real GDP is expected to contract by 3.6% for 2020E and recover with a projected 6.8% growth for 2021E. However, due to the COVID-19 pandemic, the Philippine Statistics Authority ("**PSA**") reported that the Philippine economy contracted by 0.7% in 1Q2020 and 16.5% in 2Q2020. Historically, Philippine growth has been driven by factors such as favorable demographics, overseas remittances and growing incomes.

The following charts set out the historical Philippine nominal GDP and the expected real GDP development in the Philippines from 2011 to 2021E.





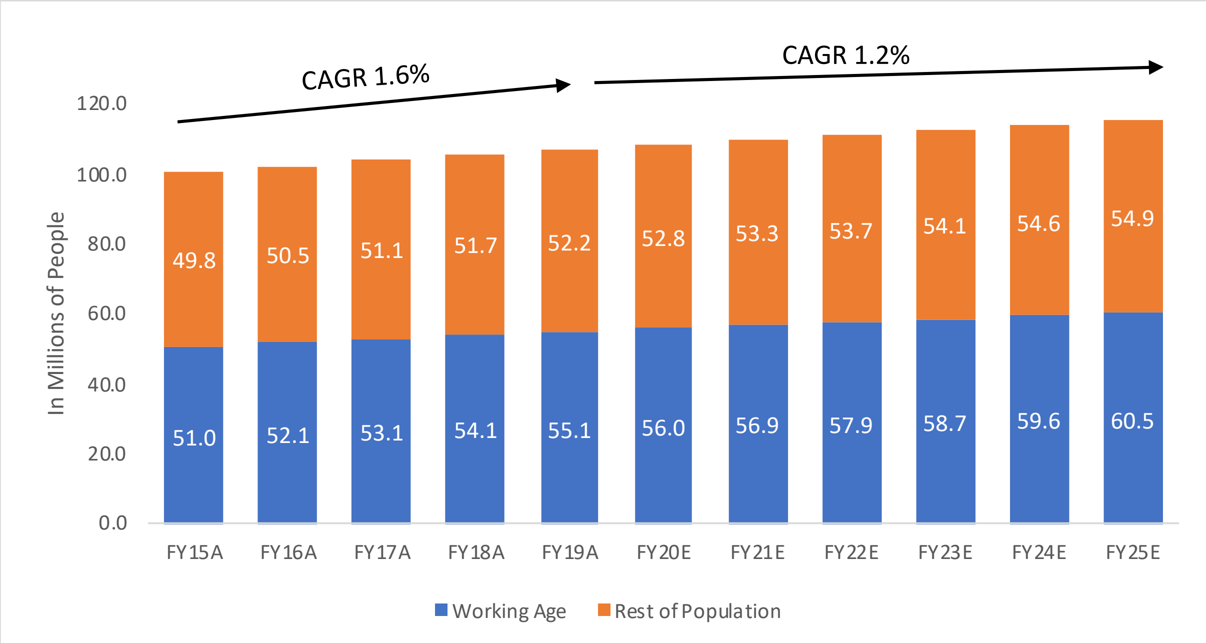
Source: IMF – World Economic Outlook Database April 2020 and June 2020

Favorable demographic trends

The Philippine population has experienced steady growth with its total population expanding at a CAGR of 1.6% from 2015 to 2019. According to the PSA, this trend is set to continue with the total Philippine population growing to 115.4 million people by 2025E from 107.3 Million people in 2019, representing a CAGR of 1.2%.

Furthermore, the country's working age population (20-59) is set to expand at a CAGR of 1.6% from 2019 to 2025E as the younger generation ages. As such, this demographic is set to grow from 50.6% of the population in 2015 to 52.4% of the population by 2025E, representing total 60.5 million working age people.

The following chart sets out the expected population development in the Philippines from 2015 to 2025E.

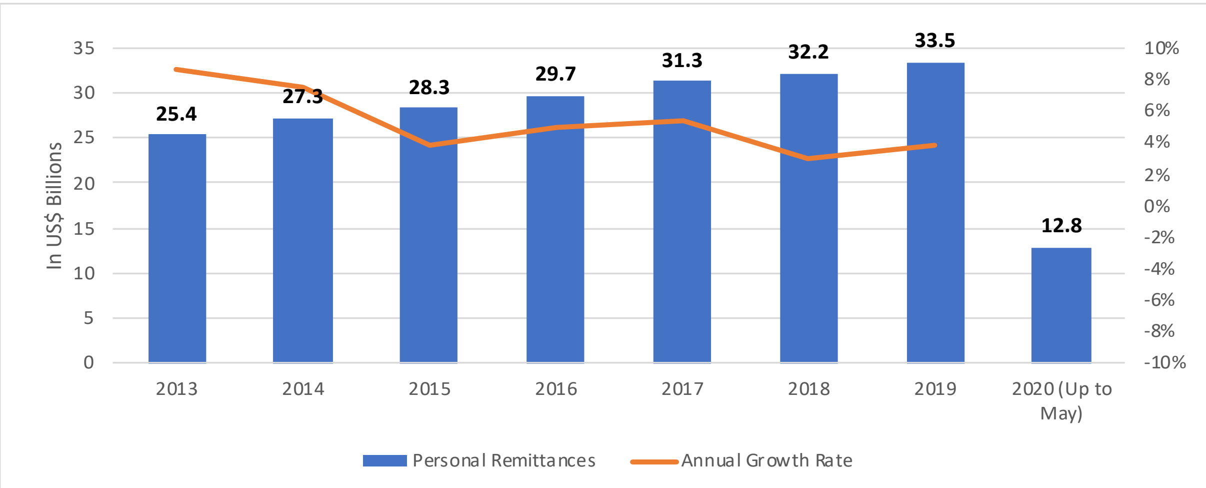


Source: Philippine Statistics Authority, Updated Population Projections Based on the Results of 2015 POPCEN (October 4, 2019)

Overseas Remittances

The PSA estimates that there are a total of 2.2 million Overseas Filipino Workers ("**OFW**") based on the results of a 2019 survey. Furthermore, the BSP reported that OFW cash remittances grew from U.S.$25.4 billion to U.S.$33.5 billion between 2013 and 2019, representing a CAGR of 4.7%%.

The chart below sets forth information on cash remittances from 2013 to May 2020, and the corresponding annual growth rates over the comparable periods.

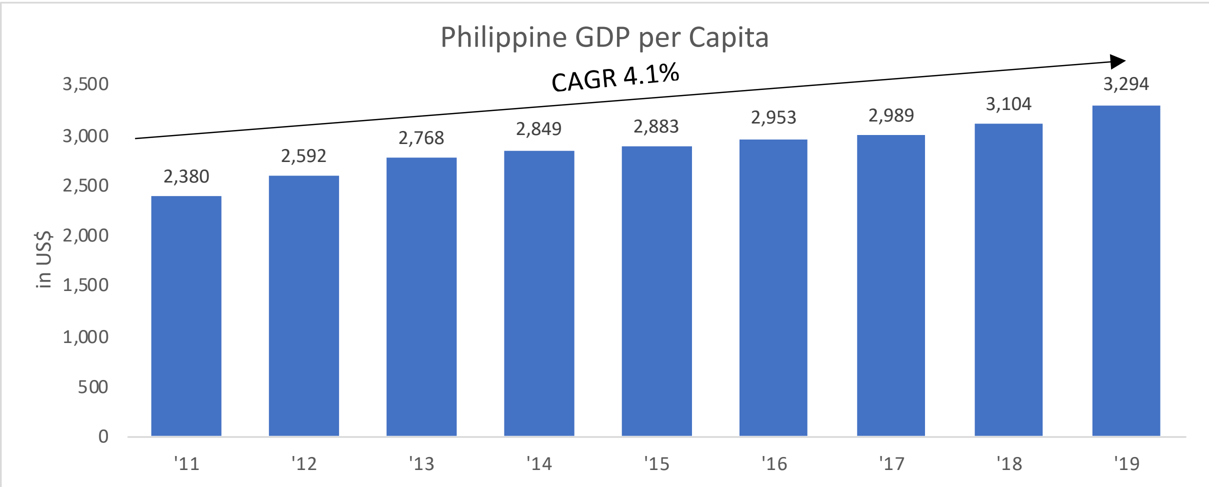


Source: BSP

Stable growth in gross domestic product per capita

One of the key drivers for strong domestic consumption growth has been the rapid growth of average GDP per person. According to the IMF, nominal GDP per capita in the Philippines grew at a CAGR of 4.1% between 2011 and 2019. The growth in GDP per capita is expected to provide a strong foundation for the future consumption growth in the Philippines.

The following chart sets out the expected nominal GDP per capita development in the Philippines from 2011 to 2019.

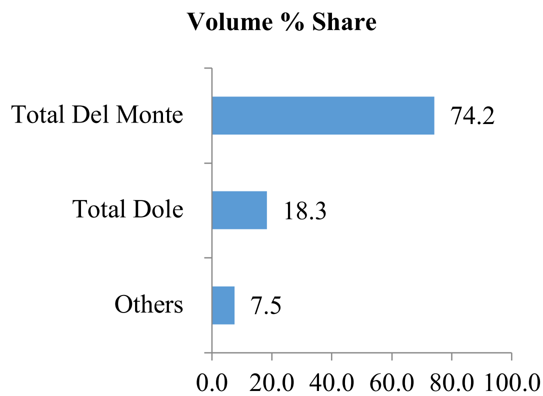


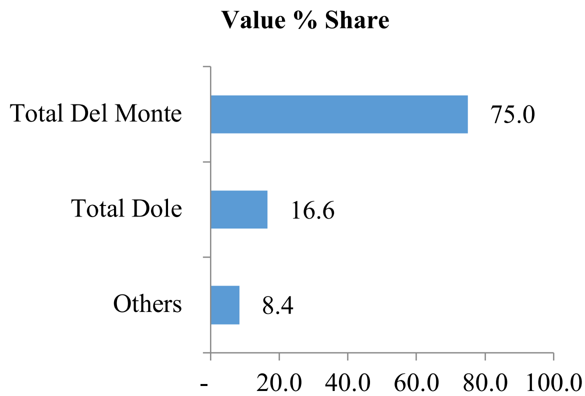
Source: IMF – World Economic Outlook Database October 2019

Philippine Processed Fruit and Vegetable Industry

Market Share

In the **packaged fruits category**, DMPI leads the market with a 74.2% retail sales volume share and 75% value share and the second leading player holds 18.3% in volume market share and 16.6% in value share. Popular products for the two companies are pineapple and mixed fruit.



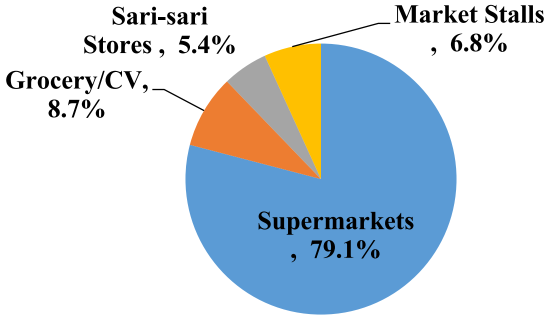


Source: Nielsen Retail Audit Total Packaged Fruits Database, May 2019 to April 2020 (MAT April 2020)

Distribution Channels

Modern trade channels account for 87.8% of retail sales volume of packaged fruits. This is primarily through supermarkets, which accounted for a 79.1% share of volume, followed by grocery/CV with 8.7 % share. Traditional Trade channels, such as, sari-sari stores and market stalls make up 12.2% of total retail volume.

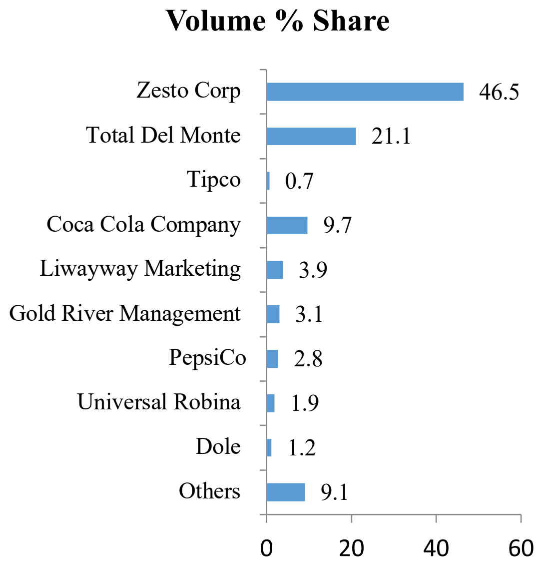
The following chart sets forth the relative percentages of different distribution channels for the packaged fruits category in the Philippines, based on retail sales volume as of April 2020.

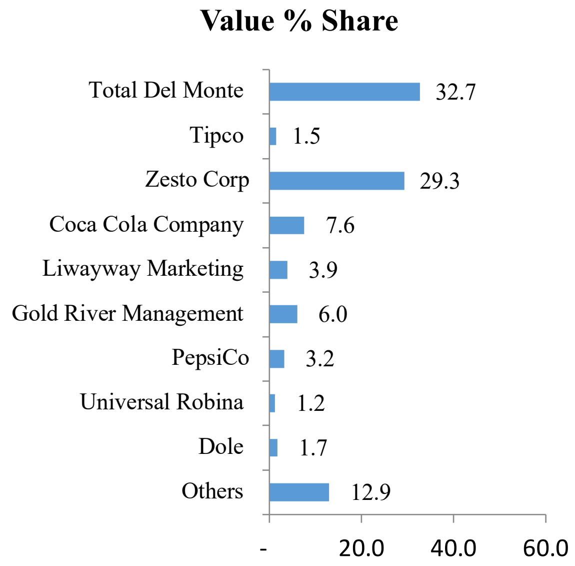


Source: Nielsen Retail Audit Total Packaged Fruits Database, May 2019 to April 2020 (MAT April 2020)

Market Share

In the **ready-to-drink juice category**, DMPI is the market leader in value share at 32.7% value share. The following chart sets forth the market shares for the ready-to-drink juices in the Philippines, based on retail audit sales as of April 2020.

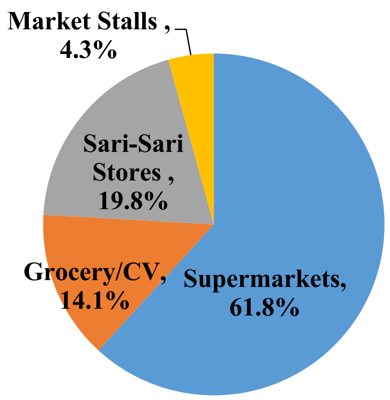




Source: Nielsen Retail Audit Total RTD Juice Database, May 2019 to April 2020 (MAT April 2020)

Distribution Channels

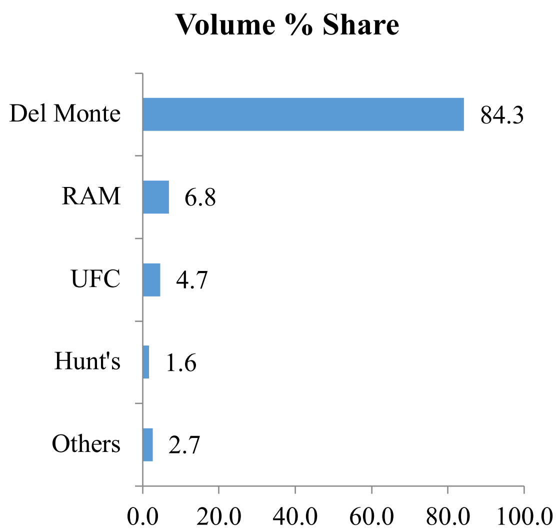
Modern trade accounts for 75.9% of retail sales volume of ready-to-drink juice for the year ending April 2020. This is primarily through supermarkets, which accounted for a 61.8% share of retail volume sales, followed by grocery/CV with a 14.1% share. Traditional Trade Channels, such as sari-sari stores account for 24.1% of total retail sales volume.

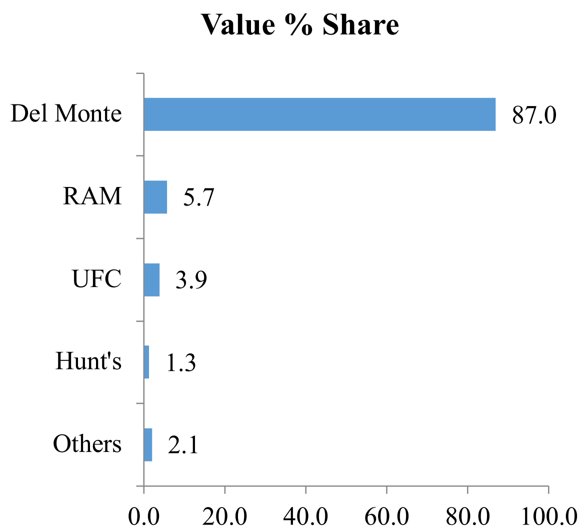


Source: Nielsen Retail Audit Total RTD Juice (Excluding Doy/ Foil Packs) Database, May 2019 to April 2020 (MAT April 2020)

__Market Share__

In the **tomato sauce category**, DMPI is the market leader, holding majority of the share with 84.3% volume share and 87% value share. The following chart illustrates the market for the tomato sauce category in the Philippines, based on retail sales audit volume as of April 2020.



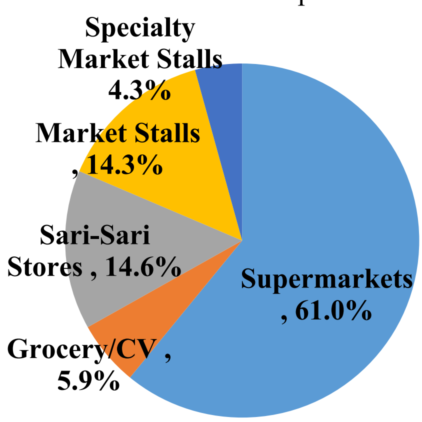


Source: Nielsen Retail Audit Tomato Sauce Database, May 2019 to April 2020 (MAT April 2020)

__Distribution Channels__

Modern trade channels account for 66.9% of retail sales volume of tomato sauce category for the year ending April 2020. This is primarily through supermarkets, which accounted for a 61.0% share of retail volume sales. Traditional Trade Channels, such as sari-sari stores and market stalls account for 33.1% of total retail sales volume.

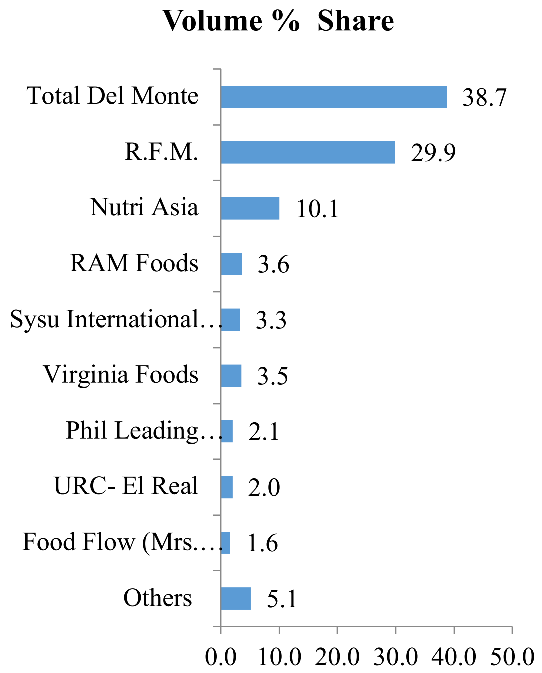
The following chart sets forth the relative percentages of different distribution channels for the tomato sauce category in the Philippines, based on retail sales volume as of April 2020.

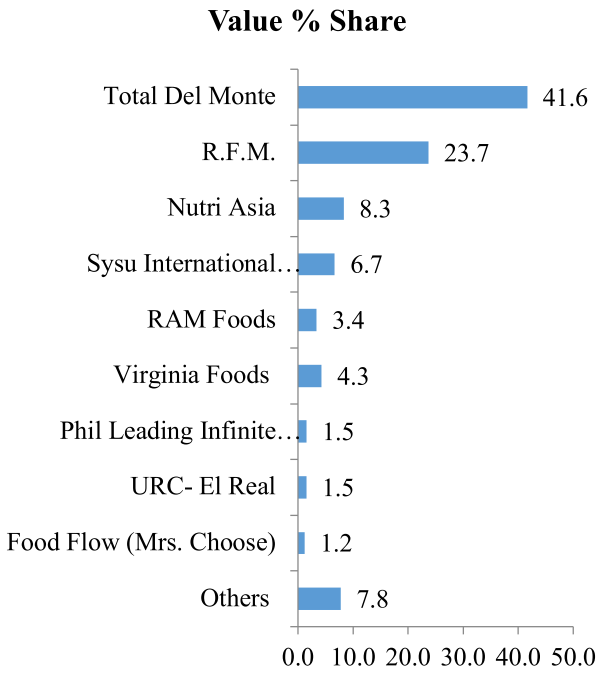


Source: Nielsen Retail Audit Tomato Sauce Database, May 2019 to April 2020 (MAT April 2020)

Market Share

In the **spaghetti sauce category**, DMPI is the market leader with 38.7% volume share and 41.6% value share. This is followed by other manufacturers like RFM and NutriAsia, with 29.9% and 10.1% volume shares and 23.7% and 8.3% value shares, respectively. The following chart illustrates the market for the spaghetti sauce category in the Philippines, based on retail sales audit volume as of April 2020.



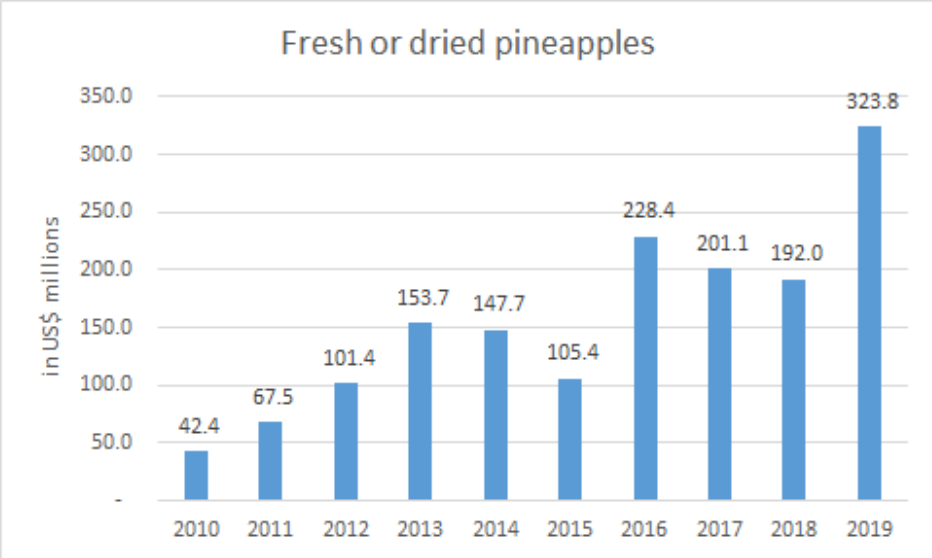


Source: Nielsen Retail Audit Spaghetti Sauce Database, May 2019 to April 2020 (MAT April 2020)

PHILIPPINE PINEAPPLE EXPORT INDUSTRY

According to the International Trade Center ("**ITC**"), the total market size of the Philippine fresh or dried pineapple export producers market had reached U.S.$323.8 million in December 2019. This represents a CAGR of 22.5% since 2010.

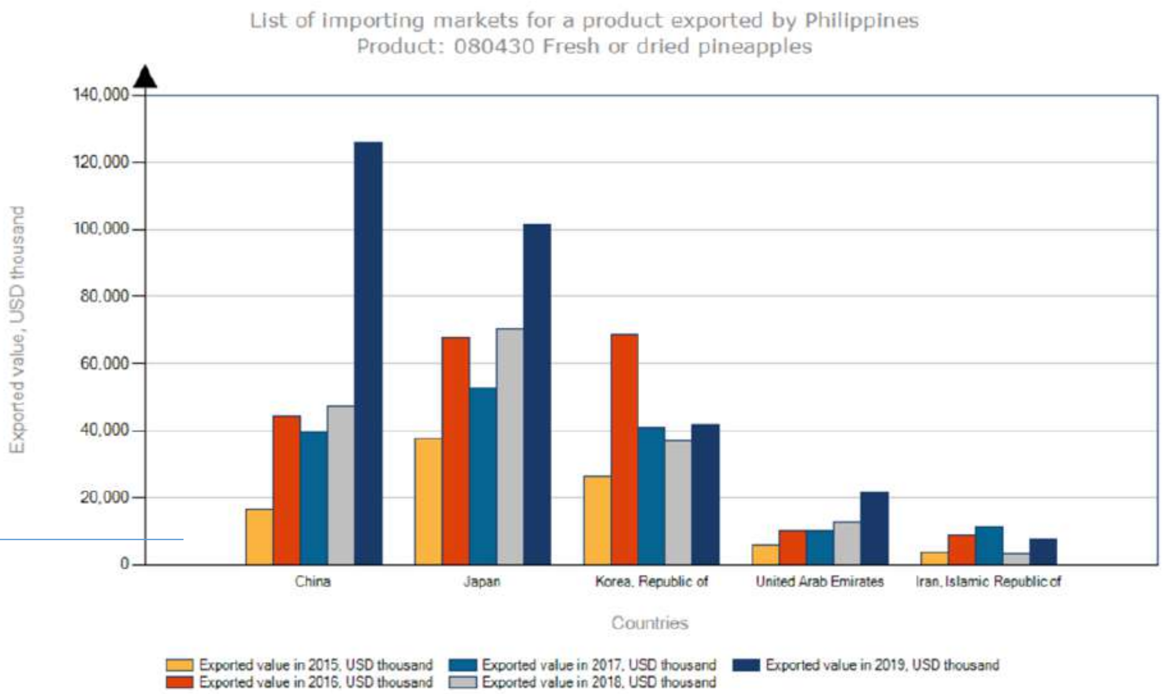
The following chart sets out the annual value of fresh or dried pineapple exports from 2010 to 2019.



Source: International Trade Center

Furthermore, according to the ITC, China (39%), Japan (31%), and South Korea (13%) are the biggest importers of Philippine pineapple, both comprising 83% of the total export value.

The following chart sets out the export share by country destination as of year-end 2019.



Source: International Trade Center

REGULATORY AND ENVIRONMENTAL MATTERS

The Company is mindful of and adheres to the various statutes and regulations that affect its activities in the value chain.

DMPI employs thousands of regular and contractual workers and consequently adheres to various laws and regulations, principally Presidential Decree No. 442, as amended (the "**Labor Code of the Philippines**") governing workers' compensation, workplace safety, labor standards, labor relations, social security, among other things.

DMPI conducts pineapple plantation operations mainly in Bukidnon, Northern Mindanao, and food manufacturing operations in its processing plant and cannery in Cagayan de Oro City, Mindanao. The pineapple plantations are under growership arrangements with various landowners and an agrarian reform beneficiary cooperative owned by DMPI's employees. These arrangements involving agricultural lands are governed by Commonwealth Act No. 141 (the "**Public Land Act**"), Republic Act No. 6657 (the "**Comprehensive Agrarian Reform Law**"), and other relevant statutes. DMPI also owns land which is being used for its cannery operations. The land was registered on 2 December 1930 and is believed to have been acquired by DMPI prior to 1935 or before the nationality restriction under the 1935 Philippine Constitution on land ownership became effective.

DMPI adheres to environmental laws and regulations which regulate its various activities in its plantations and manufacturing and packing facilities. These laws shall be further discussed on "*Environmental Regulations*".

DMPI operates three (3) foreshore areas. The three (3) foreshore areas are subleased from NDC. The NDC has foreshore lease agreements ("**FLAs**") with the Community Environment and Natural Resources Office ("**CENRO**"). Two (2) out of the three (3) FLAs have already expired and currently have pending applications for renewal with the CENRO. The following facilities are located in the leased foreshore areas: waste-to-energy facility, cold storage, Tetra Pak facility, and a juicing plant.

DMPI also operates several water-drawing facilities (i.e., deep wells) that are currently subject of pending water permit applications with the NWRB.

DMPI's procurement, use, and handling of fertilizers and pesticides are subject to regulation by the Fertilizer and Pesticide Authority of the Philippines ("**FPA**") pursuant to applicable laws and regulations with which DMPI complies.

As a food manufacturing, importing and distributing entity, DMPI procures and maintains all necessary licenses, registrations and permits from the FDA, and complies with Republic Act No. 9711(the "**FDA Law**"), Republic Act No. 7394 (the "**Consumer Act of the Philippines**"), and the various FDA regulations relating to food standards, product claims and liability, labeling and packaging.

DMPI imports various goods including raw materials and exports its products. These trade transactions are subject to, and DMPI adheres to, applicable importation quotas and other regulations, as well as export regulations requiring licenses and permits.

DMPI leases and maintains various warehouses and secures the necessary licenses and permits.

Below is a discussion of the relevant laws, rules and regulations applicable to the Company's business.

Land Ownership

Section 7, Article XII of the 1987 Constitution provides that, "no private lands shall be transferred or conveyed except to individuals, corporations, or associations qualified to acquire or hold lands of the public domain," while Section 3, Article XII restricts land ownership only to Philippine nationals. With regard to corporations, Section 22 of Commonwealth Act No. 141 states that any corporation or association of which at least sixty per centum (60%) of the capital stock or of any interest in said capital stock belongs wholly to citizens of the Philippines, and which is organized and constituted under the laws of Philippines, may purchase any tract of disposable public agricultural land not exceeding 1,024 hectares.

The following are the exceptions to the constitutional restriction on ownership of land by a foreigner or a corporation not meeting the 60% Filipino ownership requirement:

1. Acquisition by any foreigner prior to the 1935 Constitution;
2. Acquisition by an American national from 1934 to 1946, pursuant to American parity rights under the Tydings-McDuffie Act; and
3. Acquisition of public agricultural land by an American national from 1946 to 1974, pursuant to American parity rights under the Parity Amendment to the 1935 Constitution.[21]

DMPI believes that the land owned by the Company, based on its records, were acquired by it prior to 1935 or before the nationality restriction under the 1935 Philippine Constitution on land ownership became effective.

Foreshore Lease Agreements (FLA)

Only corporations duly constituted and organized under Philippine laws and at least 60.0% of the capital are owned by Philippine nationals may submit a Foreshore Lease Application with the CENRO, which has jurisdiction over the area. FLAs are usually valid for a period of 25 years.

The foreshore lease may be cancelled by the government for (1) any violation of the provisions of the Public Land Act as amended regarding foreshore lands and the additional conditions imposed by DENR DAO No. 24-04, and (2) non-payment of annual lease rental for two (2) consecutive years.

Comprehensive Agrarian Reform Law of 1988

Under Republic Act No. 6657 or the "Comprehensive Agrarian Reform Law of 1988," as amended, it is the policy of the state to implement a Comprehensive Agrarian Reform Program ("**CARP**"), which involves the redistribution of agricultural lands to farmers, irrespective of tenurial arrangement (*i.e.*, the type of arrangement between a tenant and landowner, such as leasehold, tenancy, stewardship, or otherwise, over lands devoted to agriculture). The CARP lapsed in 1998 but was extended for five (5) years from 7 August 2009 with the passage of Republic Act No. 9700 or the "Comprehensive Agrarian Reform Program Extension with Reforms" ("**CARPER**"). Under the CARPER, as long as a notice of coverage has been sent to a landowner on or before 30 June 2014, the land covered may be subject to distribution to beneficiaries who are landless farmers, including agricultural lessees, tenants, as well as regular, seasonal and other farmworkers.

Under DAR Administrative Order No. 4 s. 2003, all lands that are already classified as commercial, industrial, or residential before 15 June 1988 no longer need any conversion clearance and are already considered exempt. An exemption clearance can be obtained by submitting a sworn application for CARP exemption or exclusion along with the necessary supporting documents with the DAR.

[21] Subject to the ruling of the Supreme Court in *Republic v. Quasha* (G.R. No. L-30299, August 17, 1972).

With regard to land use conversion, any conversion by the landowner of his agricultural land into any non-agricultural use with intent to avoid the application of CARPER to his landholding is considered illegal conversion. Illegal conversion may be committed by a landowner who converts his agricultural land into non-agricultural use without authority or clearance from DAR. On the other hand, in case any development activity is undertaken resulting in the modification or alteration of the physical characteristics of the agricultural land that would render it suitable for non-agricultural purposes and in case no Conversion Order is secured from the DAR, the landowner or developer may be held liable for premature conversion of agricultural land. Illegal conversion is punishable by imprisonment of at least six (6) years and up to 12 years or a fine of not less than PhP200,000.00 and not more than PhP1.0 million, or both. Premature conversion is punishable by imprisonment of at least two (2) years and up to six (6) years, or a fine equivalent to 100% of the government's investment cost, or both.

DMPI operates pineapple plantation operations mainly in Bukidnon, Northern Mindanao, and food manufacturing operations in its processing plant and cannery in Cagayan de Oro City. The pineapple plantations are under growership arrangements with various landowners and an agrarian reform beneficiary cooperative owned by DMPI's employees.

Agribusiness Venture Arrangements

Agribusiness Venture Arrangements ("**AVAs**") (formerly known as joint economic enterprises) are governed by DAR Administrative Order ("**A.O.**") No. 02-99 issued on 16 October 1999, and DAR A.O. No. 09-06 issued on 8 December 2006, among other DAR issuances.

DAR A.O. No. 02-99

DAR A.O. No. 02-99 provides that beneficiaries of agricultural lands distributed under the agrarian reform program may engage in any of the joint economic enterprises provided therein. These include holders Emancipation Patents ("**EP**") or Certificates of Land Ownership Awards ("**CLOA**").

The order enumerates the various types of joint economic ventures, such as joint venture, production, processing and marketing agreement, build-operate-transfer scheme, management contract, service contract, lease contract, combinations or phased arrangements, and other schemes. The order likewise lists the basic features of such arrangements. For instance, for lease contracts, the lessee/investor shall give priority to qualified and willing ARBs and their dependents for employment in the enterprise. In such case, the ARBs shall be treated as employees of the lessee/investor and shall be entitled to the mandated minimum wage and other economic benefits granted under the Labor Code and other existing laws.

The order also provides that joint economic enterprises shall provide for the grounds and the procedures whereby a party may withdraw from the agreement. In general, a party may withdraw in case of serious breach or failure by the other party to comply with the terms thereof. Moreover, the withdrawal by the aggrieved party shall go through a dispute resolution process, as appropriate, without prejudice to his right to extra judicially rescind obligations pursuant to Article 1191 of the Civil Code of the Philippines.

The order requires prior approval by the Presidential Agrarian Reform Council ("**PARC**") if the AVA involves (i) an investor who is a former landowner and (ii) reconveyance of the use and possession of the land in favor of the former landowner. Without the foregoing elements, an AVA is only required to be witnessed by the Provincial Agrarian Reform Officer ("**PARO**") or the Municipal Agrarian Reform Officer ("**MARO**"). AVAs take effect upon signing by the parties, except those requiring PARC approval, which shall take effect upon such approval. Amendments to AVAs shall also undergo the same approval process.

DAR A.O. No. 09-06

DAR A.O. No. 09-06 was issued in 2006 to amend or update the then existing policies and procedures under DAR A.O. No. 02-99.

The order provides that it shall apply to all awarded lands distributed under the Comprehensive Agrarian Reform Program. Individual ARBs and ARB cooperatives or associations, who are bonafide holders of Emancipation Patent, Certificate of Land Ownership Award or similar tenurial instruments issued by the Department of Agrarian Reform or its predecessor may apply for AVA provided therein. Retained areas of small landowners and lands of ARBs that are fully paid or where the 10-year prohibitory period under Sec. 27 of R.A. No. 6657 has already lapsed may also be covered by these rules and regulations provided the said landowners and ARBs opt to include the said landholdings in the AVAs under this Order.

DAR A.O. No. 09-06 enumerates the general policies governing AVAs. One such policy is that it shall be approved only if it guarantees the security of ownership and tenure of ARBs, and ensure an increase of their income. Further, there must be sufficient and reliable basis to reasonably conclude that the economic viability and productivity of the farms ensured. Another policy is that the AVA shall include provisions to help promote the development and transformation of ARBs from mere laborers and labor union members to farm owners, cooperative members and business entrepreneurs and managers. Another policy is that the AVA shall provide sanctions for non-compliance by either parties and shall be periodically monitored by DAR. Thus, the order provides that the DAR, through its regional and provincial offices, shall monitor, together with the PARCCOM, the progress and implementation of AVAs in accordance with the relevant provisions of such issuance. Moreover, the DAR Provincial Office through the AVA-Task Force, in collaboration with the PARCCOM, shall have visitorial power to monitor the implementation of AVA.

DAR A.O. No. 09-06 provides that AVAs involving the transfer of possession or control of the land to the investor must be reviewed by the National AVA Evaluation Committee ("**NAEC**"), upon endorsement by Provincial Agrarian Reform Coordinating Committee ("**PARCCOM**"), for the approval by PARC. All other AVAs must be reviewed by the PARO. Lands that are fully paid, or where the 10-year prohibition on land transactions under the CARP Law has lapsed, require the signature of the following, as witness to the AVA contract: (i) DAR Policy Planning and Legal Affairs Office Undersecretary, if the AVA involves the transfer of use and possession of land to the investor, and (ii) PARO, if otherwise. The absence of PARC approval or signature of the PARO shall render the AVA contract null and void.

The order also provides that the PARC, the PARC ExCom or the DAR Adjudication Board ("**DARAB**"), after due process, may revoke, cancel or terminate the implementation of an AVA based on the following grounds: (1) gross violation or non-compliance of the terms and conditions of the contract such as, but not limited to: (a) non-implementation of the human resources development plan provisions, (b) non-employment of the ARBs, (c) concealment of the true financial status of the enterprise; and (d) fraud; (2) when, without justifiable reasons, the AVA fails to provide benefits and incentives stipulated in the approved/witnessed AVA, such as but not limited to, dividends accruing to ARB's equity shares, production and quality incentives; (3) when the AVA is no longer financially and economically viable; (4) when a portion of the commercial farm subject of the AVA is converted or fragmented into non-agricultural use without prior written consent of the general membership of the cooperative or association or a majority of the ARBs; (5) action resulting to the transfer of ownership of the landholding subject of AVA to the investors; or (6) other meritorious grounds.

Labor and Employment

Service Agreement with Cooperatives

A Service Agreement governing a contracting arrangement between a cooperative and the principal must contain the following provisions:

a. Specific description of the job or work being subcontracted;
b. Place or work terms and conditions governing the contracting arrangement, including the amount agreed upon for the contracted job and standard administrative fee of not less than 10% of the total contract cost;
c. Bond provision renewable every year;
d. Contractor or subcontractor shall directly remit monthly the employers' share and employees' contribution to the SSS, ECC, Philhealth and Pag-IBIG;
e. The term or duration of engagement must be specific; and

Under the Labor Code and its implementing rules and regulations, failure to include the mandatory provisions in the service agreement shall cause the principal as the direct employer of the employees of the contractor or subcontractor. Should such be the case, the principal will be jointly and severally liable with the contractor to the latter's employees, in the same manner and extent that the principal is liable to employees directly hired by it.

DMPI employs thousands of regular and contractual workers. The Company is fully compliant with labor regulations governing workers' compensation, workplace safety, labor standards, labor relations, and social security, among other requirements.

Import and Export Regulations

An importer of raw materials into the Philippines must have the necessary importation permits from the BIR and the Bureau of Customs ("**BOC**"). Under Department Order No. 012-2014 dated 6 February 2014, the Department of Finance prescribed the rules on the accreditation of importers by the BIR and the BOC, and required both government agencies to issue their own set of rules and regulations.

BIR Revenue Memorandum Order No. 10-2014 dated 10 February 2014 states that the following criteria must be met in order to obtain BIR accreditation and issuance of the BIR Importer's Clearance Certificate ("**BIR-ICC**"): (a) applicant is compliant with the payment of the annual registration fee; (b) there must be no valid open "stop-filer" cases; (c) applicant must be a regular user of BIR's Electronic Filing and Payment System ("**eFPS**"); (d) there must be no delinquent account; and (e) BIR must be able to locate the applicant in the address indicated in its tax return. The same criteria will apply for the renewal of the BIR-ICC, which should be valid for three (3) years from issuance.

Customs Memorandum Order No. 11-2014 dated May 22, 2014 as amended provides that an applicant desiring to register with the BOC must present the BIR-ICC issued by the BIR. Once issued, the BOC Importer's Accreditation will be valid for the same duration as that of the BIR-ICC. The BIR-ICC must be renewed and submitted to the BOC every three (3) years.

Expiration of the BIR-ICC will lead to the automatic expiration of the BOC Importer's Accreditation. Importation without the necessary BIR-ICC will also make the importer liable for a fine of not more than PhP1,000 or imprisonment of not more than six (6) months, or both.

Any importer whose BOC accreditation has expired will not be allowed to transact business with the BOC. Unlawful importation without the proper import documents will make the importer liable to imprisonment and payment of fines, the value of which will depend on the appraised value of the goods unlawfully imported:

a. 30 days imprisonment if the appraised value of the imported goods are less than PhP250,000.00 up to 40 years imprisonment if the appraised value is more than PhP250 million; and
b. Fine of at least PhP25,000.00 if the appraised value of the imported goods is less than PhP250,000.00 and at least PhP50 million if the appraised value is more than PhP250 million.

If found guilty, the BOC importer's accreditation will immediately be revoked and will no longer be allowed to be renewed.

DMPI imports various goods including raw materials and exports its products. These trade transactions are subject to applicable importation quotas and to the above regulations requiring licenses and permits.

Regulations on the Implementation of Community Quarantine

The Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF) was tasked to facilitate the Philippine government's response to the COVID-19 pandemic. Among other issuances, the IATF issued the Omnibus Guidelines on the Implementation of Community Quarantine in the Philippines on 29 April 2020 ("**Quarantine Guidelines**"). The Quarantine Guidelines provide for the implementation of measures imposing restrictions on movement and transportation of people, regulation of the operation of industries, provision of food and essential services with varying levels of restriction.

Philippine Economic Zone Authority (PEZA)

An enterprise within a designated Ecozone must register with PEZA to avail itself of all incentives and benefits under the PEZA law. There will be a Registration Agreement which contains the terms and conditions of the registration with PEZA, including incentives granted to the registered enterprise.

PEZA Memorandum Circular No. 2004-024 provides that all PEZA-registered economic zone locator enterprises, which are entitled to fiscal incentives, are exempted from having to secure all local government unit ("**LGU**") permits. However, if the business activity performed is not considered part of the PEZA-registered activity, then the necessary LGU permits must be secured, such as:

1. Business Permit;
2. Fire Safety Inspection Permit;
3. Building Permit;
4. Occupancy Permit;
5. Sanitary Permit;
6. Zoning or locational Clearance; and
7. Barangay Clearance

DMPI is registered with the PEZA as an export ecozone enterprise. As such, it enjoys certain fiscal and tax incentives and is exempt from obtaining the above LGU permits for locations within the ecozones.

Food and Drug Regulation

The Consumer Act

The Republic Act No. 7394 or the Consumer Act of the Philippines establishes quality and safety standards with respect to the composition, contents, packaging and advertisement of food products. Furthermore, it regulates the following: (1) consumer product quality and safety; (2) the production, sale, distribution and advertisement of food, drugs, cosmetics and devices as well as substances hazardous to the consumer's health and safety; (3) fair, honest consumer transactions and consumer protection against deceptive, unfair and unconscionable sales acts or practices; (4) practices relative to the use of weights and measures; (5)

consumer product and safety warranties; (6) compulsory labeling and fair packaging; (7) liabilities for defective products and services; (8) consumer protection against misleading advertisements and fraudulent promotion practices; and (9) consumer credit transactions. Under the Consumer Act, it is prohibited to manufacture, import, export, sell, offer to sell, distribute, and transfer food products that do not conform to applicable consumer product quality or safety standards.

The implementing agencies tasked to enforce the Act are the Department of Health, the Department of Agriculture, and the DTI. The Department of Health, in particular, regulates the production, sale, distribution, and advertisement of food to protect the health of consumers.

Violation of the Consumer Act warrants administrative penalties and/or imprisonment of not less than one year but not more than five years, or a fine of not less than PhP5,000.00 but not more than PhP10,000.00 or both, at the discretion of the court. Should the offense be committed by a juridical person, the chairman of the board of directors, the president, general manager, or the partners and/or the persons directly responsible therefor shall be penalized.

The Food Safety Act

Republic Act No. 10611 or the "**Food Safety Act**" seeks to strengthen the food safety regulatory system in the country by principally delineating the mandates and responsibilities of the government agencies. The National Dairy Authority, National Meat Inspection Service, and Bureau of Fisheries and Aquatic Resources under the Department of Agriculture are the government agencies responsible for the development and enforcement of food safety standards and regulations in the primary production and post-harvest stages for milk, meats, and fish, respectively, while the FDA under the DOH is responsible for the safety of processed and pre-packaged foods. The Food Safety Act created the Food Safety Regulation Coordinating Board to monitor and coordinate the performance and implementation of the mandates of the government agencies under the law.

Under the Food Safety Act, food business operators or those who undertake to carry out any of the stages of the food supply chain are held principally responsible in ensuring that their products satisfy the requirements of the law and that control systems are in place to prevent, eliminate, or reduce risks to consumers.

For the enforcement of the Food Safety Act, the food safety regulatory agencies are authorized to perform regular inspection of food business operators taking into consideration the compliance with mandatory safety standards; implementation of the Hazard Analysis at Critical Control Points or the science-based system that identifies, evaluates, and controls hazards for food safety at critical points; good manufacturing practices; and other requirements of regulations. It is prohibited to refuse access to pertinent records or entry of inspection officers of the food safety regulatory agencies. It is likewise prohibited, among others, to produce, handle, or manufacture for sale, offer for sale, distribute in commerce, or import any food or food product, which is banned or is not in conformity with applicable quality or safety standard is also prohibited. The commission of any of the prohibited acts under the Food Safety Act can result in imprisonment and/or a fine.

FDA Rules and Regulations

Consistent with the mandate to adopt and establish mechanisms and initiatives that are aimed to protect and promote the right to health of every Filipino, the FDA issued the Rules and Regulations on the Licensing of Food Establishments and Registration of Processed Food, which require all food establishments to obtain a License to Operate ("**LTO**") from the FDA before they can validly engage in the manufacture, importation, exportation, sale, offer for sale, distribution, and transfer of food products in the Philippine market. An initial LTO is valid for a period of two years, while a renewed license is valid for five years.

In addition to an LTO, the FDA also requires a Certificate of Product Registration ("**CPR**") for processed food products before said products are distributed, supplied, sold or offered for sale or use in the market. A CPR covering a particular health product constitutes prima facie evidence of the registrant's marketing authority for said health product in connection with the activities permitted pursuant to the registrant's LTO. In case of initial registration, a CPR shall be valid for a minimum period of two years to a maximum period of five years. Any renewal thereafter shall be valid for five years.

The operation of a food business without the proper authorization from the FDA is prohibited and punishable with a fine. The closure of the establishment may also be imposed as a penalty upon a finding of a commission of a prohibited act.

Licenses and Permits involving Pesticides and Fertilizers

Presidential Decree No. 1866, as amended by Republic Act No. 9516, is the principal statute which governs the license issued by the PNP-FEO involving certain chemicals. It provides that only persons or entities with a license issued by the PNP-FEO may import, possess or sell chemicals, including chlorates, nitrates, and nitric acid, that can be used in the manufacture of explosives or explosive ingredients. It also mandates the Chief of the PNP to promulgate rules and regulations for its effective implementation.

A corporation that wishes to engage in the business of manufacturing, dealing in and purchasing controlled chemicals is required to obtain a Manufacturer's License, a Dealer's License or a Purchaser's License. The application should be in the name of and shall be represented by the owner, in case of sole proprietorships or partnerships, or in case of corporations, by the president or any corporate officer or member of the Board empowered through a Secretary's Certificate.

Subsequent to the procurement of the license, the corporation should also apply for the issuance of appropriate permits such as Permit to Export Controlled Chemicals, Permit to Import Controlled Chemicals, Permit to Purchase and Move Controlled Chemicals, Permit to Unload Controlled Chemicals, Permit to Transfer Controlled Chemicals and Permit Transport Controlled Chemicals.

Unlawful manufacture, sales, acquisition, disposition, importation or possession of a controlled chemical without the proper license and permits will make the importer liable to imprisonment and payment of fines. Further, imprisonment will be imposed upon the owner, president, manager, director or other responsible officer of any corporation who shall knowingly allow the commission of the acts in violation of the law.

Energy Generation

Electricity Power Industry Reform Act (EPIRA) of 2001 and Energy Regulatory Commission (ERC) Rules and Regulations

Section 6 of R.A. No. 9136 (*Electric Power Industry Reform Act of 2001* or EPIRA) states that Generation Companies shall, before they operate, secure from the ERC Certificates of Compliance ("**COCs**"). Furthermore, Section 2, Rule 5 of the Implementing Rules and Regulations of the EPIRA provides that no person may engage in the generation of electricity unless such person has received a COC from the ERC to operate facilities used in the generation of electricity. On June 26, 2002, the ERC promulgated the Guidelines for the Issuance of COC for Generation/Facilities, which took effect on 20 July 2002. On 10 March 2010, the ERC promulgated the Revised Rules for the Issuance of COCs for Generation Companies/Facilities. Subsequent amendments have been made to the Revised COC Rules in view of the need to facilitate evaluation of the said COCs. Section 2 of the 2014 Revised Rules for the Issuance of COCs for Generation Companies, Qualified End-Users, and Entities with Self-Generation Facilities, as amended by ERC Resolution No. 16, series of 2014, provides that "no Person may engage in the Generation of Electricity as a Generation Company, *Qualified End-user, or Entity with Self-Generation Facilities* unless it has secured a COC from the ERC to operate generation facilities used in the generation of electricity."

Atomic Energy Regulatory and Liability Act of 1968

Under Section 16, R.A. No. 5207 (*Atomic Energy Regulatory and Liability Act of 1968*), no person is allowed to manufacture, produce, transfer, sell, receive, acquire, own, possess, use, import or export radioactive material except as authorized in a license issued by the Philippine National Research Institute ("**PNRI**"). Under Section 64, any person who wilfully violates, attempts to violate, or conspires to violate, the foregoing shall upon conviction thereof, suffer the penalty of imprisonment of not more than five (5) years or a fine of not more than PhP10,000.00 or both.

Environmental Regulations

DMPI adheres to environmental laws and regulations which regulate its various activities in its plantations and manufacturing and packing facilities. These laws include Presidential Decree No. 1586 (the "**Environmental Impact Statement System**"), Republic Act No. 8749 (the "**Philippine Clean Air Act**"), Republic Act No. 9003 (the "**Ecological Solid Waste Management Act**"), Republic Act No. 9275 (the "**Philippine Clean Water Act**"), and Republic Act No. 6969 (the "**Toxic Substances and Hazardous and Nuclear Wastes Control Act**"). Since DMPI draws and utilizes water from deep wells, it complies with the requirements of Presidential Decree No. 1067 (1976) (the "**Water Code of the Philippines**") and secures the necessary water permits from the National Water Resources Board ("**NWRB**").

Philippine Clean Water Act of 2004

R.A. No. 9275 or the Philippine Clean Water Act of 2004 provides that all establishments are required to secure a Discharge Permit from the DENR. The Discharge Permit will be issued upon confirmation that the establishment's waste-water effluent sufficiently passes the standard set by law. Failure to pass the standard can lead to the closure of the establishment. Failure to obtain the necessary permit or meet the prescribed standards can also make the establishment liable for a fine of PhP10,000.00 to PhP200,000.00 for every day of violation.

Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990

R.A. No. 6969 or the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 prohibits the manufacture, storage, processing, recycling, disposal, or transport of hazardous waste or substances without first securing a prior permit from the DENR. "Hazardous wastes" refer to substances that do not have any safe commercial, industrial, agricultural or economic usage and are shipped, transported or brought into the Philippines for dumping or disposal. On the other hand, "hazardous substances" are substances which present acute toxicity by ingestion, inhalation or skin absorption, corrosivity or other skin or eye contact hazard or the risk of fire or explosion or long-term environmental hazards, including chronic toxicity upon repeated exposure or carcinogenicity. Failure or refusal to secure a permit or authorization from the DENR prior to transport, storage, or disposal of hazardous waste or substances is punishable by a fine of not less than PhP10,000.00 but not more than PhP50,000.00.

Philippine Clean Air Act of 1999

DENR Administrative Order No. 81 s. 2000 requires all sources of air pollution to be covered by a valid Permit to Operate issued by the DENR. A permit duly issued by the DENR shall be valid for the period specified in the permit but not beyond one (1) year from the date of issuance unless sooner suspended or revoked. It may be renewed by filing an application for renewal at least 30 days before its expiration date and upon payment of the required fees and compliance with requirements. Failure to obtain the necessary permit or violation of the standards imposed is punishable by a fine of not less than ₱10,000.00 but not more than ₱100,000.00 or six (6) years imprisonment or both.

Ecological Solid Waste Management Act of 2000

R.A. No. 9003 or the Ecological Solid Waste Management Act of 2000 provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The National Solid Waste Management Commission, together with other government agencies and the different LGUs, are responsible for the implementation and enforcement of the said law.

Any violation of this law may be punishable by fine or imprisonment, or both, depending on the prohibited act committed. If the offense is committed by a corporation, the chief executive officer, president, general manager, managing partner or such other officer-in-charge shall be liable for the commission of the offense.

Environmental Compliance Certificate

Any business or undertaking in the Philippines that poses a potential environmental risk or a significant impact to the environment is required to secure an ECC from the DENR. An ECC is a certificate issued by DENR which contains conditions and measures meant to be observed by the business owner during the implementation of the project. Applying for an ECC requires the submission of an application letter and the conduct of an environmental impact assessment and environmental management plan, which will be reviewed by the DENR. A site inspection may also be conducted. If the DENR is satisfied that no serious environmental damage will result from the business or undertaking, the ECC will be released. In case there will be no significant effect on the environment, a Certificate of Non-Coverage ("**CNC**") will be issued. The processing of the application for an ECC could take at least 30 days.

Philippine Environmental Impact Statement System and Multi-Partite Monitoring Team

As part of the policy of the DENR to encourage public participation in the monitoring of projects that have environmental impacts, the DENR requires the formation of a Multi-Partite Monitoring Team ("**MMT**") after an ECC has been issued. The MMT is an independent team whose membership represents primarily the stakeholders or the public that are most affected by the implementation or operation of a project or undertaking subject of an ECC. DENR Administrative Order No. 2017-15 requires the formation of an MMT in cases where the project or undertaking is classified as an Environmentally Critical Project ("**ECP**"). An ECP is a project or program that has high potential for significant negative environmental impacts (Section 3, DENR Administrative Order No. 2017-15 dated May 2, 2017). As a third party entity, the MMT is intended to assist the DENR in monitoring environmental impacts and compliance by project proponents with the Philippine Environmental Impact Statement System requirements (as per P.D. No. 1586) and other environmental laws. The MMT scheme is intended to enhance the participation and transparency at the post-ECC issuance stage of the Environmental Impact Assessment ("**EIA**") Process.

In order to ensure the independence of the MMT as a third-party entity, DENR Administrative Order No. 2017-15 provides that the following representatives shall compose the MMT:

(1) Representatives from the concerned LGU, which include the following: a representative from the City Environmental Resources Office; Rural Health Unit Chief; and concerned barangay captain;

(2) Representative from the LGU-accredited local Non-Governmental Organizations with a mission specifically related to environmental management;

(3) Two (2) representatives from locally recognized community leaders who can represent vulnerable sectors including indigenous populations, women, senior citizens, and representatives from the academe; and

(4) Representatives from government agencies with related mandate on the type of project and its impacts during project implementation, *e.g.*, Department of Energy ("**DOE**") for energy projects.

The MMT is tasked to perform the following functions:

(a) Conduct quarterly ocular site visit to validate the proponent's compliance with the ECC conditions and the EMP including the requirement to conduct self-monitoring and submit corresponding reports regularly;

(b) Prepare and submit reports to the DENR; and

(c) Institute an environmental emergency and complaints receiving and management mechanism which should include systems for transmitting recommendations for necessary regulatory action to DENR-Environmental Management Bureau ("**DENR-EMB**") in a timely manner to prevent adverse environmental impacts.

Environmental Monitoring Fund

According to DENR Administrative Order No. 2017-15, the EMF is a "fund that a proponent has to set up after an ECC is issued for its project or undertaking, to be used to support the activities of the multi-partite monitoring team." It is the proponent's responsibility to provide funds for the MMT, which will monitor the proponent's compliance with the conditions of the ECC. The amount shall be based on the annual work and financial plan approved by the DENR. Accordingly, the EMF should only be established in case the project or undertaking falls under the ECP category. The project proponent undertakes the establishment of the EMF through the MOA signed with the stakeholders, as mentioned above.

Failure to set up an EMF is considered a violation of the conditions of the ECC. However, under the Revised Procedural Manual for DENR Administrative Order No. 03-30, failure to set up the EMF is considered as a minor offense, which could lead to the imposition of fines not exceeding PhP50,000.00 for every violation, with an option for the DENR-EMB to issue cease and desist orders that could prevent the company from pursuing its operations.

Water Permits

The appropriation of water from any public water source such as rivers, creeks, brooks, springs, lakes, lagoons, swamps, marshes, subterranean, or groundwater and seawater for, among others, industrial purposes (i.e., utilization of water in factories, industrial plants and mines including the use of water as an ingredient of a finished product) requires a water permit. A water permit is issued by the NWRB.

Only (a) citizens of the Philippines, (b) corporations organized under the laws of the Philippines at least 60% of the capital of which is owned by citizens of the Philippines, and (c) government entities and instrumentalities, including government-owned and controlled corporations, may apply for a water permit. The nationality requirement for the grant of water permits refers to the privilege "to appropriate and use water" which should be interpreted to mean the extraction of water from its natural source. Consequently, once removed from the natural source, water ceases to be a part of the natural resources of the country and is the subject of ordinary commerce and may be acquired by foreigners.

Data Protection and Privacy

Republic Act No. 10173 or the "Data Privacy Act of 2012" ("**DPA**") applies to the processing of all types of personal information and to any natural and juridical person engaged in personal information processing. It also covers those personal information controllers and processors who, although not found or established in the Philippines, use equipment that are located in the Philippines, or those who maintain an office, branch or agency in the Philippines.

Under the DPA and its implementing rules and regulations ("**DPA-IRR**"), the Company is required to obtain the consent of its employees with regard to the collection and processing of their personal data.

The employees as data subjects must be provided with specified information regarding the processing of their personal data, *i.e.*, scope and purpose, intended recipients of the personal data collected, retention period, rights of data subjects, etc., and must give their consent to such processing before their personal information can be lawfully collected and processed.

The DPA IRR and regulations issued by the National Privacy Commission ("**NPC**") impose a registration requirement that must be complied with by DMPI. Among other requirements, the DPA also requires:

1. Appointment of a Data Privacy Officer;
2. Formulation of a Data Privacy Policy;
3. Establishment of a data breach notification team; and
4. Adoption and implementation of appropriate organizational, physical, and technical security measures.

DMPI has already completed registration of its data processing systems with the NPC. DMPI has also implemented a Data Privacy Policy. Organizational, physical, and technical security measures intended for the protection of personal data are provided in DMPI's Data Privacy Policy as well as a protocol for data breach notification.

Philippine Competition Act and Implementing Rules and Regulations

Republic Act. No. 10667, or the Philippine Competition Act (the "**PCA**") is the primary competition policy of the Philippines. This is the first anti- trust statute in the Philippines and it provides the competition framework in the Philippines. The PCA was enacted to provide free and fair competition in trade, industry and all commercial economic activities. To implement its objectives, the PCA created the Philippine Competition Commission ("**PCC**"), an independent quasi-judicial agency with powers to conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, the PCC must apply for a warrant with the relevant court. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

(a) anti-competitive agreements between or among competitors, which restrict competition as to price, or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;

(b) practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition; and

(c) merger or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services, or breach the thresholds provided in the PCA-IRR without notice to the PCC.

On 21 February 2019, the PCC issued PCC Advisory No. 2019-001, effective 1 March 2019, amending the PCA-IRR. It increased the thresholds to ₱5.6 billion for the Size of Person and ₱2.2 billion for the Size of Transaction, as defined in the PCA-IRR. Under the Advisory, as to joint venture transactions, notification is mandatory if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.2 billion; or (b) the gross revenues generated in the Philippines by the assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.2 billion. On 11 February 2020, the notification thresholds were further adjusted by PCC Commission Resolution No. 02-2-2020 such that effective 1 March 2020, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceed ₱6.0 billion; and (b) the value of the transaction exceeds ₱2.4 billion, as determined in the PCA-IRR; while parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.4 billion; or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.4 billion.

On 22 November 2017, the PCC published the Merger Rules which provides the procedure for the review or investigation of mergers and acquisition pursuant to the Philippine Competition Act. The Merger Rules provides, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the PCA-IRR are required to notify the PCC within 30 days from the signing of definitive agreements relating to the notifiable merger.

Under the PCA and the PCA-IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of one per cent. to five per cent. of the value of the transaction. Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than ₱50 million but not more than ₱250 million; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and wilfully participate in such criminal offences. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The overall management and supervision of the Company, including the exercise of corporate powers and the conduct of the business of the Company, are undertaken by the Board of Directors.

Pursuant to the Company's amended articles of incorporation, its Board of Directors shall consist of seven members. The table below sets forth the members of the Company's Board of Directors as of the date of this Prospectus:

Name	Age	Nationality	Position
Rolando C. Gapud	78	Filipino	Chairman of the Board
Joselito D. Campos, Jr.	69	Filipino	Director
Luis F. Alejandro	66	Filipino	Director
Edgardo M. Cruz, Jr.	64	Filipino	Director
Emil Q. Javier	79	Filipino	Independent Director
Corazon S. De La Paz-Bernardo	79	Filipino	Independent Director
Jose T. Pardo	81	Filipino	Independent Director

The table below sets forth the Company's senior management as of the date of this Prospectus:

Name	Age	Nationality	Position
Joselito D. Campos, Jr.	69	Filipino	President and Chief Executive Officer
Luis F. Alejandro	66	Filipino	Chief Operating Officer and General Manager
Edgardo M. Cruz, Jr.	64	Filipino	Assistant Corporate Secretary
Parag Sachdeva	50	Indian	Chief Financial Officer and Treasurer
Antonio Eugenio S. Ungson	46	Filipino	Corporate Secretary, Chief Legal Counsel and Chief Compliance Officer
Ruiz G. Salazar	56	Filipino	Chief Human Resource Officer
Philip G. Macahilig	51	Filipino	Group Head, Philippine Market Commercial Operations

The following is a brief description of the business experience of the Company's Board of Directors and senior management for the past five years.

Rolando C. Gapud – 78, Filipino

Director and Chairman of the Board

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

Joselito D. Campos, Jr. – 69, Filipino
Director, and President and Chief Executive Officer

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

Luis F. Alejandro – 66, Filipino
Director, Chief Operating Officer / General Manager

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

Edgardo M. Cruz, Jr. – 64, Filipino

Director, Assistant Corporate Secretary

Mr. Edgardo M. Cruz, Jr. is a member of the Board of the NutriAsia Group of Companies. Mr. Cruz is a Director of both DMPL and DMFI, the ultimate parent company and affiliate of DMPI, respectively. He is the Chairman of the Board of Bonifacio Gas Corporation, Bonifacio Water Corporation and Bonifacio Transport Corporation. He is a member of the Board of Evergreen Holdings Inc., Fort Bonifacio Development Corporation and the BG Group of Companies. He is also a Board member and Chief Financial Officer of Bonifacio Land Corporation. He sits on the Boards of Ayala Greenfield Development Corporation and Ayala Greenfield Golf and Leisure Club Inc. He is a member of the Board of Trustees of Bonifacio Arts Foundation Inc., The Mind Museum, and the Del Monte Foundation, Inc. Mr. Cruz earned his MBA degree from the Asian Institute of Management after graduating from De La Salle University. He is a Certified Public Accountant.

Emil Q. Javier – 79, Filipino
Independent Director

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

Corazon S. De La Paz-Bernardo – 79, Filipino
Independent Director

Corazon S. de la Paz-Bernardo is an Independent Director of the following publicly listed companies: Phinma Energy Corporation, Phinma Petroleum and Geothermal, Inc., D&L Industries, Republic Glass Holdings Corporation and Roxas & Co. She is Adviser to the Board and the Board Audit Committee of BDO Unibank, Inc., and Adviser to the Board Audit Committee of PLDT; Trustee of Miriam College, University of the East, UE Ramon Magsaysay Memorial Medical Center, , Philippine Business for Education, Laura Vicuna Foundation for Street Children, Philippine Business for the Environment, Philippine Business for Social Progress, Children’s Hour, Vice Chairperson of Jaime V. Ongpin Foundation, Inc. and the Shareholders Association of the Philippines, Chairman of Jaime V. Ongpin Microfinance Foundation, Trustee/Treasurer of MFI Polytechnic Institute, Inc., and President of the Rizal High School Alumni Association. She was Chairman and Senior Partner of then Joaquin Cunanan & Co. (Price Waterhouse Philippines) from 1981 to 2001 and a member of the board of Price Waterhouse World Firm from 1992 to 1995. She was a Director of San Miguel Corporation, PLDT, Philex Mining, among others, from 2001 to 2008, Ayala Land (2006-April 2010), Chairman of the Board of Equitable PCI Bank (2006-2007), and Vice Chairman of Banco de Oro (BDO, Inc.) (2007-2012). She was President of the Social Security System from 2001 to 2008 and of the Geneva-based International Social Security Association from 2004 to 2010 and is currently its Honorary President. She had served as National President of the Philippine Institute of CPAs, the Management Association of the Philippines, the Financial Executive Institute of the Philippines, Cornell Club of the Philippines, The Outstanding Women in the Nation’s Service (TOWNS), and the Philippine Fulbright Scholars Association. She is an awardee of The Outstanding Filipino (TOFIL) in Public Accounting, and Outstanding Professional in Public Accounting by the Professional Regulatory Commission. She graduated Magna Cum Laude at the University of the East and ranked first place in the 1960 Certified Public Accountants Board Examination. She holds a Master of Business Administration degree from Cornell University in New York as a Fulbright grantee and University of the East Scholar. She is a life member of the Cornell University Council. She was conferred the degree of Doctor of Humanities (H.D.) honoris causa by the University of the Cordilleras (Baguio City) in 2017.

Jose T. Pardo – 81, Filipino
Independent Director

Mr. Jose T. Pardo is the Chairman and Independent Director of The Philippine Stock Exchange, Inc., Securities Clearing Corporation of the Philippines, Philippine Seven Corporation, Philippine Savings Bank, and Bank of Commerce. He is also Chairman of the Council of Business Leaders of Employers Confederation of the Philippines and Philippine Chamber of Commerce, Inc. He is an Independent Director of JG Summit Holdings, Inc., National Grid Corporation of the Philippines, ZNN Radio Veritas, Synergy Grid and Development Philippines, Inc., League One Finance and Leasing Corporation, Monte Oro Grid Resources Corporation, Araneta Hotels, Inc., and Del Monte Philippines, Inc. Mr. Pardo has held various positions in the government including Secretary of the Department of Finance (2000-2001) and Secretary of the Department of Trade and Industry (1998-2000). Mr. Pardo also served as the Chairman of the Foundation for Crime Prevention, Assumption College, Wenphil Corporation (Wendy's Philippines), Asian Holdings Corporation, OOCC General Construction Corp., and ABC Development Corporation. He also as Co-Chairman of De La Sale Philippines, Inc. and EDSA People Power Commission. He was also a Director for San Miguel Purefoods, Inc., Metropolitan Bank Trust Company (Metrobank), Mabuhay Philippine Satellite Corporation, and Coca-Cola Botllers Philippines, Inc. He was also the President of the Land and Housing Development Corp. and Philippine Seven Corporation. Mr. Pardo obtained his Bachelor of Science in Commerce, major in Accounting, and his Master's Degree in Business Administration from De La Salle University in Manila. In February 2018, he was conferred an Honorary Doctorate in Finance by the same university.

Parag Sachdeva – 50 Indian
Chief Financial Officer and Treasurer

Mr. Parag Sachdeva has more than 20 years of management and finance experience spanning planning and controllership, performance management, mergers and acquisitions, treasury, IT and human resources. Mr. Sachdeva is also the Chief Financial Officer of the Company's ultimate parent company, DMPL. Before joining the Company, he was with Carlsberg Asia for more than a year and supported efficiency and effectiveness programs across Asia and Africa regions. Prior to Carlsberg, he was with H.J. Heinz Company for 20 years and held leadership positions in Asia Pacific regions in finance, IT and human resources. Mr. Sachdeva graduated from the Aligarh Muslim University in India, Major in Accounting and Economics. He also has an MBA degree, Major in Finance from the same university.

Antonio E. S. Ungson – 48, Filipino
Corporate Secretary, Chief Legal Counsel and Chief Compliance Officer

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

Ruiz G. Salazar – 56, Filipino
Chief Human Resource Officer

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

Philip G. Macahilig – 51, Filipino
Group Head, Philippine Market Commercial Operations

Mr. Philip G. Macahilig previously served as Group Head of DMPI's Customer Development Group, from 2006 to 2012. Afterwards, he established Ocean Skipjack Distribution, Inc. (distributor of Century Tuna) and served as the General Manager of the same from 2012 to 2015. In 2015, he joined San Miguel Corporation as its National Sales Manager, and eventually its National Sales and Distribution Manager, before rejoining DMPI as the Group Head of Philippine Market Commercial Operations. Prior to joining DMPI in 2006, he was the National Sales Manager of Mead Johnson Nutrition. Mr. Macahilig obtained his bachelor's degree in Business Management, Marketing and Related Support Services from Ateneo de Manila University.

Corporate Governance

Manual on Corporate Governance

Pursuant to Article 9 of the Revised Code of Corporate Governance, the Manual on Corporate Governance (the "Manual") of the Company was approved by the Board of Directors on January 22, 2018.

Compliance and Monitoring System

The monitoring of the implementation of the evaluation system of the Company to measure and determine the adherence to and the level of compliance of the Board of Directors and top level management with the Manual is vested by the Board of Directors in the Chief Compliance Officer. To ensure adherence to corporate governance principles and best practices, the Board of Directors will appoint a Chief Compliance Officer in due course.

The Chief Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of the Manual and the rules and regulations of the relevant regulatory agencies and ensures adherence to corporate principles and best practices.

Further, the Company may organize regular seminars or programs on Corporate Governance for directors and key officers, in accordance with SEC regulations.

Pursuant to its commitment to good governance and business practice, the Company shall continue to review and strengthen its policies and procedures, giving due consideration to developments in the area of corporate governance which it determines to be in the best interests of the Company and its stockholders.

Board Committees

Management, together with the following Board committees, supports the Board of Directors in discharging its responsibilities.

Audit and Risk Committee

The primary role of the ARC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls and risk management, ensure integrity of financial statements, and provide arrangements whereby concerns on financial improprieties or other matters raised by whistle-blowers are investigated and an appropriate follow-up action is taken. The ARC shall have the following duties:

a. Reviewing the significant financial reporting issues and judgments to ensure the integrity of the Company's financial statements;
b. Reviewing and reporting to the Board of Directors at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and IT controls (such review can be carried out internally or with the assistance of any competent third parties);
c. Reviewing the effectiveness of the Company's internal audit function;
d. Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and
e. Making recommendations to the Board of Directors on proposals to stockholders on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

The ARC shall also review on a quarterly basis all the material Interested Person Transactions ("**IPT**") (as defined in the rules of the SGX-ST, to which DMPI's ultimate parent company, DMPL, is subject) to: (i) ensure that these are undertaken on more favorable economic terms to such IPTs than similar transactions with non-related parties under similar circumstances, and no corporate business resources of the Company are misappropriated or misapplied; and (ii) determine any potential reputational risk issues that may arise as a result of, or in connection with, any IPTs. The ARC shall oversee the implementation of the Company's system for identifying, monitoring, measuring, controlling and reporting IPTs, including a periodic review of IPT policies and procedures.

Nomination and Corporate Governance Committee

The NGC is mainly responsible for making recommendations to the Board of Directors on all new appointments of directors to ensure a formal and transparent process. It reviews the Board of Director's composition and effectiveness, and determines whether the directors possess the requisite qualifications and expertise and whether the independence of directors is compromised. The NGC shall have the following duties:

a. Review of succession plans for the Board of Directors, in particular, the Chairman and the President;
b. Development of a process for evaluation of the performance of the Board of Directors, its committees and members;
c. Review of training and professional development programs for the Board of Directors; and
d. Appointment and re-appointment of directors.

Remuneration and Share Option Committee

The RSOC's principal function is to ensure that a formal and transparent procedure is in place for fixing the remuneration packages of the directors, as well as the senior management of the Company. It is at liberty to seek independent professional advice as appropriate. The RSOC shall have the following duties:

a. Review and recommend to the Board of Directors a general framework of remuneration and specific remuneration packages for the directors and key management personnel; and
b. Review the Corporation's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous.

Executive Compensation

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer and senior management of the Company are as follows:

Name and Position	Year	Salary (₱ in million)	Bonus (₱ in million)
Chief Executive Officer and four (4) most highly compensated executive officers*	FY2021 (Est)	63,228,708	7,587,445
	FY2020	62,410,767	7,242,879
	FY2019	58,928,271	6,824,694
All other officers and directors as a group unnamed	FY2021 (Est)	125,270,860	13,932,672
	FY2020	137,710,680	9,669,441
	FY2019	112,668,184	15,951,675

**The CEO and executive officers of the Company are as follows: Joselito D. Campos, Jr. – President and CEO; Luis F. Alejandro – General Manager and Chief Operating Officer; Ruiz G. Salazar – Chief Human Resource Officer; Antonio Eugenio S. Ungson – Chief Legal Counsel and Chief Compliance Officer; and Philip G. Macahilig – Group Head, Philippine Market Commercial Operations.*

Standard Arrangements

Other than directors' fees or payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which the directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director for the last completed fiscal year and the ensuing year.

Other Arrangements

There are no arrangements pursuant to which any of the Company's directors is compensated, or are to be compensated, directly or indirectly, for any service provided as a director.

Warrants and Options

There are no outstanding warrants or options held by the directors and executive officers of the Company.

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

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

Significant Employees

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

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

Family Relationship

As of the date of this Prospectus, there are no family relationships (by consanguinity or affinity up to the fourth civil degree) among directors and executive officers that are known to the Company.

Involvement in Certain Legal Proceedings

Except as set out below, the Company is not aware of the occurrence of any of the following events during the past five years, which events may be considered material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the registrant:

1. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

4. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Mr. Luis F. Alejandro, the Company's Director, Chief Operating Officer and General Manager, is not involved in any criminal proceeding, or bankruptcy and insolvency investigation, except for the following cases wherein he was impleaded only in his official capacity:

1. In the libel case filed eight years ago by GMA Network, Inc. against ABS-CBN Broadcasting Corp. ("**ABS-CBN**"), Mr. Alejandro was impleaded as co-accused in his capacity as then President and Chief Operating Officer of ABS-CBN, together with other officers and employees; and

2. In a civil case filed by DMPI's former distributor, Ross Boone Enterprises Co., Mr. Alejandro was impleaded in his capacity as General Manager and Chief Operating Officer of DMPI.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the shareholders of the Company, their respective shareholdings and the corresponding percentage of ownership as of the date of this Prospectus:

Name	Type of Shares	No. of Shares	% of Ownership
Central American Resources, Inc.	Common	2,461,641,596	88%
Joselito D. Campos, Jr.	Common	1	0%
Luis F. Alejandro	Common	1	0%
Edgardo M. Cruz, Jr.	Common	1	0%
Rolando C. Gapud	Common	1	0%
Emil Q. Javier	Common	1	0%
Corazon S. De La Paz-Bernardo	Common	1	0%
Jose T. Pardo	Common	1	0%
Sub-Total (Common)		**2,461,641,603**	**88%**
SEA Diner Holdings (S) Pte. Ltd.	Preferred	335,678,400	12%
Sub-Total (Preferred)		**335,678,400**	**12%**
Total		**2,797,320,003**	**100%**

Security Ownership of Certain Record and Beneficial Owners

The table below sets out the security ownership of DMPI's shareholders of more than 5.0% of the Company's voting securities and their respective shareholdings and corresponding percentage ownership as of the date of this Prospectus:

Title of Class	Name and Address of Record Owner; and Relationship with Company	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Total Outstanding
Common Shares	Central American Resources, Inc. ("CARI"); Calle Aquilino de la Guardia, No. 8, City of Panama; Stockholder	CARI is the beneficial and record owner of the shares indicated.	Panamanian	2,461,641,596	88%
Preferred Shares	SEA Diner Holdings (S) Pte. Ltd.	SEA Diner Holdings (S) Pte. Ltd.	Singaporean	335,678,400	12%

Note(s):
(1) The total number of shares held by CARI before the Offer is inclusive of the shares held by the directors of DMPI (excluding independent directors).
(2) CARI is wholly-owned by DMPRL, which is wholly-owned by DMPL.
(2) The number of shares held by CARI includes the nominee shares held by the directors.

Security Ownership of Directors and Management

The table below sets forth the security ownership of the Company's directors and executive officers as of the date of this Prospectus:

Title of Class	Name of Beneficial Owner	No. of Shares Held and Nature of Beneficial Ownership		Citizenship	Percent of Class
Common	Rolando C. Gapud	1	Direct	Filipino	0%
Common	Joselito D. Campos, Jr.	1	Direct	Filipino	0%
Common	Luis F. Alejandro	1	Direct	Filipino	0%
Common	Edgardo M. Cruz, Jr.	1	Direct	Filipino	0%
Common	Emil Q. Javier	1	Direct	Filipino	0%
Common	Corazon S. De La Paz- Bernardo	1	Direct	Filipino	0%
Common	Jose T. Pardo	1	Direct	Filipino	0%

Voting Trust Holders of 5% or more

There are no persons holding more than 5.0% of a class of shares of the Company under a voting trust or similar agreement as of the date of this Prospectus.

Recent Issuances of Securities Constituting Exempt Transactions

There were no recent issuances of securities. However, on 13 July 2020, CARI transferred 12% of its DMPI common shares to SEA Diner, which later converted these shares to redeemable convertible preferred shares ("RCPS").

In January 2020, DMPL, CARI, DMPI, and SEA Diner Holdings Pte Ltd ("**SEA Diner**") entered into a share purchase agreement for the purchase by SEA Diner of CARI's 363,651,600 common shares of DMPI representing 13% of total issued and outstanding common shares in DMPI, subject to the fulfillment of certain conditions precedent. The aggregate consideration for the Private Placement this transaction was originally U.S.$130 Million.

On 30 April 2020, DMPL, CARI, DMPI, and SEA Diner entered into a supplemental agreement decreasing the number of sold shares to 335,678,400 common shares of DMPI representing 12% of the total number of issued and paid-up common shares in DMPI.

The final aggregate consideration for the Private Placement sale by CARI of 12% of total issued and outstanding shares in DMPI to SEA Diner ("**Private Placement**") was U.S.$120 Million. The other material terms of the Private Placement include:

Right to Convert into redeemable convertible preferred shares ("**RCPS**")	Following completion of the Private Placement, the shares purchased will be convertible into RCPS.
Dividend	SEA Diner's right to participate in dividends is on an as-converted basis, that is, if ordinary shareholders are entitled to dividends, then the RCPS holders will correspondingly be entitled to dividends on an as-converted basis.
Voting	SEA Diner, 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.
Transferability	The RCPS will be subject to certain transfer restrictions, such as the right of first refusal of CARI, but affiliates of SEA Diner shall be permitted transferees.

Conversion	SEA Diner, as long as it holds RCPS, may, at any time, exercise its right to convert the RCPS into common shares of DMPI. Conversion of RCPS into commonn shares of DMPI is at a ratio of one RCPS : one ordinary share of DMPI.
Exit	The RCPS shall automatically be converted into common shares of DMPI, on the occurrence of either an initial public offering or a trade or private sale of the DMPI shares covered by the Private Placement.
Redemption	If there is no liquidity event (IPO or trade sale) after five years from the closing of the Private Placement, the RCPS shall be redeemed at the redemption price, which is an amount paid on the RCPS plus an 8% rate of return (compounded on a per annum basis) calculated from the closing of the Private Placement up to the date of redemption. The right to redeem in the event there is no liquidity event after five (5) years from 20 May 2020 (the Completion Date) is subject to the mutual consent of both DMPI and SEA Diner. If DMPI does not consent to the RCPS holder's written redemption request, the 8% rate of return per annum shall 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. However, if an agreed default event occurs, SEA Diner may, by written notice to the Company, require the Company to redeem any or all of the RCPS held by SEA Diner at the agreed default redemption amount without prejudice to all other rights or remedies available to such holder of the RCPS. The right to redeem for certain default events is subject to the mutual consent of both DMPI and SEA Diner. If DMPI does not consent to the RCPS holder's written redemption request, the internal rate of return comprising the Default Redemption Amount shall 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.Under the original agreement, dividends declared pursuant to the RCPS were to be credited for the purpose of calculating the redemption amount. Under the 30 April 2020 supplemental agreement, the parties have agreed that any dividend received by SEA Diner from DMPI (other than the dividends in respect of the financial year ended 30 April 2020) will no longer be credited for the purpose of calculating the redemption amount.
Share Adjustment	There is also a share adjustment mechanism in the event that DMPL does not meet the forecasted net income of DMPI for the financial year ended 30 April 2021 numbers agreed with SEA Diner. Accordingly, additional DMPI shares (up to a maximum cap of 1.33% of the total issued share capital of DMPI as diluted by this adjustment) may be issued by DMPI to SEA Diner in accordance with the Private Placement agreement.
Call Option	SEA Diner shall also be entitled to a call option which gives it the right to buy from CARI additional DMPI shares of up to 41,959,800 DMPI shares. The option is held by the minority

	shareholder, SEA Diner and not by any of its director or executive officers. The Call Option is exercisable within the Option Period. "Option Period" means the period, (A) commencing on: (i) in the event where an IPO of DMPI is consummated on or before 30 April 2022, and: (a) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalisation of US$2,000,000,000 or lower, the date on which such IPO of DMPI is consummated; or (b) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalisation of more than US$2,000,000,000 and following such IPO, the Investor 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 Investor 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 Proposed Sale; (ii) the date falling five (5) years after the consummation of an IPO of DMPI; and (iii) the date on which the Investor receives an amount in respect of a redemption of its DMPI shares pursuant to the Agreement that provides the Investor with a rate of return of no less than eight (8) per cent.

In terms of voting rights and rights to dividends, SEA Diner's RCPS participate with the common shares of CARI although the RCPS' voting and dividend rights are limited by the number of the RCPS' in proportion to total issued shares.

Change in Control

As of the date of this Prospectus, there are no arrangements which may result in a change in control of the Company.

Market Information

The Company has an authorized capital stock of Php3,000,000,000.00 constituting of 2,664,321,600 Common Shares and 335,678,400 Preferred Shares with par value of P1.00 per common share. As of the date of this Prospectus, the Company has issued and outstanding 2,797,320,003 shares consisting of 2,461,641,603 Common Shares and 335,678,400 Preferred Shares.

Neither the common nor the preferred shares of the Company are listed or traded in any established public trading market.

MATERIAL CONTRACTS

The following contracts have been entered into by the Company and are (or may be) material:

SHARE PURCHASE AGREEMENT

In January 2020, DMPL, CARI, DMPI, and SEA Diner entered into a share purchase agreement for the purchase by SEA Diner of CARI's 363,651,600 common shares of DMPI representing 13% of total issued and outstanding common shares in DMPI, subject to the fulfillment of certain conditions precedent. The aggregate consideration for the Private Placement this transaction was originally U.S.$130 Million.

On 30 April 2020, DMPL, CARI, DMPI, and SEA Diner entered into a supplemental agreement decreasing the number of sold shares to 335,678,400 common shares of DMPI representing 12% of the total number of issued and paid-up common shares in DMPI.

The final aggregate consideration for the Private Placement sale by CARI of 12% of total issued and outstanding shares in DMPI to SEA Diner ("**Private Placement**") was U.S.$120 Million. The other material terms of the Private Placement include:

Right to Convert into redeemable convertible preferred shares ("**RCPS**")	Following completion of the Private Placement, the shares purchased will be convertible into RCPS.
Dividend	SEA Diner's right to participate in dividends is on an as-converted basis, that is, if ordinary shareholders are entitled to dividends, then the RCPS holders will correspondingly be entitled to dividends on an as-converted basis.
Voting	SEA Diner, 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.
Transferability	The RCPS will be subject to certain transfer restrictions, such as the right of first refusal of CARI, but affiliates of SEA Diner shall be permitted transferees.
Conversion	SEA Diner, as long as it holds RCPS, may, at any time, exercise its right to convert the RCPS into common shares of DMPI. Conversion of RCPS into commonn shares of DMPI is at a ratio of one RCPS : one ordinary share of DMPI.
Exit	The RCPS shall automatically be converted into common shares of DMPI, on the occurrence of either an initial public offering or a trade or private sale of the DMPI shares covered by the Private Placement.
Redemption	If there is no liquidity event (IPO or trade sale) after five years from the closing of the Private Placement, the RCPS shall be redeemed at the redemption price, which is an amount paid on the RCPS plus an 8% rate of return (compounded on a per annum basis) calculated from the closing of the Private Placement up to the date of redemption.

	The right to redeem in the event there is no liquidity event after five (5) years from 20 May 2020 (the Completion Date) is subject to the mutual consent of both DMPI and SEA Diner. If DMPI does not consent to the RCPS holder's written redemption request, the 8% rate of return per annum shall 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. However, if an agreed default event occurs, SEA Diner may, by written notice to the Company, require the Company to redeem any or all of the RCPS held by SEA Diner at the agreed default redemption amount without prejudice to all other rights or remedies available to such holder of the RCPS. The right to redeem for certain default events is subject to the mutual consent of both DMPI and SEA Diner. If DMPI does not consent to the RCPS holder's written redemption request, the internal rate of return comprising the Default Redemption Amount shall 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.Under the original agreement, dividends declared pursuant to the RCPS were to be credited for the purpose of calculating the redemption amount. Under the 30 April 2020 supplemental agreement, the parties have agreed that any dividend received by SEA Diner from DMPI (other than the dividends in respect of the financial year ended 30 April 2020) will no longer be credited for the purpose of calculating the redemption amount.
Share Adjustment	There is also a share adjustment mechanism in the event that DMPL does not meet the forecasted net income of DMPI for the financial year ended 30 April 2021 numbers agreed with SEA Diner. Accordingly, additional DMPI shares (up to a maximum cap of 1.33% of the total issued share capital of DMPI as diluted by this adjustment) may be issued by DMPI to SEA Diner in accordance with the Private Placement agreement.
Call Option	SEA Diner shall also be entitled to a call option which gives it the right to buy from CARI additional DMPI shares of up to 41,959,800 DMPI shares. The option is held by the minority shareholder, SEA Diner and not by any of its director or executive officers. The Call Option is exercisable within the Option Period. "Option Period" means the period, (A) commencing on: (i) in the event where an IPO of DMPI is consummated on or before 30 April 2022, and: (a) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalisation of US$2,000,000,000 or lower, the date on which such IPO of DMPI is consummated; or

	(b) such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalisation of more than US$2,000,000,000 and following such IPO, the Investor 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 Investor 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 Proposed Sale; (ii) the date falling five (5) years after the consummation of an IPO of DMPI; and (iii) the date on which the Investor receives an amount in respect of a redemption of its DMPI shares pursuant to the Agreement that provides the Investor with a rate of return of no less than eight (8) per cent.

MINDANAO CONTRACTS

DMPI's plantation in Northern Mindanao covers about 26,000 hectares which are either leased from or under other arrangements with various persons and entities. Almost all these lands are planted to pineapple. To ensure security of tenure, DMPI regularly conducts due diligence before commencing use of the lands.

DEARBC Lease

The Del Monte Employees Agrarian Reform Beneficiaries Cooperative ("**DEARBC**") owns and leases to DMPI about 8,271 hectares of land in Bukidnon. This land was previously owned by NDC, a government-owned and controlled corporation. However, upon implementation of the Comprehensive Agrarian Reform Law in 1988, this land was acquired by the government and distributed to DMPI's qualified employees who formed the DEARBC. DEARBC leased back the land to DMPI in 1989. About 7,000 hectares of this land are used as pineapple plantation while the rest is pasture and utilized for non-agricultural uses. The rental rate is classified into pineapple and non-pineapple areas and is renegotiated every five (5) years. The lease will expire on 10 January 2049.

NDC Lease

DMPI had continued to lease from NDC about 983 hectares of land which are devoted to various uses. About 32 hectares of these lands are located in Bugo, Cagayan de Oro City where DMPI's cannery sits. Upon the expiration of the lease in February 2007, NDC and DMPI extended the lease for a term for 25 years beginning on 1 March 2007. The rates are subject to an annual escalation of 5% for the first three (3) years and 7% for the rest of the term of the contract.

Mindanao Distribution Center

DMPI's Mindanao distribution center and warehouse that was designed to integrate the storage and handling of processed pineapple products for both domestic and export markets as well as key raw materials used in production, is being leased from Fast Services Corporation since September 2017. The lease is for a period of ten (10) years and is subject to automatic renewal for five (5) years.

Crop Producer and Grower's Agreement with Various Landowners

About 16,400 hectares of DMPI's pineapple plantation in Northern Mindanao are covered by Crop Producer and Grower's Agreements (the "**Growership Agreement**") with thousands of landowners with a typical term of about 20 years, renewable for another 20 years upon mutual agreement of the parties. Around 1,500 hectares are covered by a similar arrangement in South Bukidnon. The Growership Agreement provides that the landowner may opt to: (i) fund the cultivation and production of pineapples on their lands and sell the pineapples to DMPI at an agreed purchase price; or (ii) allow DMPI to undertake the growing of pineapples and pay the landowners an agreed purchase price for the pineapples harvested on the property after deducting cost of production. All the landowners have assigned to DMPI the growing and harvesting of pineapples on their land. DMPI also provides all the inputs and performs all the services needed to grow and harvest pineapple. The landowners are paid a fixed annual rate the amount of which depends on the location of their land. The rental rate is adjusted every five (5) years.

Right-of-Way Agreements with Various Landowners

To gain and maintain access to its plantations and ensure passage of its run-off water to low-lying lands, DMPI maintains contracts with various landowners for road and canal right-of-way which contracts cover about 300 hectares. Typically, these contracts have a term of 10 years.

Collective Bargaining Agreements

For its personnel requirements, DMPI's cannery and plantation operations employ regular hourly-paid and monthly-paid employees.

The regular hourly-paid employees in the cannery which number about 1,800 are members of the Del Monte Bugo Cannery Labor Union-All Workers Alliance Trade Union ("**DMBCLU-AWATU**"). These workers are covered by a five (5)-year collective bargaining agreement ("**CBA**") which commenced on 1 July 2019 and which will expire on 30 June 2024. The wages and other economic provisions of the CBA will be renegotiated on 30 June 2022.

DMPI's plantation operations have two (2) unions—the hourly-paid employees' union, the Del Monte Philippines, Inc.'s Employees Union-Associated Labor Unions-Trade Union Congress of the Philippines ("**DMPIEU-ALU-TUCP**"); and the monthly-paid employees' union, the DMPI Plantation Monthly Salaried Employees Union-All Workers Alliance Trade Unions ("**DMPSEU-AWATU**").

DMPIEU-ALU-TUCP has about 1,400 hourly-paid members who work in various functions in the plantation. Their current five (5)-year CBA with DMPI started on 1 November 2019 and will expire on 31

October 2024. On the other hand, DMPSEU-AWATU's current CBA has a term of five (5) years which began on 1 December 2015 and will end on 30 November 2020.

No strike or lock-out has happened in either the plantation or the cannery in the last 40 years.

Independent Contractors

In the cannery, the service contractors deploy about 3,297 workers. Of these, Asiapro Multi-Purpose Cooperative mobilizes about 1,531 workers who perform various ancillary and maintenance tasks. Its existing service agreement with DMPI commenced on 01 November 2018 and renews monthly.

In the plantation, the service contractors deploy about 7,900 workers. Of these, General Services Cooperative ("**GSC**") deploys about 5,000 workers. The contract with GSC covers the provision of certain services relating to packing house operations, plantations, logistics and miscellaneous services, livestock production, camp administration, and maintenance services for the Company's Cawayanon Yard and Golf Course. All services are performed at the Company's facilities in the provinces of Bukidnon, Misamis Oriental, and Cities of Cagayan de Oro, Valencia and Malaybalay. GSC is a duly registered cooperative and a legitimate contractor registered with the Department of Labor and Employment. The service agreement between the Company and GSC has been in effect since November 2018 and renews monthly.

NON-MINDANAO CONTRACTS

Other Manpower Agreements

For its operations outside of Mindanao, DMPI subcontracts certain ancillary services to a number of service contractors who are specifically organized to provide these services to various companies and are registered as such with the Department of Labor and Employment. The scope of services contracted out by DMPI includes various support and administrative services, warehousing, janitorial and messengerial services, data encoding, health services and security. One of the Company's major service contractors providing a multitude of services to the Company is ADSIA Logistics, Inc., through its more or less 289 employees.

Distribution Agreements

DMPI appoints official distributors to sell its products to major regional supermarkets, major drugstores, second-tier and third-tier outlets, and food service accounts throughout the Philippines. The distributors help the Company penetrate the channels where they operate and in turn enjoy discount on wholesale prices. Distributors likewise receive an additional discount for prompt payment. Customer Served and Distribution Inc. is the Company's distributor for Grocery Accounts in the Greater Manila Area (GMA), while Marina Sales, Inc. handles Food Service Accounts within GMA. In the Visayas region, particularly in Cebu, Retailing and Institution Sales Exponents Cebu ("**RISE**") Inc. and Jacob's Basic First Ventures handle Grocery Accounts and Food Service Accounts, respectively. Mindanao Grocery and Food Service Accounts are primarily covered by Nebraska Distributors.

Material Leases

Warehousing and Other Facilities

DMPI has entered into several agreements with third parties to lease warehouse facilities and buildings in Pasig City, Bulacan, Laguna, and Cebu. DMPI leases from LSL Realty Development Corporation a 32,790-square meter property in Kalawaan, Pasig City and certain parcels of land, including improvements, in Meycauayan, Bulacan from Nieuwe Genmarc Corporation. DMPI also leases the land and building that houses its Cabuyao PET plant and that is used for the production of *Fit 'n Right* products, warehousing, as well as the Company's Research and Development, and Quality Assurance technical center. The entire area covering around 11,018 square meters (combination of open space and building) is leased from Sprint Industrial & Development Corporation. This lease is for a period of ten years, with automatic renewal for another 11 years under the same terms subject to the escalation of rent. And to serve the Visayas needs of the Philippine market, DMPI has entered into a Lease Agreement with 24/7 JWA Realty Corporation over the latter's property in Leganes, Iloilo. DMPI has also entered into preliminary agreements with Sprint Industrial & Development Corporation for the construction and long-term lease of warehouse facilities in Cabuyao, Laguna and Marilao, Bulacan that will serve as the Company's new distribution centers, addressing the Manila and Luzon needs of the Philippine market.

Office Building

DMPI's principal office, comprising about 8,100 square meters, is in JY Campos Centre, Bonifacio Global City, Taguig City. It leases certain floors from the Del Monte Philippines, Inc. Retirement Fund and the NutriAsia, Inc. Retirement Fund. The leases will expire on 31 July 2023. Rentals for the floors and parking slots are subject respectively to 6% and 5% annual escalation.

Toll Manufacturing

DMPI engages various toll manufacturers for the production of its culinary products such as tomato sauces, spaghetti sauces, and ketchups, among others. Some juice products are also being toll manufactured for DMPI to supplement the Company's capacity or on account of the use of different packaging materials such as PET or Tetra Pak. The arrangement of the Company with its tollers is either an "all-in" arrangement where the fee paid by the Company covers the raw materials and packaging materials supplied by the toller and the tolling cost, or a "toll fee only" arrangement where the Company supplies the raw materials and packaging materials to the tollers and only pays for the cost of tolling. Innovative Packaging Industry Corporation, Tropical Fruit Asia Corporation, and Dairy Zest Corporation are some of the Company's tollers.

Transport Agreements

DMPI engages various transporters and shipping lines to haul, transport, and deliver various raw materials, finished goods, and related cargoes all over the Philippines as well as to its markets abroad. To regulate the performance of these transporters, the delivery and invoice transmittal lead times and standard operating requirements are prescribed by the Company. Service levels and a penalty matrix are also agreed upon by the parties. ADSIA Logistics, Inc. is one of the major transport providers of the Company. It hauls, transports, and delivers cargoes from the Company's designated pick-up locations to the Company's customers and designated warehouses, including but not limited to key accounts in Luzon and Visayas.

Guarantee by DMPI

On 21 December 2012, GTL entered into a U.S.$30 million facility agreement with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Labuan Branch ("**Rabobank**") as Lender and DMPI as Guarantor. In addition, DMPI signed a separate Guarantee in favour of Rabobank. The guarantee provided by the Company is continuing and will remain valid until all present and future obligations and liabilities of GTL to Rabobank are discharged in full.

Trademark Licensing Agreement

DMPI has a 25-year Trademark Licensing Agreement with Philippine Packing Management Service Corporation (PPMSC) as licensor of various trademarks including the *Del Monte* trademarks. Pursuant to such licensing agreement, DMPI has exclusive rights in the Philippines to such trademarks for its products. The Company pays PPMSC on a monthly basis, a royalty fee equivalent to 1% of DMPI's net sales of the products bearing the licensed trademarks.

Operation and Maintenance Agreement between DMPI and Nice Fruit S&W Philippines (Nice Fruit S&W)

Nice Fruit S&W Philippines, Inc. (the Philippine joint venture of DMPL, Nice Fruit and Txanton International Ltd.) owns the black box which utilizes the Nice Fruit technology. On 18 April 2018, Nice Fruit S&W entered into a contract with DMPI such that the former shall cause the processing of the fruits using the black box as well as the operation and maintenance of the blackbox in exchange for annual processing fees from DMPI in the amount of U.S.$725,550, net of withholding tax. Nice Fruit has the right to restrict all parties other than Nice Fruit's personnel from entering the blackbox area, much less accessing the blackbox.

Memorandum of Understanding with Vietnam Dairy Products Joint Stock Company

On 8 April 2019, the Company entered into a non-binding Memorandum of Understanding with Vietnam Dairy Products Joint Stock Company for the joint undertaking of a study on the feasibility of developing a dairy business in the Philippines. Depending on the results of such study and the approval of the parties' competent decision-making bodies, the parties shall cooperate to set up a joint venture company to carry out such business.

RELATED PARTY TRANSACTIONS

DMPI, in the ordinary course of business, engages in various transactions with related parties and affiliates. The policy of the DMPL Group, to which DMPI belongs, with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties. 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. Related parties may be individuals or other entities.

The transactions with related parties are carried out based on terms agreed between the parties. Pricing for the sales of products are market driven, less certain allowances. For purchases, the Group policy is to solicit competitive quotations. Bids from any related party are evaluated on arm's length commercial terms and subject to bidding against third party suppliers. Purchases are normally awarded based on the lowest price.

A summary of the transactions entered into by the Group with related parties for the years ended 30 April 2020 and 2019 are as follows:

Related Party	Relationship to DMPI	Related Party Transaction	Year ended 30 April 2020 (₱ thousands)	Year ended 30 April 2019 (₱ thousands)
Del Monte Philippines, Inc. (DMPI Retirement Fund)	Retirement fund of the Company	Rental to DMPI Retirement Fund	85,681.8	96,640.5
		Management fees from DMPI Retirement Fund	202.3	202.3
NutriAsia Inc. (NAI)	Affiliate of the Company	Rental to NAI Retirement Fund	30,014.5	33,081.5
		Trade advances	283,109.3	312,966.0
		Purchases from NAI	1,454.8	1,788.3
		Toll Pack Fees to NAI	6,646.4	29,385.8
		Utilities	3,136.6	4,312.6
		Recharge of Inventory Count Shortage	–	2.9
		Management fee from NAI	–	4,829.2
		Share in shared IT services and JYCC fit out	9,286.0	8,497.5
		Sale of tomato paste and other raw materials to NAI	258.7	1,636.7
GTL	Affiliate of the Company	Sale of products to GTL	–	5,241,366.7
		Management fee from GTL	–	34,688.0
S&W Fine Foods	Affiliate of the Company	Sale of products to S&W Fine Foods	3,071,454.3	3,334,242.9
		Royalty expense	127,643.25	–
		Management fee from S&W Fine Foods	11,309.6	35,053.1
		Purchase of various production materials	14,890.6	18,795.4
DMPL	Affiliate of the Company	Advances	2,489,036.2	–
		Management fee to DMPL	–	3,646.9

DMPL Management Services Pte Ltd	Affiliate of the Company	Rent Income for Bukit Pasoh	10,872.2	11,506.9
		Management fee to DMS	23,080.3	–
ROHQ	Affiliate of the Company	Management fee to ROHQ	56,721.2	49,672.8
South Bukidnon Fresh Trading, Inc.	Affiliate of the Company	Rent income	–	5,225.2
		Sale of fresh pineapples	–	20,804.2
Del Monte Foods, Inc.	Affiliate of the Company	Rent income	11,095.5	16,430.5
		Management fee from DMFI	8,819.6	10,096.4
		IT services	1,846.8	–
		Sales of products to DMFI	1,614,692.8	–
		Purchases	69,410.2	301,214.8
Nice Fruit S&W	Other Related Party	Rent income	–	263.4
		Lease Receivable	3,270.9	–
		Packaging material processing fee	78,616.2	–
Nice Fruit HK	Other Related Party	Sale of frozen fruit products	196,934.0	185,480.0
TOTAL			**8,209,485.4**	**9,761,567.1**

For further information on the Group's related party transactions, see Note 31 of the Company's audited consolidated financial statements as of and for the years ended 30 April 2020, 2019 and 2018.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership, and disposition of the Bonds. The general description does not purport to be a comprehensive description of the Philippine tax aspects of the Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Bonds in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a holder of Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

PROSPECTIVE BONDHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A BOND, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien engaged in trade or business in the Philippines;" otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not engaged in trade or business in the Philippines". A "resident foreign corporation" is a foreign corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

The term "non-resident holder" means a holder of the Bonds:

- *who is an individual who is neither a citizen nor a resident of the Philippines (i.e., non-resident citizen, non-resident alien engaged or not engaged in trade or business), or is a non-resident foreign corporation; and*
- *should an income tax treaty be applicable, whose ownership of the Bonds is not effectively connected with a fixed base or a permanent establishment in the Philippines.*

Philippine Taxation

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN**") took effect. The TRAIN amended provisions of the Philippine Tax Code including provisions on Documentary Stamp Tax, tax on interest income and other distributions, Capital Gains Tax on the sale and disposition of securities, Estate Tax, and Donor's Tax .

Taxation of Interest Income

The tax treatment of interest generally depends on the type of instrument from which the interest arises and whether the class of taxpayer receiving the interest is a resident or a non-resident for Philippine tax purposes.

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax.

Interest income arising from the Bonds derived or received by **(i)** resident or non-resident Philippine citizens, resident aliens, non-resident aliens engaged in trade or business, domestic corporations, and resident foreign corporations are subject to final withholding tax at the rate of 20%, while **(ii)** non-resident aliens not engaged in trade or business and non-resident foreign corporations are subject to a final withholding tax of 25% and 30%, respectively.

Deposit substitutes are defined under the Tax Code as "an alternative form of obtaining funds from the public (the term 'public' means borrowing from twenty (20) or more individual or corporate lenders at any one time), other than deposits, through the issuance, endorsement, or acceptance of debt instruments for the borrower's own account, for the purpose of relending or purchasing of receivables and other obligations, or financing their own needs or the needs of their agent or dealer. These instruments may include, but need not be limited to, bankers' acceptances, promissory notes, repurchase agreements, including reverse repurchase agreements entered into by and between the Bangko Sentral ng Pilipinas (BSP) and any authorized agent bank, certificates of assignment or participation and similar instruments with recourse: Provided, however, That debt instruments issued for interbank call loans with maturity of not more than five (5) days to cover deficiency in reserves against deposit liabilities, including those between or among banks and quasi- banks, shall not be considered as deposit substitute debt instruments."

Under the tax bill for the enactment of the Passive Income and Financial Intermediary Taxation Act ("**PIFITA**") (House Bill No. 304), there are several proposed amendments to the taxation of passive income, including the reduction of interest income from corporate bonds that may be considered as deposit substitutes. The PIFITA seeks to impose a uniform tax rate of 15% final withholding tax on all interest income regardless of currency, maturity, issuer, pretermination, and other differentiating factors.

The foregoing income tax rates applicable to a non-resident foreign alien either engaged (provided that he or she does not carry within the Philippines a trade or business through a permanent establishment situated therein, or if he or she does so, that such gain is not attributable to such permanent establishment) or not engaged in trade or business, or a non-resident foreign corporation ,are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident foreign corporation owner or non-resident alien owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest arises in the Philippines and is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment. A Bondholder that wishes to avail of such reduced tax treaty rates must submit a duly accomplished Certificate of Residence for Tax Treaty Relief ("**CORTT**") Form to the Issuer (as the withholding agent) as required under BIR Revenue Memorandum Order No. 8- 2017 dated October 24, 2016. (Please see the section on "***Tax-Exempt Status or Entitlement to Preferential Tax Rate***" in this Prospectus for a more comprehensive discussion on these documentary requirements).

Tax Exempt Status

Bondholders who are exempt from or are not subject to final withholding tax on interest income from a Bond may avail of such exemption by submitting the necessary documents. Said Bondholder shall submit certain requirements to the Registrar, or to the Issue Manager, Underwriter and Bookrunner (together with their completed Application to Purchase), as applicable, who shall then forward the same to the Registrar.

Please refer to the section on "***Tax-Exempt Status or Entitlement to Preferential Tax Rate***" in this Prospectus for a more detailed discussion on these documentary requirements.

Value Added Tax

The sale, barter, or exchange of the Bonds in the Philippines by Philippine-registered dealers in securities and lending investors shall be subject to a 12% value-added tax on their gross selling price or gross value in money under Setion 106(A)(1) of the Tax Code.

"Dealer in securities" means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and their resale to customers, that is, one who as a merchant buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

Gross Receipts Tax

Bank and non-bank financial intermediaries are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five years or less	5%
Maturity period is more than five years	1%

In case the maturity period referred to above is shortened through pre-termination or otherwise redeemed by the Issuer pursuant to the Terms and Conditions, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year by bank and non-bank financial intermediaries on the sale or disposition of the Bonds shall be taxed at 7%.

Documentary Stamp Taxes

A documentary stamp tax is imposed upon the issuance of debentures and certificates of indebtedness issued by Philippine companies, such as the Bonds, at the rate of ₱1.50 for each ₱200, or fractional part thereof, of the issue price of such debt instruments.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

No documentary stamp tax is imposed on the subsequent sale or disposition (or assignment) of the Bonds, as long as there is no change in the maturity date or in the remaining period of coverage or the material terms and conditions of the Bonds, or there is no renewal or no issuance of new Bonds in the name of the transferee, or no novation of the Bonds.

Taxation on the Sale or Disposition of the Bonds

Income Tax

Any gain realized from the sale, exchange or retirement of the Bonds will generally form part of the gross income of the sellers, for purposes of computing the relevant taxable income, which will then be subjected to the graduated regular or ordinary tax rates of 20-35% effective January 1, 2018 until December 31, 2022 and 15%-35% effective January 1, 2023 for individuals who are Philippine citizens, whether residents or non-residents, or resident foreign individuals or non-resident aliens engaged in trade or business in the Philippines, 25% final withholding tax for non-resident alien not engaged in trade or business, 30% Regular Corporate Income Tax (“**RCIT**”) or 2% Minimum Corporate Income Tax (“**MCIT**”), as the case may be, for domestic and resident foreign corporations, and 30% final withholding tax for non-resident foreign corporations, as the case may be. If the bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the bonds for a period of more than twelve (12) months prior to the sale, only 50% of any capital gain will be recognized and included in the seller’s gross taxable income.

The pending legislation for the enactment of the PIFITA, as described above, also seeks to revoke the exemption of income arising from the sale, barter, or exchange of long-term bonds and certificates of indebtedness in general from being considered as part of taxable gross income subject to regular or ordinary graduated income tax for individuals, and 30% RCIT or 2% MCIT, as the case may be, for domestic and resident foreign corporations, and 30% final withholding tax for non-resident foreign corporations.

Under the proposed CREATE Act (which is also a a pending legislation), there will be an immediate reduction of the RCIT from 30% to 25% beginning July 2020. A further reduction of 1 percentage point is expected annually from 2023 to 2027 until it would reach 20%.

Any gain that a non-resident foreign corporations or a non-resident alien individual engaged (provided that he or she does not carry within the Philippines a trade or business through a permanent establishment situated therein, or if he or she does so, that such gain is not attributable to such permanent establishment) or not engaged in trade or business may earn arising from such sale, regardless of the original maturity date of the bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the BIR for the availment of tax treaty benefits. (Please see the section on “***Tax-Exempt Status or Entitlement to Preferential Tax Rate”*** in this Prospectus for a more comprehensive discussion on the documentary requirements to comply upon availment of the said tax treaty benefits.)

An exercise by a Bondholder of the Optional Redemption Option as allowed under the relevant terms and conditions would each be considered a sale for purposes of such tax. However, given that the amount to be received by the Bondholder in each case is limited to the principal plus accrued but unpaid interest, there should be no income tax due on the exercise of the call option or such redemption, provided that the redemption price (or the amount that will be received at the time of redemption) is equal to or higher than the Bondholder’s acquisition cost of the Bonds.

Estate and Donor’s Tax

As the Bonds are issued by a corporation organised or constituted in the Philippines in accordance with Philippine laws, they are deemed to have a Philippine situs and their transfer by way of succession or donation is subject to Philippine estate tax and donor’s tax.

The transfer by a deceased person, whether a Philippine resident or non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at a fixed rate of

6%. A Bondholder shall be subject to donor's tax on the transfer of the Bonds by gift at the fixed rate of 6% based on the total gifts in excess of ₱250,000 exempt gifts made during the calendar year, whether the donor is a stranger or not.

The estate tax and the donor's tax, in respect of the Bonds, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allow a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the Bonds are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Bonds exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes. However, the transfer of the Bonds made in the ordinary course of business (a transaction which is bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Taxation Outside the Philippines

The tax treatment of non-resident holders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation.

This Prospectus does not discuss the tax considerations on such non-resident holders under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE BONDS, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

PHILIPPINE FOREIGN OWNERSHIP AND FOREIGN EXCHANGE CONTROLS

The Retail Trade Liberalization Act

Republic Act No. 8762, otherwise known as the Retail Trade Liberalization Act of 2000 ("**R.A. 8762**"), was enacted into law on March 7, 2000. R.A. 8762 liberalized the retail industry to encourage Filipino and foreign investors to forge an efficient and competitive retail trade sector in the interest of empowering the Filipino consumer through lower prices, high quality goods, better services, and wider choices. Prior to the passage of the Retail Trade Liberalization Act, retail trade was limited to Filipino citizens or corporations that are 100% Filipino-owned.

"Retail Trade" is defined by R.A. 8762 to cover any act, occupation, or calling of habitually selling directly to the general public any merchandise, commodities, or goods for consumption. Under R.A. 8762, foreign-owned partnerships, associations or corporations formed and organized under the laws of the Philippines may, upon registration with the SEC and the DTI, or in the case of foreign owned single proprietorships, with the DTI, engage or invest in the retail trade business, under the following categories:

- Category A: Enterprises with paid-up capital that is less than the equivalent of U.S.$2,500,000 in Pesos shall be reserved exclusively for Filipino citizens and corporations wholly-owned by Filipino citizens.

- Category B: Enterprises with a minimum paid-up capital that is equivalent to U.S.$2,500,000 in Pesos, but is less than U.S.$7,500,000, may be wholly-owned by foreigners except for the first two years after the effectively of the Retail Trade Liberalization Act (wherein foreign participation was limited to not more than 60% of total equity).

- Category C: Enterprises with a paid-up capital that is equivalent to or more than U.S.$7,500,000 in Pesos may be wholly owned by foreigners, provided that in no case shall the investments for establishing a store in Categories B and C be less than the equivalent of U.S.$830,000 in Pesos. Effective March 25, 2002, Category C ceased to be a permitted category.

- Category D: Enterprises specializing in high-end or luxury products with a paid-up capital that is equivalent to U.S.$250,000 in Pesos per store may be wholly-owned by foreigners.

Any foreign investor may be allowed to invest in existing retail stores. However, the investment must comply with the paid-up capitalization requirements enumerated above.

Furthermore, foreign investors whom are also retailers and invest in existing retail stores are required to be pre-qualified with the Board of Investments before they can buy shares. No foreign retailer is allowed to engage in retail trade in the Philippines unless all the following qualifications are met:

1) A minimum of U.S.$200 million net worth in its parent corporation for Categories B and C, and U.S.$50 million net worth in its parent corporation for Category D;

2) Five retail branches or franchises in operation anywhere around the world unless such retailers has at least one store capitalized at a minimum of U.S.$25 million;

3) Five-year track record in retailing; and

4) (4) Only nationals from, or judicial entities formed or incorporated in countries which allow the entry of Filipino retailers shall be allowed to engage in retail trade in the Philippines.

The implementing rules of Republic Act No. 8762 define a foreign retailer as an individual who is not a Filipino citizen, or a corporation, partnership, association, or entity that is not wholly-owned by Filipinos, engaged in retail trade. The DTI is authorized to pre-qualify all foreign retailers before they are allowed to conduct business in the Philippines.

Foreign Ownership Controls

Republic Act No. 7042, or the Foreign Investments Act of 1991, as amended ("**FIA**") liberalized the entry of foreign investment into the Philippines. Under the FIA, in domestic market enterprises, foreigners may own as much as 100% equity except in areas specified in the Foreign Investment Negative List. The Foreign Investment Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws.

In connection with the ownership of private land, however, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

For the purpose of complying with nationality laws, the term "Philippine National" is defined under the FIA as any of the following:

- A citizen of the Philippines;
- A domestic partnership or association wholly-owned by citizens of the Philippines;
- A corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;
- A corporation organized abroad and registered as doing business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or
- A trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

For as long as the percentage of Filipino ownership of the capital stock of the corporation is at least 60% of the total shares outstanding and voting, the corporation shall be considered as a 100% Filipino-owned corporation.

A corporation with more than 40% foreign equity may be allowed to lease land for a period of 25 years, renewable for another 25 years. In connection with the ownership of private land, however, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

Land Ownership

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of owning land in the Philippines. Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution and Chapter 5 of Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

DMPI believes that the land owned by the Company, based on its records, were acquired by it prior to 1935 or before the nationality restriction under the 1935 Philippine Constitution on land ownership became effective.

Registration of Foreign Investments and Exchange Controls

Under current BSP regulations, an investment in listed Philippine securities (such as the Bonds) must be registered with the BSP if the foreign exchange needed to service the repayment of principal and payment of interest derived from such Bonds is to be sourced from the Philippine banking system. The registration with the BSP is evidenced by a Bangko Sentral Registration Document. Under BSP Circular No. 1030 dated February 5, 2019, debt securities, purchase of condominium units, capital expenses incurred by foreign firms pursuant to government approved-service contracts and similar contracts, and Philippine depositary receipts must likewise be registered with the BSP if foreign exchange will be sourced from the Philippine banking system.

If the foreign exchange required to service capital repatriation or dividend remittance is sourced outside the Philippine banking system, registration is not required. BSP Circular No. 471 (Series of 2005), as amended, however, subjects foreign exchange dealers, money changers and remittance agents to R.A. No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit, among others, the original BSP registration documents in connection with their application to purchase foreign exchange exceeding U.S.$5,000.00 for purposes of capital repatriation and remittance of dividends. BSP Circular No. 942 (Series of 2017) lists minimum documentary requirements that must be submitted by foreign exchange buyers for purposes of capital repatriation and remittance of dividends, regardless of amount.

The foregoing is subject to the power of the BSP, through the Monetary Board, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during an exchange crisis, when an exchange crisis is imminent, or in times of national emergency.

The registration with the BSP of all foreign investments in the Bonds shall be the responsibility of the foreign investor.

LEGAL MATTERS

Certain legal matters as to Philippine law relating to the Offer will be passed upon by Picazo Buyco Tan Fider & Santos, legal counsel to the Company, and SyCip Salazar Hernandez & Gatmaitan, legal counsel to the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners.

None of the foregoing legal counsels has shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. None of the legal counsels will receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

The independent counsel that rendered the opinion on Tax and Legality Matters is Gatmaitan Yap Patacsil Gutierrez & Protacio.

INDEPENDENT AUDITORS

Sycip Gorres Velayo & Co. ("**SGV & Co**"), a member firm of Ernst & Young Global Limited, has audited the Group's consolidated financial statements as of and for the years ended 30 April 2020, 2019 and 2018.

SGV & Co. has acted as the Company's external auditor since May 2015. Johnny F. Ang is the current audit partner for the Company and has served as such beginning fiscal year 2019. The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

The following table sets out the aggregate fees for the last two fiscal years for professional services rendered by SGV & Co., excluding fees directly related to the Offer.

	FY2020	**FY2019**
Audit and Audit-Related Fees(1)	₱4,127,630.20	₱4,023,335.71
Tax Fees	-	570,000.00
Non-Audit Fees	-	-
Total	₱4,127,630.20	₱4,593,335.71

Note:

(1) Audit and Audit-Related Fees. This category includes the audit of annual financial statements, review of interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years.

The fees presented above include out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 15% of the agreed-upon engagement fees.

In relation to the audit of the Company's annual financial statements, pursuant to the Company's Manual on Corporate Governance, the ARC shall, among other activities: (a) review significant financial reporting issues so as to ensure the integrity of the Company's financial statements and any announcements relating to the Company's financial performance; (b) review and report to the Board of Directors the adequacy and effectiveness of the Company's internal controls and internal audit function; (c) review the scope and results of the external audit, and the independence and objectivity of the external auditors; (d) make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, including the remuneration and terms of engagement of the external auditors; and (e) meet with the Company's external auditor and with the head of the Internal Audit department without the presence of Management at least once a year.

INDEX TO FINANCIAL STATEMENTS

Audited Consolidated Financial Statements as of and for the years ended 30 April 2020, 2019 and 2018

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	0	0	1	1	2

C O M P A N Y   N A M E

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

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

JY CAMPOS CENTRE, 9TH AVENUE CORNER 30TH STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	SEC	N/A

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

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	(088) 855-4312	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
8	September 3	April 30

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Parag Sachdeva	SachdevaP@delmonte-phil.com	(088) 855-4312	N/A

CONTACT PERSON's ADDRESS

JY Campos Center, 9th Avenue corner 30th Street, Fort Bonifacio, Taguig City, Philippines

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Del Monte Philippines, Inc.
JY Campos Centre, 9th Avenue corner 30th Street
Bonifacio Global City, Taguig City

Opinion

We have audited the consolidated financial statements of Del Monte Philippines, Inc. and Subsidiaries (the Company), which comprise the consolidated statements of financial position as at April 30, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended April 30, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2020 and 2019 and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended April 30, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Johnny F. Ang
Partner
CPA Certificate No. 0108257
SEC Accreditation No. 1284-AR-2 (Group A),
May 16, 2019, valid until May 15, 2022
Tax Identification No. 221-717-423
BIR Accreditation No. 08-001998-101-2018,
November 6, 2018, valid until November 5, 2021
PTR No. 8131119, January 9, 2020, Makati City

August 3, 2020

Del Monte Philippines, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Del Monte Philippines, Inc. and Subsidiaries** (the **Group**) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the fiscal period ended April 30, 2020, April 30, 2019 and April 30, 2018 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signature: ______________________
Rolando C. Gapud, Chairman

Signature: ______________________
Joselito D. Campos, Jr., President & Chief Executive Officer

Signature: ______________________
Parag Sachdeva, Chief Financial Officer & Treasurer

Signed this 4th day of August, 2020

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

SUBCRIBED AND SWORN to before me this 12th day of August, 2020, in the City of Makati, by the affiant who exhibited to me the following -

Name	**Competent Evidence of Identity**	**Date and Place of Issue/ Expiry Date**
Joselito D. Campos, Jr.	Passport No. P0033661A	24 Aug 2016 / DFA-Manila/ valid until 23 Aug 2021
Parag Sachdeva	Passport No. Z4816522	16 May 2018/Manila/ valid until 15 May 2028

Witness my hand and seal on the date and place first above-written.

JUANITO H. VINCULADO
NOTARY PUBLIC Until Dec. 31, 2021
PTR 11891764 J, Las Piñas, 1/3/20
IBP 090636, 8/15/19 for 2020, PPLM
Roll No. 41092/ MCLE VI-0019646 up to 4/14/
Notarial Appt. No. M-49, 1/17/20, Makati City
No. 7, Ipil Road, Forbes Park, makati City
CP No. 0916-420-3253

Doc. No: 211;

Page No: 44;

Book No: 71;

Series of 2020.

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Thousands)

	April 30	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 32 and 33)	**₱1,170,916**	₱563,934
Receivables (Notes 6, 31, 32 and 33)	**7,298,204**	15,563,093
Inventories (Notes 7, 17 and 25)	**4,645,327**	5,953,401
Biological assets (Note 8)	**3,076,198**	2,717,316
Prepaid expenses and other current assets (Notes 3 and 10)	**503,790**	900,571
Total Current Assets	**16,694,435**	25,698,315
Noncurrent Assets		
Biological assets (Note 8)	**107,265**	87,608
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 9, 32 and 33)	**13,058**	12,055
Investment properties (Note 11)	**206,185**	194,683
Property, plant and equipment (Note 12)	**14,831,175**	10,650,173
Receivable - noncurrent (Notes 3 and 35)	**3,108**	–
Net retirement benefits asset (Note 30)	**336,729**	429,270
Deferred tax assets - net (Notes 3 and 26)	**329**	1,917
Other noncurrent assets (Notes 3, 13, 32 and 33)	**1,345,367**	1,573,247
Total Noncurrent Assets	**16,843,216**	12,948,953
	₱33,537,651	₱38,647,268
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term notes payable (Notes 14, 32 and 33)	**₱11,442,750**	₱9,836,102
Accounts payable and accrued expenses (Notes 16, 31, 32 and 33)	**5,042,055**	4,077,535
Current portion of:		
Long-term notes payable (Notes 15, 32 and 33)	**3,000,000**	–
Lease liabilities (Notes 3 and 35)	**289,191**	–
Income tax payable (Note 26)	**226,415**	40,965
Total Current Liabilities	**20,000,411**	13,954,602
Noncurrent Liabilities		
Long-term notes payable - net of current portion (Notes 15, 32 and 33)	**–**	3,000,000
Deferred tax liabilities - net (Notes 3 and 26)	**141,956**	174,466
Lease liabilities - net of current portion (Notes 3 and 35)	**2,347,181**	–
Other noncurrent liabilities (Note 3)	**–**	124,945
Total Noncurrent Liabilities	**2,489,137**	3,299,411
Total Liabilities	**22,489,548**	17,254,013
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 27)	**2,797,320**	2,797,320
Other reserves (Notes 9, 12 and 30)	**265,866**	184,570
Retained earnings:		
Appropriated (Note 29)	**2,796,541**	15,698,000
Unappropriated (Notes 3, 29 and 35)	**5,180,226**	2,705,162
	11,039,953	21,385,052
Non-controlling interest	**8,150**	8,203
Total Equity	**11,048,103**	21,393,255
	₱33,537,651	₱38,647,268

See accompanying Notes to the Consolidated Financial Statements.

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	Years Ended April 30		
	2020	2019	2018
REVENUES (Notes 21 and 31)	**₱31,916,290**	₱28,761,553	₱27,563,751
COST OF SALES (Note 17)	**(23,384,240)**	(22,010,168)	(21,003,569)
GROSS INCOME	**8,532,050**	6,751,385	6,560,182
DISTRIBUTION AND SELLING EXPENSES (Note 18)	**(3,208,291)**	(2,706,598)	(2,747,585)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 19)	**(817,432)**	(778,716)	(845,133)
FINANCE COST (Note 20)	**(695,161)**	(498,046)	(399,017)
FOREIGN EXCHANGE GAIN - net (Note 32)	**163,311**	45,497	200,002
INTEREST INCOME	**19,187**	29,884	24,903
OTHER INCOME (Note 22)	**226,802**	298,423	380,543
OTHER EXPENSE (Note 23)	**(122,291)**	(82,246)	(94,392)
INCOME BEFORE INCOME TAX	**4,098,175**	3,059,583	3,079,503
INCOME TAX EXPENSE (Note 26)			
Current	**655,980**	466,349	436,621
Deferred	**(31,417)**	14,489	71,855
	624,563	480,838	508,476
NET INCOME	**3,473,612**	2,578,745	2,571,027
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will never be reclassified to profit or loss			
Revaluation of land (Note 12)	**152,477**	–	–
Remeasurement gain (loss) on retirement liability (Note 30)	**(37,539)**	(154,850)	301,759
Unrealized gain (loss) on change in fair value of financial assets at FVOCI (Note 9)	**1,003**	(11)	–
Income tax effect	**(34,645)**	46,470	(90,528)
	81,296	(108,391)	211,231
Items that will be reclassified to profit or loss			
Unrealized gain on change in fair value of available-for-sale financial assets	–	–	4,134
Income tax effect	–	–	(967)
	–	–	3,167
	81,296	(108,391)	214,398
TOTAL COMPREHENSIVE INCOME	**₱3,554,908**	₱2,470,354	₱2,785,425
Total Net Income (Loss) Attributable To			
Equity holders of the Parent Company	**₱3,473,665**	₱2,578,863	₱2,571,269
Non-controlling interests	**(53)**	(118)	(242)
	₱3,473,612	₱2,578,745	₱2,571,027

(Forward)

	Years Ended April 30		
	2020	2019	2018
Total Comprehensive Income (Loss) Attributable To			
Equity holders of the Parent Company	**₱3,554,961**	₱2,470,472	₱2,785,667
Non-controlling interests	**(53)**	(118)	(242)
	₱3,554,908	₱2,470,354	₱2,785,425
Earnings Per Common Share – Attributable to Equity Holders of the Parent (Note 39)	**₱1.24**	₱0.92	₱1.33

See accompanying Notes to the Consolidated Financial Statements.

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands)

	Capital Stock			Other Reserves				Retained Earnings			
	Preferred (Note 27)	Convertible Common (Note 27)	Common (Note 27)	Remeasurement of Retirement Benefit Liability (Note 30)	Land Revaluation Surplus (Note 12)	Fair Value Reserves on Financial Asset At FVOCI (Note 9)	AFS Financial Assets	Appropriated (Note 29)	Unappropriated (Notes 28 and 29)	Non-Controlling Interest	Total Equity
As at May 1, 2019, as previously stated	**₱–**	**₱–**	**₱2,797,320**	**(₱145,666)**	**₱320,358**	**₱9,878**	**₱–**	**₱15,698,000**	**₱2,705,162**	**₱8,203**	**₱21,393,255**
Effect of adoption of PFRS 16 (Note 3)	–	–	–	–	–	–	–	–	**(103,963)**	–	**(103,963)**
As at May 1, 2019, as adjusted	–	–	**2,797,320**	**(145,666)**	**320,358**	**9,878**	–	**15,698,000**	**2,601,199**	**8,203**	**21,289,292**
Total comprehensive income for the year											
Other comprehensive income (loss) during the year - net of tax	–	–	–	**(26,277)**	**106,734**	**839**	–	–	–	–	**81,296**
Net income (loss) for the year	–	–	–	–	–	–	–	–	**3,473,665**	**(53)**	**3,473,612**
Total comprehensive income (loss) for the year	–	–	–	**(26,277)**	**106,734**	**839**		–	**3,473,665**	**(53)**	**3,554,908**
Reversal of appropriations (Note 29)	–	–	–	–	–	–	–	**(15,695,000)**	**15,695,000**	–	–
Cash dividend (Note 28)	–	–	–	–	–	–	–	–	**(13,796,097)**	–	**(13,796,097)**
Conversion of common stock to convertible common stock	–	**2,797,320**	**(2,797,320)**	–	–	–	–	–	–	–	–
Appropriations (Note 29)	–	–	–	–	–	–	–	**2,793,541**	**(2,793,541)**	–	–
As at April 30, 2020	**₱–**	**₱2,797,320**	**₱–**	**(₱171,943)**	**₱427,092**	**₱10,717**	**₱–**	**₱2,796,541**	**₱5,180,226**	**₱8,150**	**₱11,048,103**
As at May 1, 2018, as previously stated	₱–	₱–	₱2,797,320	(₱37,271)	₱320,358	₱–	₱9,874	₱10,903,000	₱4,921,299	₱8,321	₱18,922,901
Effect of reclassification adjustment arising from adoption of PFRS 9	–	–	–	–	–	9,874	(9,874)	–	–	–	–
As at May 1, 2018, as adjusted	–	–	2,797,320	(37,271)	320,358	9,874	–	10,903,000	4,921,299	8,321	18,922,901
Total comprehensive income for the year											
Other comprehensive income (loss) during the year - net of tax	–	–	–	(108,395)	–	4	–	–	–	–	(108,391)
Net income (loss) for the year	–	–	–	–	–	–	–	–	2,578,863	(118)	2,578,745
Total comprehensive income (loss) for the year	–	–	–	(108,395)	–	4	–	–	2,578,863	(118)	2,470,354
Appropriations (Note 29)	–	–	–	–	–	–	–	4,795,000	(4,795,000)	–	–
As at April 30, 2019	₱–	₱–	₱2,797,320	(₱145,666)	₱320,358	₱9,878	₱–	₱15,698,000	₱2,705,162	₱8,203	₱21,393,255
As at May 1, 2017	₱638,400	₱–	₱1,836,000	(₱248,502)	₱320,358	₱–	₱6,707	₱10,903,000	₱2,672,950	₱8,563	₱16,137,476
Total comprehensive income for the year											
Other comprehensive income during the year - net of tax	–	–	–	211,231	–	–	3,167	–	–	–	214,398
Net income (loss) for the year	–	–	–	–	–	–	–	–	2,571,269	(242)	2,571,027
Total comprehensive income (loss) for the year	–	–	–	211,231	–	–	3,167	–	2,571,269	(242)	2,785,425
Issuance of stock dividend (Note 28)	322,920	–	–	–	–	–	–	–	(322,920)	–	–
Conversion of preferred stocks to common stocks (Note 27)	(961,320)	–	961,320	–	–	–	–	–	–	–	–
As at April 30, 2018	₱–	₱–	₱2,797,320	(₱37,271)	₱320,358	₱–	₱9,874	₱10,903,000	₱4,921,299	₱8,321	₱18,922,901

See accompanying Notes to the Consolidated Financial Statements.

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	Years Ended April 30		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,098,175**	₱3,059,583	₱3,079,503
Adjustments for:			
Depreciation and amortization (Notes 11, 12 and 25)	**5,280,499**	4,484,526	4,719,356
Interest expense (Note 20)	**589,665**	400,166	309,052
Net retirement benefit expense (Note 30)	**85,330**	47,801	135,940
Unrealized foreign exchange gains (loss) - net (Note 32)	**51,956**	(196,845)	(485,808)
Interest income	**(19,187)**	(29,884)	(24,903)
Gain on sale of property, plant and equipment	**(1,891)**	(1,445)	(1,805)
Operating income before working capital changes	**10,084,547**	7,763,902	7,731,335
Decrease (increase) in:			
Receivables (Notes 6 and 31)	**(3,979,552)**	625,294	(2,029,507)
Inventories (Note 7)	**1,308,074**	452,170	(1,054,113)
Biological assets (Note 8)	**(378,539)**	(549,740)	(27,886)
Prepaid expenses and other current assets (Note 10)	**23,118**	(249,739)	119,850
Increase (decrease) in:			
Accounts payable and accrued expenses (Note 16)	**(1,099,893)**	(849,872)	(405,897)
Other noncurrent liabilities	**–**	3,772	3,902
Cash generated from operations	**5,957,755**	7,195,787	4,337,684
Interest received	**19,388**	30,837	23,786
Contributions paid to pension plan (Note 30)	**(26,729)**	(86,788)	(107,615)
Income taxes paid	**(337,139)**	(490,540)	(392,602)
Net cash provided by operating activities	**5,613,275**	6,649,296	3,861,253
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment (Notes 12 and 38)	**(5,445,646)**	(5,166,560)	(5,734,654)
Movement in other noncurrent assets (Note 13)	**(429,639)**	(84,154)	(264,426)
Proceeds from sale of property and equipment	**10,107**	4,663	3,791
Net cash used in investing activities	**(5,865,178)**	(5,246,051)	(5,995,289)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of notes payable (Notes 14 and 38)	**161,839,072**	147,444,848	158,212,974
Payments of notes payable (Notes 14 and 38)	**(160,206,051)**	(148,645,061)	(155,876,325)
Interest paid (Notes 14, 15 and 38)	**(557,053)**	(402,660)	(304,097)
Payment of principal portion of lease liabilities (Notes 35 and 38)	**(210,221)**	–	–
Net cash flows provided by (used in) financing activities	**865,747**	(1,602,873)	2,032,552
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(6,862)**	(1,104)	(654)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**606,982**	(200,732)	(102,138)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**563,934**	764,666	866,804
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱1,170,916**	₱563,934	₱764,666

See accompanying Notes to the Consolidated Financial Statements.

(In Thousands except Par Value, Earnings per Share and Number of Shares)

1. **Reporting Entity**

Del Monte Philippines, Inc. ("DMPI" or the "Parent Company"), was incorporated in the Philippines on January 11, 1926. On September 13, 1963, the Board of Directors (the "Board") amended the Parent Company's Articles of Incorporation to extend its life for another 50 years from January 11, 1976. On February 23, 1966, the Philippine Securities and Exchange Commission ("SEC") approved the extension of the Parent Company's corporate life up to January 10, 2026. The Parent Company's principal activities are growing, processing and distribution of food products mainly under the brand names "Del Monte", "Today's" and "S&W".

The Parent Company is a subsidiary of Central American Resources, Inc. ("CARI"), a company incorporated in Panama. The intermediate parent company is Del Monte Pacific Ltd. ("DMPL"), a company incorporated in the British Virgin Islands and a listed entity in the Singapore Exchange Securities Trading Limited and the Philippine Stock Exchange. The ultimate parent of DMPI is NutriAsia Inc (BVI), which is also incorporated in the British Virgin Islands.

The Parent Company's cannery operation is registered with the Philippine Economic Zone Authority ("PEZA") at the Philippine Packing Agricultural Export Processing Zone ("PPAEPZ") as an Ecozone Export Enterprise under Certificate of Registration No. 05-34F which was approved on December 3, 2007 (see Note 37). On October 12, 2015, Certificate of Registration No. 07-68 was approved for the registration of the Parent Company's additional activity, particularly the Fresh Fruit Processing Project at the Bukidnon Agro-Resource Export Zone (BAREZ) in Manolo Fortich, Bukidnon (see Note 37).

The Parent Company's registered address is JY Campos Centre (JYCC), 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City.

The Parent Company and its subsidiaries (collectively referred to as the "Company") are all incorporated in the Philippines. The principal activities of the Parent Company's subsidiaries are as follows:

Name of subsidiary	Principal Place of Business	Principal Activities	Effective equity held by DMPI **April 30, 2020**	 April 30, 2019
Philippines Packing Management Services Corporation (PPMSC)	Philippines	Management, logistics and support services	**100%**	100%
Del Monte Txanton Distribution Inc. (DMTDI)*	Philippines	Trading, selling and distributing food, beverages and other related products	**40%**	40%

**Considered as subsidiary although the Parent Company owns less than the majority of the equity interest since the Parent Company is able to direct DMTDI's relevant activities by having majority seats in the Board and having key management personnel of the Parent Company serving the same positions in DMTDI.*

On April 22, 2019, at a joint special meeting, the Board and stockholders of DMTDI authorized the dissolution and liquidation of the Corporation by shortening its corporate term. As at April 30, 2020, the application for the dissolution and liquidation is yet to be submitted with the SEC due to certain regulatory and documentary requirements.

The consolidated financial statements were approved and authorized for issuance by the Board on August 3, 2020.

2. Basis of Preparation

Statement of Compliance
The consolidated financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). PFRSs also includes Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

Basis of Measurement
The consolidated financial statements of the Company have been prepared on a historical cost basis, except for the following items which are measured on the following basis at each reporting date:

- Financial instruments at fair value through other comprehensive income (FVOCI) are measured at fair value;
- Land under “Property, plant and equipment” account is measured at revalued amount;
- Biological assets are measured at fair value less cost to sell, except for those whose fair value cannot be measured reliably, have no active markets or no similar assets are available in the relevant market. In such cases, these biological assets are stated at cost; and
- Retirement benefits asset/liability is measured at the net total of the fair value of the plan assets less the present value of the defined benefit obligation.

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is also the Company’s functional currency. All amounts have been rounded off to the nearest thousand (₱000), unless otherwise indicated.

Basis of Consolidation
Subsidiaries are entities controlled by the Parent Company. The Parent Company controls an investee if and only if the Parent Company has:

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

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

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

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date control is obtained by the Parent Company and cease to be consolidated from the date the Parent Company loses control over the subsidiaries. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies. All significant intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented separately from equity attributable to equity holders of the Parent Company in the consolidated financial statements. This includes non-controlling equity interests in DMTDI.

Loss of control
If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any noncontrolling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate.

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

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements except for the adoption of the following new standards, interpretations, and amendments to existing standards that are effective May 1, 2019.

The following interpretations and accounting policies did not have a significant impact on the financial position or performance of the Company, unless otherwise indicated.

- PFRS 16, *Leases*

  PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases in the statement of financial position.

Lessor accounting under PFRS 16 is substantially unchanged from the prescribed accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two (2) types of leases: operating and finance leases. PFRS 16 requires lessees and lessors to make more extensive disclosures than under PAS 17.

The Company adopted PFRS 16 using the modified retrospective approach and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

The effect of adoption PFRS 16 as at May 1, 2019 is, as follows:

	Increase (decrease)
Asset	
Prepayments and other current assets	(₱368,828)
Investment properties	28,444
Property, plant and equipment	3,611,048
Receivables	3,271
Deferred tax assets - net	(839)
Other noncurrent assets	(936,297)
Net impact in total assets	₱2,336,799
Liabilities	
Lease liabilities	₱2,601,012
Other noncurrent liabilities	(124,945)
Deferred tax liabilities - net	(35,305)
Equity:	
Retained earnings	(103,963)
Net impact in total liabilities and equity	₱2,336,799

The Company has lease contracts for various items of farm land, industrial land, office building, warehouses, equipment and machineries such as racking system, pallets and lift trucks. Prior to the adoption of PFRS 16, the Company classified each of its leases (as lessee) at the inception date as operating leases. The Company also enters into a sublease arrangement with Nice Fruit S&W Philippines, Inc. (NFSWPI) as a lessee and prior to the adoption of PFRS 16 accounts for this sublease as an operating lease.

Upon adoption of PFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The Company also classified its sublease arrangement by reference to the right-of-use asset arising from the head lease either as a finance or operating lease.

Leases previously accounted for as operating leases
The Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets on lease agreements of office buildings and warehouses were recognized based on the carrying amount as if the standard had always been applied, apart from the use of

incremental borrowing rate (IBR) at the date of initial application. For land leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments outstanding at the date of transition. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the following practical expedients wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The adoption of PFRS 16 had an impact on total equity as at May 1, 2019 since the Company elected to measure right-of-use assets on certain lease agreements on office building and improvement, included as part of right-of-use assets - building and improvements under "Property, plant and equipment" and " Investment property" accounts using the modified retrospective approach wherein the right-of-use assets are measured at carrying amount as if the standard had been applied since the commencement date and lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The resulting difference between right-of-use assets and lease liabilities was closed to retained earnings. The difference between the net investment in the lease recognized from the sublease arrangement and the right-of-use derecognized from the head lease was also closed to retained earnings as at May 1, 2019.

Sublease arrangements classified as finance lease
When the Company has determined that the sublease qualifies as a finance lease by reference to the right-of-use asset arising from the head lease, the Company derecognized the right-of-use assets relating to the head lease that it transfers to the sub-lessee and recognizes the net investment in the lease, recognized any difference between the right-of-use asset and the net investment in the sublease in retained earnings; and retained the lease liability arising from the head lease which represents the lease payments owed to the head lessor.

Based on the above, as at May 1, 2019:
- Right-of-use assets were recognized and presented as part of property, plant and equipment and investment properties accounts amounting to ₱3,611,048 and ₱28,444, respectively, net of the derecognition of the right-of-use assets arising from the sublease arrangement classified as finance lease amounting to ₱473;
- Total lease liabilities of ₱2,601,012 were recognized;
- Lease receivable totaling to ₱3,271 were recognized and presented under receivables account resulting from the recognition of the net investment in the sublease;
- Prepayment and other current assets and other noncurrent assets accounts amounting to ₱368,828 and ₱936,297 related to unamortized advance lease payments were closed to right-of-use assets;
- Other noncurrent liabilities amounting to ₱124,945 related to previous operating leases arising from application of straight-line accounting under PAS 17 were derecognized;
- Deferred tax liabilities and deferred tax assets decreased by ₱35,305 and ₱839, respectively, because of the deferred tax impact of the changes in assets and liabilities; and
- The retained earnings adjustment amounting to ₱103,963 pertains to the modified retrospective approach applied to certain office building and warehouse lease contracts.

The lease liability as at May 1, 2019 as can be reconciled to the operating lease commitments as of April 30, 2019 follows:

Operating lease commitments at April 30, 2019	₱4,205,219
Less present value discount using the Company's IBR	(1,191,110)
Discounted operating lease commitments at May 1, 2019	3,014,109
Less: Commitments relating to short term leases	(671,041)
Add: Payments in extension periods and in-scope lease contracts not recognized as at April 30, 2019	257,994
Lease liabilities recognized at May 1, 2019	₱2,601,062

The Company used a single discount rate to a portfolio of leases with reasonably similar characteristics. The IBR applied to the lease liabilities on May 1, 2019 ranges between 5.0% to 7.0% depending on the remaining lease term.

Due to the adoption of PFRS 16, the Company's finance cost and depreciation and amortization increased while income before income tax lowered for the fiscal year ended April 30, 2020. This is due to the change in the accounting for rent expense related to leases that were classified as operating leases under PAS 17.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:
  - Whether the Company considers uncertain tax treatments separately
  - The assumptions the Company makes about the examination of tax treatments by taxation authorities
  - How the Company determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How the Company considers changes in facts and circumstances

  The Company is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The Company shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the Company concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the Company shall reflect the effect of the uncertainty for each uncertain tax treatment using the method it expects to better predict the resolution of the uncertainty.

  Upon adoption of the interpretation, the Company has assessed whether it has uncertain tax position. The Company applied significant judgement in identifying uncertainties over its income tax treatments. The Company determined, based on its assessment, that it is probable that its income tax treatments will be accepted by the taxation authority. Accordingly, the Interpretation did not have significant impact on the financial statements of the Company.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- *Annual Improvements to PFRSs* 2015-2017 Cycle
  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*
  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

<u>Standards Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements unless otherwise indicated.

<u>*Effective beginning on or after May 1, 2020*</u>

- *Amendments to PFRS 3, Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after May 1, 2020, with earlier application permitted.

  These amendments will apply on the Company's future business combinations.

- *Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definition used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after May 1, 2020 with early application permitted.

  These amendments have no material impact on the Company's financial statements.

- *Amendments to PFRS 7, Financial Instruments: Disclosures and PFRS 9, Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The Company is currently assessing the impact of adopting this standard.

- *Amendments to PFRS 16, COVID-19-related Rent Concessions*

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

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

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

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

  The Company is currently assessing the impact of adopting this standard.

Effective beginning on or after May 1, 2021

- *PFRS 17, Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 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 PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with participation features (the variable fee approach); and
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.

  PFRS 17 is effective for reporting periods beginning on or after May 1, 2021, with comparative figures required.

  The standard is not relevant to the operations of the Company.

<u>*Deferred Effectivity*</u>

- *Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between the PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the FRSC deferred the original effective date of May 1, 2016 of the said amendments until the International Accounting Standards Board completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. The standard is expected to have no significant impact on the Company's financial statements.

Summary of Significant Accounting Policies

<u>Current versus noncurrent classification</u>
The Company presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification. An asset is current if:

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

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

Financial Instruments (effective starting May 1, 2018)
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through OCI (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial Assets at Amortized Cost (Debt Instruments)
The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's cash and cash equivalents, receivables, security deposits and refundable deposits (as part of other non-current assets) are classified under this category.

Financial Assets Designated at FVOCI (Equity Instruments*)*
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized in the consolidated statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably under this category its quoted shares and golf club shares as at April 30, 2020 and 2019.

Impairment of Financial Assets
The Company recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General Approach
The Company uses the general approach in computing ECL both for cash in banks, cash equivalents and due to related parties. Under the general approach, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Simplified Approach
The Company uses the simplified approach in computing ECL for receivables. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities. Financial liabilities are measured at amortized cost, except for the following:
- Financial liabilities measured at fair value through profit or loss;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Company retains continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and

- Contingent consideration recognized by an acquirer in accordance with PFRS 3.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

The Company's financial liabilities measured at amortized cost includes trade payables included under accounts payable and accrued expenses, short-term notes payable, long-term notes payable and lease liabilities are classified under this category (see Notes 14, 15, 16 and 35). The Company has no financial liabilities designated at fair value through profit or loss as at April 30, 2020 and 2019.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Classification of Financial Instruments between Debt and Equity

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

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

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

“Day 1” Difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in consolidated statement of profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in consolidated statement of profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Financial Instruments (effective prior to May 1, 2018)
The Company recognizes a financial instrument in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Company commits to purchase the assets. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. Derivatives are recognized on a trade date basis.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The fair value of the consideration given or received is determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing interest rates for similar instruments with similar maturities. The initial measurement of financial instruments, except for financial instruments at FVPL, includes transaction costs.

The Company classifies its financial instruments into the following categories: financial assets and liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS investments, and other financial liabilities.

The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every financial reporting date.

Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Day 1 Difference. Where the transaction price in a non-active market is different from the fair value based on other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a ‘Day 1’ difference) in the consolidated statement of profit or loss unless it qualifies for recognition as some other type of asset or liability. In cases where unobservable data is used, the difference between the transaction price and model value is only recognized in the consolidated statement of profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Assets and Liabilities at FVPL. This category includes financial assets and liabilities held for trading and those designated upon initial recognition as at FVPL. Financial assets and liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including any separated derivatives, are also classified under financial assets or liabilities at FVPL, unless these are designated as hedging instruments in an effective hedge or financial guarantee contracts. Instruments under this category are classified as current assets or liabilities if these are held primarily for the purpose of trading or expected to be realized or settled within 12 months from reporting date. Otherwise, these are classified as noncurrent assets or liabilities.

Financial assets or financial liabilities may be designated at initial recognition as at FVPL when the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or

- the assets and liabilities are part of group of financial assets, financial liabilities or both, which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management strategy and information the group of financial assets or liabilities is provided internally or that basis to the entity's key management personnel; or

- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities designated at FVPL are recorded in the consolidated statement of financial position at fair value. Subsequent changes in fair value on financial assets and liabilities designated at FVPL are recorded in the consolidated statement of profit or loss.

The Company does not have financial assets and financial liabilities designated at FVPL.

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS investments or financial assets at FVPL.

After initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate method. Gains and losses are recognized in the consolidated statement of profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the financial reporting date. Otherwise, these are classified as noncurrent assets.

The Company's cash and cash equivalents, receivables and refundable deposits are classified under this category.

HTM Investments. HTM investments are quoted nonderivative financial assets with fixed or determinable payments and fixed maturities for which the Company's management has the positive intention and ability to hold to maturity. When the Company sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS investments. After initial measurement, such assets are carried at amortized cost using the effective interest method less any impairment in value. Gains and losses are recognized in the consolidated statement of profit or loss when the HTM investments are derecognized or impaired, as well as through the amortization process. HTM investments are classified as noncurrent assets except for those with maturities that are less than 12 months after the end of the reporting period, which are classified as current assets.

The Company does not have financial assets classified as HTM investments.

AFS Investments. AFS investments are nonderivative financial assets that are designated in this category or are not classified in any of the three preceding categories. These are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. After initial recognition, AFS investments are measured at fair value in the consolidated statement of financial position. Changes in the fair value of such assets are reported as unrealized gain or loss on change in fair value of AFS investments recognized as OCI in the consolidated statement of comprehensive income until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in consolidated statement of comprehensive income is transferred to the consolidated statement of profit or loss. AFS investments are included under noncurrent assets unless the Company intends to dispose of the investment within 12 months from the end of the reporting period.

The Company's investments in quoted shares and golf club shares are classified under this category.

Other Financial Liabilities. This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. This includes liabilities arising from operations or loans and borrowings.

Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost taking into account the impact of applying the effective interest rate method of amortization for any related premium, discount and any directly attributable transaction costs. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized, as well as through the amortization process. Other financial liabilities are classified as current liabilities if settlement is within 12 months from the end of the reporting period. Otherwise, these are classified as noncurrent liabilities.

The Company's accounts payable and accrued expenses, short-term and long-term notes payable are classified under this category.

Derivative Financial Instruments

The Company enters into short-term forward currency contracts to hedge its currency exposure. Such derivative financial instruments are initially recorded at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and financial liabilities when the fair value is negative. Consequently, gains or losses from changes in fair value of these derivatives that do not qualify for hedge accounting are recognized immediately in the consolidated statement of profit or loss. The Company has opted not to designate its derivative transactions under hedge accounting. The fair values of freestanding forward currency transactions are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Embedded Derivative. An embedded derivative is a component of a hybrid (combined) instrument that also includes a nonderivative host contract with the effect that some of the cash flows of the hybrid instrument vary in a way similar to a stand-alone derivative. An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized as at FVPL.

The Company assesses whether embedded derivatives are required to be separated from the host contracts when the Company becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Company determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flow on the contract.

Embedded derivatives are measured at fair value and are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Gains and losses from changes in fair value of these derivatives are recognized immediately in the consolidated statement.

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt if it provides for a contractual obligation to:

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

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Debt Issuance Cost
Debt issuance costs are deducted against long-term debt and are amortized over the term of the related borrowings using the effective interest rate method.

Impairment of Financial Assets
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment.

For the purpose of specific evaluation of impairment, the Company assesses whether financial assets are impaired through assessment of collectability of financial assets considering the creditors' capacity to pay, history of payment, and the availability of other financial support. For the purpose of a collective evaluation of impairment, if necessary, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past due status and term.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. The financial assets together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

If a previous write-off is later recovered, the recovery is recognized in the consolidated statement of profit or loss. Any subsequent reversal of an impairment loss is recognized in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date had no impairment loss been recognized in prior years.

AFS Investments. For AFS investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investment is impaired. In the case of equity instruments classified as AFS investments, this would include a significant or prolonged decline in the fair value of the investments below its costs. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of profit or loss) is removed from OCI and recognized in the consolidated statement of profit or loss. Impairment losses on equity investments are not reversed through the consolidated statement of profit or loss. Increases in fair value after impairment are recognized in OCI.

In the case of debt instruments classified as AFS investments, impairment is based on the same criteria as financial assets carried at amortized cost. Interest income continues to be accrued using the original effective interest rate on the reduced carrying amount of the asset. If, in the subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a currently enforceable legal right to offset the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Determination of Fair Value

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

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statement on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these account as 'listed' are traded in an active market. When the Company has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate. For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and with reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

For the purpose of the fair value disclosures, the Company 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.

<u>Inventories</u>
Inventories are valued at the lower of cost and net realizable value (NRV). Cost of inventories comprise of purchase cost, cost of conversion and other costs incurred in bringing the inventories to its present location and condition. Cost is determined using the weighted-average method for cased goods and other merchandise and the moving average method for production materials and storeroom supplies. Cost of cased goods include fair value of agricultural produce harvested from the Company's biological assets and used in production.

NRV of cased goods and other merchandise is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. NRV of production materials and storeroom supplies is the current replacement cost.

The amount of any write-down of inventories to NRV and all losses of inventories are recognized as expense in the period the write-down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in NRV is recognized as a reduction in the amount of inventories recognized as expense in the period in which the reversal occurs.

Biological Assets and Agricultural Produce

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

Bearer Plants

Bearer plants are measured at cost less accumulated depreciation recognized at point of harvest. Costs to grow include purchase cost of various chemicals and fertilizers, land preparation expenses and direct expenses during the cultivation of the primary ratoon and, if needed, re-ratoon crops. The accumulated costs are deferred and are amortized as raw product costs upon harvest. Raw product cost is recognized as depreciation based on the actual volume of harvest in a given period.

Breeding and Dairy Herd

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

Growing Herd

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

Cattle for Slaughter

Cattle for slaughter is measured at each reporting date at their fair value less point-of-sale costs. Gains and losses arising from changes in fair values are included in profit or loss for the period in which they arise. Cattle for slaughter is classified as current assets in the consolidated statement of financial position.

The Company's agricultural produce is accounted for as follows:

Agricultural Produce

The Company's growing produce are measured at their fair value from the time of maturity of the bearer plant until harvest. The Company uses the future selling prices and gross margin of finished goods less future growing cost as the basis of fair value and adjusted for margin and associated costs related to production. The Company's harvested produce are measured at fair value at the point of harvest based on the estimated selling prices reduced by cost to sell.

Cutmeat

Cutmeat is measured at each reporting date at their fair value less point-of-sale costs. Gains and losses arising from changes in fair values are included in profit or loss for the period in which they arise.

Property, Plant and Equipment
The Company's property and equipment consist of land, plant, building, equipment and right-of-use assets that do not qualify as investment properties.

Land is stated at revalued amounts. The initial cost of land comprises of purchase price, taxes, and any direct attributable cost in bringing the asset to its working condition for its intended use. Subsequent to initial recognition, land is measured at fair value at the date of revaluation. The fair value of land is determined from market-based evidence by appraisal report that is normally undertaken by professional qualified appraisers.

The increase in land as a result of the revaluation is credited to OCI and presented as "Land revaluation surplus" under "Other reserves" account in the consolidated statement of changes in equity. Any decrease as a result of the revaluation is recognized up to the extent of any credit balance existing in the "Land revaluation surplus" and any excess shall be recognized in profit or loss.

The revaluation surplus included in equity in respect of land is transferred directly to retained earnings when the asset is derecognized. This may involve transferring the whole of the surplus when the asset is retired or disposed of. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

Effective May 1, 2019, it is the Company's policy to classify right-of-use assets as part of property and equipment. The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment testing when indicator exists that the asset may be impaired.

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation, amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable cost in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation and interest incurred during the construction period on funds borrowed to finance the construction of projects. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Construction-in-progress (CIP) represents structures under construction and is stated at cost. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. CIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation and amortization (except bearer plants), which commences when the asset is available for its intended use, are computed using the straight-line method over the following estimated useful lives as follows:

	Number of Years
Machinery and equipment	3 – 30
Buildings, land improvements and leasehold improvements	3 – 50 or lease term, whichever is shorter
Right-of-use assets – land	2 – 20
Right-of-use asset – building and improvements	2 – 17

The remaining useful lives, residual values and depreciation and amortization methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in profit or loss.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

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

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

Investment Properties

Investment properties comprise land and buildings and improvements that are held to earn rentals or capital appreciation or both and that are not occupied by the Company. Investment properties also include right-of-use assets involving real property that is leased to other entity on a short-term basis.

The Company uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

For the right-of-use asset that qualify as investment property, i.e., office building that is leased by the Company, this is classified under investment properties in accordance with paragraph 48 of PFRS 16. Consistent with the Company's policy regarding the measurement of investment properties, this asset is subsequently measured at cost less amortization and impairment in value.

Depreciation and amortization of buildings and improvements, which commences when the assets are available for their intended use, are computed using the straight line method over the estimated useful life of to 10 years. In addition, right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The useful lives, residual values and depreciation and amortization method are reviewed and adjusted, if appropriate, at each financial reporting date.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement and disposal of investment property are recognized in profit or loss in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use.

Deferred Land Development Costs

Deferred land development costs represent cost incurred in developing agricultural lands and are amortized based on the average term of land lease contracts, which is normally within 10 years. Land development activities include land clearing, road construction and repairs, gravel spreading, desilting for permanent waterways, silting basin, culvert and flood breaker installation and construction of boundary ditches.

The Company's deferred land development costs are presented as "Other noncurrent assets" in the consolidated statement of financial position.

Impairment of Non-financial Assets

The carrying amounts of investment properties and property, plant and equipment recognized at cost are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of an asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in the prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Share Capital

Common Shares. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Retained Earnings. Retained earnings includes profit attributable to the equity holders of the Parent Company and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the Parent Company's stockholders. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Revenue Recognition (effective starting May 1, 2018)

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements.

A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Revenue from sale of goods

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

The Company has official written agreements with its customer documented in a supply agreement and approved purchase orders. The supply agreements contain each party's respective obligations.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The Company concluded that it has only a single performance obligation for each revenue stream.

Considerations payable to customers

The Company accounts for consideration payable to a customer as a reduction of the transaction price and therefore, of revenue, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

a. Customer can benefit from good/service on its own or with other resources readily available to the customer, and

b. The Company's promise to transfer good/service to the customer is separately identifiable from other promises in the contract.

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

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

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

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

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

<u>Contract balances arising from revenue with customer contracts</u>

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

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

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

The Company does not have contract assets and contract liabilities as at April 30, 2020 and 2019.

Revenue Recognition (effective prior to May 1, 2018)
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding VAT. The Company is acting as a principal when it has the significant risks and rewards associated with the rendering of services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods
Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest Income
Interest income is recognized as it accrues, taking into account the effective yield on the asset.

Other Income
Other income is recognized when there is an incidental economic benefit, outside the normal course of business that will flow to the Company and can be measured reliably.

Cost and Expense Recognition
Costs and expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred. These are measured at the fair value of the consideration paid or payable.

Expenses are also recognized in the consolidated statement of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized in the consolidated statement of comprehensive income on the basis of a direct association between costs incurred and the earnings of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Short-term Employee Benefits
Short-term employee benefits include items such as salaries and wages, social security contributions and nonmonetary benefits, that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees rendered the related services. Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement and Other Post-Employment Benefits

The Company has both defined contribution plan and defined benefit plan, administered by a trustee, covering their respective permanent employees.

Defined Contribution Plan

Obligations for contributions to the Company's provident plan, which is classified as defined contribution pension plan, are recognized as an expense in profit or loss when they are due.

Defined Benefit Plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit obligation or asset
- Remeasurements of net defined benefit obligation or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as part of costs and expenses in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated annually by a qualified actuary using the projected unit credit method.

The Company determines the net interest expense or income on the net defined retirement obligation or asset for the period by applying the discount rate used to measure the defined benefit retirement obligation at the beginning of the annual period to the then-net defined retirement obligation or asset, taking into account any changes in the net defined benefit retirement obligation or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

Remeasurements of the net defined benefit retirement obligation or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest), if any, are recognized immediately in OCI. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

Leases (effective starting May 1, 2019)
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

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

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

The right-of-use asset is presented as part of investment properties and property, plant and equipment, and is also subject to impairment.

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

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases that are considered of low value (i.e., below ₱250,000 or below). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor
Leases where the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Any initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Rental income is recognized in the statement of comprehensive income on a straight-line basis over the lease term. All other leases are classified as finance leases. At the inception of the finance lease, the underlying is derecognized and lease receivable is recognized. Interest income is accrued over the lease term using the EIR and lease amortization is accounted for as reduction to lease receivable.

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

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

Leases (effective prior to May 1, 2019)
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after the inception of the lease, only if any of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or (d) there is substantial change to the asset.

Where the reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) above, and at the date of renewal or extension period for scenario (b).

Operating Lease - Company as Lessee. Leases which do not transfer to the t Company substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

Operating Lease - Company as Lessor. Leases where the Company does not substantially transfer all the risks and rewards of ownership of the assets are classified as operating leases. Rent income from operating leases is recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as expense over the lease term on the same basis as rental income. Contingent rents are recognized as income in the period in which they are earned.

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

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

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

Research and Development Costs
Research costs are expensed as incurred. Developmental costs incurred on an individual project are carried forward when their future recoverability can be reasonably regarded as assured. Any expenditure carried forward is amortized in line with the expected future sales from the related project.

The carrying amount of developmental costs is reviewed for impairment annually when the related asset is not yet in use. Otherwise, this is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Foreign Currency Transactions and Translations
Transactions denominated in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Outstanding monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting date.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in the consolidated statement of comprehensive income.

Income Taxes
Income tax expense consists of current tax and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI.

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) initial recognition of goodwill; (b) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit (loss).

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

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

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Revenues, expenses and assets are recognized, net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services exceeds VAT passed on from purchases of goods and services, the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from the purchase of goods or services exceeds VAT from sales of goods and/or services, the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Input VAT. Input VAT represents VAT passed on to the Company by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations.

The portion of input VAT which represents VAT passed on the Company for the acquisition of depreciable assets with an estimated useful life of at least one year is required to be amortized over the life of the related asset or a maximum period of 60 months. This is classified as "Deferred input VAT" under "Other noncurrent assets" account in the consolidated statement of financial position.

Earnings per Common Share (EPS) Attributable to the Equity Holders of the Parent

Basic EPS is computed by dividing net income attributable to the common equity holders of the Parent Company by the weighted average number of outstanding common shares during the year after giving retroactive effect to any stock dividend declared during the year.

The Company does not have potential common share or other instruments that may entitle the holder to common shares. Hence, diluted EPS is the same as basic EPS.

Segment Reporting

The Company is organized into its major geographical and product segments. Financial information about the Company's business segments is presented in Note 41 to the consolidated financial statements.

Provisions

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that the reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Related Party Transactions and Relationships

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and, (d) the Company's funded retirement plan.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. If it is virtually certain that an inflow of economic benefits will arise, the asset and the related income is recognized in the consolidated financial statements.

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

Use of Judgments, Estimates and Assumptions
The preparation of the Company's consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments, key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are consistent with those applied in the most recent annual financial statements, except for those that relate to the adoption of PFRS 16, *Leases* and Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Recognition of Revenue from Contracts with Customers

a. *Identifying Performance Obligations.* The Company identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

   The Company identified its sale and delivery of goods as its only one performance obligation. Revenue from delivery charges to the customer is not a separate performance obligation as the Company assessed the provision of this service to be highly dependent on or highly related with the goods promised in the contract.

   In 2019, certain customers of the Parent Company entered into bill-and-hold arrangements with the Parent Company. The customers are billed for goods that are ready for delivery, but the Parent Company retains physical possession of the product until it is transferred to the customer at a future date. The Parent Company determined that control has already been transferred to the customers, even though the customers do not have physical possession of the goods resulting to the identification of custodial services provided to the customer over the customers' assets as a separate performance obligation. A portion of the contract price should be allocated to the custodial services and separately recognized over the period of time the product is being held by the Parent Company, along with the related costs of storing the product. The amount of the custodial services for the year ended April 30, 2019 is not material.

No similar bill-and-hold arrangements was entered by the Parent Company in 2020.

Principal versus Agent Consideration. The Company enters into contracts with its customers. The Company determined that it controls the goods and services before they are transferred to customers, and it has the ability to direct their use. The following factors indicate that the Company controls the goods and services before they are being transferred to customers.

- The Company is primarily responsible for fulfilling the promise to provide the specified goods and services.
- The Company has inventory risk on the goods and services before these are transferred to the customer.
- The Company has discretion in establishing the prices for the other party's goods or services and, therefore, the benefit that the Company can receive from those goods or services is not limited. It is incumbent upon the Company to establish the price of its services to be offered to its customers.
- The Company's consideration in these contracts is the entire consideration billed to the customers.

Based on the foregoing, the Parent Company is considered the principal in its contracts with its customers. It has the primary obligation to provide the services to them.

b. *Revenue Recognition.* The Company recognizes revenue over time or at a point in time depending on its evaluation of when the customer obtains control of the promised goods or services.

Revenues from sale of goods are recognized at a point in time when the goods are delivered to and accepted by customers.

For the management income which is provided over the contract period, because transferring of control is over time, revenue is recognized monthly as the Company provides the service.

For bill-and-hold arrangements with the Parent Company, the Parent Company assessed whether control has transferred to the customers, even though the customers do not have physical possession of the goods. The following criteria must all be met in order for the customers to have obtained control in bill-and-hold arrangements:

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

The Parent Company determined that control has already been transferred to the customers and recognized revenue from the bill-and-hold arrangements amounting ₱93,089 for fiscal year ended April 30, 2019. No bill-and-hold arrangements were entered into for fiscal year ended April 30, 2020 and 2018.

Determining taxable profit (tax loss), tax bases, unused tax credits and tax rates (effective May 1, 2019). Upon adoption of the Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*, the Company has assessed whether it has any uncertain tax position. The Company applies significant judgement in identifying uncertainties over its income tax treatments. The Company determined, based on its tax compliance assessment, in consultation with its tax team, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Company.

Determining the lease term of contracts with renewal options - Company as a lessee (effective starting May 1, 2019). The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company included the renewal period for certain lease contract on warehouses as part of the lease term. The Company typically exercises its option to renew for the lease because there will be a significant negative effect on production if a replacement asset is not readily available. The renewable period of land, building and certain warehouse are not included as part of the lease term as these are not reasonably certain to be exercised since it is subject to mutual agreement of both parties and is considered as unenforceable.

The Company also entered into a lease contract with DMPI Employees and Agrarian Reform Beneficiaries (DEARBC), with an initial contract period of 25 years from January 11, 1999 to January 10, 2024. The lease contract was amended by both parties effective January 11, 2019 to extend the lease period to January 10, 2049. Effective January 11, 2019, both parties approved the amendment granting the Company the sole option to terminate the lease every five years without incurring penalty until the end of the contract period. Since the Company has the sole option to terminate the lease every five years without incurring penalty, the Company has the absolute right to enforce the entire duration of the lease (i.e., lease term).

For purposes of PFRS 16 adoption beginning May 1, 2019, the Company assessed the lease term to be 5 years from January 11, 2019 since it is not yet reasonably certain to renew beyond the initial 5-year noncancelable lease period due to the relatively long time horizon to be able to forecast the facts and circumstances that will merit the renewal of the contract. There are also no significant economic penalties other than the standing crops which only have a life cycle of up to 3 years. Management will revisit this assessment at the end of every reporting period.

Classification of Leases as lessor (effective May 1, 2019). The Company entered into lease agreements on its leased property. The Company determines whether it has transferred all the significant risks and rewards of ownership of the leased properties to a lessee, such as lessee has the ultimate control over the use of the asset and the lease term is for the major part of the economic life of the asset. If it is determinable that significant risks and rewards of ownership of lease properties were transferred to the lessees, the lease is accounted as finance lease. If otherwise, the lease is accounted for as an operating lease.

Operating Lease Commitments as Lessee (effective prior to May 1,2019). The Company has entered into various lease agreements as a lessee. The Company had determined that the significant risks and rewards of ownership over the underlying properties leased from third parties are retained by the lessors. Accordingly, these leases were accounted for as operating leases. Total rent expense amounted to ₱881,002 and ₱883,628 for the years ended April 30, 2019 and 2018.

Capitalization of Borrowing Cost. The Company determines whether the amount of borrowing costs qualify for capitalization as part of the cost of the qualifying asset, or should be expensed outright. The accounting treatment for the finance costs is determined by assessing whether the asset is a qualifying asset taking into consideration the period of time to bring the asset ready for its intended use. Failure to make the right judgment will result in misstatement of assets and net profit.

General borrowing costs capitalized as part of property, plant and equipment amounted to ₱92,350 and ₱1,459 for the years ended April 30, 2020 and 2019, respectively (see Note 12). Average capitalization rate used is 4.06% and 3.40% for the fiscal years ended April 30, 2020 and 2019, respectively.

Debt versus Equity Classification. The Share Purchase and Shareholder Agreements between DMPL, CARI, the Parent Company and SEA Diner stipulate that all of the Redeemable and Convertible Preferred Shares (RCPS) may be redeemed by the Parent Company, DMPL or CARI, subject to the mutual agreement of the parties (see Note 27), at the agreed redemption price if there is no liquidity event such as initial public offering or trade sale after five (5) years from May 20, 2020 or upon the occurrence of any of certain agreed default events. Management assessed that the conversion of the convertible common shares to RCPS and the amendment of the Parent Company's articles of incorporation to transfer the RCPS in the name of SEA Diner are administrative and procedural in nature since the Board and stockholders of the Parent Company already approved the conversion of the convertible common shares to RCPS, the related taxes for the registration were already paid with the Bureau of Internal Revenue and other conditions precedent were already complied as at April 30, 2020.

Management also assessed whether the RCPS sold to SEA Diner will be classified as debt or equity. In its assessment, management classified the RCPS sold to SEA Diner as equity since both of the conditions below are met:

(a) The Parent Company has no contractual obligation to deliver cash or another financial asset to the investor as the default events for the mandatory redemption are assessed to be within the control of DMPL Group and the redemption of the RCPS in case of other redemption events is subject to the mutual consent of the Parent Company, DMPL, CARI and the holder of the RCPS;
(b) The RCPS which is convertible to common shares at the ratio of 1:1 does not include contractual obligation for the Parent Company to deliver a variable number of its own equity instruments upon conversion.

Obligation to Deliver Additional RCPS. The Share Purchase and Shareholder Agreements between DMPL, CARI, the Parent Company and SEA Diner provides a conditional obligation for the Parent Company to deliver additional RCPS subject to meeting certain level of net income and adjusted equity value as defined in the abovementioned agreements for fiscal year ending April 30, 2021 (see Note 27). Management assessed that the Parent Company's derivative liability to deliver additional RCPS has a carrying value of nil as at April 30, 2020 based on its budgeted net income for fiscal year ending April 30, 2021, and the expected timing and probability of an initial public offering. Management will remeasure the derivative liability at the end of every reporting period.

De Facto Control over Del Monte Txanton Distribution, Inc. (DMTDI). The Parent Company owns 40.0% of DMTDI's common shares as at April 30, 2020 and 2019. Even with less than the majority voting rights, the Parent Company concluded that DMTDI is a subsidiary and that it has power to direct the relevant activities of DMTDI due to the Parent Company having majority seats in the Board through a shareholders agreement with the other shareholders of DMTDI. The key management personnel (i.e., President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Treasurer and Corporate Secretary) of the Parent Company also serve in the same positions in DMTDI (see Note 1).

Coronavirus disease of 2019 (COVID-19) Outbreak. In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, and was subsequently extended until April 30, 2020. Beyond April 30, 2020 and until May 15, 2020, the ECQ has been extended in identified high-risk areas which include the NCR and identified provinces in the Philippines.

Meanwhile, identified moderate-risk areas were under general community quarantine (GCQ) and identified low-risk areas were placed under a less stringent GCQ. Starting May 16, 2020 until May 31, 2020, the NCR and selected areas in the Philippines transitioned to Modified ECQ. By June 1, 2020, substantially the entire Philippines was then placed under GCQ. Starting August 4 to 18, 2020, NCR and selected areas in the Philippines will transition again to Modified ECQ. These will be subject to further evaluation by the Inter-Agency Task Force (IATF). These measures have caused disruptions to various businesses and economic activities, and its impact on businesses continue to evolve.

The Company observed that the demand for beverage and culinary brands were high as the incidence of home cooking grew as well as the desire for products that are healthy and will boost immunity. While the Company's retail brands grew, food service sales experienced a decline due to the lockdowns imposed reducing the sales contribution to the total business. Aside from providing a cushion to total sales, the increase in the Company's retail business also provided additional lift to the profit margins as the food service business enjoyed higher discounts. Total volume for export of fresh fruits also experienced a decline in the fourth quarter of 2020. The Company offered certain price reductions to drive higher volume.

The Company managed to continue operating in the middle of the pandemic since its products are considered to be essential goods and its farming and manufacturing activities are based in Mindanao. There were no significant internal operational interruptions. Disruptions caused by external factors such as restrictions to movement of materials, equipment and goods as well as the resulting reduction in economic activity were managed so that there will be no major adverse impacts to the overall results of operations for the year ending April 30, 2021.

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Measurement of Fair Values. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company 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.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The methods and assumptions used to estimate fair values for both financial and non-financial assets and liabilities are discussed in Notes 8, 9, 11, 12 and 33 to the consolidated financial statements.

Estimating Allowance for Impairment Losses on Receivables (applicable beginning May 1, 2018). The Company uses a provision matrix to calculate ECLs for its receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Provisions are made based on the simplified approach under PFRS 9. A loss allowance is recognized based on lifetime ECL. The allowance for impairment losses on receivables amounted to ₱54,674 and ₱60,628 as at April 30, 2020 and 2019, respectively. The carrying amount of receivables, net of allowance for impairment losses, amounted to ₱7,298,204 and ₱15,563,093 as at April 30, 2020 and 2019, respectively (see Note 6).

Estimating Allowance for Doubtful Accounts (applicable until April 30, 2018 prior to the adoption of PFRS 9). Provisions are made for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates these accounts on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customers and counterparties, the customer's current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience. The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different methodologies.

Estimating Net Realizable Value (NRV) of Inventories. The Company writes down inventories when net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes based on specific identification and as determined by management for inventories estimated to be unsaleable in the future.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates of the amount which the inventories are expected to be realized are made. 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 reporting date. The Company reviews on a continuous basis the product movement, changes in consumer demands and introduction of new products to identify inventories which are to be written down to net realizable values. The write-down of inventories is reviewed periodically to reflect the accurate valuation in the financial records.

The allowance for inventory losses amounted to ₱352,516 and ₱395,296 as at April 30, 2020 and 2019, respectively. The carrying amount of inventories, net of allowance for inventory losses, amounted to ₱4,645,327 and ₱5,953,401 as at April 30, 2020 and 2019, respectively (see Note 7).

Estimating Future Volume of Harvests. Bearer plants are stated at cost which comprises actual costs incurred in nurturing the crops reduced by the equivalent amortization of fruits harvested which considers the future volume of harvests. Estimated harvest is affected by natural phenomenon such as weather patterns and volume of rainfall. Field performance and market demand also affect the level of estimated harvests. The cost is developed by allocating growing costs for the estimated growth cycle of two to three years over the estimated harvests to be made during the life cycle of the plant crops. The Company reviews and monitors the estimated future volume of harvests regularly.

Estimating Fair Value of Growing Crops. The fair values of the growing pineapple crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest, as determined by the Company. Fair value is initially recognized when the pineapple fruit develops when the bearer plant has reached maturity to bear fruit. The fair value is approximated by the estimated tonnage of harvest, estimated gross margin at point of harvest less future fruiting costs to be incurred until harvest. Such future fruiting costs decreases as the growing crops near the point of harvest.

For the pineapple variety being sold as fresh fruits, the gross margin is based on the market price of pineapple fruits being sold by the Parent Company. For the pineapple variety being processed as cased goods, the gross margin is based on the selling price of the final product sold in the market.

The fair value of unharvested agricultural produce included as part of the biological assets in the consolidated statements of financial position amounted to ₱3,076,198 and ₱2,717,316 as at April 30, 2020 and 2019, respectively (see Note 8).

Estimating Fair Value of Agricultural Produce. The fair values of the harvested pineapple fruits are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest, as determined by the Company. For the pineapple variety being sold as fresh fruits, the market price is based on the selling price of fresh fruits as sold in the local and international markets. For the pineapple variety being processed as cased goods, the market price is derived from average sales price of the processed product adjusted for margin and associated costs related to production. Changes in fair values of agricultural produce after initial recognition are included in the carrying amount of cased goods at the reporting date.

Estimating Useful Lives of Investment Properties and Property, Plant and Equipment (excluding right-of-use assets). The Company estimates the useful lives of its investment properties and property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of investment property and property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of investment property and property, plant and equipment are based on collective assessment of industry practice, internal technical evaluation and experiences with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful life of any of the investment properties, and property, plant and equipment would increase the recorded expenses and decrease the noncurrent assets.

Acquisitions, replacements and additions of items of investment property and property, plant and equipment with estimated useful life of less than three years are charged to expense. Management believes that the difference between depreciating such items and directly charging them to expense is immaterial.

There were no changes in the estimated useful lives of investment properties and property, plant and equipment, excluding right-of-use assets, as at April 30, 2020 and 2019. The carrying amount of depreciable investment property amounted to ₱28,736 and ₱39,357 as at April 30, 2020 and 2019, respectively (see Note 11). The carrying amount of depreciable property, plant and equipment amounted to ₱10,337,068 and ₱9,277,037 as at April 30, 2020 and 2019, respectively (see Note 12).

Estimating Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary difference is based on the projected taxable income in the following periods, including the timing of reversal of future taxable and deductible temporary differences.

As at April 30, 2020 and 2019, the Company recognized deferred tax assets amounting to ₱155,317 and ₱188,740, respectively (see Note 26).

Impairment of Non-financial Assets. An impairment review is performed on non-financial assets (enumerated in the following table) when events or changes in circumstances indicate that the carrying value may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant adverse changes in the technological, market, or economic environment where the Company operates;
- significant decrease in the market value of an asset;
- evidence of obsolescence and physical damage;
- significant changes in the manner in which an asset is used or expected to be used;
- plans to restructure or discontinue an operation;
- significant decrease in the capacity utilization of an asset; or
- evidence is available from internal reporting that the economic performance of an asset is, or will be, worse than expected.

Determining the recoverable amount of these assets requires estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of the recoverable amount are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach.

The Company did not note any impairment indicators for the years ended April 30, 2020, 2019 and 2018. No impairment losses were recognized for the years ended April 30, 2020, 2019 and 2018.

As at April 30, 2020 and 2019, the carrying values of nonfinancial assets are as follows (see Notes 8, 11, 12 and 13):

	2020	2019
Biological assets – growing herd	**₱107,265**	₱87,608
Investment properties	**206,185**	194,683
Property, plant and equipment	**14,831,175**	10,650,173
Other noncurrent assets, excluding security and refundable deposits	**936,577**	1,476,267

Determination of IBR. The Company cannot readily determine the interest rate implicit in the lease at lease commencement date, therefore, it uses its IBR to measure lease liabilities. IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs such as interest rates from partner banks based on the term of its loan borrowings and make certain-specific estimates based on the Company credit worthiness.

The Company's lease liabilities amounted to ₱2,636,372 as at April 30, 2020 (see Note 35).

Present Value of Defined Benefit Obligation. The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions such as discount rates and future salary increases, among others. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date.

The Company determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligation. In determining the appropriate discount rate, the Company considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

Further details about the assumptions used are provided in Note 30.

The present value of the defined benefit obligation amounted to ₱1,724,091 and ₱1,499,332 as at April 30, 2020 and 2019, respectively (see Note 30).

Provisions and Contingencies. The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

In 2020, the Company recognized a provision amounting to ₱32,046 related to an unfavorable ruling by the court against the Parent Company. No provision was recognized in 2019 and 2018 (see Note 36).

5. Cash and Cash Equivalents

	2020	2019
Cash on hand	**₱2,899**	₱1,939
Cash in banks	**1,152,017**	334,681
Cash equivalents	**16,000**	227,314
	₱1,170,916	₱563,934

Cash in banks earn interest at the respective bank deposit rates. 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 Company and earn interest at the respective short-term placement rates ranging from 1.19% to 4.20% per annum in 2020, 0.95% to 6.50% per annum in 2019 and 0.38% to 3.38% per annum in 2018.

Interest earned for the fiscal years ended April 30, 2020, 2019 and 2018 amounted to ₱6,441, ₱18,889 and ₱8,986, respectively.

6. **Receivables**

	2020	2019
Trade receivables from third parties	**₱2,141,753**	₱1,940,733
Due from related parties (Note 31)	**4,994,813**	13,534,409
Advances to officers and employees	**25,713**	15,773
Others	**193,707**	132,806
	7,355,986	15,623,721
Less allowance for ECL	**54,674**	60,628
	7,301,312	₱15,563,093
Less noncurrent portion of lease receivable	**3,108**	–
Current portion	**₱7,298,204**	₱15,563,093

Trade receivables from third parties are noninterest-bearing and are generally on a 7 to 60-day credit term.

Due from related parties are noninterest-bearing, except for certain advances, and are generally due after 60 days. In July 2019, the Parent Company declared dividends amounting to ₱13,796,097. The Parent Company and CARI, subsequently entered into an offsetting agreement wherein the dividend payable amounting to ₱11,726,683, net of applicable final tax, to CARI was offset against the receivables from GTL Limited, DMPL and S&W Fine Foods International Ltd. amounting to ₱9,155,058, ₱1,762,728, and ₱808,897, respectively (see Note 28).

Advances to officers and employees are noninterest-bearing and are normally collected within the following year.

Other receivables consist of claims from third party service providers, advances to growers which are claimed upon delivery of fruits and fuel withdrawals applied against truckers' bills when due.

The movements in the allowance for expected credit losses are as follows:

	2020	2019
Trade receivables:		
Balance at beginning of year	**₱40,020**	₱40,400
Additional provision	**286**	–
Reversal of impairment loss recognized	**(2,472)**	(380)
	37,834	40,020
Nontrade receivables:		
Balance at beginning of year	**20,608**	16,963
Additional provision	**–**	3,808
Reversals	**(3,471)**	–
Write-off	**(297)**	(163)
	16,840	20,608
Balance at end of year	**₱54,674**	₱60,628

7. **Inventories**

	2020	2019
Cased goods and other merchandise:		
At NRV – net	**₱1,528,761**	₱3,063,686
At Cost – net	**676,175**	328,584
Production materials and supplies - at NRV	**1,925,766**	1,909,356
Storeroom supplies - at NRV	**514,625**	651,775
	₱4,645,327	₱5,953,401

The balances of cased goods and other merchandise are as follows:

	2020	2019
Cost	**₱1,827,427**	₱3,416,661
Less allowance for cased goods and other merchandise:		
Balance at beginning of the year	**352,975**	342,161
Provision for obsolescence (Note 17)	**73,565**	127,108
Write-down	**(127,874)**	(116,294)
Balance at end of year	**298,666**	352,975
NRV	**₱1,528,761**	₱3,063,686

The balances of production materials and supplies are as follows:

	2020	2019
Cost	**₱1,962,826**	₱1,930,554
Less allowance for production materials and supplies:		
Balance at beginning of the year	**21,198**	21,782
Provision for obsolescence (Note 17)	**24,768**	14,246
Write-down	**(8,906)**	(14,830)
Balance at end of year	**37,060**	21,198
NRV	**₱1,925,766**	₱1,909,356

The balances of storeroom supplies are as follows:

	2020	2019
Cost	**₱531,415**	₱672,898
Less allowance for storeroom supplies:		
Balance at beginning of the year	**21,123**	18,805
Provision for obsolescence (Note 17)	**201**	2,408
Write-down	**(4,534)**	(90)
Balance at end of the year	**16,790**	21,123
NRV	**₱514,625**	₱651,775

Inventories recognized as expense amounted to ₱14,301,556, ₱12,834,209 and ₱11,471,558 for the fiscal years ended April 30, 2020, 2019 and 2018, respectively (see Note 17).

8. Biological Assets

	2020	2019
Current:		
Unharvested agricultural produce - at fair value	**₱3,076,198**	₱2,717,316
Noncurrent:		
Growing herd - at cost	**107,265**	87,608
	₱3,183,463	₱2,804,924

Carrying amounts of the unharvested agricultural produce are as follows:

	2020	2019
Balance at beginning of year	**₱1,368,032**	₱1,214,311
Additions	**494,604**	610,224
Harvest	**(562,107)**	(456,503)
	1,300,529	1,368,032
Fair value attributable to price changes	**1,775,669**	1,349,284
Balance at end of year	**₱3,076,198**	₱2,717,316

Estimated hectares planted with growing crops are 14,733, and 14,992 for pineapple and 48 and 47 for papaya as at April 30, 2020 and 2019, respectively.

Pineapple crops have a life cycle of 36 months while papaya crops have life cycle of 24 months.

Actual fruits harvested, in metric tons, from the growing crops are 675,333 and 688,596 for pineapple and 227 and 223 for papaya for the fiscal years ended April 30, 2020 and 2019, respectively.

Movements in the carrying amounts of growing herd are as follows:

	2020	2019
Balance at beginning of the year	**₱87,608**	₱84,295
Purchases	**58,617**	36,135
Sales and transfers	**(38,960)**	(32,822)
Balance at end of the year	**₱107,265**	₱87,608

The Company maintains cattle for growing herd, breeding and dairy herd as part of its Environmental Management System wherein excess pineapple pulps are converted into cattle feeds.

As at April 30, 2020 and 2019, the number of heads of cattle for growing herd totaled to 1,679 and 2,009 heads, respectively.

9. Financial Assets at FVOCI

As a result of the adoption of PFRS 9 in 2019, AFS financial assets were reclassified to financial assets at FVOCI.

This account consists of the following:

	2020	2019
Cost		
Balance at beginning and end of the year	**₱444**	₱444
Unrealized Gain		
Balance at beginning of the year	**11,611**	11,622
Unrealized gain (loss) during the year	**1,003**	(11)
Balance at end of the year	**12,614**	11,611
	₱13,058	₱12,055

Financial assets at FVOCI consist mainly of quoted golf club and listed shares. The golf club shares are classified as proprietary shares which entitles the holder to use and enjoy the club's facilities and services; to vote and be voted in meetings of the shareholders; and to receive a share in the net assets upon liquidation and dissolution. These shares are carried in the books at market values based on published stock quotes by brokers and dealers as at reporting date.

10. Prepaid Expenses and Other Current Assets

	2020	2019
Advances to suppliers	**₱179,702**	₱121,187
Prepaid expenses	**133,513**	138,235
Prepaid taxes	**49,700**	74,267
Deferred transportation cost	**37,411**	47,289
Input VAT - net	**26,327**	108,015
Prepaid rent	**–**	368,828
Others	**77,137**	42,750
	₱503,790	₱900,571

Advances to suppliers are down payments incurred by the Company for the purchase of materials and supplies that will be used for operations.

Prepaid expenses include prepayments on advertising and subscriptions that are normally incurred within the next financial year.

Prepaid taxes pertain to real property, local business, and excise taxes paid in advance to regulatory authorities and are usually amortized within the next reporting period.

Deferred transportation cost pertains to advance payments for delivery and transportation services and is normally incurred within the next financial period.

Input VAT pertain to prepayments made to regulatory authorities for the purchase of materials and supplies that will be used for manufacturing goods.

Prepaid rent pertains to advanced payments for the lease agreements of the Company that are normally incurred within the next financial year. Upon transition to PFRS 16 starting May 1, 2019, prepaid rent amounting to ₱368,828 formed part of right-of-use assets (see Note 3).

Other current assets consist of prepaid employee advances, prepaid employee benefits, prepaid financial charges and membership dues.

11. Investment Properties

	April 30, 2020			
	Land	**Buildings and improvements**	**Right-of-use Assets - Building and Improvements**	**Total**
Cost				
Beginning balances	**₱155,326**	**₱183,358**	**₱–**	**₱338,684**
Effect of adoption of PFRS 16 (Note 3)	**–**	**–**	**28,444**	**28,444**
Beginning balances, as restated	**155,326**	**183,358**	**28,444**	**367,128**
Additions	**–**	**1,627**	**–**	**1,627**
Disposal	**–**	**(417)**	**–**	**(417)**
Ending balances	**155,326**	**184,568**	**28,444**	**368,338**
Accumulated Depreciation, Amortization and Impairment Losses				
Beginning balances	**–**	**144,001**	**–**	**144,001**
Depreciation for the year (Note 25)	**–**	**12,248**	**6,321**	**18,569**
Disposal	**–**	**(417)**	**–**	**(417)**
Ending balances	**–**	**155,832**	**6,321**	**162,153**
Net book value	**₱155,326**	**₱28,736**	**₱22,123**	**₱206,185**

	April 30, 2019		
	Land	Buildings and improvements	Total
Cost			
Beginning balances	₱155,326	₱178,679	₱334,005
Additions	–	4,679	4,679
Ending balances	155,326	183,358	338,684
Accumulated Depreciation, Amortization and Impairment Losses			
Beginning balances	–	125,600	125,600
Depreciation for the year (Note 25)	–	18,401	18,401
Ending balances	–	144,001	144,001
Net book value	₱155,326	₱39,357	₱194,683

The fair market value of the investment properties based on the valuation conducted by a third- party appraiser on April 30, 2020 and December 31, 2016 amounted to ₱556,425 and ₱529,218, respectively.

The fair value of investment property was determined by Cuervo Appraiser, Inc, a SEC accredited external property appraiser, with appropriate recognized professional qualification and recent experience in the location and category of the property being valued. The independent appraiser performs fair value appraisal of the Parent Company's investment property every three (3) years. The most recent appraisal was made on April 30, 2020.

The fair value measurement for investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. The valuation considers an industrial utility as the highest and best use of the property.

Valuation Techniques and Significant Unobservable Inputs

The valuation methods used to determine the fair value for land and buildings are Sales Comparison Approach and Income Approach, respectively. Sales Comparison Approach involves the analysis of comparable sales of similar and substitute properties and related market data to reflect the differences in location, planning area, ownership, land area, floor area, sale or asking price, unit value, gross yield, occupancy status, as well as date of transaction among other factors affecting value. Under Income Approach, the annual net rental is capitalized at an appropriate interest rate after deducting for property tax and other operating expenses to arrive at the capital value of the property. The unobservable inputs used to determine market value are the prevailing rental rates and return on investment as at valuation date.

Key inputs to fair valuation are as follows:

	Valuation Techniques	**Significant Unobservable Inputs**	**Range**
Land and Building	Sales Comparison	Price per square foot	₱104,000 - ₱106,000
Land and Building	Income Approach	Lease rate per square foot per month	₱140 - ₱300

Rental income, included as part of other income, generated from the investment properties for the fiscal years ended April 30, 2020, 2019 and 2018 amounted to ₱40,604, ₱38,848 and ₱41,293, respectively (see Note 22). Direct costs arising from the investment properties that generated rent income for the fiscal years ended April 30, 2020, 2019 and 2018 amounted to ₱29,587, ₱31,037 and ₱35,602, respectively (see Note 23).

12. Property, Plant and Equipment

2020

	Land (Revalued Amount)	Machinery and Equipment	Buildings and Improvements	Leasehold Improvements	Construction in Progress	Bearer Plants at Cost	Right-of-use Assets - Land	Right-of-use Assets - Building and Improvements	Total
Gross Carrying Amount									
Beginning balances	**₱457,755**	**₱11,253,565**	**₱1,750,547**	**₱744,806**	**₱915,381**	**₱16,225,616**	**₱–**	**₱–**	**₱31,347,670**
Effect of adoption of PFRS 16 (Note 3)	–	–	–	–	–	–	**2,435,364**	**1,175,684**	**3,611,048**
Beginning balances, as adjusted	**457,755**	**11,253,565**	**1,750,547**	**744,806**	**915,381**	**16,225,616**	**2,435,364**	**1,175,684**	**34,958,718**
Additions	–	**204,949**	**44,784**	**437**	**337,152**	**4,950,674**	**151,254**	–	**5,689,250**
Revaluation	**152,477**	–	–	–	–	–	–	–	**152,477**
Transfers /adjustments	–	**555,025**	**95,841**	**2,316**	**(654,809)**	–	–	–	**(1,627)**
Disposals/write-offs	–	**(703,515)**	**(7,084)**	**(31,832)**	**–**	**(2,968,731)**	–	–	**(3,711,162)**
Ending balances	**610,232**	**11,310,024**	**1,884,088**	**715,727**	**597,724**	**18,207,559**	**2,586,618**	**1,175,684**	**37,087,656**
Accumulated Depreciation and Amortization									
Beginning balances	**–**	**8,405,795**	**703,854**	**484,810**	**–**	**11,103,038**	**–**	**–**	**20,697,497**
Depreciation and amortization	**–**	**654,106**	**78,616**	**36,741**	**–**	**4,016,316**	**349,685**	**126,466**	**5,261,930**
Disposals/write-offs	**–**	**(696,281)**	**(6,562)**	**(31,372)**	**–**	**(2,968,731)**	**–**	**–**	**(3,702,946)**
Ending balances	**–**	**8,363,620**	**775,908**	**490,179**	**–**	**12,150,623**	**349,685**	**126,466**	**22,256,481**
Carrying Value	**₱610,232**	**₱2,946,404**	**₱1,108,180**	**₱225,548**	**₱597,724**	**₱6,056,936**	**₱2,236,933**	**₱1,049,218**	**₱14,831,175**

2019

	Land (Revalued Amount)	Machinery and Equipment	Buildings and Improvements	Leasehold Improvements	Construction in Progress	Bearer Plants at Cost	Total
Gross Carrying Amount							
Beginning balances	₱457,755	₱10,004,363	₱1,427,542	₱694,799	₱1,731,711	₱13,472,721	₱27,788,891
Additions	–	115,486	82,592	7,452	686,550	4,275,939	5,168,019
Transfers /adjustments	–	1,215,233	240,413	42,555	(1,502,880)	–	(4,679)
Disposals/write-offs	–	(81,517)	–	–	–	(1,523,044)	(1,604,561)
Ending balances	457,755	11,253,565	1,750,547	744,806	915,381	16,225,616	31,347,670
Accumulated Depreciation and Amortization							
Beginning balances	–	7,817,856	660,044	437,858	–	8,916,958	17,832,716
Depreciation and amortization	–	666,239	43,810	46,952	–	3,709,124	4,466,125
Disposals/write-offs	–	(78,300)	–	–	–	(1,523,044)	(1,601,344)
Ending balances	–	8,405,795	703,854	484,810	–	11,103,038	20,697,497
Carrying Value	₱457,755	₱2,847,770	₱1,046,693	₱259,996	₱915,381	₱5,122,578	₱10,650,173

General borrowing cost capitalized to ongoing construction and installation of equipment amounted to ₱20,031 and ₱1,459 for the fiscal years ended April 30, 2020 and 2019, respectively. The Company also capitalized borrowing cost related to bearer plants amounting to ₱72,319 in 2020. Average capitalization rate used is 4.06% and 3.40% for the fiscal years ended April 30, 2020 and 2019, respectively.

In November 26, 2019, the fair value of land was valued at ₱610,232 based on the most recent appraisal made by Cuervo Appraisers, Inc. The cumulative revaluation surplus totaling to ₱427,092, net of tax, is presented as "Land revaluation surplus" under "Other reserves" account in the consolidated statements of changes in equity. The original cost of the land is ₱101.

Valuation Techniques and Significant Unobservable Inputs
The fair value of land was determined by Cuervo Appraisers, an SEC accredited external property appraiser having appropriate recognized professional qualification and recent experience in the location and category of the property being valued.

The fair value measurement for land has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

The value of the land was estimated using the Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by involving comparison.
The key inputs to the fair valuation are as follows:

	Range
Price per square meter	₱4,050 to ₱4,500
Lot size (square meters)	15,997 to 47,151
Location	Cagayan de Oro City

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.

13. Other Noncurrent Assets

	2020	2019
Deferred land development costs	**₱441,709**	₱375,750
Advance rent	**361,133**	935,585
Security deposits	**312,966**	–
Refundable deposits	**95,824**	96,979
Advances to suppliers	**87,292**	131,604
Deferred input VAT	**37,571**	30,421
Others	**8,872**	2,908
	₱1,345,367	₱1,573,247

Deferred land development costs are advance payments for the preparation, maintenance and continuance of the life cycle of pineapple or papaya crops. Advance payments made for the fiscal year are accumulated and amortized over the next 10 years.

Advance rent pertains to payments related to lease contracts which will commence beyond one year from the reporting period.

Security deposits pertain to payments made to Nutri-Asia, Inc. in connection with the Company's intention to avail of the additional production capacity under the toll manufacturing agreement. The security deposit will be returned when tolling agreement for the additional capacity is finalized or in the event that the additional capacity does not materialize.

Refundable rental deposits are deposits made under lease contracts entered by the Company.

Advances to supplier represent advance payments made to cover capital expenditures of the Company.

Deferred input VAT on capital goods represents input VAT on property and equipment that are to be amortized over its useful life or 5 years, whichever is shorter.

Other noncurrent assets pertain to deferred expenses expected to be amortized beyond one year from the next reporting period.

14. Short-term Notes Payable

	2020	2019
Peso-denominated loans	**₱7,580,000**	₱–
Dollar-denominated loans	**3,862,750**	9,836,102
	₱11,442,750	₱9,836,102

The unsecured peso-denominated loans bear interest at 5.25% to 5.50% as at April 30, 2020 and usually mature after 30 to 90 days.

As at April 30, 2020 and 2019, the balance of dollar-denominated unsecured notes payable in original currency amounted to US$76,575 or ₱3,862,750 and US$188,800 or ₱9,836,102, respectively. The loans bear an interest at 2.875% to 3.86% and 3.00% to 3.9% at April 30, 2020 and 2019, respectively and usually mature after 30 to 90 days.

Total interest expense on short-term loans amounted to ₱419,531, ₱263,291 and ₱172,177 for the fiscal years ended April 30, 2020, 2019 and 2018, respectively (see Note 20).

The Company has unsecured lines of credit with local banks amounting to ₱20,772,200 and ₱20,854,900 of which ₱11,442,750 and ₱9,836,102 have been availed as at April 30, 2020 and 2019, respectively.

15. Long-term Notes Payable

The long-term loan amounting to ₱3,000,000 is an unsecured loan and will mature on August 3, 2020. Interest expense on long-term loans amounted to ₱137,250, ₱138,334, and ₱141,840 for the years ended April 30, 2020, 2019, and 2018, respectively (see Notes 12 and 20).

The loan agreement requires a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not exceeding 2.0x based on audited parent company financial statements. In 2020 and 2019, the Parent Company is in compliance with the actual debt service coverage ratio requirement with 1.6x and 10.5x, respectively, after adjusting the impact of PFRS 16 to finance cost in 2020. As at April 30, 2020 and 2019, actual debt-to-equity ratios are 1.8x and 0.8x, respectively, after adjusting the impact of PFRS 16 to total debt in 2020. As at April 30, 2020, the Company already presented the loan amounting to ₱3,000,000 as part of current liabilities since it will mature on August 3, 2020.

On August 3, 2020, the Company repaid ₱1,500,000 of the long-term loan through its existing short-term credit facility. The bank has granted 30-day grace period to the Company for the remaining ₱1,500,000 which will be refinanced with the same bank while the agreement is being finalized.

16. Accounts Payable and Accrued Expenses

	2020	2019
Accounts payable:		
Trade	**₱3,369,598**	₱2,513,416
Royalties payable (Note 36)	**113,456**	99,463
Nontrade	**90,305**	71,765
Due to related parties (Note 31)	**81,300**	–
Accrued expenses:		
Advertising, promotions and discounts	**233,201**	276,827
Tinplate and consigned stocks	**190,469**	218,572
Rental	**173,727**	–
Professional and outside services	**161,049**	180,754
Payable to government agencies	**145,367**	96,651
Salaries, bonuses and other employee benefits (Note 30)	**139,576**	73,558
Freight and warehousing	**106,724**	208,598
Capital expenditures	**68,566**	119,672
Others	**168,717**	218,259
	₱5,042,055	₱4,077,535

Trade payables are noninterest-bearing and are normally settled on 30 to 60-day terms.

Royalties payable are from the royalty agreement with ALCOR Hungary Szogaltato Kft. Capita International Financial Services ("ALCOR"). Royalties payable are noninterest-bearing and are paid and remitted within thirty (30) days after each calendar quarter, except the last quarter. The payment for the last quarter is made within fifteen (15) days after the issuance of the external auditor's certificate verifying the amount of the Parent Company's net sales for the period (see Note 36).

Nontrade payables consist of insurance premiums, employee loans and other deductions that are normally remitted within the following year.

Due to related parties are unsecured and noninterest-bearing purchases of services, rentals, toll pack and management services from related parties which are expected to be paid within the next fiscal year (see Note 31).

Accrued expenses are payable within the next fiscal year.

17. **Cost of Sales**

	2020	2019	2018
Inventories (see Note 7)	**₱14,301,556**	₱12,834,209	₱11,471,558
Depreciation and amortization (Notes 11, 12 and 25)	**3,068,847**	3,108,787	3,079,426
Personnel (Note 24)	**2,435,584**	2,263,077	2,465,010
Fuel, light and power	**763,110**	747,125	758,183
Royalty expense (Note 36)	**602,914**	468,784	562,387
Rent (Note 35)	**496,095**	627,805	823,934
Repairs and maintenance	**381,789**	423,820	463,544
Freight and logistics	**361,815**	387,239	283,468
Materials and supplies	**123,559**	122,430	116,781
Provision for obsolescence (Note 7)	**98,534**	143,762	157,051
Taxes and licenses	**42,559**	58,934	51,145
Travel and transportation	**17,427**	19,276	21,992
Insurance	**11,851**	9,442	9,797
Others	**678,600**	795,478	739,293
	₱23,384,240	₱22,010,168	₱21,003,569

18. **Distribution and Selling Expenses**

	2020	2019	2018
Freight and storage	**₱1,417,329**	₱994,136	₱1,044,345
Personnel (Note 24)	**776,850**	680,257	600,005
Advertising and promotion	**631,931**	692,721	783,780
Research and development	**106,203**	94,190	117,830
Depreciation and amortization (Notes 11, 12 and 25)	**63,097**	61,078	44,187
Entertainment, amusement and recreation	**49,240**	43,519	45,592
Taxes and licenses	**37,296**	46,119	35,101
Rent (see Note 35)	**17,030**	9,211	11,899
Others	**109,315**	85,367	64,846
	₱3,208,291	₱2,706,598	₱2,747,585

19. General and Administrative Expenses

	2020	2019	2018
Personnel (Note 25)	**₱424,223**	₱363,988	₱383,538
Depreciation and amortization (Notes 11, 12 and 25)	**105,404**	48,549	35,204
Professional fees	**57,187**	60,638	105,050
Technology cost	**54,550**	45,522	55,579
Travel and transportation	**32,743**	30,487	31,526
Utilities	**29,455**	25,532	24,948
Training and employee activities	**24,723**	25,422	36,546
Taxes and insurance	**19,418**	30,280	16,726
Rent (see Note 35)	**17,048**	93,212	92,600
Outside services	**14,877**	15,209	16,388
Supplies	**8,869**	7,153	8,071
Others	**28,935**	32,724	38,957
	₱817,432	₱778,716	₱845,133

20. Finance Cost

	2020	2019	2018
Interest expense:			
Short-term and long-term payables (Notes 14 and 15)	**₱556,781**	₱401,625	₱314,017
Lease liabilities (Note 35)	**125,234**	–	–
Capitalized borrowing cost (Note 12)	**(92,350)**	(1,459)	(4,965)
	589,665	400,166	309,052
Bank charges	**105,496**	97,880	89,965
	₱695,161	₱498,046	₱399,017

21. Revenues

	2020	2019	2018
Revenue from customer contracts:			
Packaged fruit	**₱8,493,103**	₱7,524,684	₱7,905,842
Beverage	**7,954,226**	7,870,964	7,799,788
Culinary	**6,459,135**	6,138,489	6,109,016
Fresh fruit and others	**6,086,776**	4,464,182	3,447,919
Changes in fair values of biological assets	**2,923,050**	2,763,234	2,301,186
	₱31,916,290	₱28,761,553	₱27,563,751

The changes in fair values are recognized under:

	2020	2019	2018
Cost of sales	**₱2,306,480**	₱2,053,730	₱1,869,955
Inventories	**190,185**	316,798	468,041
Unharvested agricultural produce	**426,385**	392,706	(36,810)
	₱2,923,050	₱2,763,234	₱2,301,186

The fair value adjustments of pineapple and papaya fruits harvested that were subsequently sold as fresh pineapples and those used in production as pineapple-based canned products for the fiscal years ended April 30, 2020, 2019 and 2018 amounted to ₱2,306,480, ₱2,053,730, and ₱1,869,955 respectively.

22. Other Income

	2020	2019	2018
Reversal of long-outstanding payable	**₱110,927**	₱64,499	₱75,254
Rental income (Notes 11 and 35)	**40,881**	39,111	41,293
Forfeited personal retirement account	**34,202**	15,538	15,859
Scrap and other sales	**18,601**	51,609	50,925
Reversal of employee incentives	**890**	48,468	95,884
Management income (see Note 31)	**445**	66,971	64,518
Others	**20,856**	12,227	36,810
	₱226,802	₱298,423	₱380,543

Certain payables were reversed upon determining the final settlement or status of the accounts.

Forfeited personal retirement account pertains to the contributions of the Company to the employees' personal retirement account which are forfeited once the employee resigns before the vesting period.

23. Other Expense

	2020	2019	2018
Management fee (Note 31)	**₱92,686**	₱45,157	₱54,407
Depreciation and amortization (Notes 11, 12 and 25)	**11,640**	16,782	20,045
Property operating expenses (Note 11)	**17,947**	14,255	15,557
Others	**18**	6,052	4,383
	₱122,291	₱82,246	₱94,392

24. **Personnel Cost**

.	**2020**	2019	2018
Wages and salaries	**₱2,059,733**	₱2,356,851	₱1,911,823
Outsourced labor	**2,264,639**	1,946,414	1,812,152
Retirement costs and provident fund contributions (Note 30)	**107,668**	67,356	157,317
Social security costs	**93,013**	66,802	61,557
	4,525,053	4,437,423	3,942,849
Personnel expenses included in inventories and expenditures for agricultural produce	**(888,396)**	(1,130,101)	(494,296)
	₱3,636,657	₱3,307,322	₱3,448,553

Personnel expenses are included in:

	2020	2019	2018
Cost of sales (Note 17)	**₱2,435,584**	₱2,263,077	₱2,465,010
Distribution and selling expenses (Note 18)	**776,850**	680,257	600,005
General and administrative expenses (Note 19)	**424,223**	363,988	383,538
	₱3,636,657	₱3,307,322	₱3,448,553

25. **Depreciation and Amortization**

Depreciation and amortization of investment property and property, plant and equipment are included in:

Investment property	**2020**	2019	2018
General and administrative expenses (Note 19)	**₱6,929**	₱1,619	₱–
Other expense (Note 23)	**11,640**	16,782	20,045
	₱18,569	₱18,401	₱20,045

Property, plant and equipment	**2020**	2019	2018
Cost of sales (Note 17)	**₱3,068,847**	₱3,108,787	₱3,079,426
Inventories and biological assets	**2,031,511**	1,249,330	1,540,494
General and administrative expenses (Note 19)	**98,475**	46,930	35,204
Distribution and selling expenses (Note 18)	**63,097**	61,078	44,187
	₱5,261,930	₱4,466,125	₱4,699,311

26. Income Taxes

The details of the Company's deferred tax assets (liabilities) are as follows:

DMPI

	April 30, 2018	Movement	April 30, 2019	Movement	**April 30, 2020**
Items recognized in profit or loss					
Allowance for:					
Excess of cost over NRV of inventories	₱35,579	₱14,620	₱50,199	(₱6,195)	**₱44,004**
Impairment losses on receivables and property, plant and equipment	21,936	571	22,507	(7,458)	**15,049**
Accrued expenses	61,942	(47,540)	14,402	7,603	**22,005**
Accrued leases / PFRS 16 adjustment	37,873	(586)	37,287	20,871	**58,158**
Changes in fair value of biological assets	(133,966)	(11,877)	(145,843)	52,545	**(93,298)**
Unrealized foreign exchange losses (gains)	(95,513)	34,482	(61,031)	72,738	**11,707**
Taxes on sweetened beverages	(10,813)	(2,707)	(13,520)	(2,468)	**(15,988)**
Capitalized customs duties and taxes on property, plant and equipment	(700)	(1,165)	(1,865)	(37)	**(1,902)**
	(83,662)	(14,202)	(97,864)	137,599	**39,735**
Items recognized in other comprehensive income					
Remeasurement effects - retirement plan	15,972	46,456	62,428	(59,182)	**3,246**
Unrealized gain on financial assets at FVOCI	(1,748)	15	(1,733)	(165)	**(1,898)**
Revaluation increment	(137,297)	–	(137,297)	(45,742)	**(183,039)**
	(123,073)	46,471	(76,602)	(105,089)	**(181,691)**
	(₱206,735)	₱32,269	(₱174,466)	₱32,510	**(₱141,956)**

PPMSC

	April 30, 2018	Movement	April 30, 2019	Movement	**April 30, 2020**
Items recognized in profit or loss					
Allowance for:					
Impairment losses on receivables	₱1,888	(₱135)	₱1,753	(₱605)	**₱1,148**
Impairment losses on input taxes	210	(46)	164	(164)	**–**
Accrued leases / PFRS 16 adjustment	–	–	–	(819)	**(819)**
	₱2,098	(₱181)	₱1,917	(₱1,588)	**₱329**

DMTDI

	April 30, 2018	Movement	April 30, 2019	Movement	**April 30, 2020**
Items recognized in profit or loss					
NOLCO	₱96	(₱96)	₱–	₱–	**₱–**

Management has assessed that no future taxable income will be available against which NOLCO of DMTDI can be utilized since DMTDI is non-operational and therefore, the Company derecognized deferred tax assets amounting to ₱96 for the fiscal year ended April 30, 2019.

As at April 30, 2020, the Company's NOLCO coming from PPMSC and DMTDI which could be applied against future taxable income and deducted against future income tax payable, are as follows:

NOLCO

Year Incurred	Amount Incurred	Amount Applied/Expired	Balance	Expiry Date
2020	₱114	₱–	₱114	2022
2019	89	–	89	2022
2018	122	–	122	2021
2017	198	198	–	2020
2016	1,189	1,189	–	2019
2015	3,743	3,743	–	2018
	₱5,455	₱5,130	₱325	

The reconciliation of the income tax expense computed at statutory rate to the income tax expense shown in profit or loss is as follows:

	2020	2019	2018
Income before income tax	**₱4,098,175**	₱3,059,583	₱3,079,503
Income tax at 30%	**1,228,919**	917,875	923,851
Add (deduct) tax effects of the following:			
Nondeductible expenses	**2,259**	3,466	2,741
Movement in unrecognized deferred tax assets	**(34)**	375	320
Interest income subjected to final tax	**(1,909)**	(5,779)	(2,696)
Income from PEZA-registered activities subject to lower tax rate	**(604,672)**	(435,099)	(415,740)
	₱624,563	₱480,838	₱508,476

27. **Capital Stock**

	2020	2019
Convertible common stock - ₱1 par value:		
Authorized - 3,000,000,000 shares		
Issued - 2,797,320,003 shares	**₱2,797,320**	₱–
Common stock - ₱1 par value:		
Authorized - 3,000,000,000 shares		
Issued - 2,797,320,003 shares	–	2,797,320
	₱2,797,320	₱2,797,320

The SEC approved the amendment of the Parent Company's articles of incorporation last March 23, 2018. The amendments include change of principal office to JYCC, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City and increase in the number of directors from 5 to 7. The SEC also approved the decrease in par value of its common shares from ₱100 per share to ₱1 per share, and the conversion of preferred shares of the Parent Company into common shares amounting to ₱961,230, while retaining the authorized capital stock in the amount of three billion pesos (₱3,000,000,000).

On December 9, 2019, in a joint special meeting of the Board and stockholders of the Parent Company, the following amendments to the articles of incorporation were unanimously approved:

1. Conversion of the authorized common shares amounting to ₱3,000,000,000 to common shares convertible to voting, participating, RCPS. The RCPS shall be convertible to common shares.
2. The RCPS may be issued from time to time as the Board may determine the amount and the issue price, cash dividend rate, and period and manner of redemption of the RCPS. To the extent not set forth in this amended articles of incorporation, the specific terms and restrictions of each issuance of the RCPS shall be specified through Enabling Resolutions as may be adopted by the Board prior to the issuance thereof, which Enabling Resolutions shall be filed with the SEC and thereupon be deemed a part of the amended articles of incorporation.

The SEC approved the amendment of the Parent Company's articles of incorporation on February 11, 2020.

On January 24, 2020, DMPL, CARI, the Parent Company and SEA Diner Holdings (S) Pte. Ltd. (SEA Diner), a company incorporated in Singapore, entered into a Share Purchase Agreement whereby CARI will sell 335,678,400 shares equivalent to 12% ownership interest in the Parent Company to SEA Diner for a consideration of US$120,000 subject to fulfillment of certain conditions precedent.

If there is no liquidity event such as initial public offering or trade sale after five (5) years from May 20, 2020 (i.e., Completion Date) or upon the occurrence of any of certain agreed default events, SEA Diner may require the Parent Company, DMPL or CARI 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 May 20, 2020 up to the date of redemption. Redemption shall be subject to the mutual agreement of the parties. If the Parent Company 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.

The Board and the stockholders approved the Share Purchase Agreement above and other transaction documents on March 3, 2020, including the conversion of the convertible common shares to RCPS subject to the completion of the transaction. As at April 30, 2020, the Parent Company had fulfilled the conditions precedent under the Share Purchase Agreement.

As at August 3, 2020, the Company has already commenced its process of amending the articles of incorporation to reflect the conversion of common shares to RCPS per Share Purchase Agreement.

28. Dividends

On January 22, 2018, the Parent Company declared stock dividends to preferred shareholders amounting to ₱322,920 (3,229,200 shares at par value of ₱100 per share) for preferred shareholders as of January 18, 2018.

On June 14, 2019, the Parent Company declared cash dividend of ₱4.93 per share to all common shareholders of common shares of the Corporation as of June 21, 2019 totaling to ₱13,796,097. The payment was set off against the Parent Company’s receivables from GTL Limited, DMPL and S&W Fine Foods International Ltd. on July 31, 2019 through a restructuring agreement between CARI, DMPL, GTL Limited, S&W Fine Foods International Ltd., and Dewey SDN BHD (see Note 6).

29. Appropriated Retained Earnings

On February 28, 2019, the Board approved the appropriation of additional retained earnings of ₱4,795,000, resulting to a total appropriated earnings balance as at April 30, 2019 in the amount of ₱15,698,000. The additional appropriation was intended to fund the Parent Company’s long-range plan capital expenditure requirements, such as acquisition of various equipment that will modernize its Cannery and Plantation, provided, that specific projects for which the appropriation will be expended will be subject to prior approval of the Board.

On June 14, 2019, the Board approved the reversal of its previously appropriated retained earnings as of April 30, 2019 amounting to ₱15,695,000.

On March 3, 2020, the Board approved the appropriation of retained earnings of ₱2,793,541 intended to fund the Parent Company's various long-range plan capital expenditure requirements, such as acquisition of various equipment for its Cannery and Plantation, provided, that specific projects for which the appropriation will be expended will be subject to prior approval of the Board. The amount and timing of these capital expenditures are as follows:

Financial year ending	Expected Capital Expenditures
2021	₱792,096
2022	1,120,777
2023	880,668
	₱2,793,541

As at April 30, 2020 the amount of retained earnings available for dividend declaration amounted to ₱3,776,399.

30. **Employee Benefits**

The Company has both funded defined benefit and defined contribution retirement plan (the "Plan") which covers all of its regular employees. Contributions and costs are determined in accordance with the actuarial study made for the Plan. Annual cost is determined using the projected unit credit method. The Company's latest actuarial valuation date is April 30, 2020. Valuations are obtained on a periodic basis.

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

Benefits are based on the total amount of contributions and earnings credited to the personal retirement account of the plan member at the time of separation or the 125% of the final basis salary multiplied by the number of credited years of service under the plan, whichever is higher. The manner of payment is lump sum, payable immediately. The retirement plan meets the minimum retirement benefit specified under Republic Act No. 7641, *The Philippine Retirement Pay Law*. The fund is administered by a trustee bank under the supervision of the Board of Trustees of the Plan.

The Board of Trustees is responsible for investment strategy of the Plan.

The following table shows a reconciliation of the net defined benefit retirement asset and its components:

	Present Value of Defined Benefit Retirement Obligation		Fair Value of Plan Assets		Net Defined Benefit Retirement Asset	
	2020	2019	**2020**	2019	**2020**	2019
Balance at beginning of the year	**₱1,499,332**	1,268,211	**₱2,007,153**	₱2,149,699	**(₱507,821)**	(₱881,488)
Recognized in profit or loss						
Current service cost	**107,108**	85,157	**–**	–	**107,108**	85,157
Interest expense	**90,859**	99,935	**–**	–	**90,859**	99,935
Interest income	**–**	–	**117,450**	163,512	**(117,450)**	(163,512)
	197,967	185,092	**117,450**	163,512	**80,517**	21,580
Recognized in other comprehensive income (loss)						
Remeasurements:						
Actuarial losses (gains) arising from:						
Changes in demographic assumptions	**40,769**	39,855	**–**	–	**40,769**	39,855
Experience adjustments	**(76,484)**	63,370	**–**	–	**(76,484)**	63,370
Changes in financial assumptions	**227,305**	178,929	**–**	–	**227,305**	178,929
Return on plan assets (excluding interest)	**–**	–	**101,802**	(156,720)	**(101,802)**	156,720
	191,590	282,154	**101,802**	(156,720)	**89,788**	438,874
Others						
Benefits paid	**(164,798)**	(236,125)	**(164,798)**	(236,125)	**–**	–
Contributions	**–**	–	**26,729**	86,788	**(26,729)**	(86,788)
	(164,798)	(236,125)	**(138,069)**	(149,337)	**(26,729)**	(86,788)
Effect of asset ceiling	**–**	–	**–**	–	**27,516**	78,552
Balance at end of the year	**₱1,724,091**	₱1,499,332	**₱2,088,336**	₱2,007,154	**(₱336,729)**	(₱429,270)

The net retirement benefits expense is recognized in the following line items in profit or loss:

	2020	2019	2018
Cost of sales	**₱48,548**	₱22,638	₱68,342
General and administrative expenses	**17,420**	8,434	28,410
Distribution and selling expenses	**12,015**	8,977	23,533
Included in inventories and biological assets	**7,347**	7,752	15,655
	₱85,330	₱47,801	₱135,940

Actual return on plan assets amounted to ₱219,252, ₱6,792 and ₱148,227 for the fiscal years ended April 30, 2020, 2019 and 2018, respectively.

Fair value of plan assets consists of the following:

	2020	2019
Real estate	**₱797,118**	₱773,356
Government securities	**674,115**	391,395
Equity securities	**309,909**	649,515
Unit investment trust funds and other funds	**188,367**	75,068
Debt instruments	**161,637**	101,361
Bank deposits	**11,903**	20,874
Other payables	**(54,713)**	(4,415)
	₱2,088,336	₱2,007,154

All government securities are issued by the Philippine government which are rated by Standard and Poor's Financial Services. Real estate is an investment property occupied by the Parent Company's Manila office. Government securities, equities (including 14,609,798 and 15,220,508 DMPL ordinary shares amounting to ₱192,653 and ₱516,794 as at April 30, 2020 and 2019, respectively, and 220,000 DMPL preferred shares amounting to ₱114,957 and ₱114,631 as at April 30, 2020 and 2019, respectively), debt instruments and unit investment trust funds and other funds have quoted prices in active markets.

The Board of Trustees reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Parent Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Parent Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation.

The Board of Trustees approves the percentage of asset to be allocated for fixed income instruments and equities. The retirement plan has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The Board of Trustees may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

The principal actuarial assumptions used in determining retirement obligations for the Company's retirement plan are as follows (expressed in annual rates):

	2020	2019
Discount rate (%)	**4.43**	6.1
Salary increase rate (%):		
Bugo hourlies	**6.0**	6.0
Plantation hourlies	**6.0**	6.0
Supervisors and non-supervisory monthlies	**6.0**	6.0

As at April 30, 2020 and 2019, the reasonably possible changes to one of the relevant actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts below.

	2020	
	1% Increase	**1% Decrease**
Discount rate	**(₱146,000)**	**₱170,801**
Salary increase rate	**166,367**	**(145,266)**

	2019	
	1% Increase	1% Decrease
Discount rate	(₱103,606)	₱118,924
Salary increase rate	117,804	(104,582)

Assumptions for mortality and disability rate are based on published statistics and mortality and disability tables.

The maturity analysis of the undiscounted benefit payments as at April 30, 2020 is shown below.

Financial year ending	Expected Benefit Payments
2021	₱87,419
2022	228,445
2022	126,554
2024	216,618
2025	167,937
2026 to 2030	839,008

As at April 30, 2020 and 2019, the weighted average duration of defined benefit retirement obligation is 9.2 years and 7.4 years, respectively.

The Company provides its regular employees, through the Supplementary Provident Plan, a supplemental savings in the form of lump sum payment at the time of retirement or separation from the Parent Company. The employee who chooses to participate in the plan may, at his option, elect to contribute a fixed amount or a percentage equal to one percent (1%) to thirty percent (30%) of his salary beginning on the date he joined the plan.

The Parent Company contributes monthly to the Provident Fund an amount equal to forty percent (40%) of the members' monthly contribution which in no case shall exceed two percent (2%) of the member's salary.

Contributions to the Provident Fund amounted to ₱22,338, ₱19,555 and ₱21,377 as at April 30, 2020, 2019 and 2018, respectively.

Unremitted contribution (employee and employer share) recognized as part of "Accounts payable and accrued expenses" amounted to ₱13,316 and ₱13,824 as at April 30, 2020 and 2019, respectively.

31. Related Party Transactions

The Company has transactions with related parties as described below. These transactions are done in the normal course of business and outstanding balances are usually settled in cash.

A summary of significant transactions and account balances with related parties follows:

Category/ Transaction		Note	Amount of the Transactions for the years ended April 30	Outstanding Balance Due from (Due to) Related Parties as at April 30	Terms	Conditions
Ultimate Parent						
Sales	**2020**	*31a*	**₱259**	**₱23**	Noninterest-bearing	Unsecured; no
	2019		₱23	₱–		impairment
Purchases and advanced payment of toll pack fee	**2020**	*31b*	**(11,767)**	**2,120**	Noninterest-bearing	Unsecured
	2019		(29,557)	(4,342)		
Advances and security deposit	**2020**	*31c*	**283,109**	**282,794**	Noninterest-bearing	Unsecured; no
	2019		312,966	312,966		impairment
Services and other reimbursement	**2020**	*31a*	**9,286**	**6,819**	Noninterest-bearing	Unsecured; no
	2019		9,014	12,604		impairment
Under Common Control						
Sales	**2020**	*31d*	**4,686,147**	**2,879,403**	Noninterest-bearing	Unsecured; no
	2019		8,596,414	8,519,664		Impairment
Purchases and royalties	**2020**	*31d*	**(211,944)**	**(121,848)**	Noninterest-bearing	Unsecured
	2019		(320,010)	(61,346)		
Advances	**2020**	*31e*	**2,483,119**	**1,821,331**	Interest bearing	Unsecured; no
	2019		–	–		impairment
Services and other reimbursement	**2020**	*31e*	**(127,374)**	**(27,647)**	Noninterest-bearing	Unsecured
	2019		70,78	4,718,392		
Other Related Party						
Sales	**2020**	*31f*	**196,934**	**127,123**	Noninterest-bearing	Unsecured; no
	2019		185,480	35,836		impairment
Purchases	**2020**	*31f*	**(78,616)**	**(27,717)**	Noninterest-bearing	Unsecured
	2019		–	–		
Rendering of services	**2020**	*31g*	**202**	**77**	Noninterest-bearing	Unsecured; no
	2019		202	10,871		impairment
Lease receivable	**2020**	*31h*	**3,271**	**3,192**	Noninterest-bearing	Unsecured; no
	2019		–	–		impairment
Rental of office space and common use service area	**2020**	*31g*	**(115,696)**	**(32,157)**	Noninterest-bearing	Unsecured
	2019		(129,722)	(10,236)		
	2020			**₱4,913,513**		
	2019			₱13,534,409		

All outstanding balances with these related parties are due to be settled within twelve months as at reporting date except for security deposit. None of the balance is secured. The Company has approval process and established limits when entering into material related party transaction. Intercompany receivable and payable eliminated upon consolidation amounted to ₱44,257 and ₱27,234 as at April 30, 2020 and April 30, 2019, respectively.

a. The Company sells apple juice concentrate and charges NutriAsia, Inc. for the share in Information Technology (IT) services, including share in the repair of the data center.

b. The Company purchases production materials and incurs toll packing fees due to NutriAsia, Inc. for seasoning, ketchup and other sauces. The Company also receives debit note for beyond allowable utilization of raw and packaging materials.

c. In 2019, the Company advanced ₱312,966 to NutriAsia, Inc. and was recorded under the due from related party account. In 2020, the same amount was reclassified to security deposit presented under other noncurrent assets as security for the additional capacity for the toll manufacturing to be contracted by the Company. The amount will be returned once the additional capacity agreement is finalized.

d. The Company sells and buys products to and from S&W Fine Foods International Ltd. and Del Monte Foods, Inc. Beginning May 2019, the Company reorganized the export business that previously routed sales through GTL Limited for Del Monte and unbranded products, and S&W Fine Foods International Ltd for S&W branded fresh products. The Company shifted to directly billing the end customers for fresh and processed products, excluding S&W branded processed products and buyer's own label products. Due to the reorganization, the Company incurs additional royalties due to S&W Fine Foods International Ltd. for the direct sale of S&W fresh products.

e. The Company charges and incurs services fee, and other recharges. The Company also extended interest-bearing notes to DMPL with interest rates ranging from 2% to 3.5% per annum.

f. The Company sells and bills Nice Fruit Hong Kong Ltd. for Nice Frozen Dry products for plant operating costs. Also, the Company incurs processing and packaging costs due to NFSWPI.

g. The Company charges management fee for the services rendered to DMPI Retirement Fund. The Company also rents building owned by the DMPI Retirement Fund/Provident Fund.

h. As a zone developer, the Company leases land to the BAREZ of which NFSWPI is a locator.

Compensation of Key Management Personnel of the Company

	2020	2019
Salaries	**₱123,770**	₱107,119
Short-term benefits	**14,079**	19,900
Post-employment benefits	**8,048**	4,811
Other long-term benefits	**6,419**	6,231
Total	**₱152,316**	₱138,061

32. Financial Risk and Capital Management Objectives and Policies

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the foregoing risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.

The Board has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board constituted DMPI's Audit Committee to assist the Board in fulfilling its oversight responsibility of the Company's corporate governance process relating to the: a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with legal and regulatory requirements, including disclosure control and procedures; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the Board.

DMPI's Audit and Risks Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. DMPI's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arise principally from the Company's receivable from customers and refundable deposits. In monitoring credit risk, customers are grouped according to their credit characteristics, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. The Company manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Company's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Company sells its products through major distributors and key accounts in various geographical regions. Management has a credit risk policy which includes, among others, the requirements for standby letter of credit to secure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The Company ensures that sales of products are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures.

The Company uses a provision matrix to calculate ECLs for its receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. the assessment of the correlation between historical observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks are as follows:

	2020	2019
Cash and cash equivalents*	**₱1,168,017**	₱561,995
Receivables **	**7,301,312**	15,563,093
Financial assets at FVOCI	**13,058**	12,055
Security deposits	**312,966**	–
Refundable deposits	**95,824**	96,979
Total credit risk exposure	**₱8,891,177**	₱16,234,122

**Excluding cash on hand ₱2,899 and ₱1,939 in 2020 and 2019, respectively.*
***Includes noncurrent portion of lease receivable amounting to ₱3,108 in 2020.*

The table below shows the maximum exposure to credit risk for the Company's financial instruments by credit rating grades as at April 30, 2020 and 2019:

			2020		
	Stage 1	**Stage 2**	**Stage 3**	**Lifetime ECL**	
		Lifetime	**Lifetime**	**Simplified**	
	12-month ECL	**ECL**	**ECL**	**Approach**	**Total**
High grade	**₱1,181,075**	**₱–**	**₱–**	**₱2,162,733**	**₱3,343,808**
Standard grade	**5,405,430**	**–**	**–**	**196,613**	**5,602,043**
Gross carrying amount	**6,586,505**	**–**	**–**	**2,359,346**	**8,945,851**
Less allowance	**–**	**–**	**–**	**(54,674)**	**(54,674)**
Carrying amount	**₱6,586,505**	**₱–**	**₱–**	**₱2,304,672**	**₱8,891,177**

			2019		
	Stage 1	Stage 2	Stage 3	Lifetime ECL	
		Lifetime	Lifetime	Simplified	
	12-month ECL	ECL	ECL	Approach	Total
High grade	₱574,050	₱–	₱–	₱2,038,326	₱2,612,376
Standard grade	13,631,388	–	–	50,986	13,682,374
Gross carrying amount	14,205,438	–	–	2,089,312	16,294,750
Less allowance	–	–	–	(60,628)	(60,628)
Carrying amount	₱14,205,438	₱–	₱–	₱2,028,684	₱16,234,122

The table shows the maximum exposure to credit risk for the Company's financial instruments by credit rating grades as at April 30, 2020 and 2019.

		2020			2019	
	Gross Maximum Exposure	**Credit Enhancemen t**	**Net Maximum Exposure**	Gross Maximum Exposure	Credit Enhancement	Net Maximum Exposure
Cash and cash equivalents*	**₱1,168,017**	**₱7,778**	**₱1,160,239**	₱561,995	₱7,778	₱554,217
Receivables**	**7,301,312**	**468,522**	**6,832,790**	15,563,093	597,877	14,965,216
Financial asset at FVOCI	**13,058**	**–**	**13,058**	12,055	–	12,055
Security deposits	**312,966**	**–**	**312,966**	–	–	–
Refundable deposits	**95,824**	**–**	**95,824**	96,979	–	96,979
	₱8,891,177	**₱476,300**	**₱8,414,877**	₱16,234,122	₱605,655	₱15,628,467

** Credit enhancement is the portion insured by Philippine Deposit Insurance Corporation.*
***Credit enhancement is the portion covered by letter of credit from various banks.*

The table below shows the credit quality of the Company's financial assets based on their historical experience with corresponding third parties as at April 30, 2020 and 2019.

	April 30, 2020		
	Grade A	**Grade B**	**Total**
Cash and cash equivalents*	**₱1,168,017**	**₱–**	**₱1,168,017**
Receivables:			
Trade	**–**	**1,691,103**	**1,691,103**
Related parties	**–**	**321,671**	**321,671**
Advances to officers and employees	**–**	**5,244**	**5,244**
Others	**–**	**120,682**	**120,682**
Financial assets at FVOCI	**13,058**	**–**	**13,058**
Security deposit	**–**	**312,966**	**312,966**
Refundable deposits	**–**	**95,824**	**95,824**
	₱1,181,075	**₱2,547,490**	**₱3,728,565**

**Excluding cash on hand.*

	April 30, 2019		
	Grade A	Grade B	Total
Cash and cash equivalents*	₱561,995	₱–	₱561,995
Receivables:			
Trade	–	1,440,449	1,440,449
Related parties	–	1,862,778	1,862,778
Advances to officers and employees	–	7,994	7,994
Others	–	26,620	26,620
Financial assets at FVOCI	12,055	–	12,055
Refundable deposits	–	96,979	96,979
	₱574,050	₱3,434,820	₱4,008,870

**Excluding cash on hand*

Grade A financial assets pertain to those cash that are deposited in reputable banks and financial assets with good standing. Receivables that are collected on their due dates even without an effort from the Company to follow them up are classified under Grade B.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Company's reputation.

The Company's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities. The Company maintains a balance between continuity of funding and flexibility through the use of credit lines available from local and international banks.

The table below summarizes the maturity profile of the Company's financial assets based on contractual undiscounted payments:

	2020				
	Less than 1 year	**1 to 3 Years**	**3 to 5 years**	**More than 5 years**	**Total**
Cash and cash equivalent	**₱1,168,017**	**₱–**	**₱–**	**₱–**	**₱1,168,017**
Receivables	**7,298,204**	**268**	**208**	**2,632**	**7,301,312**
Financial assets at FVOCI	**–**	**–**	**–**	**13,058**	**13,058**
Security deposit	**–**	**312,966**	**–**	**–**	**312,966**
Refundable deposits	**–**	**95,824**	**–**	**–**	**95,824**
	₱8,466,221	**₱409,058**	**₱208**	**₱15,690**	**₱8,891,177**

**Excluding cash on hand amounting to ₱2,899 in 2020.*

	2019				
	Less than 1 year	1 to 3 Years	3 to 5 years	More than 5 years	Total
Cash and cash equivalent	₱561,995	₱–	₱–	₱–	₱561,995
Receivables	15,563,093	–	–	–	15,563,093
Financial assets at FVOCI	–	–	–	12,055	12,055
Refundable deposits	–	96,979	–	–	96,979
	₱16,125,088	₱96,979	₱–	₱12,055	₱16,234,122

**Excluding cash on amounting to ₱1,939 in 2019.*

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities based on contractual undiscounted payments:

	2020				
	Less than 1 year	**1 to 3 Years**	**3 to 5 years**	**More than 5 years**	**Total**
Accounts payable and accrued expenses*	**₱4,896,688**	**₱–**	**₱–**	**₱–**	**₱4,896,688**
Short-term notes payable**	**11,461,616**	**–**	**–**	**–**	**11,461,616**
Long-term notes payable**	**3,035,625**	**–**	**–**	**–**	**3,035,625**
Lease liabilities	**366,523**	**918,226**	**739,519**	**1,767,014**	**3,791,282**
	₱19,760,452	**₱918,226**	**₱739,519**	**₱1,767,014**	**₱23,185,211**

**Net of amount owed to agencies of the government.*
***Includes future interest payables.*

	2019				
	Less than 1 year	1 to 3 Years	3 to 5 years	More than 5 years	Total
Accounts payable and accrued expenses*	₱3,980,884	₱–	₱–	₱–	₱3,980,884
Short-term notes payable**	10,026,474	–	–	–	10,026,474
Long-term notes payable**	–	3,172,875	–	12,055	3,184,930
	₱14,007,358	₱3,172,875	₱–	₱12,055	₱17,192,288

**Net of amount owed to agencies of the government.*
***Includes future interest payables.*

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to various market risks, including risks from changes in commodity prices, interest rates, currency exchange rates and risks related to agricultural activities.

Foreign Currency Risk

The Company's exposure to foreign currency risk results from significant movement in foreign exchange rates that adversely affect the foreign-currency denominated transactions of the Company. The Company's risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Company regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currency-denominated assets and liabilities.

The Company's foreign currency-denominated assets and liabilities Philippine Peso equivalent of each as at April 30, 2020 and 2019 is presented as follows:

	April 30, 2020		
	US Dollar	**SG Dollar**	**Total Peso Equivalent**
Assets			
Cash	**$14,669**	**$819**	**₱769,315**
Receivables	**112,423**	**66**	**5,673,432**
Other noncurrent assets	**10,179**	**–**	**513,470**
	137,271	**885**	**6,956,217**
Liabilities			
Short-term notes payable	**76,575**	**–**	**3,862,750**
Accounts payable and accrued expenses	**12,226**	**–**	**616,728**
	88,801	**–**	**4,479,478**
Net foreign currency-denominated assets	**$48,470**	**$885**	**₱2,476,739**

The spot exchange rates used were ₱50.444:US$1, and ₱35.838:SG$1 as at April 30, 2020.

	April 30, 2019		
	US Dollar	SG Dollar	Peso Equivalent
Assets			
Cash	$2,400	$–	₱125,035
Receivables	254,222	–	13,244,458
Other noncurrent assets	1,742	–	90,755
	258,364	–	13,460,248
Liabilities			
Short-term notes payable	188,800	–	9,836,102
Accounts payable and accrued expenses	5,263	–	274,192
	194,063	–	10,110,294
Net foreign currency-denominated assets	$64,301	$–	₱3,349,954

The spot exchange rate used was ₱52.098:US$ as at April 30, 2019.

The translation of these foreign currency-denominated assets and liabilities of the Company resulted in a net unrealized foreign exchange gain amounting to ₱51,956 and ₱196,845 for the fiscal years ended April 30, 2020 and 2019, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and equity as at April 30, 2020 and 2019.

	Increase/Decrease in Peso and U.S Dollar, and S.G. Dollar Exchange Rates	**Foreign Exchange Rate**	**Effect on Income Before Income Tax**
2020			
U.S Dollar	**+10%**	**50.444**	**₱244,502**
S.G. Dollar	**+10%**	**35.838**	**3,172**
U.S Dollar	**-10%**	**50.444**	**(244,502)**
S.G. Dollar	**-10%**	**35.838**	**(3,172)**

	Increase/Decrease in Peso and U.S Dollar, and S.G. Dollar Exchange Rates	Foreign Exchange Rate	Effect on Income Before Income Tax
2019			
U.S Dollar	+10%	52.098	₱334,995
U.S Dollar	-10%	52.098	(334,995)

Commodity Price Risk
The Company is regularly engaged in the purchase of tinplates and fuel and is significantly exposed to commodity price risk. The Company ensures future supply of tinplates while minimizing the impact of price movements by purchasing tinplates and fuel in advance of the production requirements. These purchase contracts are entered into for the purpose of receipt or delivery of tinplates and fuel in accordance with the expected usage requirements of the Company.

Also, the Company purchases large volumes of papaya fruits for production and is significantly exposed to commodity price risk related to papaya. The Company ensures long-term supply of papaya at stable prices by executing papaya supply agreements with farmers. The Company is also subsidizing some of the farmers' costs related to papaya to ensure long-term relationships with them.

Risk Related to Agricultural Activities
The Company is exposed to risks arising from changes in cost and volume of fruits harvested from the growing crops which is influenced by natural phenomenon such as weather patterns, volume of rainfall and field performance. The cost of growing crops is also exposed to the change in cost and supply of agricultural supplies and labor which are determined by constantly changing market forces of supply and demand.

The Company is subject to risk relating to its ability to maintain the physical condition of its fruit crops. Plant diseases could adversely impact production and consumer confidence, which impact sales.

The Company secures favorable harvest of pineapples and other agricultural produce from biological assets by continuously assessing factors that could affect harvest and responding to them on a timely manner. The Company is equipped with necessary technical manpower, farm inputs, such as fertilizer, chemicals and equipment to respond to any changes brought about by the factors as mentioned above.

The Company is subject to laws and regulations in the Philippines where it operates its agricultural activities. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Capital Management
The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Chief Financial Officer has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operation and industry.

The Company defines capital as total equity, which is equivalent to the paid-in capital stock, retained earnings (both appropriated and unappropriated) and recognized income and expenses.

Management uses debt-to-equity ratio to monitor, on a regular basis, the Company's capital, defined as total equity in the consolidated statements of financial position.

The debt-to-equity ratios are as follows:

	2020	2019
Total liabilities	**₱22,489,548**	₱17,254,013
Total equity	**11,048,103**	21,393,255
Debt-to-equity ratio	**2.04**	0.81

There were no changes in the Company's approach to capital management during the period.

33. **Fair Value**

The table below presents a comparison by category of carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximate of fair values as at April 30, 2020 and 2019.

	2020		2019	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liability				
Long-term notes payable	**₱3,000,000**	**₱3,000,000**	₱3,000,000	₱2,874,329

The following methods and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities for which it is practicable to estimate such value:

Cash and Cash Equivalents, Receivables and Accounts Payable and Accrued Expenses
The Company has determined that carrying amounts of cash, receivables and accounts payable and accrued expenses reasonably approximate their fair values because these are mostly short-term in nature.

Security and Refundable Deposits
The fair value is based on the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value approximates the carrying amount since the Company does not anticipate its carrying amount to be significantly different from the actual value that the deposit would be eventually collected.

Financial Assets at FVOCI
The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market.

Short-term Notes Payable
The carrying amount of short-term loans approximates its fair value as at reporting date due to its short-term in nature.

Lease liabilities
The carrying amount of lease liabilities approximates its fair value as at reporting date since these liabilities were measured using risk-free rates during the year.

Long-term Notes Payable
The fair value of interest-bearing floating rate loans is based on discounted value of expected future cash flows using the applicable market rates for similar types of instrument as of reporting date. As at April 30,2019, the fair value of the long-term loan amounted to ₱2,874,329 using a 4.37% discount rate. As at April 30, 2020, the carrying amount of the long-term loan approximates its fair value amounting to ₱3,000,000 since it will mature in August 2020.

Fair Value Hierarchy

As at April 30, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Financial assets at FVOCI	**₱58**	**₱13,000**	**₱–**	**₱13,058**
Non-financial Assets				
Fair value of agricultural produce:				
Harvested*	–	–	**1,367,856**	**1,367,856**
Unharvested	–	–	**3,076,198**	**3,076,198**
Land	–	–	**610,232**	**610,232**
Investment property	–	–	**556,425**	**556,425**

As at April 30, 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at FVOCI	₱55	₱12,000	₱–	₱12,055
Non-financial Assets				
Fair value of agricultural produce:				
Harvested*	–	–	1,121,443	1,121,443
Unharvested	–	–	2,717,316	2,717,316
Land	–	–	457,755	457,755
Investment property	–	–	529,218	529,218

** Pertains to fair value of agricultural produce being processed as cased goods as of year-end.*

During the year, 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.

Fair values of harvested and unharvested agricultural produce have been determined for measurement and/or disclosure purposes based on the following methods.

Assets	**Valuation technique**	**Significant unobservable inputs**
Harvested crops – sold as fresh fruit	The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is based on the selling price of fresh fruits as sold in the local and international markets (Level 3).	The unobservable input is the estimated selling price of pineapple per ton specific for fresh products.
Harvested crops – used in processed products	The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the processed product (concentrates, pineapple beverages, sliced pineapples, etc.) adjusted for margin and associated costs related to production (Level 3).	The unobservable input is the estimated selling price of pineapple and gross margin per ton specific for processed products.

Assets	Valuation technique	Significant unobservable inputs
Unharvested crops – fruits growing on the bearer plants	The growing produce are measured at fair value from the time of maturity of the bearer plant until harvest. Management used estimated gross margin at point of harvest less future fruiting costs to be incurred until harvest as the basis of fair value.	The unobservable inputs are estimated selling price of pineapple and gross margin per ton for fresh and processed products, respectively, estimated volume of harvest and future growing costs.

Significant increase (decrease) in the significant unobservable inputs of harvested crops sold as fresh fruit and harvested crop used in processed products would result in higher (lower) fair values. Significant increase (decrease) in the estimated future selling price of pineapple, gross margin per ton and estimated volume of harvest would result in higher (lower) fair value of growing produce, while significant increase (decrease) in the future growing costs would result in lower (higher) fair value.

34. Comprehensive Agrarian Reform Law

In compliance with the Comprehensive Agrarian Reform Law under Executive Order No. 229 and Republic Act No. 6657, a substantial portion of the land previously leased by the Company from the National Development Company ("NDC") was submitted for land distribution to the Department of Agrarian Reform ("DAR") and subsequently awarded to beneficiaries who formed a cooperative.

On February 21, 1989, the Company and the beneficiaries' cooperative entered into a lease agreement on the said land at a certain fee for a period of 25 years starting March 1, 1989. The Company used the land and paid rentals based on the lease agreement on January 11, 1991, the DAR ratified the amendment in the existing lease agreement, which reduced the lease period to 10 years and increased the annual fee effective December 12, 1988. On January 11, 1997, the Company and the beneficiaries' cooperative entered into a new lease agreement extending the lease period for another 25 years starting January 11, 1999.

The remaining land leased from NDC devoted to non-agricultural activities was not submitted for land distribution and continues to be rented based on the Company's agreement with NDC.

Privately owned lands are covered by existing lease agreements which are continually being renewed. For certain private lands that exceeded the allowable retention limits, the law requires compulsory acquisition until June 30, 2014 and distribution to qualified beneficiaries. The continuation of these lease agreements is dependent on the terms and conditions to be agreed upon by the parties involved.

35. Leases

Company as a lessee
The Company has various lease agreements for farm land, industrial land, building and warehouses lease agreements. Its lease agreements generally have lease terms ranging from 5 to 20 years (see Note 3). Certain lease contracts include renewal and termination options.

Right-of-use assets from land leases include pineapple and papaya fields leased by the Company from DEARBC, National Development Corporation (NDC), and various crop producers and growers which are amortized over the remaining lease term. Meanwhile, right-of-use asset from office premises include the Parent Company's JYCC Office while inventory warehouses include the Mindanao Distribution Center and warehouse in Laguna.

The following are the amounts recognized in statement of comprehensive income:

	2020
Depreciation expense of right-of-use assets included in property and equipment and investment properties (Notes 11 and 12)	₱482,472
Interest expense on lease liabilities (Note 20)	125,234
Expense relating to short-term leases	
Cost of sales (Note 17)	496,095
Inventories and biological assets (Notes 7 and 8)	140,868
Distribution and selling expenses (Note 18)	17,030
General and administrative expenses (Note 19)	17,048
	₱1,278,747

Lease liabilities represents payments to be made over the remaining lease term. Movement of the lease liabilities during the period are as follows:

	2020
As at May 1, 2019, as previously reported	₱–
Effect of adoption of PFRS 16 (see Note 3)	2,601,012
At May 1, 2019, as restated	2,601,012
Additions during the year	120,347
Interest expense (Note 20)	125,234
Payments	(210,221)
Balance at end of the period	2,636,372
Current lease liabilities	(289,191)
Noncurrent lease liabilities	₱2,347,181

The Parent Company has lease contract with DEARBC that includes early termination option. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Parent Company's business needs. Management exercises significant judgement in determining whether the termination option is reasonably certain to be exercised (see Note 4).

The Company has various short-term lease agreements relating to rental of overflow warehouses, equipment and inventory pallets. The rates provided in these agreements shall be fixed during its term. In 2020, rent expense related to short-term leases amounted to ₱671,041.

The approximate annual future minimum rent payable of the Company under its existing non-cancellable lease agreements as a lessor as at April 30 are as follows:

	2020	2019
1 year	**₱366,523**	₱491,743
more than 1 year to 2 years	**425,974**	379,177
more than 2 years to 3 years	**492,252**	438,628
more than 3 years to 4 years	**364,374**	504,906
more than 4 years to 5 years	**375,145**	450,017
more than 5 years	**1,767,014**	1,940,748
	₱3,791,282	₱4,205,219

Company as a lessor
PPMSC has a sublease agreement which provides for lease rentals based on an agreed fixed monthly rate. Rental income related to these sublease agreements amounted to ₱277, ₱263 and ₱255 in 2020, 2019 and 2018 respectively.

Lease receivable represents receipts to be received over the remaining lease term. Movement of the lease receivables during the period are as follows:

	2020
Balance at beginning of the period (Note 3)	₱3,271
Contractual receipts	(277)
Interest income	198
Balance at end of the period	3,192
Current lease receivable	(84)
Noncurrent lease receivable	₱3,108

36. **Contracts, Commitments and Contingencies**

a. Royalty agreement with ALCOR Hungary Szogaltato Kft. Capita International Financial Services ("ALCOR") provides for the payment of a royalty computed at 6% of net sales as defined in Section 8 of the License and Technical Assistance Agreement between the Parent Company and ALCOR. In January 2018, the rate used to compute for the royalty expense was amended to 3%. For the years ended April 30, 2020, 2019 and 2018, royalty expense recognized in profit or loss amounted to ₱475,271, ₱468,784 and ₱562,387, respectively (see Note 17).

b. Royalty agreement with S&W Fine Foods International Limited and the Parent Company provides for the payment of royalty computed at 3% of list sales, effective May 1, 2019 for 10 years. Royalty expense recognized under "Cost of Sales" account amounted to ₱127,643 and nil in 2020 and 2019 (see Note 17).

c. Future capital expenditures based on approved budgets and executable contracts are as follows:

	2020	2019
Amounts approved by the Board	**₱729,267**	₱893,958
Commitments in respect of contracts made	**227,282**	312,213
	₱956,549	₱1,206,171

d. There are lawsuits, tax assessments and certain claims arising out of the normal course of business. Management, in consultation with legal counsel, believes that the resolution of these contingencies, other than those already with provision discussed in Note 4, will not have a material effect on the consolidated financial statements.

e. With regard to Final Tax Assessments for calendar years 2011-2013 that has been paid on February 1, 2017, an enquiry in aid of legislation was initiated by the House of Representatives in July 2017 on the alleged substantial disparity between the amount of deficiency tax liabilities assessed by the BIR and the final payment made by the Parent Company. As at August 3, 2020, the Parent Company continues to cooperate with the Court of Tax Appeals by submitting all the requested documents and information explaining how the Preliminary Assessment Notices for 2012 and 2013 were rebutted. As at August 3, 2020, the case is pending resolution.

37. **PEZA Registration**

On November 22, 2007, the President of the Philippines issued Proclamation No. 1420, s. 2007 "Creating and designating certain parcels of land of the private domain situated at Barangay Bugo, Cagayan de Oro City, province of Misamis Oriental, Island of Mindanao, as a Special Economic Zone pursuant to Republic Act No. 7916 as amended by Republic Act No. 8748". On the same date, the cannery operations of the Parent Company was registered with the Philippine Economic Zone Authority as an Export Zone Enterprise, with registration certificate No. 07-68.

The same registration certificate was amended in October 12, 2015 to include the Fresh Fruit Processing Project of the Parent Company in BAREZ, and further amended on August 18, 2017 to include production of peeled, cut fresh frozen pineapples.

PEZA Board Resolution 18-386 approved the Parent Company's new activity, Not From Concentrate (NFC) Juicing Plant at the BAREZ. The said project shall be entitled to incentives granted to Non-Pioneer projects under RA 7916, as amended, subject to the Parent Company's signing of a supplemental agreement under standard registration terms and conditions.

The Parent Company registered the following activities under the original and amended PEZA Agreement:

- Production of processed foods and beverages for export at the PPAEPZ;
- Importation of raw materials, machinery, equipment, tools, goods, wares, articles, or merchandise directly used in the registered operations at the PPAEPZ; and
- Fresh Fruit Processing Project at the BAREZ
- Production of peeled, cut fresh frozen pineapples at the BAREZ

Fiscal and non-fiscal incentives available for the Parent Company as provided in its registration agreement with PEZA for the cannery operations at PPAEPZ, are as follows:

- 5% gross income tax (5% GIT), in lieu of all national and local taxes, and to duty and tax-free importation privilege under Article 77, Book VI of E. O. 226.
- Non-fiscal incentives shall include simplified import and export procedures, employment of foreign nationals and permanent resident status within the ecozone for foreign investors with initial investment of at least US$150.
- Qualified for purposes of VAT zero-rating of its transactions with local suppliers of goods, properties and services in accordance with Section 4.106-6 and 4.108-6 of Revenue Regulation 16-2005, *The Consolidated Value Added Tax Regulation of 2005.*

For the Fresh Fruit Processing Project at BAREZ under the Supplemental Agreement amended last June 28, 2016, the Parent Company is subject to the following fiscal and non-fiscal incentives:

- 5% gross income tax (5% GIT), in lieu of all national and local taxes, and to duty and tax-free importation privilege under Article 77, Book VI of E. O. 226.
- Non-fiscal incentives shall include simplified import and export procedures, employment of foreign nationals and permanent resident status within the ecozone for foreign investors with initial investment of at least US$150.
- Qualified for purposes of VAT zero-rating of its transactions with local suppliers of capital equipment and parts, and on direct production requirements.

For the Production of peeled, cut fresh frozen pineapples at BAREZ under the Supplemental Agreement amended last August 18, 2017, the Parent Company is subject to the following fiscal and non-fiscal incentives:

- Income tax holiday (ITH) incentive to incremental sales arising from the new lines transferred from Nice Fruit S&W Philippines, Inc. (NFSPI), subject to the issuance by PEZA of a Notice of Confirmation/Validation of the project's entitlement to ITH, until April 6, 2021.
- Qualified for purposes of VAT zero-rating of its transactions with local suppliers of capital equipment and parts, and on direct production requirements.

PEZA issued LOA No. 18-EOD-LS/FP/EE-2969 on November 22, 2018 to renew the Parent Company's authority to locally sell a portion of its production of processed foods and beverage produced at its PPAEPZ facility and fresh fruit processing project in its plant at BAREZ. Said LOA was amended by LOA No. 19-EOD-LS/FP/EE-0956 dated March 13, 2019 to include peeled, cut fresh frozen pineapples. Both of the LOAs expired on April 30, 2019.

On August 29, 2019, PEZA issued LOA No. 19-EOD-LS/FP/EE-2429 to renew the Parent Company's authority to sell to the domestic market a portion of its production of its registered products produced at the PPAEPZ / BAREZ. Said LOA will expire on June 30, 2020.

Total income tax incentives availed by the Parent Company amounted to ₱604,672, ₱435,064 and ₱448,076 in 2020, 2019 and 2018, respectively.

38. Supplemental Disclosure of Cash Flow Information

The changes in liabilities arising from financing activities of the Company for the years ended April 30, 2020 and 2019 are as follows:

	May 1, 2019	**Additions**	**Payments**	**Others***	**April 30, 2020**
Short-term notes payable	**₱9,836,102**	**₱161,839,072**	**(₱160,206,051)**	**(₱26,373)**	**₱11,442,750**
Interest payable	**21,622**	**556,781**	**(557,053)**	**–**	**21,350**
Lease liabilities	**2,601,012**	**120,348**	**(210,221)**	**125,233**	**2,636,372**
Total liabilities from financing activities	**₱12,458,736**	**₱162,516,201**	**(₱160,973,325)**	**₱98,860**	**₱14,100,472**

*Others include foreign exchange movement and accretion of interest on lease liabilities.

	May 1, 2018	Additions	Payments	Other*	April 30, 2019
Short-term notes payable	₱11,136,568	₱147,444,848	(₱148,645,061)	(₱100,253)	₱9,836,102
Interest payable	22,657	401,625	(402,660)	–	21,622
Total liabilities from financing activities	₱11,159,225	₱147,846,473	(₱149,047,721)	(₱100,253)	₱9,857,724

*Other includes foreign exchange movement.

	May 1, 2017	Additions	Payments	Other*	April 30, 2018
Short-term notes payable	₱8,907,920	₱158,212,974	(₱155,876,325)	(₱108,001)	₱11,136,568
Interest payable	17,702	309,051	(304,096)	–	22,657
Total liabilities from financing activities	₱8,925,622	₱158,522,025	(₱156,180,421)	(₱108,001)	₱11,159,225

*Other includes foreign exchange movement.

Significant Non-Cash Transactions

The Company engaged in the following significant non-cash activities:

a) Offsetting of dividends payable to related party balances amounting to ₱11,726,683, net of final tax, in 2020 (see Notes 6 and 28);

b) Reclassification of property, plant and equipment amounting to ₱1,627 and ₱4,679 to investment property in 2020 and 2019, respectively (see Notes 11 and 12);
c) Reclassification of receivables from related party amounting to ₱312,966 to security deposits under other noncurrent assets account in 2020;
d) Additions to right-of-use assets - land under property, plant and equipment amounting to ₱151,254 with corresponding increase in lease liabilities amounting to ₱120,347 and decrease in other noncurrent assets amounting to ₱30,907 (see Notes 12, 13 and 35);
e) Capitalized borrowing cost to property, plant and equipment amounting to ₱92,350 and ₱1,459 in 2020 and 2019, respectively (see Note 12); and
f) Non-cash activities affecting the following accounts due to the adoption of PFRS 16 (see Note 3):

	2020
Property, plant and equipment	₱3,611,048
Lease liabilities	(2,601,012)
Other noncurrent assets	(936,297)
Prepayments and other current assets	(368,828)
Other noncurrent liabilities	124,945
Retained earnings	103,963
Deferred tax liabilities - net	35,305
Investment properties	28,444
Receivables	3,271
Deferred tax asset - net	(839)

39. **Earnings per Share (EPS)**

EPS is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The EPS attributable to equity holders of the Parent are shown below:

	2020	2019	2018
Profit attributable to owners of the Parent Company	**₱3,473,665**	₱2,578,863	₱2,571,269
Cumulative preferred share dividends, after tax	–	–	(21,895)
	₱3,473,665	₱2,578,863	₱2,549,374
Weighted average number of common shares outstanding (‘000)	**2,797,320**	2,797,320	1,916,110
Earnings per Common Share attributable to equity holders of the Parent	**₱1.24**	₱0.92	₱1.33

The cumulative preferred share dividends, after tax, for the year ended April 30, 2018 pertains to the dividend income earned by preferred shareholders for the year, before conversion of preferred shares to common shares which took place on March 23, 2018 (see Note 1).

The Company's basic and diluted earnings per share are the same since the Company does not have potential common shares.

40. **Events After the Reporting Period**

Declaration of cash dividend
On June 29, 2020, the Parent Company declared cash dividend of ₱0.9235 per share to the holders of common shares of the Corporation as of close of business of June 29, 2020 amounting to ₱2,583,325.

Approval of proposed local bond offering
On June 29, 2020, the Board also authorized and empowered the Parent Company to issue, offer and sell to the public in the Philippines, bonds in the aggregate principal amount of up to ₱7,500,000, provided that the Board shall approve the final terms and conditions of the Bonds including the offer size and interest rates of the Bonds. The proceeds of the bond issuance will be used to retire existing short-term debt and rebalance the Parent Company's liability structure whereby long-term debt and equity will support all non-current assets. The Board approved the terms and conditions of the proposed bond offering on July 18, 2020.

Assignment of trademarks from DEWEY SDN BHD to PPMSC
On May 1, 2020, Dewey SDN BHD (Dewey), a company organized and existing under the laws of Malaysia, assigned its entire right, title and interest in its trademarks together with the goodwill of the business that has accrued its use to PPMSC for a consideration of US$60,000.

41. **Segment Reporting**

For management purposes, the Company is organized into segment based on its products and geographical location as follows:

<u>Geographical segment</u>
- Export. Included in the Export segment are sales and profit in America, Europe and Asia Pacific other than the Philippines. Majority of this segment's sales are principally sold under the S&W and Del Monte branded products.
- Philippines. Included in Philippine segment are sales comprising primarily of Del Monte branded products, Today's, S&W products.

<u>Product segment</u>
- Packaged fruit. The packaged fruit segment includes sales and profit of processed fruit products under the Del Monte and S&W brands, as well as buyer's labels, that are packaged in different formats such as can, plastic cup, pouch and aseptic bag.
- Beverage. Beverage includes sales and profit of 100% pineapple juice in can, juice drinks in various flavours 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 Del Monte and S&W.
- 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.

The BOD monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross income and income before income tax and is measured consistently with gross income and income before income tax in the consolidated financial statements. The amounts of segment assets and liabilities, and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets, liabilities and profit or loss in the consolidated financial statements, which is in accordance with PFRS.

Financial information on the operating segments are summarized as follows:

	2020			2019			2018		
	Combined	**Elimination**	**Consolidated**	Combined	Elimination	Consolidated	Combined	Elimination	Consolidated
Revenues									
Beverage	**₱7,954,226**	**₱–**	**₱7,954,226**	₱7,870,964	₱–	₱7,870,964	₱7,799,788	₱–	₱7,799,788
Packaged fruit	**8,493,103**	**–**	**8,493,103**	7,524,684	–	7,524,684	7,905,843	–	7,905,843
Culinary	**6,459,135**	**–**	**6,459,135**	6,138,489	–	6,138,489	6,109,016	–	6,109,016
Fresh fruit and others	**6,262,513**	**(175,737)**	**6,086,776**	4,619,284	(160,380)	4,458,904	3,585,741	(139,992)	3,445,749
Changes in fair value of biological assets	**2,923,050**	**–**	**2,923,050**	2,768,512	–	2,768,512	2,303,355	–	2,303,355
Total	**₱32,092,027**	**(₱175,737)**	**₱31,916,290**	₱28,921,933	(₱160,380)	₱28,761,553	₱27,703,743	(₱139,992)	₱27,563,751
Gross income									
Beverage	**₱1,842,580**	**₱ –**	**₱1,842,580**	₱1,363,421	₱–	₱1,363,421	₱1,628,696	₱–	₱1,628,696
Packaged fruit	**1,589,331**	**–**	**1,589,331**	1,712,569	–	1,712,569	1,930,485	–	1,930,485
Culinary	**2,244,365**	**–**	**2,244,365**	2,144,484	–	2,144,484	2,142,902	–	2,142,902
Fresh fruit and others	**2,556,718**	**–**	**2,556,718**	1,284,036	–	1,284,036	689,186	–	689,186
Changes in fair value of biological assets	**299,056**	**–**	**299,056**	246,875	–	246,875	168,913	–	168,913
Total	**₱8,532,050**	**₱–**	**₱8,532,050**	₱6,751,385	₱–	₱6,751,385	₱6,560,182	₱–	₱6,560,182
Income before income tax									
Beverage	**₱726,536**	**₱–**	**₱726,536**	₱159,552	₱–	₱159,552	₱367,167	₱–	₱367,167
Packaged fruit	**775,127**	**–**	**775,127**	825,250	–	825,250	1,154,001	–	1,154,001
Culinary	**1,223,476**	**–**	**1,223,476**	1,077,689	–	1,077,689	1,094,150	–	1,094,150
Fresh fruit and others	**1,073,980**	**–**	**1,073,980**	750,217	–	750,217	295,272	–	295,272
Changes in fair value of biological assets	**299,056**	**–**	**299,056**	246,875	–	246,875	168,913	–	168,913
Total	**₱4,098,175**	**₱–**	**₱4,098,175**	₱3,059,583	₱–	₱3,059,583	₱3,079,503	₱–	₱3,079,503

	2020			2019			2018		
	Combined	**Elimination**	**Consolidated**	Combined	Elimination	Consolidated	Combined	Elimination	Consolidated
Segment assets									
Beverage	**₱9,171,440**	**₱ –**	**₱9,171,440**	₱11,702,796	₱–	₱11,702,796	₱11,853,448	₱–	₱11,853,448
Packaged Fruits	**9,804,173**	**–**	**9,804,173**	11,187,936	–	11,187,936	12,014,622	–	12,014,622
Culinary	**7,452,341**	**–**	**7,452,341**	9,126,898	–	9,126,898	9,283,958	–	9,283,958
Fresh Fruits and Others	**7,125,161**	**(15,464)**	**7,109,697**	6,695,226	(65,588)	6,629,638	5,331,396	(94,842)	5,236,554
Total	**₱33,553,115**	**(₱15,464)**	**₱33,537,651**	₱38,712,856	(₱65,588)	₱38,647,268	₱38,483,424	(₱94,842)	₱38,388,582
Segment liabilities									
Beverage	**₱6,142,807**	**₱–**	**₱6,142,807**	₱5,224,695	₱–	₱5,224,695	₱6,010,522	₱–	₱6,010,522
Packaged Fruits	**6,566,596**	**–**	**6,566,596**	4,994,836	–	4,994,836	6,092,249	–	6,092,249
Culinary	**4,991,396**	**–**	**4,991,396**	4,074,689	–	4,074,689	4,707,612	–	4,707,612
Fresh Fruits and Others	**4,833,006**	**(44,257)**	**4,788,749**	3,009,256	(49,463)	2,959,793	2,734,215	(78,918)	2,655,297
Total	**₱22,533,805**	**(₱44,257)**	**₱22,489,548**	₱17,303,476	(₱49,463)	₱17,254,013	₱19,544,598	(₱78,918)	₱19,465,680

	2020				2019				2018			
	Export	**Philippines**	**Elimination**	**Total**	Export	Philippines	Elimination	Total	Export	Philippines	Elimination	Total
Revenues	**₱14,270,353**	**₱17,821,674**	**(₱175,737)**	**₱31,916,290**	₱8,878,805	₱20,043,128	(₱160,380)	₱28,761,553	₱7,416,184	₱20,287,559	(₱139,992)	₱27,563,751
Gross income	**3,305,204**	**5,226,846**	**–**	**8,532,050**	2,357,822	4,393,563	–	6,751,385	1,324,363	5,235,819	–	6,560,182
Income before income tax	**2,276,092**	**1,822,083**	**–**	**4,098,175**	1,732,335	1,327,248	–	3,059,583	1,147,197	1,932,306	–	3,079,503
Segment assets	**14,995,293**	**18,557,822**	**(15,464)**	**33,537,651**	11,930,564	26,782,292	(65,588)	38,647,268	10,328,666	27,154,758	(94,842)	38,388,582
Segment liabilities	**10,055,485**	**12,478,320**	**(44,257)**	**22,489,548**	5,326,382	11,977,094	(49,463)	17,254,013	5,237,352	14,307,246	(78,918)	19,465,680

SyCip Gorres Velayo & Co.
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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULE

The Board of Directors and Stockholders
Del Monte Philippines, Inc.
JY Campos Centre, 9th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Del Monte Philippines, Inc. and Subsidiaries (the Company), as at April 30, 2020 and 2019, and for each of the three years in the period ended April 30, 2020, and have issued our report thereon dated August 3, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at April 30, 2020 and 2019 and for each of the three years in the period ended April 30, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Johnny F. Ang
Partner
CPA Certificate No. 0108257
SEC Accreditation No. 1284-AR-2 (Group A),
May 16, 2019, valid until May 15, 2022
Tax Identification No. 221-717-423
BIR Accreditation No. 08-001998-101-2018,
November 6, 2018, valid until November 5, 2021
PTR No. 8131119, January 9, 2020, Makati City

August 3, 2020

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULE**

The Board of Directors and Stockholders
Del Monte Philippines, Inc.
JY Campos Centre, 9th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Del Monte Philippines, Inc. and Subsidiaries (the Company), as at April 30, 2020 and 2019, and for each of the three years in the period ended April 30, 2020, and have issued our report thereon dated August 3, 2020. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Johnny F. Ang
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DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

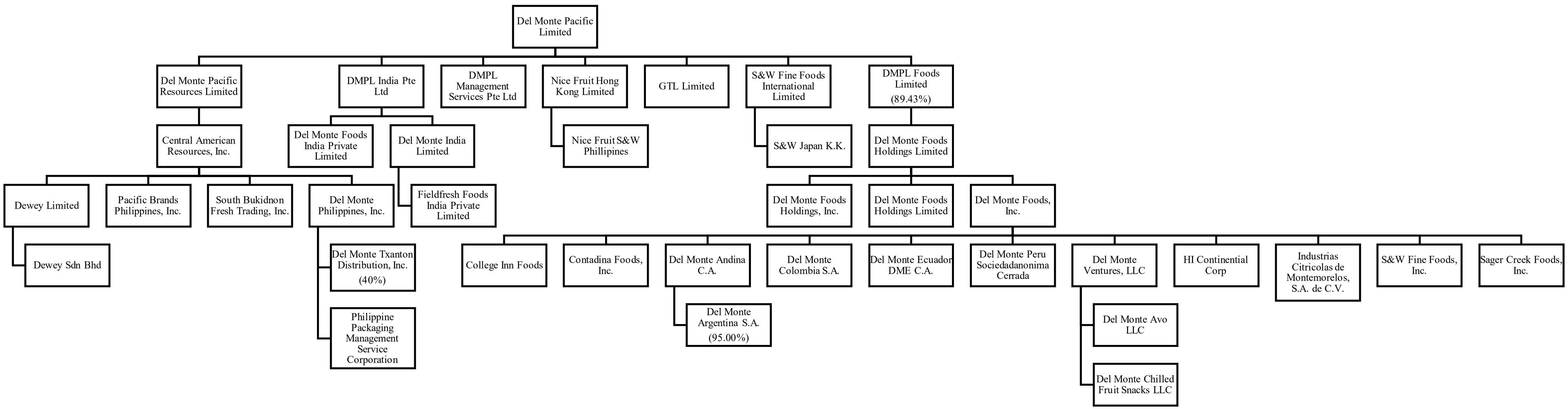
AS OF APRIL 30, 2020

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

Unappropriated Retained Earnings as of April 30, 2018		₱4,918,602
Net income based on the face of the Audited Financial Statements for the year ended April 30, 2019	2,467,805	
Less (net of tax):		
Unrealized gain on fair value of Biological assets	(673,073)	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	(140,182)	
Fair value adjustment on financial assets at fair value through other comprehensive income (FVOCI)	(4)	
Add (net of tax):		
Unrealized loss on remeasurement of retirement benefit liability	108,395	
Net income actually earned/realized for the year ended April 30, 2019		1,762,941
Less:		
Appropriations of Retained Earnings		(4,795,000)
Unappropriated Retained Earnings, available for dividend as at April 30, 2019		**₱1,886,543**
Net income based on the face of the Audited Financial Statements for the year ended April 30, 2020	3,525,898	
Less (net of tax):		
Unrealized gain on fair value of Biological assets	(585,607)	
Gain on revaluation of land	(106,734)	
Fair value adjustment on FVOCI	(839)	
Add (net of tax):		
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)	31,374	
Unrealized loss on remeasurement of retirement benefit liability	26,277	
Net income actually earned/realized for the year ended April 30, 2020		2,890,369
Add (Less):		
Reversal of appropriations	15,695,000	
Cash dividend declarations during the period	(13,796,097)	
Appropriations of Retained Earnings	(2,793,541)	
Effect of adoption of PFRS 16, *Leases*	(105,875)	
		(1,000,513)
Unappropriated Retained Earnings, available for dividend as at April 30, 2020		**₱3,776,399**

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
AS OF APRIL 30, 2020



DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS

AS OF APRIL 30

Ratio	Formula	2020	2019
Liquidity Analysis Ratios			
Current Ratio	Total current assets / Total current liabilities	0.83	1.84
Acid Test Ratio	Total current assets less inventory and prepaid expenses / Total current liabilities	0.42	1.16
Solvency Ratio	Total assets / Total liabilities	1.49	2.24
Financial Leverage Ratio			
Debt-to-Equity Ratio	Total liabilities / Total stockholder's equity	2.04	0.81
Asset-to-Equity Ratio	Total assets / Total stockholder's equity	3.04	1.81
Interest Rate Coverage Ratio	Earnings before interest and taxes (EBIT) / Finance cost (excluding bank charges)	7.92	8.57
Profitability Ratios			
Return on equity	Net income / Total stockholder's equity	31.4%	12.1%
Return on asset	Net income / Total assets	10.4%	6.7%
Net income margin	Net income / Total revenue	10.9%	9.0%
Debt to EBITDA Ratio	Total debt* / Earnings before interest, taxes, depreciation and amortization (EBITDA)	2.26	2.18
Net Debt to Equity Ratio	Total debt* less cash / Total stockholder's equity	1.93	0.78

Note:
* *Total debt refers to total liabilities which composed of financial liabilities, trade payables, accrued expenses, and other liabilities.*

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE A. FINANCIAL ASSETS
AS OF APRIL 30, 2020

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet ₱'000	Valued based on market quotation at April 30, 2020 ₱'000	Income received and accrued ₱'000
Cash and Cash Equivalents	15,009	1,170,916	1,170,916	6,441
Receivables	–	7,301,312	7,301,312	19,187
Refundable Deposits	–	95,824	95,824	–
Financial assets at FVOCI				
Alabang Country Club	2	13,000	13,000	1,000
PLDT	45	58	58	3
		8,581,110	8,581,110	26,631

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
AS OF APRIL 30, 2020

Name and designation of debtor	Balance at beginning of the year ₱'000	Additions ₱'000	Amounts collected ₱'000	Amounts written off ₱'000	Current ₱'000	Not Current ₱'000	Balance at end of the year ₱'000
S&W Fine International Ltd.	1,804,667	3,678,055	3,149,715	–	2,333,007	–	2,333,007
Del Monte Foods, Inc.	(17,311)	1,565,275	1,132,975	–	414,989	–	414,989
Del Monte Pacific Limited	1,748,937	4,253,585	4,181,191	–	1,821,331	–	1,821,331
NutriAsia, Inc.	321,227	10,492	39,964	–	291,755	–	291,755
Nice Fruit Hong Kong Limited	35,616	193,134	101,627	–	127,123	–	127,123
South Bukidnon Fresh Trading, Inc.	443	3,447	552		3,338	–	3,338
DMPI Retirement Fund	10,871	(10,606)	187	–	77	–	77
Nice Fruit S&W Philippines, Inc.	–	3,271	79	–	3,193	–	3,193
Net receivable from related parties	3,904,450	9,696,653	8,606,290	–	4,994,813	–	4,994,813

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

AS OF APRIL 30, 2020

Name and designation of debtor	Balance at beginning of the year ₱'000	Additions ₱'000	Amounts collected ₱'000	Amounts written off ₱'000	Current ₱'000	Not Current ₱'000	Balance at end of the year ₱'000
Philippine Packing Management Service Corporation	27,234	175,737	158,714	–	44,257	–	44,257
	27,234	175,737	158,714	–	44,257	–	44,257

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE D. INTANGIBLE ASSETS – OTHER ASSETS
AS OF APRIL 30, 2020

Description	Beginning balance ₱’000	Additions at cost ₱’000	Charged to cost and expenses ₱’000	Charged to other accounts ₱’000	Other changes additions (deductions) ₱’000	Ending balance ₱’000

NOT APPLICABLE

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE E. LONG-TERM DEBT
AS OF APRIL 30, 2020

Title of Issue and type of obligation	Amount authorized by indenture ₱'000	Amount shown under caption "Current portion of Long-term notes payable" in related balance sheet ₱'000	Amount shown under caption "Long-term notes payable – net of current portion" in related balance sheet ₱'000
Unsecured Loan availment			
Long-term – Banco de Oro	3,000,000	3,000,000	–

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE F. INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
AS OF APRIL 30, 2020

Name of related party	Balance at beginning of the year ₱'000	Balance at end of the year ₱'000

NOT APPLICABLE

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE G. GUARANTEES OF SECURITIES AND OTHER ISSUERS

AS OF APRIL 30, 2020

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
		₱'000	₱'000	

NOT APPLICABLE

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE H. CAPITAL STOCK
AS OF APRIL 30, 2020

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares declared as stock dividends	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	3,000,000,000	2,797,320,002	–	–	2,797,319,995	7	–

ISSUER

Del Monte Philippines, Inc.
JY Campos Centre
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Bonifacio Global City, Taguig City
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JOINT ISSUE MANAGERS, JOINT LEAD UNDERWRITERS, AND JOINT BOOKRUNNERS

BDO Capital & Investment Corporation	**China Bank Capital Corporation**	**First Metro Investment Corporation**	**RCBC Capital Corporation**
20^{th} Floor, South Tower, BDO Corporate Center 7899 Makati Avenue Makati City, Philippines	28/F BDO Equitable Tower, 8751 Paseo de Roxas Makati City Philippines	45th Floor, GT Tower International, Ayala Avenue corner H.V. Dela Costa St., Makati City	21st Floor RCBC Plaza Tower 2, 0727, 6819 Ayala Ave, Makati, 1227 Metro Manila

FINANCIAL ADVISOR TO THE ISSUER

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3/F Corporate Business Centre
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LEGAL ADVISOR TO THE COMPANY

Picazo Buyco Tan Fider & Santos
Liberty Center – Picazo Law
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LEGAL ADVISOR TO THE JOINT ISSUE MANAGERS, JOINT LEAD UNDERWRITERS, AND JOINT BOOKRUNNERS

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