
SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER**

1. For the quarterly period ended: **JANUARY 31, 2024**
2. Commission identification number. **N/A**
3. BIR Tax Identification No. **000-291-799-000**
4. Exact name of issuer as specified in its charter **Del Monte Philippines,
Incorporated**
5. **Philippines**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. Address:
JY Campos Centre, 9th Avenue corner 30th Street, Fort Bonifacio, Taguig City,
Philippines
8. **(088) 855-4312**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	2,797,320,004
Preference Shares	-
Bonds	PHP 645,900,000

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

Yes [] No [/]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the Financial Statements (FS) section of this report

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

None

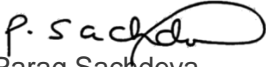
PART II--OTHER INFORMATION

Not Applicable

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer **Del Monte Philippines, Inc.**

Signature and Title 
Parag Sachdeva
Chief Financial Officer and Duly Authorized Officer

Date

Del Monte Philippines, Inc. and its Subsidiaries

Interim Condensed Consolidated
Financial Statements
As at 31 January 2024
and for the Three-month and Nine-month Periods
Ended 31 January 2024 and 2023
(With Comparative Audited Consolidated Statement of
Financial Position as at 30 April 2023)

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JANUARY 31, 2024
(With Comparative Figures as at April 30, 2023)
(in thousands)

	31 January 2024	30 April 2023
	(Unaudited)	(Audited)
Current assets		
Cash and cash equivalents (Note 5)	₱653,866	₱584,903
Receivables (Notes 6)	12,806,148	14,179,134
Inventories (Note 7)	5,546,160	7,345,733
Biological assets (Note 8)	2,731,994	2,489,173
Prepaid expenses and other current assets (Note 10)	2,771,472	1,093,341
Total Current Assets	24,509,640	25,692,284
Noncurrent assets		
Biological assets (Note 8)	188,486	168,588
Financial assets at fair value through other comprehensive income (FVOCI)	32,057	34,054
Investment property	160,889	165,524
Property, plant and equipment (Note 9)	23,591,870	22,075,145
Intangible assets	2,987,400	2,987,400
Receivable - net of current portion (Note 6)	145,966	145,975
Net retirement benefits asset	387,026	586,670
Other noncurrent assets	1,259,143	1,185,145
Total Noncurrent Assets	28,752,837	27,348,501
Total Assets	₱53,262,477	₱53,040,785

LIABILITIES AND EQUITY

Current Liabilities

Short-term notes payable (Note 11)	₱ 16,623,579	₱20,472,924
Accounts payable and accrued expenses (Note 14)	7,162,674	7,433,190
Current portion of:		
Bonds payable (Note 13)	-	5,816,019
Long-term debt (Note 12)	708,333	687,500
Lease liabilities (Note 24)	742,416	429,222
Income tax payable	89,902	28,955
Total Current Liabilities	25,326,904	34,867,810

Noncurrent Liabilities

Long-term debt - net of current portion (Note 12)	10,689,055	2,303,855
Bonds payable - net of current portion (Note 13)	642,011	640,414
Deferred tax liabilities – net	250,083	281,651
Lease liabilities - net of current portion (Note 24)	2,491,170	2,005,990
Total Noncurrent Liabilities	14,072,319	5,231,910
Total Liabilities	39,399,223	40,099,720

(Forward)

	31 January 2024	30 April 2023
	(Unaudited)	(Audited)
Equity Attributable to Equity Holders of the Parent		
Common stock (Note 20)	₱2,797,320	₱2,797,320
Other comprehensive income reserves	1,056,511	1,040,601
Retained earnings:		
Appropriated	2,796,541	2,796,541
Unappropriated (Note 21)	7,204,894	6,298,582
Total Equity Attributable to Equity Holders of the Parent	13,855,266	12,933,044
Non-controlling interest	7,988	8,021
Total Equity	13,863,254	12,941,065
	₱53,262,477	₱53,040,785

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED JANUARY 31, 2024 and 2023
(in thousands)

	Three months ended		Nine months ended	
	January 31		January 31	
	2024	2023	2024	2023
				P
REVENUES (Note 27)	₱10,030,539	₱11,303,736	₱28,818,638	31,496,191
COST OF SALES (Note 15)	(7,730,801)	(8,406,306)	(21,976,139)	(22,724,110)
GROSS INCOME	2,299,738	2,897,430	6,842,499	8,772,081
DISTRIBUTION AND SELLING EXPENSES (Note 16)	(835,021)	(1,017,951)	(2,689,284)	(3,277,893)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 17)	(285,291)	(264,254)	(731,590)	(740,811)
FINANCE COST (Note 18)	(497,214)	(271,429)	(1,390,870)	768,122
FOREIGN EXCHANGE GAIN (LOSS)	14,159	6,283	21,536	54,921
INTEREST INCOME	109,833	59,867	325,860	119,125
LOSS FROM JOINT VENTURE (Note 14)	(4,028)	(959)	(29,916)	(66,167)
OTHER INCOME	46,005	89,087	111,487	228,908
OTHER EXPENSES	(76,257)	(65,055)	(217,041)	(206,148)
INCOME BEFORE INCOME TAX	771,924	1,433,019	2,242,680	4,115,893
INCOME TAX EXPENSE (Note 19)				
Current	196,874	288,988	388,038	634,132
Deferred	(76,052)	(64,406)	(37,137)	(32,912)
	120,822	224,582	350,901	601,220
NET INCOME	₱651,102	₱1,208,437	₱1,891,779	₱3,514,673
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified to profit or loss				
Unrealized gain (loss) on change in fair value of forward contracts	₱20,419	P-	₱23,476	P-
Income tax effect	(5,105)	-	(5,869)	-
	₱15,314	P-	17,607	-
Items that will not be reclassified to profit or loss				
Unrealized gain (loss) on change in fair value of financial assets at FVOCI	₱(997)	₱7,486	₱(1,997)	₱13,676
Income tax effect	150	(1,125)	-	(2,055)
	(847)	6,361	(1,697)	11,621
TOTAL COMPREHENSIVE INCOME	₱665,569	₱1,214,798	₱1,907,689	₱3,526,294
Total net income (loss) attributable to:				
Equity holders of the Parent Company	₱651,101	₱1,208,435	₱1,891,813	₱3,514,723
Non-controlling interests	1	2	(34)	(50)
	₱651,102	₱1,208,437	₱1,891,779	₱3,514,673
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company	₱665,568	₱1,214,796	₱1,907,723	₱3,526,344
Non-controlling interests	1	2	(34)	(50)
	₱665,569	₱1,214,798	₱1,907,689	₱3,526,294
Total comprehensive income (loss) attributable to:				
Non-controlling interests (Note 26)	0.23	0.43	0.68	1.26
Diluted earnings per share (Note 26)	0.23	0.43	0.68	1.26

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED January 31, 2024 AND 2023

(in thousands)

	Capital Stock Common (Note 19)	Other Comprehensive Income Reserves	Retained Earnings		Total Equity Attributable to Holders of the Parent	Non-Controlling Interest	Total Equity
			Appropriated	Unappropriated (Note 20)			
As at May 1, 2023 (audited)	P2,797,320	P1,040,601	P2,796,541	P6,298,582	P12,933,044	P8,021	P12,941,065
Total comprehensive income for the period							
Net income (loss) for the period	–	–	–	1,891,809	1,891,809	(34)	1,891,775
Other comprehensive income during the period - net of tax	–	15,910	–	–	15,910	–	15,910
Total comprehensive income (loss) for the period	–	15,910	–	1,891,809	1,907,719	(34)	1,907,685
Cash dividend	–	–	–	(985,496)	(985,496)	–	(985,496)
As at January 31, 2024 (unaudited)	P2,797,320	P 1,056,511	P2,796,541	P7,204,895	P13,855,267	P7,987	P13,863,254
As at May 1, 2022 (audited)	P2,797,320	P582,420	P2,796,541	P7,337,584	P13,513,865	P8,071	P13,521,936
Total comprehensive income for the period							
Net income (loss) for the period	–	–	–	3,514,723	3,514,723	(50)	3,514,673
Other comprehensive income during the period - net of tax	–	(4,808)	–	–	(4,808)	–	(4,808)
Total comprehensive income (loss) for the period	–	(4,808)	–	3,514,723	3,509,915	(50)	3,509,865
Cash dividend	–	–	–	(3,902,963)	(3,902,963)	–	(3,902,963)
As at January 31, 2023 (unaudited)	P2,797,320	P577,612	P2,796,541	P6,949,344	P13,120,817	P8,021	P 13,128,838

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JANUARY 31, 2024 AND 2023
(in thousands)

	31 January 2024	31 January 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱2,242,677	₱ 4,115,893
Adjustments for:		
Depreciation of property, plant and equipment and investment properties (Note 9)	6,116,412	5,744,572
Finance cost (Note 18)	1,230,207	639,795
Interest income	(325,860)	(119,125)
Unrealized foreign exchange gains (loss) - net	2,499	(84,634)
Amortization of debt issue cost (Note 12 and 13)	26,715	29,914
Net retirement benefit expense	62,906	62,957
Share in net loss of joint venture (Note 14)	29,916	66,167
Loss on disposal of property, plant and equipment	(615)	(2,447)
Operating income before working capital changes	9,384,857	10,453,092
Changes in:		
Receivables (Note 6)	256,522	(10,314,393)
Inventories (Note 7)	1,799,572	(2,228,622)
Biological assets (Note 8)	(262,720)	(220,875)
Prepaid and other current assets	(1,677,783)	(263,925)
Trade and other payables (Note 14)	(475,386)	789,088
Operating cash flows	9,025,062	(1,785,635)
Taxes paid	(127,567)	(347,585)
Interest received	33,692	118,103
Net cash flows provided by (used in) operating activities	8,931,187	(2,015,117)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment	(6,436,814)	(7,004,677)
Additions to other noncurrent assets	670,894	(14,551)
Proceeds from disposal of property, plant and equipment	3,601	7,419
Additions to investment in joint venture (Note 14)	(56,330)	1,690
Net cash flows used in investing activities	(5,818,649)	(7,010,119)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	124,272,968	145,939,693
Repayment of borrowings	(119,728,184)	(135,731,559)
Payments of bonds payable	(5,832,560)	-
Interest paid	(1,110,225)	(456,273)
Payments of lease liabilities – net of proceeds from lease receivables	(536,806)	(781,649)
Dividends paid	(108,897)	(431,277)
Net cash flows provided by (used in) financing activities	(3,043,704)	8,538,935
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	129	(3,118)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68,963	(489,419)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	584,903	856,653
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱653,866	₱367,234

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 by 50 years from January 11, 1976, which was approved by the Philippine Securities and Exchange Commission (“SEC”) on February 23, 1966. On March 1, 2021, the SEC approved the Parent Company’s amended Articles of Incorporation to extend the corporate term to perpetual life. The Parent Company’s principal activities are the 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 Parent Company’s ultimate shareholders is NutriAsia Inc., 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. On October 12, 2015, Certificate of Registration No. 07-68 was approved for the registration of its additional activity, particularly the Fresh Fruit Processing Project at the Bukidnon Agro-Resource Export Zone (BAREZ) in Manolo Fortich, Bukidnon.

The Parent Company’s registered address is JY Campos Centre 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City, Philippines.

The Parent Company and its subsidiaries (collectively referred to as the “Group”) 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	
			January 31, 2024	April 30, 2023
Philippines Packing Management Services Corporation (PPMSC)	Philippines	Own and administer intellectual property assets; 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%
Jubilant Year Investments Limited (JYIL),	British Virgin Islands	Special purpose vehicle	100%	

The financial statements of the Group as at and for the periods ended January 31, 2024 and 2023 comprise the Parent Company and its subsidiaries.

Jubilant Year Investments Limited (JYIL), a direct wholly-owned subsidiary of the Parent Company, was incorporated as a company with limited liability under the laws of the British Virgin Islands on January 2, 2024. Its registered office is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. JYIL, a special purpose vehicle incorporated for the purpose of issuing the perpetual securities, will remain a wholly-owned subsidiary of the Parent Company as long as the perpetual securities are outstanding and intends to use the net proceeds it receives from offering of the perpetual securities to fund the share acquisition and for the Group’s general corporate purposes, including but not limited to the refinancing of certain existing indebtedness of the Parent Company.

2. Basis of preparation

2.1 Statement of compliance

The accompanying interim condensed consolidated financial statements as at January 31, 2024 and for the nine months ended January 31, 2024 and 2023 have been prepared in accordance with Philippine Accounting Standard (“PAS”) 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the 2023 annual audited consolidated financial statements, comprising the consolidated statements of financial position as at 30 April 2023 and 2022 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 30 April 2023, 2022 and 2021.

The interim condensed consolidated financial statements have been prepared for inclusion in the offering circular in relation to a planned offering transaction of the Group.

2.2 Basis of measurement

The interim condensed consolidated financial statements of the Group 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 point-of-sale costs, 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.

2.3 Functional and presentation currency

The interim condensed consolidated financial statements are presented in Philippine peso, which is also the reporting entity’s functional currency. All amounts have been rounded off to the nearest thousand (₱ 000), unless otherwise indicated.

2.4 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 interim condensed 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. The financial statements of subsidiaries are in line with the Parent Company's accounting policies. All significant intra-Company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group 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 interim condensed consolidated financial statements. This includes non-controlling equity interests in DMTDI.

2.5 Loss of control

If the Parent loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling 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
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate

2.6 Transaction eliminated during consolidation

Intra-company balances and transactions, and any unrealized income or expenses arising from intra-company transactions, are eliminated in preparing the interim condensed 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.

2.7 Use of Estimates and Assumptions

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

Information about estimates and assumptions made in applying accounting policies that have the significant risk resulting in material adjustments within the next fiscal year are included in the following notes:

- Note 6 - Estimating credit losses on receivables
- Note 7 - Estimating net realizable value of inventories
- Note 8 - Determination of fair value of agricultural produce
- Note 24 - Determination of incremental borrowing rate for lease liabilities

3. Significant Accounting Policies

Changes in Accounting Policies and Disclosures

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

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

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

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

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

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023 (May 1, 2023 for the Group).

Effective beginning on or after January 1, 2024 (May 1, 2024 for the Group)

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability’s classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 (which the Group will adopt on or after May 1, 2024) and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 (which the Group will adopt on or after May 1, 2024) and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025 (May 1, 2025 for the Group)

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between 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 Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB 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.

4. Seasonality of Operations

The Group's business is subject to seasonal fluctuations as a result of increased demand during the end of year festive season. The Group's sales are usually highest during the three months from October to December. This seasonal production primarily relates to the majority of processed fruits and toll pack goods.

5. Cash and Cash Equivalents

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Cash on hand	₱5,526	₱4,400
Cash in banks	646,157	560,503
Cash equivalents	2,183	20,000
	₱653,866	₱584,903

Cash in bank accounts earn interest at floating rates based on daily bank deposit rates ranging from 0.10% to 0.50% per annum for the period ended January 31, 2024 (30 April 2023: 0.06% to 0.50% per annum).

6. Receivables

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Trade receivables from third parties	₱2,336,006	₱3,060,941
Due from related parties (Note 25)	9,560,437	10,387,221
Nontrade receivables from third parties	142,667	142,667
Advances to officers and employees	46,214	43,226
Others	946,817	771,047
	13,032,141	14,405,102
Less allowance for ECL	80,018	79,993
	12,952,123	14,325,109
Less noncurrent portion:		
Lease receivable (Note 24)	3,308	3,308
Receivable from third parties	142,667	142,667
Noncurrent portion	145,975	145,975
Current Portion	₱12,806,148	₱14,179,134

The movements in allowance for expected credit losses are as follows:

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Trade Receivables		
Balance at beginning of period	₱73,225	₱85,510
Reversals	(355)	(12,285)
	72,870	73,225
Nontrade Receivables		
Balance at beginning of period	6,768	6,383
Additional provision	380	385
	7,148	6,768
Balance at the end of period	₱80,018	₱79,993

Source of estimation uncertainty

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

7. Inventories

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Cased goods and other merchandise		
At NRV – net	₱1,304,415	₱1,900,384
At cost	651,809	1,247,558
Production materials and supplies – at NRV	2,824,775	3,284,700
Storeroom supplies – at NRV	765,161	913,091
	₱5,546,160	₱7,345,733

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

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
At beginning of the period	₱241,377	₱250,906
Allowance for the period (Note 15)	121,726	209,765
Write-off against allowance	(102,829)	(219,294)
At end of the period	₱260,274	₱241,377

Cased Goods

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Cost	₱1,531,474	₱2,096,560
Less allowance for cased goods and other merchandise:		
Balance at beginning of the year	196,176	200,727
Provision for obsolescence	105,107	169,696
Write-down	(74,224)	(174,247)
Balance at the end of the year	227,059	196,176
NRV	₱1,304,415	₱1,900,384

Production Materials and Supplies

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Cost	₱2,857,820	₱3,329,849
Less allowance for production materials and supplies:		
Balance at beginning of the year	45,149	45,529
Provision for obsolescence	16,501	44,667
Write-down	(28,605)	(45,047)
Balance at the end of the year	33,045	45,149
NRV	₱2,824,775	₱3,284,700

Storeroom Supplies

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Cost	₱765,331	₱913,143
Less allowance for storeroom supplies:		
Balance at beginning of the year	52	4,650
Reversal of Provision for obsolescence	118	(4,598)
Write-down	-	-
Balance at the end of the year	170	52
NRV	₱765,161	₱913,091

Source of estimation uncertainty

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

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

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

8. Biological Assets

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Current -		
Unharvested agricultural produce – at fair value	₱2,731,994	₱2,489,173
Noncurrent -		
Growing herd – at cost	188,486	168,588
	₱2,920,480	₱2,657,761

Carrying amounts of the unharvested agricultural produce are as follows:

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Balance at beginning of the period	₱ 896,092	₱2,476,150
Additions	391,467	1,033,590
Harvest	(428,652)	(4,292,431)
Fair value attributable to price changes, actual harvest and estimated future harvest	1,873,087	3,271,864
Balance at end of the period	₱2,731,994	₱2,489,173

Movements in the carrying amounts of growing herd, are as follows:

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Balance at beginning of period	₱168,588	₱144,876
Purchases	49,140	67,737
Sales and transfers	(29,242)	(44,025)
Balance at end of period	₱188,486	₱168,588

Source of estimation uncertainty

The Company recognizes agricultural produced at fair value which is based on the estimated gross margin. The use of gross margin as basis of the fair value of the agricultural produce is consistent with Philippine Financial Reporting Standard (PFRS) 13, Fair Value Measurement. The fair values of the growing crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest, as determined by the Group, multiplied by estimated tonnage of fruits based on crop age after planting. Fair value is initially recognized 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 growing costs to be incurred until harvest. Such future growing costs decreases as the growing crops near the point of harvest.

9. Property, Plant and Equipment

	Buildings, land improvements and leasehold improvements	Machineries and equipment	Construction -in-progress	Bearer Plants	Right of use assets	Land (At revalued amount)	Total
At 1 May 2023 (audited)	₱4,433,486	₱13,033,408	₱1,836,667	₱19,027,837	₱5,145,219	₱1,037,394	₱44,514,011
Additions	75,638	152,406	426,953	5,714,625	1,261,386	–	7,631,008
Transfers /adjustments	106,441	953,752	(1,060,193)	–	–	–	–
Disposals/write-offs	–	(72,467)	–	(4,285,862)	(327,350)	–	(4,685,679)
At 31 January 2024 (unaudited)	4,615,565	14,067,099	1,203,427	20,456,600	6,079,255	1,037,394	47,459,340
Accumulated Depreciation and Amortization							
At 1 May 2023 (audited)	2,128,558	10,166,823	–	7,941,792	2,201,693	610,232	22,438,866
Depreciation and amortization	197,856	549,403	–	4,732,331	632,187	–	6,111,777
Transfers/adjustments	(146)	(335)	–	–	–	–	(481)
Disposals	–	(69,480)	–	(4,285,862)	(327,350)	–	(4,682,692)
At 31 January 2024 (unaudited)	2,326,268	10,646,411	–	8,388,261	2,506,530	–	23,867,470
Carrying Value	₱2,289,297	₱3,420,688	₱1,203,427	₱12,068,339	₱3,572,725	₱1,037,395	₱23,591,870

The Group capitalized interest expense arising from general borrowings and lease liabilities to bearer plants amounting to ₱188,080 and ₱148,883 for the period ended January 31, 2024 and 2023, respectively (see Note 17). Average capitalization rate used is 5.84% and 6.33% for the period ended January 31, 2024 and 2023, respectively.

For the period ended January 31, 2024, the depreciation and amortization related to property, plant and equipment and investment properties amounted to ₱6,116,412 and ₱5,744,542, respectively.

Depreciation and amortization of investment property and property, plant and equipment are included in:

	Nine months ended January 31	
	2024	2023
Cost of sales (Note 15)	₱5,249,996	₱4,831,072
Inventories and biological assets	735,103	786,582
General and administrative expenses (Note 17)	91,175	90,170
Distribution and selling expenses (Note 16)	30,025	32,114
Other expense	10,113	4,635
	₱6,116,412	₱5,744,572

10. Prepaid expenses and other current assets

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Advances to suppliers	₱2,177,552	₱401,658
Input VAT - net	(11,179)	199,883
Prepaid taxes	148,089	141,743
Prepaid expenses	116,380	173,634
Deferred transportation cost	69,571	92,322
Forward contract	54,486	58,866
Prepaid rent	26,767	21,864
Short-term deposit	181,000	1,000
Others	8,806	2,371
	2,771,472	₱1,093,341

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 pertain to costs associated with subscription fees, employee benefits, and insurance on stocks and bonds.

Input VAT pertain to prepayments made to regulatory authorities for the purchase of materials and supplies that will be used for manufacturing goods.

Deferred transportation cost pertains to advanced payment on delivery and transportation services and is normally incurred within the next financial period.

Prepaid taxes pertain to real property, local business, and excise taxes which are paid in advance to regulatory authorities and are usually amortized within the next reporting period.

Prepaid rent pertains to advance payments to suppliers for the lease of various warehouses.

Other current assets consist of advances to employees and insurance.

11. Short-term Notes Payable

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Peso-denominated loans	₱6,050,000	₱7,975,000
Dollar-denominated loans	10,573,579	12,497,924
	₱16,623,579	₱20,472,924

The unsecured peso-denominated loans bear interest at 6.40% to 7.41% and 4.50% to 6.75% as at January 2024 and April 2023 respectively, and usually mature after 30 to 90 days.

As at January 2024, April 2023, the balance of dollar-denominated unsecured notes payable in original currency amounted to US\$187,464 or ₱10,573,579 and US\$225,200 or ₱12,497,924, respectively. The loans bear an interest at 5.70% to 6.50% and 4.43% to 6.50%, as at January 2024 and April 2023, respectively and usually mature after 28 to 90 days.

For the period ended January 31, 2024, the Parent Company availed of peso-denominated loans amounting to ₱ 3,150,000.00 which bear interest at 6.40% to 6.60 % and has maturity of 1 to 60 days. The Parent Company also availed dollar-denominated loans amounting to US\$ 33,440.00 or ₱ 1,886,116 which bears interest at 5.70% to 6.50% and has maturity of 30 to 90 days. Principal payments made during the same period amounted to ₱ 6,474,774. Total short-term loans rolled over upon maturity amounted to ₱ 11,435,748.

Total interest expense on short-term loans amounted to ₱867,419 and ₱632,404 for period ended January 2024 and April 2023, respectively.

12. Long-term Debt

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Bank and Financial Institutions:		
BDO	₱6,966,667	₱1,500,000
DBP	4,500,000	1,500,000
	11,466,667	3,000,000
Less debt issuance cost	69,279	8,645
	₱11,397,388	2,991,355
Less current portion	708,333	687,500
	₱10,689,055	₱2,303,855

In October 2023, the Parent Company availed of an unsecured peso-denominated loans totaling ₱8,730,790 with a variable interest rate, maturing in year 2028, to finance payment of bonds payable and other existing debts, and partially finance general corporate requirements. The debt issuance costs related to the loans amounted to ₱69,210. The loans are payable on quarterly basis over a period of five (5) years, inclusive of two (2)-year grace period on the principal.

For the period ended January 31, 2024, the Parent Company made principal payments amounting to ₱333,333.

The loan agreements require a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not exceeding 2.5x based on consolidated financial statements. The debt-to-equity ratio was revised to 3.0x pursuant to the amendment agreements dated October 26 and 27, 2023. The Parent Company is compliant with its loan covenants as at January 31, 2024 and April 30, 2023.

Interest expense on long-term loans amounted to ₱290,847 and ₱126,497 for the periods ended January 2024 and April 2023, respectively.

The movement in unamortized debt issuance costs follow:

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Balance at beginning of the period	₱8,645	₱14,368
Amortization	69,210	(5,723)
Additions	8,577	-
Balance at end of the period	₱69,279	₱8,645

13. Bonds Payable

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Face value of bonds payable	₱645,900	₱6,478,460
Less: discount on bonds payable	3,889	22,027
Carrying value	642,011	6,456,433
Less: current portion	-	5,816,019
	₱642,011	₱640,414

For the period ended January 31, 2024, the Parent Company paid the three-year fixed rate bond amounting to ₱5,832,560.

The loan agreements require a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not exceeding 2.5x based on consolidated financial statements. The Parent Company is compliant with its loan covenants as at January 31, 2024 and April 30, 2023.

The movement in unamortized debt issuance costs follow:

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Balance at beginning of year	₱22,027	₱56,062
Amortization	18,138	34,035
Balance at end of year	₱3,889	₱22,027

14. Accounts Payable and Accrued Expenses

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Accounts payable:		
Trade	₱3,973,776	₱5,367,137
Nontrade	220,237	122,392
Due to related parties (Note 25)	995,957	20,265
Accrued expenses:		
Advertising, promotions, sales returns and discounts	548,307	193,467
Payable to government agencies	318,279	391,980
Tinplate and consigned stocks	207,926	204,086
Salaries, bonuses and other employee benefits	112,498	158,894
Interest	73,117	188,208
Freight and warehousing	192,912	219,734
Professional and outside services	210,623	169,656
Utilities	71,119	79,634
Land preparation and rental	121,444	102,098
Others	116,479	215,639
	₱7,162,674	₱7,433,190

For the period ended January 31, 2024, the capital injection amounted to ₱56,330. The share in net losses of the joint venture in excess of capital injection is included under “Others” amounting to ₱15,141 and ₱41,556 as of January 31, 2024 and April 30, 2023, respectively.

15. Cost of Sales

	Nine months ended January 31	
	2024	2023
Inventories (see Note 7)	₱11,633,830	₱19,077,108
Depreciation and amortization (Note 9)	5,249,996	4,831,072
Personnel (Note 25)	2,223,124	2,512,873
Fuel, light and power	714,513	1,264,099
Repairs and maintenance	404,456	562,463

	Nine months ended	
	January 31	
	2024	2023
Freight and logistics	314,131	413,814
Rent	89,672	283,816
Materials and supplies	141,738	276,267
Provision for obsolescence (Note 7)	320,230	209,765
Taxes and licenses	52,734	34,693
Royalty expense	22,524	26,907
Insurance	12,001	11,499
Travel and transportation	14,516	19,132
Others	782,674	1,128,243
	₱21,976,139	₱30,651,751

16. Distribution and Selling Expenses

	Nine months ended	
	January 31	
	2024	2023
Freight and storage	₱1,110,326	₱1,780,267
Personnel	865,635	739,285
Advertising and Promotion	461,810	473,165
Research and development	74,843	88,819
Entertainment, amusement and recreation	36,429	40,409
Depreciation and amortization (Note 9)	30,025	32,114
Taxes and licenses	24,239	30,704
Rent	11,150	10,891
Others	74,828	82,240
	₱2,689,284	₱3,277,893

17. General and Administrative Expenses

	Nine months ended	
	January 31	
	2024	2023
Personnel	₱333,979	₱380,576
Depreciation and amortization (Note 9)	91,175	90,170
Technology cost	63,724	49,873
Training and employee activities	53,145	49,914
Travel and transportation	31,396	25,029
Taxes and insurance	24,334	14,286
Rent	16,056	12,835
Utilities	15,943	16,795
Outside services	12,417	6,456
Supplies	7,557	6,147
Others	23,705	17,734
	₱731,590	₱740,811

18. Finance Cost

	January 2024	January 2023
Interest expense:		
Short-term and long-term payables (Notes 11 and 12)	₱1,185,197	₱523,308
Lease liabilities (Note 24)	140,005	124,683
Bonds payable (Note 13)	119,800	170,601
Capitalized borrowing costs (see Note 9)	(188,080)	(148,883)
	1,256,922	669,709
Bank charges	133,948	98,413
	₱1,390,870	₱768,122

19. Income Taxes

The details of the Group's deferred tax assets (liabilities) are as follows:

DMPI

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Items recognized in profit or loss		
Accrued leases / PFRS 16 adjustment	₱170,125	₱131,264
Accrued expenses	31,789	37,678
Allowance for:		
Excess of cost over NRV of inventories	18,110	26,900
Impairment losses on receivables and property, plant and equipment	3,887	3,806
Retirement plan	₱47,040	(₱7,949)
Changes in fair value of biological assets	(95,125)	(89,927)
Unrealized foreign exchange losses (gains)	(64)	32,570
Taxes on sweetened beverages	(19,655)	(16,133)
Capitalized customs duties and taxes on property, plant and equipment	(2,702)	(2,006)
	153,406	116,203
Items recognized in other comprehensive income		
Revaluation increment	(259,323)	(259,323)
Remeasurement effects - retirement plan	(125,060)	(125,060)
Derivatives	(13,621)	(7,752)
Unrealized gain on FVOCI	(4,748)	(5,048)
	(397,798)	(397,183)
	(₱249,346)	(₱280,980)

PPMSC

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
Items recognized in profit or loss		
PFRS 16 adjustment	(P875)	(P888)
Allowance for impairment losses on receivables	138	217
	(P737)	(P671)

DMTDI

The Tax Reform Act of 1997 (the “Act”) introduced net operating loss carry-over (NOLCO) benefit which can be applied to an entity’s taxable income for three (3) succeeding years from the year the loss was incurred. On the other hand, any excess of MCIT over RCIT is carried forward annually and applied against RCIT for the next 3 succeeding taxable years. Pursuant to the “Bayanihan to Recover as One Act” and Revenue Regulation No. 25-2020 issued by the Bureau of Internal Revenue (BIR) on September 30, 2020, NOLCO incurred by DMTDI in taxable year 2021 can be carried over and claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years.

As at April 30, 2023 the Group’s NOLCO coming from DMTDI, which could be applied against future taxable income are as follows:

Year Incurred	Amount Incurred	Amount Applied/Expired	Balance	Expiry Date
2020	P114	(P114)	P–	2023

The reconciliation of the income tax expense computed at statutory rate to the income tax expense shown in profit or loss is as follows:

	Nine months ended	
	January 31	
	2024	2023
Income before income tax	₱2,242,680	₱4,115,893
Income tax at 25% in 2023 and 2022	(₱560,667)	(₱1,021,300)
Add (deduct) tax effects of the following:		
Nondeductible expenses	29,902	96,836
Nontaxable income	69,489	68,461
Interest income subjected to final tax	(5,191)	(1,436)
Income from PEZA-registered activities subject to lowered tax rate	817,367	1,458,659
	₱350,901	₱601,221

20. Common Stock

As at and for the year ended January 31, 2024, while the Parent Company complied with the financial ratios under the loan/debt covenants, it did not meet the required financial ratios under the Shareholders' Agreement entered into with SEA Diner. However, in case of other redemption events, the redemption of the RCPS is subject to mutual consent of the Parent Company and the holder of the RCPS. As at January 31, 2024, there has been no mutual consent and as at February 9, 2024, the Parent Company and SEA Diner continue to be in discussion to address the matter and have no intention to mutually agree to a redemption of the RCPS. The current issuance of perpetual securities where the vast majority of proceeds will be used to acquire SEA Diner's shares is a continuation of the constructive discussions with SEA Diner with respect to resolving the financial covenant issue in the Shareholders' Agreement. Once the issuance of the perpetual securities has been completed, the existing Shareholders' Agreement will be terminated, which will holistically remove the requirement to comply with such financial ratios.

21. Dividends

On June 15, 2023, the Parent Company declared cash dividend of ₱0.04989 per share to the holders of common shares of the Parent Company as of close of June 29, 2023 amounting to ₱139,558. Dividends amounting to ₱15,421, net of final taxes, were remitted to SEA Diner. The remaining balance due to CARI amounting to ₱103,203 was offset against the receivables from DMPL.

On September 5, 2023, the Parent Company declared cash dividend of ₱0.15886 per share to the holders of common shares of the Parent Company as of close of September 20, 2023 amounting to ₱444,385. Dividends amounting to ₱49,104, net of final taxes, were remitted to SEA Diner. The remaining balance due to CARI amounting to ₱328,621 was offset against the receivables from DMPL.

On September 1, 2022, the Parent Company declared cash dividend of ₱0.17906 amounting to ₱500,888 to holders of record as of September 19, 2023. Dividends amounting to ₱55,348 and ₱370,407, net of final tax, were remitted to SEA Diner and CARI, respectively. The remaining balance was subsequently entered by the Parent Company and CARI into an offsetting agreement wherein the dividend payable to CARI amounting to ₱289,428 net of final tax, was offset against the receivables from S&W Fine Foods International Ltd.

On June 17, 2022, the Parent Company declared cash dividend of ₱0.80143 amounting to ₱2,241,856 to holders of record as of July 4, 2023. Dividends amounting to ₱247,725 and ₱1,657,853, net of final tax, were remitted to SEA Diner and CARI, respectively.

22. Fair Values

The table below presents a comparison by category of carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximate of fair values as at January 31, 2024 and April 30, 2023.

	January 31, 2024 (Unaudited)		April 30, 2023 (Audited)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial assets at FVOCI	₱32,057	₱32,057	₱34,054	₱34,054
Financial Liabilities				
<i>Measured at amortized cost:</i>				
Long-term debt	₱11,397,388	₱11,666,486	₱2,991,355	₱2,906,707
Bonds payable	642,011	616,337	6,456,433	6,347,364
	₱12,039,399	₱12,282,823	₱9,447,788	₱9,254,071

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, Short-term Deposits and Accounts Payable and Accrued Expenses

The Group has determined that carrying amounts of cash and cash equivalents, receivables, short-term deposits 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 approximates the carrying amount since the Group 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.

Long-term Notes Payable

The fair value of interest-bearing floating rate loans, categorized as Level 3 input, 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, 2023 and January 31, 2024, the fair value of the long-term debt amounted to P2,906,707 and P11,666,486 respectively using 3.00% average incremental borrowing rate of the Group as at the same date.

Bonds Payable

The fair value of interest-bearing bonds, categorized as Level 1 input, is based on quoted market prices in an active market as of reporting date.

Fair value hierarchy

The following table provides the measurement hierarchy of assets measured at fair value:

31 January 2024				
	Level 1	Level 2	Level 3	Totals
Financial assets				
Financial Assets at FVOCI	P32,057	P–	P–	P32,057
Non-financial assets				
Fair value of agricultural produce	–	–		
Harvested*			2,011,406	2,011,406
Unharvested	–	–	2,731,994	2,731,994
Land	–	–	1,037,395	1,037,395
Investment property	–	–	160,889	160,889

* Pertains to fair value of agricultural produce being processed as cased goods as of January 31, 2024

30 April 2023				
	Level 1	Level 2	Level 3	Totals
Financial assets				
Financial Assets at FVOCI	P34,054	P–	P–	P34,054
Non-financial assets				
Fair value of agricultural produce				
Harvested*	–	–	3,387,621	3,387,621
Unharvested	–	–	4,108,988	4,108,988
Land	–	–	1,037,395	1,037,395
Investment property	–	–	165,524	165,524

* Pertains to fair value of agricultural produce being processed as cased goods as of year-end

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

Fair values of non-financial assets have been determined for measurement and/or disclosure purposes based on the following methods. There were no changes from the valuation techniques and significant unobservable inputs used as of and for the year ended April 30, 2023.

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.

Assets	Valuation technique	Significant unobservable inputs
Harvested crops – used in processed products	The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the processed product (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.
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 growing 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.
Land	The fair value of the land was estimated using 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 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.
Investment Property	The valuation method used to determine fair value is Sales Comparison Approach and Cost Approach for land and buildings, respectively.	The unobservable inputs used to determine market value are the prevailing rental rates and the depreciated replacement cost

23. 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 Group 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 Group 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 Group 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 Group and the beneficiaries’ cooperative entered into a new lease agreement extending the lease period for another 25 years starting January 11, 1999. On January 9, 2019, the lease term was extended for another 25 years starting January 11, 2024. Starting May 1, 2024, the annual rental rate will increase from ₱16,500 per hectare to ₱19,000 per hectare and the annual rental rate will increase from ₱19,000 per hectare to ₱20,000 per hectare starting January 1, 2027.

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 Group'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.

24. Leases

Company as a lessee

The following are the amounts recognised in the interim statement of comprehensive income for the periods ended:

	Nine months ended	
	January 31	
	2024	2023
Amortization expense of right-of-use assets (Note 9)	₱632,187	₱559,341
Interest expense on lease liabilities (Note 18)	140,005	124,683
Expenses relating to short-term leases	169,687	327,729
	₱941,879	₱1,011,753

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

	31 January	30 April
	2024	2023
	(Unaudited)	(Audited)
At the beginning of period	₱2,435,212	₱2,871,074
Additions	1,195,175	370,429
Accretion of interest	140,005	163,173
Payments	(536,806)	(969,408)
Adjustments	-	(56)
At the end of period	3,233,586	2,435,212
Current lease liabilities	(670,489)	(429,222)
Noncurrent lease liabilities	₱2,563,097	₱2,005,990

Source of Estimation Uncertainty

The Parent Company uses discount rates to account for lease liabilities related to various lease agreements. The Parent Company cannot readily determine the interest rate implicit in the lease at lease commencement date, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The Parent Company estimates the IBR using observable inputs such as interest rates from partner banks based on the terms of its loan borrowings and make certain-specific estimates based on the Parent Company's credit worthiness.

Company as a lessor

The Parent Company has sublease agreements which provide for lease rentals based in an agreed fixed monthly rate.

Lease receivable represents receipts to be received over the remaining lease term. Movement of the lease receivables during the period are as follows:

	31 January 2024 (Unaudited)	30 April 2023 (Audited)
At the beginning of period	₱10,316	₱36,203
Adjustments/Transitions	–	148
Contractual receipts	(7,070)	(26,994)
Interest income	140	959
At the end of period	3,386	10,316
Current lease receivable	(42)	(7,008)
Non-current lease receivable	₱3,344	₱3,308

Supplemental Cash Flow Information

For the period ended January 31, 2024, significant non-cash investing transaction pertains to additions to right-of-use assets under property, plant and equipment amounted to ₱1,261,386 with corresponding increase in lease liabilities of ₱798,374.

25. Related Party Transactions

The Group 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 transactions and account balances with related parties follows:

Category/ Transaction	Period*	Amount of the transaction	Outstanding balance – receivables/ (payables) as of 31 January 2024 and 30 April 2023	Terms	Conditions
Ultimate Parent					
▪ Sales	2024	₱4,556	₱4,8478	Non-interest bearing	Unsecured; no impairment
	2023	833	–		
▪ Purchases	2024	0	(57)	Non-interest bearing	Unsecured
	2023	(4,308)	(934)		
▪ Services and other reimbursements	2024	5,375	1,166	Non-interest bearing	Unsecured; no impairment
	2023	3,058	3,947		
Under Common Control					
▪ Sales	2024	3,337,935	7,241,001	Non-interest bearing	Unsecured; no impairment
	2023	7,838,344	6,457,055		
▪ Purchases and royalties	2024	(31,086)	(5,302)	Non-interest bearing	Unsecured
	2023	37,613	(35,662)		
▪ Advances	2024	4,189,514	564,562	Non-interest bearing	Unsecured; no impairment
	2023	10,993,826	3,158,207		
▪ Services and other reimbursements	2024	(1,363,010)	659,644	Non-interest bearing	Unsecured
	2023	557,253	590,701		

(Forward)

Category/ Transaction	Period*	Amount of the transaction	Outstanding balance – receivables/ (payables) as of 31 January 2024 and 30 April 2023	Terms	Conditions
Other Related Party					
▪ Sales	2024	₱53,500	₱145,206	Non-interest bearing	Unsecured; no impairment
	2023	305,395	132,687		
▪ Purchases	2024	(155,084)	(39,328)	Non-interest bearing	Unsecured
	2023	(361,249)	(16,465)		
▪ Rendering of services	2024	46,923	16,014	Non-interest bearing	Unsecured; no impairment
	2023	(241,717)	87,143		
Lease receivables	2024	–	3,338	Non-interest bearing	Unsecured; no impairment
	2023	(41)	3,426		
Rental of office space and common use area	2024	0	(26,613)	Non-interest bearing	Unsecured
	2023	(137,842)	(13,149)		
			₱8,564,478		
			10,366,956		

* 2024 - Transactions are for the nine months ended January 31, 2024.. Balances are as of January 31, 2024.
2023 - Transactions are for the year ended April 30, 2023. Balances are as of April 30, 2023.

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

Except for transactions identified in the previous section as interest-bearing, outstanding balances at financial reporting date are unsecured, interest-free and settlement occurs in cash and are collectible or payable on demand. As at January 31, 2024 and April 30, 2022, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties.

Details of the remuneration of key management personnel follows:

	31 January 2024	31 January 2023
Salaries	₱13,195,604	₱14,995,364
Short-term benefits	57,670	45,063
Post-employment benefits	501,086	748,002
Total	₱13,754,360	₱15,788,429

26. Earnings per Share

Basic and diluted earnings per share are calculated by dividing the net income attributable to owners of the Parent Company by the weighted average number of ordinary shares in issue during the period. For the purpose of calculation of the diluted earnings per ordinary share, it is the same as the computation of basic earnings per share since there are no potential ordinary shares.

	Three months ended		Nine months ended	
	January 31		January 31	
	2024	2023	2023	2022
Profit attributable to owners of the Parent Company (a)	₱651,101	₱1,208,435	₱1,891,813	₱3,514,723
Weighted average number of common shares issued (b)	2,797,320	2,797,320	2,797,320	2,797,320
Basic/Diluted Earnings per Common Share attributable to equity holders of the Parent (a/b)	₱0.23	₱0.43	₱0.68	₱1.26

27. Operating Segments

Information about reportable segments

	Three months ended		Nine months ended	
	January 31		January 31	
	2024	2023	2024	2023
Revenues				
Convenience Cooking and Desert	₱4,204,020	₱4,150,408	₱11,053,285	₱10,774,724
Healthy Beverages and Snacks	1,815,114	2,116,508	5,259,609	5,659,385
Premium Fresh Fruit	1,967,649	1,703,682	5,982,738	6,030,108
Packaged fruit and Beverages	1,382,733	2,564,154	4,515,040	6,738,715
Others	29,766	39,851	112,317	95,184
Changes in fair value – PAS 41	631,257	729,133	1,895,649	2,198,075
Total	₱10,030,539	₱11,303,736	₱28,818,638	₱31,496,191
Income before interest and tax				
Convenience Cooking and Desert	₱590,177	₱830,121	₱1,801,860	₱2,467,324
Healthy Beverages and Snacks	54,892	206,804	(12,548)	275,755
Premium Fresh Fruit	602,040	392,529	1,621,116	1,423,344
Packaged fruit and Beverages	(276,014)	184,430	(386,562)	419,823
Others	4,984	10,104	16,563	28,295
Changes in fair value - PAS 41	135,378	(18,164)	133,308	51,936
Total	₱1,111,457	₱1,605,824	₱3,173,737	₱4,666,477

28. Other Matters

- a. Other than those already disclosed in the notes to financial statements, there were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity.
- b. Other than those already disclosed in the notes to financial statements, there were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favourable or unfavourable impact on net sales or revenues or income from continuing operations.
- c. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual statements of financial position date.
- d. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.
- e. The effects of seasonality or cyclicity on the interim operations of the Group's businesses are explained in Note 4, Seasonality of operations.
- f. The retained earnings is restricted for the payment of dividends to the extent representing the accumulated equity in net earnings of the subsidiaries amounted to ₱633,293. The accumulated equity in net earnings of the subsidiaries is not available for dividend distribution until such time that the Parent Company receives the dividends from the subsidiaries.

Causes for any Material Changes in the Financial Statements

A. Receivables

Receivables decreased by ₱1,372 million, or 9.68%, from ₱14,179.1 million as of April 30, 2023 to ₱12,806.1 million as of January 31, 2024 due to intercompany collections during the period.

B. Short-term notes payable

Short-term notes decreased by ₱3,849.3 million, or 18.8%, from ₱20,472.9 million as of April 30, 2023 to ₱16,623.6 million as of January 31, 2024 due to net payments of loan during the period.

C. Prepaid expenses and other current assets

Prepaid and other current assets increased by ₱1.7 million, or 153%, from ₱1,093.3 million as of April 30, 2023 to ₱2,771.5 million as of January 31, 2024 primarily due to advances made to suppliers.

D. Accounts payable and accrued expenses

Accounts payable decreased by ₱0.3 million, or 3.64%, from ₱7,433.2 million as of April 30, 2023 to ₱7,162.7 million as of January 31, 2024 mainly driven by lower purchases and importations during the period, and lower accruals at the end of the period.

Liquidity and Covenant Compliance

Certain unsecured bank loan agreements contain various covenants that are typical of these types of facilities such as financial covenants relating to required debt-to-equity ratio, interest cover, and maximum annual capital expenditure restrictions.

The Parent Company monitors its liquidity risk to ensure that it has sufficient resources to meet its liabilities as they become due, under both normal and stressed circumstances without incurring unacceptable losses or risk to the Parent Company's reputation. The Parent Company maintains a balance between continuity of cash inflows and flexibility in the use of available and collateral free credit lines from local and international banks and constantly maintains good relations with its banks, such that additional facilities, whether for short-term or long-term requirements, may be made available.

As of January 31, 2024 and April 30, 2023, the Parent Company is in compliance with the covenants stipulated in the loan agreements.

Annex A
DEL MONTE PHILIPPINES, INC.
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula	31 January 2024	30 April 2023
(i) Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	0.97	0.74
Quick Ratio	(Current Assets - Inventory - Biological – Prepaid Expenses) / Current Liabilities	0.53	0.42
(ii) Solvency Ratio			
	Total Assets / Total Liabilities	1.35	1.32
Financial Leverage Ratios:			
Debt Ratio	Total Liabilities/Total Assets	0.74	0.76
Debt-to-Equity Ratio	Total Liabilities*/Total Stockholders' Equity	2.84	3.10
(iii) Asset to Equity Ratio			
	Total Assets / Total Stockholders' Equity	3.84	4.10
(iv) Interest Coverage			
	Earnings Before Interest and Taxes (EBIT) ** / Interest Charges	3.41	6.68
(v) Profitability Ratios			
Return on Assets	Net Income*** / Total Assets	3.92%	6.99%
Return on Equity	Net Income*** / Total Stockholders' Equity	15.04%	28.66%
		31 January 2024	31 January 2023
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	23.74%	27.85%
Net Profit Margin attributable to owners of the company	Net Profit attributable to owners / Sales	6.56%	11.16%
Net Profit Margin	Net Profit / Sales	6.56%	11.16%

** Total liabilities used is equal to the total liabilities per interim consolidated statement of financial position and is differently calculated from the total liabilities used for debt-to-equity computation in compliance with the loan agreements.*

*** EBIT =Earnings before interests and taxes*

**** Net Income uses trailing twelve months for January 2024*