

A world-leading, fully integrated
agriculture network



A man with dark hair and a beard, wearing a red, blue, and white plaid shirt, is looking down at a green plant in a field. The background is a soft-focus landscape with a cloudy sky. A white rounded rectangle is overlaid on the right side of the image, containing a circular inset that shows a close-up of the man's shirt.

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We believe in the **power of connection.**

Adding value at every stage of the supply chain

At Viterra, we believe in the power of connection. Our world-leading, fully integrated agriculture network connects producers to consumers with sustainable, traceable and quality-controlled agricultural products.

We source commodities such as grains, oilseeds, pulses, rice, sugar and cotton from producers. Using our extensive network of storage facilities, processing plants and logistics assets, we process, manage and supply these commodities and products to our customers around the world.

Our customers include the processing industry (food, animal feed and consumer products), local importers and distributors, and governments. Through these strong relationships, as well as our industry insight and asset network, we focus on the sustainability, safety, quality and reliability of everything we do.

With talented employees operating across 37 countries, our agriculture network enables us to offer innovative solutions and open pathways for our customers, creating successful partnerships that last.

Together, we are stronger, and achieve more.



viterra.com



Full-year
report

A message from our Chief Executive Officer

Viterra places a high priority on food security and ensuring the continued movement of food ingredients to all areas of need. Our extensive global asset network allows us to continue to connect consumers directly to producers in key markets around the globe, providing a wide range of services and quality-controlled products.

Before reflecting on the milestones of 2021, I first wish to address the deeply shocking events currently occurring in relation to the ongoing military attacks in Ukraine by the Russian government. Our crisis management teams are monitoring the situation around the clock, as we prioritise the safety and well-being of our Ukrainian employees and their families.

We are actively engaged in providing humanitarian support to Ukraine and its people. Through our Viterra Community Fund, we have allocated an initial amount of USD \$2,000,000 to give direct help to our colleagues and their families, as well as to provide humanitarian aid to refugees and Ukrainian communities.

At the present time, we continue to operate our existing businesses in Russia in compliance with all existing sanctions. However, we have suspended any new development and expansion projects within the region. We are undergoing a thorough assessment of the intermediate and long-term impact on our business operations, and will keep all relevant stakeholders informed of any material developments, as and when appropriate.

2021 – A defining year for the industry

Throughout 2021, we saw multi-year high prices in many of the commodities our network handles. This was largely driven by strong global demand, supported by an increased focus on food security in several countries, and enhanced demand from renewable fuel programmes.

Over recent years, we have focused on strengthening the core foundations of our business so we can continue to capitalise on the increased seaborne trade of global agriculture commodities. In 2021, we saw the clear benefits of our origination and marketing strategies. Through these, we provide more value to our customers in the form of reliability, quality control and sustainability, providing traceable products, delivered directly from producers to end consumers.

The synergies between our origination, processing and marketing teams, combined with our fully integrated chartering department, contributed to a strong result that exceeded expectations. Our performance would not have been possible without the dedication of our employees worldwide. The success of our business is a direct result of their hard work and expertise and I congratulate everyone on the exceptional achievements of 2021.

A world-class agriculture network

We continued to expand and strengthen our network in the past year. These projects will optimise our business, increase our origination presence and improve the transparency of our supply chains.



In April, we announced our intent to build a world-class canola crushing facility in Canada, with an annual crush capacity of 2.5 million metric tonnes, which we expect to be fully operational in early 2025. This investment, together with our near completed, state of the art vegetable oil refinery in Hungary, will help us to meet increasing oil demand for the renewable fuel market.

Our sugar mill and port terminal expansions in South America have created additional efficiencies in our business, and our new soybean meal storage facilities in Australia and the UK will further expand our distribution network connected with our Argentinean crush business. We continued to develop our storage and handling network in North America, which included the opening of new strategically located storage sites and significant upgrades across our existing footprint.

Our commitment to safety and sustainability

In June 2021, we published our annual sustainability report, which details our activities and performance around health and safety, environment, community and human rights, and food and feed safety. We also released our Soy sustainability policy for South America.

We are pleased to be one of the 10 leading signatories to the COP26 commitment to end deforestation and reduce greenhouse gas emissions associated with our supply chain, and have committed to eradicate sourcing from deforested land by 2025.

During 2021, we further demonstrated our commitment to operating sustainably by establishing medium-term targets for improving our environmental performance over a number of areas, and issued three Revolving Credit Facilities tied to sustainability related objectives. We are working diligently to integrate programmes and activities to achieve those medium-term targets across Viterra.

While the success and sustainability of our company is important to us, our highest priority is the safety and well-being of our employees.

I am pleased to report that in 2021, Viterra had zero catastrophic events and fatal incidents, and a significant reduction in the frequency and severity of injuries in our workplace.

The continued improvements in this area are a testament to the outstanding efforts of our health and safety teams around the world. I would like to express my appreciation for everyone’s commitment to keeping our colleagues safe and for prioritising health and safety in our daily operations.

Looking ahead

The outlook for our business remains strong, and with continued growth in global income and population, the long-term demand for our core commodities will continue to rise. This is further supported by a rapidly growing focus on sustainable supply chains and the transition to renewable fuels, and decarbonisation opportunities, which our network is ideally set up to service.

We see tremendous opportunity with our recent announcement of the acquisition of Gavilon’s grain and ingredient business. Gavilon is a major player in the United States, and we are excited to further grow and strengthen our network, allowing us to provide additional flexibility to our customers.

I would like to take this opportunity to thank our employees, shareholders and customers for their continued support. Together we play an important role in the agriculture industry, and we look forward to working together to secure our future success.

David Mattiske
Chief Executive Officer

Shareholders and **values**

Our sound business structure and strategy, along with the backing of stable investors, support our position as a global leader in the sourcing, handling, processing and marketing of agricultural commodities and products.

Since 2016, Viterra has been jointly owned by three shareholders who share our vision and believe that we are well positioned to benefit from strong, long-term industry fundamentals that will continue to create rising agricultural demand.

Our shareholders include Glencore, one of the world's largest global diversified natural resource companies, along with CPP Investments, one of the world's largest and fastest growing institutional investors, and BCI, one of Canada's largest institutional investors. These companies recognise the critical importance of agriculture and support Viterra's long-term strategy.

Our **values**

Our values empower our people to behave in ways that contribute to the success of our business as well as treating the world with respect:

We make things happen

Efficient and effective, we get the job done. We empower our people to make well-informed decisions, fast. We are responsive to change and pursue opportunity.

We are connected

We value diversity and work inclusively to bring together many minds, many talents and many perspectives. Throughout our network, we collaborate respectfully and build successful partnerships that last.

We look ahead

We are solutions focused. The future presents us with possibilities. We constantly learn and evolve, developing new ways of doing business to be the leaders in our field.

We are responsible

We care for our colleagues, our customers, our communities and our environment. We prioritise safety and sustainability throughout our business, continuously looking to improve our performance and to maximise the positive contribution we make to the world.

We are open

We are true to our word. We partner with colleagues and customers in a positive, straightforward way, operating with transparency and integrity to be successful.

Our network in numbers



Origination

We source agricultural commodities directly from producers and producer cooperatives in all the main growing regions in the world. Our extensive network of assets is strategically located to support the origination of the highest quality food ingredients.



Storage and handling

We have storage and handling facilities in key growing regions, enabling product quality to be maintained and ensuring products are available when consumers need them.

180+
storage
facilities in

14
countries



Logistics

Our comprehensive logistics network allows us to oversee our commodities from the producer's gate to the hands of the consumer.

2,000+
owned or leased
rail wagons

200+
ocean-going
vessels



Processing and refining

We own a range of processing and refining facilities that enable us to ship some of the agricultural commodities we supply as a range of useful products ready for our consumers to use.

30+
processing
and refining
facilities in

13
countries



Port terminals

We own a network of port terminals in the main exporting countries from which we supply both bulk shipments and containerised product to destination markets all over the world.

25
port
terminals in

9
countries



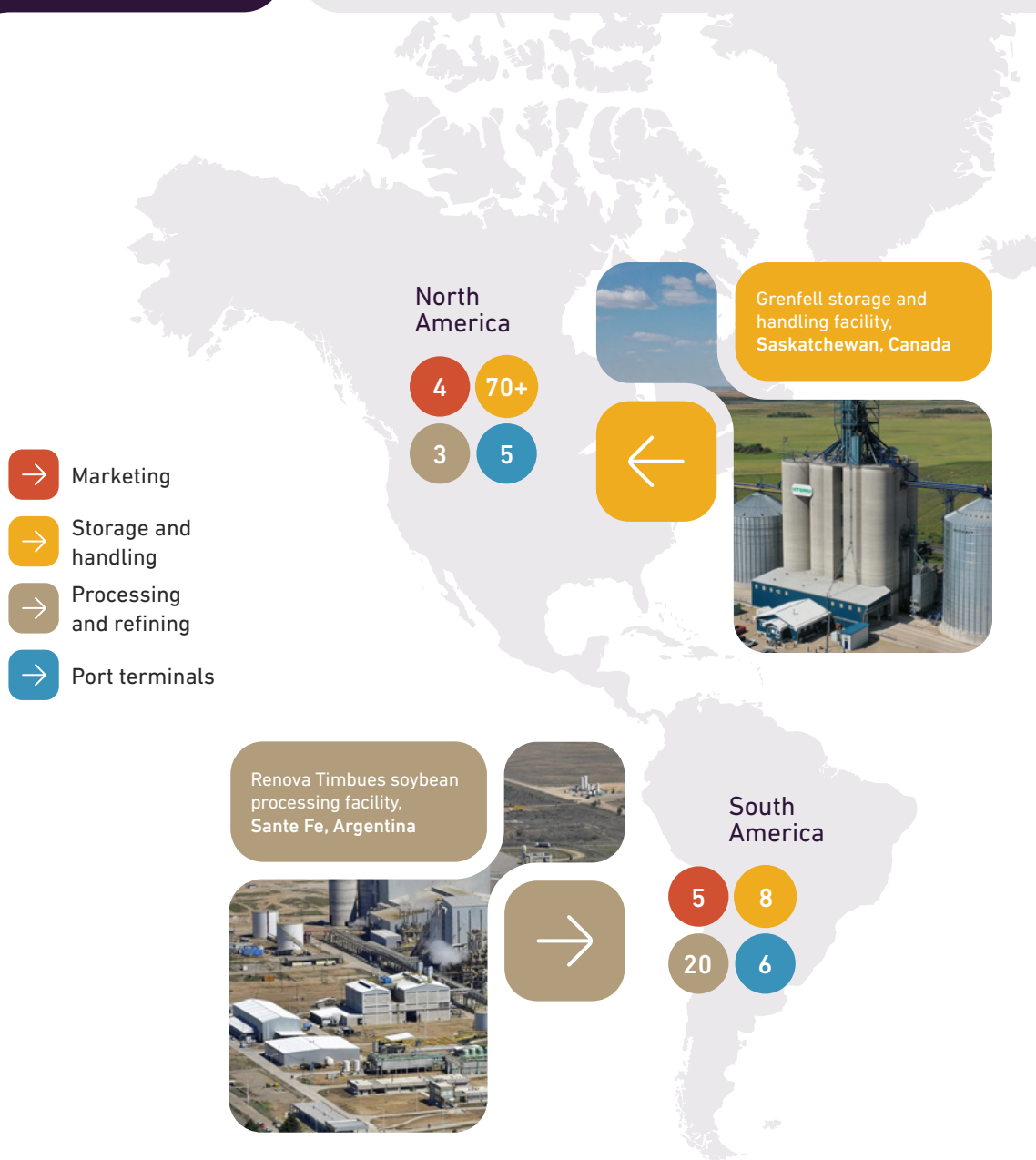
Marketing

We combine our insight and experience with our network of assets and strong relationships with producers to source agricultural commodities and supply them to our consumers around the world.

90m
tonnes of
commodities
marketed in 2021

marketing
offices in
32
countries

Global map



Site locations correct at time of printing.

Figures represent all owned, leased, and joint venture facilities as per 31 December 2021.

Sales volumes MMT

90 MMT

Wheat, corn, barley, soybeans and soybean meal were the dominant commodities for 2021

Global port throughput

40.9 MMT

Annual 100% throughput volumes of owned, leased and joint venture ports for 2021

Seaborne trade

1,490

2021 ocean freight voyages



All volumes are calculated per annum and correct as at January 2022.

Global crushed volume

13.8 MMT

Annual 100 % crush volumes of owned, leased and joint venture processing facilities for 2021

EBITDA

2,180

USD\$m FY 2021
Non-IFRS performance measure. Defined on page 18.

Our network spans

37

Countries worldwide

Providing a **sustainable** and **traceable** supply chain

Sustainability is a key focus for our customers and will continue to drive changes in our industry. Viterra is one of few global players able to connect customers directly with producers, aiming to deliver fully traceable and quality-controlled supply chains.

Our commitment

Viterra aspires to demonstrate leadership by continuously monitoring our impact on the environment and communities in which we operate, and to make a positive impact wherever possible.

We have a goal to eliminate deforestation in our supply chains and look after valuable and protected areas. As part of COP26, Viterra has signed a joint statement with nine other major agriculture commodity companies, with the aim of identifying solutions to further progress the elimination of commodity-driven deforestation and thereby reducing greenhouse gas emissions.

We seek to work collaboratively with governments, non-government organisations and other industry participants, which requires cooperation along the supply chain from producers through to consumers. These supported actions give us the best opportunity to make the necessary progress, and to see agriculture make further improvements to reducing emissions and achieving environmental sustainability.

Origination and distribution strategies

One of our primary purposes at Viterra is to connect producers directly with customers in core demand regions globally. Our origination strategy focuses on buying directly from producers wherever possible and improving our ability to originate and market sustainable and traceable products, with increased reliability and quality control for our customers.

Within South America, we have launched our Soy sustainability policy, which intends to increase our share of soy that is traceable-to-origin. Our goal is to have full traceability of all products along our supply chain down to farm level. We cooperate with suppliers, stakeholders and industry leaders to work together to achieve our commitments. We monitor our soy supply chain and we expect our suppliers to respect and uphold equivalent principles.

Through our marketing initiatives, we aim to leverage our strong chartering position to deliver a higher proportion of volumes directly to the customer, thereby maintaining quality control further along the supply chain.



Renewable fuels

Renewable fuel mandates around the world are increasing demand for vegetable oils and biodiesel. Viterra's network is well positioned to service this demand through our oilseeds processing and biodiesel business across Canada, Europe and South America.

In April, we announced our intent to build a world-class integrated canola crushing facility in Regina, Saskatchewan, a major oilseed producing region. The facility will serve the food and feed markets, as well as create the feedstock necessary for renewable diesel. The project (which is still at the feasibility stage) has a targeted annual crush capacity of 2.5 MMT and would come online in 2025.

Construction of a 600 MT/day refinery has continued throughout 2021 at our Foktő processing facility in Hungary. The highly efficient, integrated processing facility is strategically located in the major sunseed production region and will be perfectly positioned to service increased renewable fuel feedstock across Europe and beyond. Expected completion is in 2022.

Soybean meal distribution

To further grow our sustainable soybean meal pipeline, we are currently making several investments that will allow us to expand our soybean meal exports from our fully integrated soybean processing facility in Timbúes, Argentina.

In Australia, we began operation of a meal storage facility in Newcastle, and construction is close to complete on our new meal storage facility in Lara. These projects are in addition to our existing storage network in Australia and New Zealand and will allow us to continue to service our customers with flexible, quality-controlled products.

In the United Kingdom, the expansion of our meal storage facility at our Portland port terminal has increased capacity and added a fully automated receiving system capable of handling a wider range of commodities.

By expanding our sustainable meal pipeline, we not only increased efficiencies within our network, we also improved flexibility and quality control for our customers, providing them with traceable product from origin to destination.

Sustainability linked financing

In 2021, Viterra renewed our Revolving Credit Facilities, this year linking to our core mid-term sustainability targets. This is an important step and reinforces our commitment to safety, the environment and the wider community.



Expanding and improving our network

Access to strategically located assets and a focus on best-in-class operations are the core foundations to the success of our business. We continually seek opportunities which strengthen our asset footprint, increasing capacity and improving efficiency, as well as selective acquisitions complementary to our operations.

Canadian facility upgrades

Since 2018, we have been executing a four-year programme of upgrades/additions to our Canadian storage and handling assets. In partnership with CP Rail (national rail carrier), we are expanding our storage capacities and increasing rail car loading capabilities, which will allow us to ship grain more quickly to port.

In October 2021, we opened a new, state of the art grain handling and storage facility at Rosser, Manitoba (one of four new builds within the project). Additionally, over 2021, we completed upgrades at five existing facilities.

Brazilian sugar processing

In South America, we increased our sugar processing capacity in Guararapes, Brazil. With the additional processing capacity, our annual production of very high polarity (VHP) sugar has increased by 13%, and we have further increased flexibility between processing sugar and ethanol. This has led to increased profitability for our sugar business.

Indian pulse processing

In 2021, we finalised our investment in Wings Agro – a pulse processing joint venture situated in Rajkot, India. The investment builds on our existing presence in the Indian pulse market and provides us with increased insights into the downstream supply chain.



Valparaiso storage and
handling facility,
Saskatchewan, Canada

Cost saving and optimisation

Maintaining efficient operations and a low cost base is essential to maximise value along our pipelines. We are running a collection of global initiatives which aim to capture incremental value through structural cost savings and margin improvements.

Throughout 2021, we successfully identified and captured savings across our entire global portfolio. In Brazil, improved equipment efficiency and procurement strategies have allowed us to reduce our cost base to future proof the business against potential moves in sugar price. Other initiatives completed across 2021 include optimisation of US cotton operations and efficiency improvements across the Argentinean crush businesses.

Digital improvements

Technology improvements allow for more efficient connections with producers and customers. Our focus is to drive innovation and embrace technology at every stage of the supply chain.

Viterra is a shareholder in Covantis, an industry initiative that aims to modernise global post-trade operations by utilising technology to increase transparency and efficiencies. In early

2021, the Covantis platform was launched and Viterra has successfully implemented its use on shipments out of Brazil.

In 2022, Covantis will expand to other parts of the world, starting with North America, and Viterra will make use of the expanded possibilities as soon as they become available.

Looking ahead – Gavilon acquisition

As part of our long-term strategy, we have been actively working to expand our business presence in the United States and have taken a measured approach in identifying and exploring opportunities in this market. In January 2022, we announced our agreement to purchase Gavilon, in what was undoubtedly a monumental day for our Company.

Gavilon originates, stores and distributes grains and oilseeds, as well as food and feed ingredients, worldwide. It has the third largest grain storage network in the US, complemented by international operations in South America and Europe.

We are tremendously excited at the opportunity that Gavilon brings to Viterra, diversifying our earnings and geographic reach. We are also pleased to gain the knowledge and talent of Gavilon's people, who will undoubtedly further enhance our global team.



HSEC and **sustainability**

Viterra's sustainability approach is designed to safeguard our people and communities, protect the environment, and ensure all our food and feed products are safe. As a world-leading agriculture network, we understand the vital role we play, from producers to consumers. We are conscious of our obligations in the communities where we operate and to the environment we all share.

Our fundamental values and beliefs about our environment and the health and safety of everyone involved with our business are an integral part of our business designs, procedures and work practices. We foster workplaces where all jobs can be performed in a safe and healthy manner, respecting environmental stewardship.

Our goals are to prevent injuries, protect against negative health impacts and positively impact the environment. We comply with all applicable laws and regulations and participate in industry and government forums aimed at improving environment and health and safety outcomes.

At Viterra, we apply best practices in our quality control and feed and food safety management, ensuring all our products meet or exceed all regulatory requirements.



Consumers can be confident that all of our food and feed products are safe and suitable for their intended purpose.



Community Fund



Our Community Fund was launched in 2021 and will be implemented across our business. The Community Fund provides us with a way to bring sustainable, long-term benefits to the environments and communities in which we operate.

The Fund will support initiatives that fit with four key aspects of our worldwide sustainability work, and which help our agricultural communities along our supply chain in different countries to achieve more, for generations to come.

Environmental care and preservation

Protecting and sustaining our environment



Capability building

Developing skills to strengthen our communities and improve livelihoods



Disaster relief

Supporting our communities impacted by natural disasters



Health improvement

Advancing health and well-being outcomes



Management discussion

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FY 2021 in numbers

Sales volume

90 MMT

Wheat, corn, barley, soybeans and soybean meal dominant commodities for 2021

Revenue

41

USD\$bn

EBITDA

2,180

USD\$m

Net income

attributable to equity holders

922

USD\$m

FFO

1,816

USD\$m

Total capital expenditure

355¹

USD\$m

¹On a cash basis, including investments.

Adjusted net debt

289

USD\$m

Adjusted net debt to LTM¹ EBITDA

0.13x

¹ LTM: Last 12 months.

All volumes are shown per annum and are correct as of March 2022
This section contains non-IFRS alternative performance measures, defined on page 18

A message from our Chief Financial Officer



In 2021, we saw the continuation of high prices, strong global demand and positive margin environments across most of the core commodities we serve. Through our world-leading integrated network, we are well placed to capture demand and connect customers with our global origination base.

Throughout 2021, we have been a major participant in meeting the rapidly growing global demand for food, feed and fuel products, in particular into Asia. Our distribution network and origin flexibility allowed us to increase our volumes across several commodities including soybeans, barley, meal and vegetable oils.

Global supply was good across most of the core commodities we serve. South Australian crops returned to average levels, benefiting our origination and handling business. We were able to navigate tighter market conditions caused by the Canadian drought, through our extensive regional footprint and established presence in other producing regions.

Vegetable oil and biodiesel markets were buoyed over 2021 by increased demand into the renewable fuel sector across the US, and global supply disruptions. We have grown our global sales of vegetable oils and captured positive margins across our European crushing and biodiesel portfolio.

Our chartering group capitalized on the opportunities given by the strongest dry bulk markets since 2008. In 2021, we chartered a record volume of 70 million metric tonnes, which was a 10 million metric increase over 2020.

In April 2021, we received our first public investment grade ratings of BBB- with a stable outlook from S&P and Fitch, a mark of confidence in our business and industry. These

positive ratings enabled us to issue bonds on the US and European markets, with both issuances heavily oversubscribed.

Achieving these milestones was key in diversifying our funding sources and extending our debt maturity profile, core elements of our long term funding strategy. We continue to maintain ample committed liquidity headroom, and manage our balance sheet in line with our investment grade commitment.

The record results of 2021 are a reflection of the efforts of our workforce around the world. I would like to thank each employee for their dedication to maintaining operational excellence and continuing to work effectively remotely through COVID restrictions.

A major focus for us in the year ahead will be the completion of the Gavilon acquisition. The addition of this valuable US presence will strengthen and diversify our existing business and we are excited by the opportunities it presents for Viterra.

The critical role we play in the global food supply chain is clear. Through our supportive shareholders, talented workforce and stringent risk management policies we are confident in our ability to operate successfully in an evolving and dynamic environment.

Peter Mouthaan
Chief Financial Officer

Management discussion

Record group earnings

Our sales volumes for the year ended 31 December were 90 MMT, predominantly comprised of grains (wheat, corn, barley) and oilseeds (soybean, soybean meal, rapeseed and vegetable oils).

Total revenue was \$41bn, compared to \$28bn for 2020, representing a 45% increase. The change was predominantly driven by significant rallies in our core commodity prices in particular for the soybean complex, wheat, feed grains, and vegetable oils.

Marketing volumes sold

Million tonnes	2021	2020	Change %
Grain	55.4	57.7	-4%
Oilseeds	32.4	29.9	9%
Cotton	0.6	0.6	-3%
Sugar	1.6	1.7	-3%
Total	90.0	89.9	0.2%

EBITDA¹ for the period was \$2,180m, a 73% increase from 2020. We saw positive contributions across all areas of our business, from origination, storage & handling and logistics through to processing, seaborne trade, chartering and marketing.

2021 saw an increase in our net financing costs vs the same period 2020 on the back of higher working capital funding.

Total tax expenses were \$310m for 2021, vs \$144m in 2020. 2021 figures include a one off tax charge related to a change in corporate tax rate in Argentina, impacting our deferred tax liabilities. Our adjusted effective tax rate (accounting for tax losses not recognised, foreign currency translation effects, inflation corrections and corporate income tax rate changes) for 2021 was 25%.

Net income attributable to equity holders came to \$922m for the period, an increase of 136% vs 2020.

Strengthened balance sheet structure

Total non-current assets at period end, 31 December 2021, were \$6,1bn, vs \$5,9bn at year-end 2020. The change is primarily driven by higher right-to-use assets, which increased on the back of new lease additions and re-measurement of existing right-of-use leases at period end market prices.

Long-term debt includes \$1,091m revolving credit facilities (RCFs), \$530m lease liabilities and \$273m other bank loans. Viterra maintains long-standing relationships with over 50 banks across several geographies and with extensive knowledge of the commodities sector. In 2021, Viterra issued four capital bonds (two \$600m US bonds, one EUR700m, and one EUR500m) as part of our strategy to diversify funding and extend our debt maturity profile.

All figures are USD

Management discussion continued...

Short-term debt includes \$1,087m secured inventory/receivables facilities, \$373 lease liabilities and \$3.056m bilateral bank facilities and other financings.

Equity (excluding non-controlling interests) at 31 December 2021 came to \$4,601m, an increase of \$515m related to positive earnings for the period.

Short-term debt more than covered by liquid assets

Total working capital² for the period ending 31 December 2021 was \$7.8bn, vs \$5.5bn at year-end 2020. Significant growth in commodity prices has become the dominant driver behind changes in capital requirements.

The largest component of working capital is readily marketable inventories (RMIs) which are considered readily convertible to cash due to their highly liquid nature and available markets. Viterra considers all marketing inventory as RMI and nearly all its production inventory (volumes to be processed or already processed) as RMI given the large demand markets for sub-products. As at 31 December 2021, RMI comprised 98% (\$8.2bn) of total inventories, compared to 98% (\$5.5bn) at year-end 2020.

As typically seen across the industry, total funding³ is strongly correlated to readily marketable inventory. Given the liquid nature of these inventories it is appropriate to also exclude when considering Viterra's net debt⁴. At 31 December 2021, our adjusted net debt⁵ was \$289m, compared to \$1,105m at year-end 2020. The decrease was predominantly due to high operating cash flow and changes in non-inventory working capital, offset by higher lease liabilities. Our adjusted net debt to last twelve month EBITDA was 0.13x.

Ample liquidity headroom

Viterra takes a conservative approach to liquidity headroom. The group's policy is to reserve a large part of its RCFs undrawn in order to maintain sufficient committed headroom and to mitigate liquidity risk. As at 31 December 2021, Viterra held \$3.6bn available headroom in committed facilities.

Our main facilities consist of;

- 1yr committed USD \$3,515m European RCF (1year extension+1year term out option)
- 3yr committed USD \$570m RCF (+2x 1yr extension option)
- 1yr committed USD \$575m Asian RCF (+2x 1yr extension option)

Continued growth in operating cashflow

Funds from operations⁶ (FFO) is a measure that reflects our ability to generate cash for investment, debt servicing and distributions to shareholders. FFO for 2021 was \$1,816m, an increase of 95% compared to 2020 on the back of strong earnings.

All figures are USD

Management discussion continued...

Total capital expenditure for the period (on a cash basis, including investments) was \$355m, vs \$302 in 2020. Expansionary projects include a refinery construction at our crush facility in Hungary, upgrades to our networks in Canada, Australia and the UK, and investment in the digital transformation joint venture, Covantis (with ADM, Bunge, Cargill, LDC, Marubeni and COFCO).

In 2021, a return of capital was made to shareholders of \$300m.

Gavilon financing

Transaction will be primarily debt financed. A \$1.7bn bridge facility has been secured with our core banking group, with the remaining capital requirements financed through existing facilities and cash on hand.

Non-IFRS metric definitions:

1. EBITDA	consists of revenue less cost of goods sold and selling and administrative expenses plus share of income from associates and joint ventures and dividend income, adding back depreciation and amortisation
2. Working capital	is calculated as accounts receivables, other financial assets, inventories, securities less accounts payable and other financial liabilities
3. Total funding	is defined as the total of current and non-current borrowings
4. Net debt	is defined as total current and non-current borrowings less cash and cash equivalents
5. Adjusted net debt	is defined as total current and non-current borrowings less cash and cash equivalents and readily marketable inventories
6. FFO	comprises cash provided by operating activities before working capital changes, less tax and net interest payments plus dividends received

All figures are USD

Consolidated financial statements

2021 Viterro Limited



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Statement of directors' responsibilities

Consolidated Financial Statements 2021

The Directors are responsible for preparing the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance

with all applicable IFRS. However, the Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Directors: D.W. Mattiske, C.J. Mahoney,
M.C. Walt, J.A. Bryce, B.M. Hogg, L.H. Webb**

16 March 2022

Independent **auditor's report** to the members of Viterra Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Viterra Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

We have audited the financial statements which comprise:

- the consolidated statement of income;
- the consolidated statement of other comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of cash flows;
- the consolidated statement of changes in equity; and
- the notes to the consolidated financial statements comprising notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law is IFRS as issued by the IASB and adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent **auditor's report**

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies (Jersey) Law 1991 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions, IT and forensic specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue transactions that occur close to period end and have a significant gross margin impact which contain complex terms and/or may be reversed subsequent to period end, including fair value measurements. In response, we have:
 - tested the design and implementation of relevant controls surrounding the accuracy, occurrence and cut off of trade capture and the revenue cycle;
 - agreed, on a sample basis, deliveries occurring on or around 31 December 2021 between the trade book system and the relevant supporting documents to assess whether the IFRS revenue recognition criteria were met for recorded sales.
 - tested the accuracy of trades entered into around the reporting date within the trade book system by tracing and agreeing a sample of trades from their source documents to the trade book system; and
 - tested the design and implementation of relevant internal controls over management's fair value measurement processes and performed detailed substantive testing of the related fair value measurements on a sample basis.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements

Independent **auditor's report**

made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house / external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991 we are required to report in respect of the following matters if, in our opinion:

- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Jones FCA
For and on behalf of Deloitte LLP
London, United Kingdom

18 March 2022

Consolidated statement of income

For the year ended 31 December 2021

US\$ million	Notes	2021	2020
Revenue	2	40,667	28,114
Cost of goods sold		(38,978)	(27,150)
Gross margin		1,689	964
Selling and administrative expenses		(314)	(264)
Share of income from associates and joint ventures	11	28	16
Gains/(loss) on disposals and investments	3	12	(3)
Other income ¹	4	78	5
Other expense ¹	4	(91)	(30)
Dividend income		3	2
Interest income		7	8
Interest expense	6	(206)	(171)
Income before income taxes		1,206	527
Current income tax expense	7	(208)	(103)
Deferred income tax expense	7	(102)	(41)
Income for the period		896	383
Attributable to:			
Non-controlling interests		(26)	(8)
Equity holders		922	391

¹ Certain prior year balances have been restated to conform with current year presentation to show separately other income and expense items.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2021

US\$ million	Notes	2021	2020
Income for the period		896	383
Other comprehensive income			
Items not to be reclassified to the statement of income in subsequent periods:			
Gain/(loss) on remeasurement of defined benefit plan	20	29	(10)
Deferred tax related to remeasurement of defined benefit plan		(8)	2
Net items not to be reclassified to the statement of income in subsequent periods:		21	(8)
Items that are or may be reclassified to the statement of income in subsequent periods:			
Exchange (loss)/gain on translation of foreign operations		(115)	9
(Loss)/gain on cash flow hedges		(17)	3
Cash flow hedge reclassified to statement of income		(3)	—
Share of other comprehensive gain from associates and joint ventures	11	—	2
Items recycled to the statement of income upon acquisition/disposal of subsidiaries and associates	3	7	(1)
Net items that are or may be reclassified to the statement of income in subsequent periods:		(128)	13
Other comprehensive (loss)/income		(107)	5
Total comprehensive income		789	388
Attributable to:			
Non-controlling interests		(26)	(8)
Equity holders of the parent		815	396

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position

As at 31 December 2021

US\$ million	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	8	4,415	4,170
Intangible assets	9	1,050	1,062
Investments in associates and joint ventures	11	396	389
Other investments	24	10	10
Advances and loans ¹	12	65	75
Pension surplus ¹	20	97	79
Deferred tax assets	7	99	93
		6,132	5,878
Current assets			
Biological assets	13	20	17
Inventories	14	8,340	5,635
Accounts receivable	15	2,904	2,367
Other investments	24	30	54
Other financial assets	25	1,409	2,035
Cash and cash equivalents	16	475	327
Income tax receivable		121	31
		13,299	10,466
Total assets		19,431	16,344
Equity and liabilities			
Capital and reserves – attributable to equity holders			
Share capital	17	1	1
Reserves and retained earnings		4,600	4,085
		4,601	4,086
Non-controlling interests	29	157	189
Total equity		4,758	4,275
Non-current liabilities			
Borrowings	18	4,437	2,576
Deferred tax liabilities	7	447	328
Post employment benefits ¹	19	18	28
Provisions ¹	19	129	127
Other financial liabilities	25	66	—
Other long-term liabilities		27	28
		5,124	3,087
Current liabilities			
Borrowings	18	4,516	4,353
Accounts payable	21	3,452	2,556
Provisions	19	106	32
Other financial liabilities	25	1,369	2,012
Income tax payable		105	28
Other current liabilities		1	1
		9,549	8,982
Total equity and liabilities		19,431	16,344

¹ Certain prior year balances have been restated to conform with current year presentation to show separately post employment benefits from provisions and pension surpluses from advances and loans.

The accompanying notes are an integral part of the consolidated financial statements.

These financial statements were approved by the Board of Directors on 16 March 2022 and signed on behalf of the Board.

D.W. Mattiske - Director

Consolidated statement of cash flows

For the year ended 31 December 2021

US\$ million	Notes	2021	2020
Operating activities			
Income before income taxes		1,206	527
Adjustments for:			
Depreciation and amortisation	8, 9	774	539
Share of income from associates and joint ventures	11	(28)	(16)
Increase in other long-term liabilities		13	6
(Gain)/loss on disposals and investments	3	(12)	3
Impairments	5	5	3
Other non-cash items – net		2	1
Interest expense – net		199	163
Cash generated by operating activities before working capital changes		2,159	1,226
Working capital changes			
Increase/(decrease) in accounts receivable ¹		49	(1,619)
Increase in inventories ²		(2,790)	(1,299)
Increase in accounts payable ³		318	1,960
Total working capital changes		(2,423)	(958)
Income taxes paid		(194)	(122)
Interest received		5	7
Interest paid		(169)	(183)
Net cash used by operating activities		(622)	(30)
Investing activities			
Net cash used in acquisition of subsidiaries	22	—	(19)
Net cash received from disposal of subsidiaries	22	—	4
Purchase of investments		(4)	(11)
Proceeds from sale of investments		50	—
Purchase of property, plant and equipment and intangibles	8, 9	(351)	(272)
Proceeds from sale of property, plant and equipment and intangibles		6	5
Dividends received		15	4
Net cash used by investing activities		(284)	(289)
Financing activities⁴			
Repayment of other non-current bank facilities – net	18	(840)	(833)
Proceeds from issuance/(repayment) of capital market notes		2,590	(400)
Proceeds from current borrowings – net	18	60	1,916
Repayments of lease liabilities	18	(448)	(220)
Return of capital		(300)	—
Distribution to non-controlling interest		(5)	(2)
Net cash generated by financing activities		1,057	461
Increase in cash and cash equivalents		151	141
Foreign exchange movement in cash		(3)	1
Cash and cash equivalents, beginning of period		327	184
Cash and cash equivalents, end of period		475	327

¹ Includes movements in advances and loans and other financial assets.

² Includes movements in biological assets.

³ Includes movements in other financial liabilities and provisions.

⁴ Refer to note 18 for reconciliation of movement in borrowings.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of changes of equity

For the year ended 31 December 2021

US\$ million	Retained earnings	Share premium	Other reserves (note 17)	Total reserves and retained earnings	Share capital (note 17)	Total equity attributable to equity holders	Non-controlling interests (note 29)	Total equity
1 January 2021	1,803	3,096	(814)	4,085	1	4,086	189	4,275
Income for the period	922	—	—	922	—	922	(26)	896
Other comprehensive income/(loss)	22	—	(129)	(107)	—	(107)	—	(107)
Total comprehensive income/(loss)	944	—	(129)	815	—	815	(26)	789
Distributions paid	—	—	—	—	—	—	(6)	(6)
Return of capital	—	(300)	—	(300)	—	(300)	—	(300)
At 31 December 2021	2,747	2,796	(943)	4,600	1	4,601	157	4,758

US\$ million	Retained earnings	Share premium	Other reserves (note 17)	Total reserves and retained earnings	Share capital (note 17)	Total equity attributable to equity holders	Non-controlling interests (note 29)	Total equity
1 January 2020	1,420	3,096	(827)	3,689	1	3,690	199	3,889
Income for the period	391	—	—	391	—	391	(8)	383
Other comprehensive income/(loss)	(8)	—	13	5	—	5	—	5
Total comprehensive income/(loss)	383	—	13	396	—	396	(8)	388
Distributions paid	—	—	—	—	—	—	(2)	(2)
At 31 December 2020	1,803	3,096	(814)	4,085	1	4,086	189	4,275

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

Note 1: Accounting policies

Corporate information

Viterra Limited (the "Company" or "Parent") together with its subsidiaries (the "Group" or "Viterra"), is a leading integrated producer and marketer of agricultural products, with worldwide activities in the production, refining, processing, storage, transport and marketing of agricultural products. Viterra operates on a global scale, marketing and distributing physical commodities mainly sourced from third party producers to industrial consumers, such as those in the oil and food processing industries. Viterra also provides financing, logistics and other services to producers and consumers of commodities. In this regard, Viterra seeks to capture value throughout the commodity supply chain. Viterra's long experience in production, processing, storage and handling, and marketing of commodities has allowed it to develop and build upon its expertise in the commodities which it markets and cultivate long-term relationships with a broad supplier and customer base across diverse industries and in multiple geographic regions.

Viterra Limited is a privately held company incorporated and domiciled in Jersey.

These audited consolidated financial statements for the year ended 31 December 2021 were authorised for issue on 16 March 2022.

Statement of compliance

The accounting policies adopted are based on the Company's consolidated financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and adopted by the European Union.

Under Article 105(11) of the Companies (Jersey) Law 1991, the directors of a holding company need not prepare separate financial statements (i.e. company only financial statements) if consolidated accounts for the company are prepared, unless required to do so by the members of the company by ordinary resolution. The members of the Company had not passed a resolution requiring separate financial statements and in the Directors' opinion, the Company meets the definition of a holding company. As permitted by law, the Company's Board of Directors has elected not to prepare separate financial statements for the Company.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common, industry-standard modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Viterra has identified the following areas as being critical to understanding Viterra's financial position as they require management to make complex and/or subjective judgements, estimates and assumptions about matters that are inherently uncertain:

Critical accounting judgements

In the process of applying Viterra's accounting policies, management has made the following judgements based on the relevant facts and circumstances including macro-economic circumstances and, where applicable, interpretation of underlying agreements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

(i) Determination of control of subsidiaries and joint arrangements (notes 11, 22 and 31)

Judgement is required to determine when Viterra has control of subsidiaries or joint control of joint arrangements. This requires an assessment of the relevant activities (those relating to the operating and capital decisions of the arrangement, such as the approval of the capital expenditure programme for each year, and appointing, remunerating, and terminating the key management personnel or service providers of the operations) and when the decisions in relation to those activities are under the control of Viterra or require unanimous consent. See note 22 for a summary of the acquisitions of subsidiaries completed during the year and the key judgements made in determining control thereof. In the current year there were no material acquisitions of subsidiaries or changes in control that required significant judgements.

Judgement is also required in determining the classification of a joint arrangement between a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement and in particular, if the joint arrangement has been structured through a separate vehicle, further consideration is required of whether:

- (1) the legal form of the separate vehicle gives the parties rights to the assets and obligations for the liabilities;
- (2) the contractual terms and conditions give the parties rights to the assets and obligations for the liabilities; and
- (3) other facts and circumstances give the parties rights to the assets and obligations for the liabilities.

Joint arrangements in which the primary activity is the provision of output to the shareholders typically convey substantially all the economic benefits of the assets to the parties and judgement is required in assessing whether the terms of the offtake agreements and any other obligations for liabilities of the arrangement result in the parties being substantially the only source of cash flows contributing to the continuity of the operations of the arrangement.

Differing conclusions around these judgements may materially impact how these businesses are presented in the consolidated financial statements – under the full consolidation method, equity method or recognition of Viterra's share of assets, liabilities, revenue and expenses, including any assets or liabilities held jointly. See note 11 for a summary of joint arrangements. No material joint arrangements were entered into during the year.

(ii) Credit and performance risk (note 23)

The Group's global marketing operations expose it to credit and performance (the risk that counterparties fail to sell or purchase physical commodities on agreed terms) risks; performance risk arises particularly in physical markets demonstrating significant price volatility.

Judgement is required to determine whether receivables, loans and advances are recoverable and if contracted product deliveries will be received and if open contracts will eventually be executed at the contracted prices. Judgements about recoverability and contractual performance may materially impact both non-current and current assets as recognised in the consolidated statement of financial position. Any estimation uncertainty related to these judgements is not anticipated to result in a material change to the carrying value of these assets within the next financial year.

Key sources of estimation uncertainty

In the process of applying Viterra's accounting policies, management has made key estimates and assumptions concerning the future and other key sources of estimation uncertainty. The key assumptions and estimates at the reporting date that have a significant impact on the financial position and the results of operations are described below. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Recognition of deferred tax assets (note 7)

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether there will be sufficient taxable income available to offset the tax assets when they do reverse. These judgements are subject to risk and uncertainty

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

and therefore, to the extent assumptions regarding future profitability change, there can be a material increase or decrease in the amounts recognised in the consolidated statement of income in the period in which the change occurs. The recoverability of deferred tax assets including the estimates and assumptions contained therein are reviewed regularly by management.

(ii) Valuation of derivative instruments (note 25)

Derivative instruments are carried at fair value and Viterro evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 13 Fair Value Measurement. Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiable inputs (Level 2); or by using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring Viterro to make market-based assumptions (Level 3). Level 3 inputs therefore include the highest level of estimation uncertainty.

(iii) Impairments (notes 4, 5, 8, 9, 10, 11 and 12)

Investments in associates and joint ventures, other investments, advances and loans, property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised in the consolidated statement of income. Future cash flow estimates which are used to calculate the asset's fair value are discounted using asset specific discount rates and are based on expectations about future operations, primarily comprising estimates about production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), operating, rehabilitation, and restoration costs and capital expenditures. Estimates are reviewed regularly by management. Changes in such estimates and in particular, further deterioration in the pricing outlook, could impact the recoverable values of these assets whereby some or all of the carrying amount may be impaired or the impairment charge reduced (if pricing outlook improves significantly) with the impact recorded in the consolidated statement of income.

(iv) Restoration, rehabilitation and decommissioning costs (note 19)

A provision for future restoration, rehabilitation and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance, and the timing, extent, and costs of the required closure and rehabilitation activities. Most of these rehabilitation and decommissioning events are expected to take place many years in the future and the currently estimated requirements and costs that will have to be met when the restoration event occurs are inherently uncertain and could materially change over time.

In calculating the appropriate provision for the expected restoration, rehabilitation or decommissioning obligations, cost estimates of the future potential cash outflows based on current studies of the expected rehabilitation activities and timing thereof are prepared. These forecasts are then discounted to their present value using a risk free rate specific to the liability and the currency in which they are denominated.

Any changes in the expected future costs or risk free rate are initially reflected in both the provision and the asset and subsequently in the consolidated statement of income over the remaining economic life of the asset. As the actual future costs can differ from the estimates due to changes in laws, regulations, technology, costs and timing, the provisions including the estimates and assumptions contained therein are reviewed regularly by management.

(v) Estimation of current tax payable and current tax expense in relation to an uncertain tax position (note 7)

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the most likely amount or expected value of the tax treatment. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

(vi) Fair value measurements (notes 10, 13, 14, 23, 24 and 25)

In addition to recognising derivative instruments at fair value, as discussed above, an assessment of the fair value of assets and liabilities is also required in accounting for other transactions, most notably, biological assets and marketing inventories and disclosures related to fair values of financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market-based transactions often do not exist.

(vii) Business combinations (note 22)

Fair value measurements used in recognition of business combinations are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end. As the fair values for the net assets acquired in the business combination as well as the fair value of previously held equity interests cannot be derived from publicly available information, the fair value measurement is estimated using discounted future cash flow models, discounting future cash flows at the relevant WACC (weighted average cost of capital) rate, and other valuation methods with the involvement of external experts. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. The valuations use Level 3 valuation techniques. However, such information is by nature subject to uncertainty, particularly where comparable transactions often do not exist.

Basis of preparation

The consolidated financial statements are prepared under the historical cost convention except for the revaluation of certain financial assets, financial liabilities, biological assets, pension obligations and marketing inventories that are measured at revalued amounts or fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

The Directors have assessed that they have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the consolidated financial statements. This assessment included consideration of the uncertain developments in Russia and Ukraine as described within note 30. Therefore, they continue to adopt the going concern basis of accounting in preparing these financial statements. Further information on Viterra's objectives, policies and processes for managing its capital and financial risks is detailed in note 23.

All amounts are expressed in millions of United States dollars ("USD" or "US Dollar"), unless otherwise stated, consistent with the predominant functional currency of Viterra's operations.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved when Viterra is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, Viterra controls an investee if, and only if, Viterra has all of the following:

- power over the investee (i.e. existing rights that give it 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.

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

When Viterra has less than a majority of the voting rights of an investee or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- the size of Viterra's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by Viterra, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that Viterra has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Company reassesses 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 listed above. Consolidation of a subsidiary begins when Viterra obtains control over the subsidiary and ceases when Viterra loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and consolidated statement of comprehensive income/(loss) from the date Viterra gains control until the date when Viterra ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the 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 into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in Viterra's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions with any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received being recognised directly in equity and attributed to equity holders of Viterra.

When Viterra loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if Viterra had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The cost of the acquisition is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred, liabilities incurred to the former owners of the acquiree and the equity interests issued in exchange for control of the acquiree. The identifiable assets, liabilities and contingent liabilities ("identifiable net assets") are recognised at their fair value at the date of acquisition. Acquisition related costs are recognised in the consolidated statement of income as incurred.

Where a business combination is achieved in stages, Viterra's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date Viterra attains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of income.

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. The CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit.

Any impairment loss is recognised directly in profit or loss. An impairment loss recognised for goodwill is not able to be reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Viterra reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted for additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Similar procedures are applied in accounting for the purchases of interests in associates. Any goodwill arising from such purchases is included within the carrying amount of the investment in associates, but not amortised thereafter. Any excess of Viterra's share of the net fair value of the associate's identifiable net assets over the cost of the investment is included in the consolidated statement of income in the period of the purchase.

Viterra recognises negative goodwill in situations where the Group as an acquirer paid less to acquire an entity than the fair value of its net assets. When a bargain purchase takes place, the negative goodwill is recognised in the consolidated profit and loss for the period.

Investments in associates and joint ventures

Associates and joint ventures (together "Associates") in which Viterra exercises significant influence or joint control are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is presumed if Viterra holds between 20% and 50% of the voting rights, unless evidence exists to the contrary.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant strategic and/or key operating decisions require unanimous consent of the parties sharing control. Equity accounting involves Viterra recording its share of the Associate's net income and equity. Viterra's interest in an Associate is initially recorded at cost and is subsequently adjusted for Viterra's share of changes in net assets of the Associate, less any impairment in the value of individual investments. Where Viterra transacts with an Associate, unrealised profits and losses are eliminated to the extent of Viterra's interest in that Associate.

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

Changes in Viterra's interests in Associates are accounted for as a gain or loss on disposal with any difference between the amount by which the carrying value of the Associate is adjusted and the fair value of the consideration received being recognised directly in the consolidated statement of income.

Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. When Viterra undertakes its activities under joint operations, Viterra recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. Where Viterra transacts with a joint operation, unrealised profits and losses are eliminated to the extent of Viterra's interest in that joint operation.

Non-current assets held for sale

In compliance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition.

Non-current assets are measured at the lower of the previous carrying amount or the fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment, and intangible assets, are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

If an asset or disposal group no longer meets the requirements to be classified as held for sale, the asset or disposal group is remeasured to the lower of its previous carrying amount adjusted for any depreciation, impairment or revaluations if it had not been held for sale or at its recoverable amount at the date of decision not to sell.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resell.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. Revenue also includes mark-to-market movements on physical forward sales contracts that do not meet own use exemption. These contracts are financial instruments that are measured at fair value through profit and loss.

Sales of goods

Revenue is derived principally from the sale of goods and recognised when control of the goods has transferred to the customer based on the contract terms. Normally, revenue is recognised when the contract terms are fulfilled, which could be when the product is delivered to the destination specified by the customer or cash is received which is when the performance obligations are met. Mark-to-market gains and losses on such contracts, prior to physical delivery, are presented in revenue.

Revenue from the sale of material by-products is included within revenue. Where a by-product is not regarded as significant, revenue may be credited against cost of goods sold.

Rendering of services

Revenue is recognised in the accounting period in which services are rendered.

The main types of services provided by the Group are transshipment services by port terminals, chartering of seagoing vessels and crop cleaning, drying and storage services by the Group's silo network. Revenue from transshipment services is recognised based on work actually performed. Revenue from seagoing vessels/chartering services provided to customers is recognised as the performance obligation is satisfied over time, as the vessel travels to its destination. Revenue from grain cleaning and drying is recognised at the point in time when the service is provided; revenue from storage services is recognised over time.

Interest and dividend income

Interest and dividend income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to Viterra and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable effective interest rate.

Foreign currency translation, transactions and advance considerations

Viterra's reporting currency and the functional currency of the majority of its operations is the US dollar as this is assessed to be the principal currency of the economic environment in which it operates.

(i) Translation of financial statements

For the purposes of consolidation, assets and liabilities of Group companies whose functional currency is in a currency other than the US dollar are translated into US dollars using year-end exchange rates, while their statements of income are translated using average rates of exchange for the year.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate. Translation adjustments are included as a separate component of shareholders' equity and have no impact to the consolidated statement of income to the extent that no disposal of the foreign operation has occurred.

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

(ii) Foreign currency transactions and advance considerations

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then Viterra has determined a date of the transaction for each payment or receipt of advance consideration.

Borrowing costs

Borrowing costs are expensed as incurred except where they relate to the financing of construction or development of qualifying assets, in which case they are capitalised up to the date when the qualifying asset is ready for its intended use.

Retirement benefits

Viterra operates various pension schemes in accordance with local requirements and practices of the respective countries. The annual costs for defined contribution plans that are funded by payments to separate trustee administered funds or insurance companies equal the contributions that are required under the plans and accounted for as an expense.

Viterra uses the Projected Unit Credit Actuarial method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The cost of providing pensions is charged to the consolidated statement of income so as to recognise current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments or settlements, net of expected returns on plan assets. Actuarial gains and losses are recognised directly in other comprehensive income and will not be reclassified to the consolidated statement of income in the future periods.

The retirement benefit obligation/asset recognised in the consolidated statement of financial position represents the actual deficit or surplus in Viterra's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Viterra also provides post-retirement healthcare benefits to certain employees in Canada. These are accounted for in a similar manner to the defined benefit pension plans; however they are unfunded.

Income taxes

Income taxes consist of current and deferred income taxes. Current taxes represent income taxes expected to be payable based on enacted or substantively enacted tax rates at the period end on expected current taxable income, and any adjustment to tax payable in respect of previous years. Deferred taxes are recognised for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, using enacted or substantively enacted income tax rates which are expected to be effective at the time of reversal of the underlying temporary difference. Deferred tax assets and unused tax losses are only recognised to the extent that their recoverability is probable. Deferred tax assets are reviewed at reporting period end and amended to the extent that it is no longer probable that the related benefit will be realised. An asset is recognised for a previously unrecognised deferred tax asset, that subsequently fulfils the criteria for recognition, to the extent that this criteria is fulfilled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same authority and Viterra has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis. The tax effect of certain temporary differences is not recognised principally with respect to the initial recognition of an asset or liability (other than those arising in a business combination or in a manner that initially impacted accounting or taxable profit) and temporary differences

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

relating to investments in subsidiaries and associates to the extent that Viterra can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided in respect of fair value adjustments on acquisitions. These adjustments may relate to assets that, in general, are not eligible for income tax allowances.

Current and deferred tax are recognised as an expense or income in the consolidated statement of income, except when they relate to items that are recognised outside the consolidated statement of income (whether in other comprehensive income or directly in equity) or where they arise from the initial accounting for a business combination.

Viterra assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Property, plant and equipment

Property, plant and equipment are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset.

Right-of-use assets under leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalised and amortised over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Depreciation commences when the asset is available for use. The major categories of property, plant and equipment are depreciated/amortised on a straight-line basis as follows:

Buildings	10 – 45 years
Freehold land	not depreciated
Plant and equipment	10 – 30 years
Bearer plants	Unit of production method

Useful lives of assets are reviewed annually.

Restoration, rehabilitation and decommissioning

Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted using a risk free discount rate to their net present value, are provided for and capitalised at the time such an obligation arises. The costs are charged to the consolidated statement of income over the life of the operation through depreciation of the asset and the unwinding of the discount on the provision.

Changes in the estimated timing of the rehabilitation or changes to the estimated future costs are accounted for prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, provided the reduction in the provision is not greater than the depreciated capitalised cost of the related asset, in which case the capitalised cost is reduced to nil and the remaining adjustment recognised in the consolidated statement of income. In the case of closed sites, changes to estimated costs are recognised immediately in the consolidated statement of income.

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Viterra shall recognise an internally generated intangible asset only if it is probable that the future economic benefits attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Future economic benefits are based on reasonable and supportable assumptions about conditions over the life of the asset. Identifiable intangible assets with a finite life are amortised on a straight-line basis over their expected useful life. The amortisation policy is reviewed annually and impairment testing is undertaken once circumstances indicate the carrying amount may not be recoverable. Other than goodwill, which is not depreciated, Viterra has no identifiable intangible assets with an indefinite life.

The major categories of intangibles are amortised on a straight-line basis as follows:

Port allocation rights	20 – 25 years
Licences, trademarks and software	3 – 20 years

Other investments

Equity investments, other than investments in associates and joint ventures, are recorded at fair value. Changes in fair value are recorded in the consolidated statement of income.

Impairment

Viterra conducts, at least annually, an internal review of asset values which is used as a source of information to assess for any indications of impairment. Formal impairment tests are carried out, at least annually, for cash-generating units containing goodwill and for all other non-current assets when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments in associates and joint ventures are assessed for impairment if there is objective evidence of impairment as a result of a loss event and that loss event has an impact on the estimated future cash flows from the net investment that can be reliably estimated.

An asset's recoverable amount is determined as the higher of its fair value less costs of disposal and its (VIU). Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken at the CGU level. The recoverable amounts of the property, plant and equipment are measured based on (VIU), determined by discounted cash flow techniques based on the most recent approved financial budgets and three-year business plans. The valuation models use the most recent estimates, relevant cost assumptions generally based on past experience and where possible, market forecasts of commodity price and foreign exchange rate assumptions discounted using operation specific discount rates. The valuations remain sensitive to price and further deterioration/improvements in the pricing outlook may result in additional impairments/impairment reversals. The determination of VIU uses Level 3 valuation techniques.

In cases where the carrying amount of an asset will principally be recovered through sale and not use, the recoverable amounts of assets are based on the estimated fair-value less costs of disposal, if this can be reasonably estimated.

If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded in the consolidated statement of income to reflect the asset at the lower amount.

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

An impairment loss is reversed in the consolidated statement of income if there is a change in the estimates used to determine the recoverable amount since the prior impairment loss was recognised. The carrying amount is increased to the recoverable amount but not beyond the carrying amount net of depreciation or amortisation which would have arisen if the prior impairment loss had not been recognised.

Provisions

Provisions are recognised when Viterra has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources embodying economic benefits that can be reliably estimated will be required to settle the liability.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Leases

The Group recognises a right-of-use asset and a corresponding lease liability at the lease commencement date if a contract is or contains a lease. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This lease expense is presented within cost of goods sold and selling and administrative expenses in the statement of income.

Inventories

The vast majority of inventories held by the marketing activities ("marketing inventories") are valued at fair value less costs of disposal with the remainder valued at the lower of cost or net realisable value. Unrealised gains and losses from changes in fair value are reported in cost of goods sold.

Inventories held by the industrial activities ("production inventories") are valued at the lower of cost or net realisable value. Inventories of agricultural produce after harvest are measured at net realisable value. Cost is determined using the first-in-first-out (FIFO) or the weighted average method and comprises material costs, labour costs and allocated production related overhead costs. Financing and storage costs related to inventory are expensed as incurred.

Biological assets

Biological assets are carried at their fair value less estimated selling costs. Any changes in fair value less estimated selling costs are included in the consolidated statement of income in the period in which they arise. Costs to sell include all costs that would be necessary to sell the assets, including costs necessary to get the assets to market.

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

Agricultural produce harvested from biological assets is measured at its fair value less costs to sell at the point of harvest. A gain or loss arising from the initial recognition of agricultural produce at fair value less costs to sell is included in the consolidated statement of income.

Biological assets for which quoted market prices are not available and for which alternative estimates of fair value are considered to be clearly unreliable are measured using the present value of expected net cash flows from the sale of an asset discounted at a current market-determined rate, using Level 3 valuation techniques.

The objective of a calculation of the present value of expected net cash flows is to determine the fair value of a biological asset in its present location and condition.

The Group classifies biological assets as current or non-current depending upon the average useful life of the particular group of biological assets. All of the Group's biological assets were classified as current, as their average useful life is less than one year.

Cash and cash equivalents

Cash and cash equivalents comprise cash held at bank, cash in hand and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVtOCI) or at fair value through profit and loss (FVtPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset. Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit and loss, directly attributable transaction costs. Subsequently, other investments, provisionally priced trade receivables and derivatives are carried at fair value and trade receivables, loans and other receivables are carried at amortised cost adjusted for any loss allowance.

Financial liabilities, other than derivatives and those containing provisional price features, are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost. Financial liabilities that contain provisional pricing features are measured as financial liabilities that include embedded derivatives with separating host contract from embedded derivative under trade payables. The host contract will be classified at amortised cost and the embedded derivative at fair value through profit or loss.

(i) Impairment of financial assets

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVtPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit losses on these financial assets is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information.

For all other financial assets at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

- a review of overdue amounts and for those balances that are beyond 30 days overdue it is presumed to be an indicative of a significant increase in credit risk;
- comparing the risk of default at the reporting date and at the date of initial recognition; and
- an assessment of relevant historical and forward-looking quantitative and qualitative information.

If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months' expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

The Group considers an event of default has materialised when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Group without taking into account any collateral held by the Group or if the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(ii) Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

On derecognition of a financial asset/financial liability in its entirety, the difference between the carrying amount of the financial asset/financial liability and the sum of the consideration received and receivable/paid and payable is recognised in profit and loss. On derecognition of equity investments designated and measured at FVtOCI, the cumulative gain or loss recognised in other comprehensive income is reclassified directly to retained earnings.

(iii) Derivatives and hedging activities

Derivative instruments, which include physical contracts to sell or purchase commodities that do not meet the own use exemption, and provisionally priced sales and purchases are initially recognised at fair value when Viterra becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations, the key inputs for which include current market and contractual prices for the underlying instrument, time to expiry, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied are recognised in either cost of goods sold or revenue. Gains and losses arising on physical forward sales contracts are recognised in revenue and all other gains and losses on derivative instruments are recognised in cost of goods sold.

Those derivatives qualifying and designated as hedges are either (i) a Fair Value Hedge of the change in fair value of a recognised asset or liability or an unrecognised firm commitment, or (ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognised asset or liability or a highly probable transaction.

At the inception of the hedge and on an ongoing basis, Viterra documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets the qualifying hedge effectiveness requirements.

Notes to the consolidated financial statements

Note 1: Accounting policies continued...

Viterra discontinues hedge accounting when the qualifying criteria for the hedged relationship is no longer met. A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the consolidated statement of income.

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognised as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the consolidated statement of income in the same periods during which the hedged transaction affects the consolidated statement of income. Hedge ineffectiveness is recorded in the consolidated statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognised in the consolidated statement of income when the committed or forecast transaction is ultimately recognised in the consolidated statement of income. However, if a forecast or committed transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the consolidated statement of income.

A derivative may be embedded in a non-derivative "host contract". Such combinations are known as hybrid instruments. If a hybrid contract contains a host that is a financial asset within the scope of IFRS 9, then the relevant classification and measurement requirements are applied to the entire contract at the date of initial recognition. Should the host contract not be a financial asset within the scope of IFRS 9, the embedded derivative is separated from the host contract and accounted for as a standalone derivative. Where the embedded derivative is separated, the host contract is accounted for in accordance with its relevant accounting policy, unless the entire instrument is designated at FVtPL in accordance with IFRS 9.

The company applied cash flow hedge accounting in 2021 to hedge foreign currency risk on its future expected cash flows on euro denominated debt, refer to note 23. Where hedge accounting is not applied, realized and unrealized gains and losses on the hedging instrument are recognised in the statement of comprehensive income.

Adoption of new and revised standards

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

(i) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (IBOR) – Phase 2

The amendments introduce a practical expedient for modifications required by the reform, provide an exception that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed and how the entity manages those risks as well as the entity's progress in transitioning from IBOR's to alternative benchmark rates, and how the entity is managing this transition.

The adoption of the amendments has no material impact on the financial statements of the Group.

(ii) IFRS 16 Leases COVID-19-Related Rent Concessions Beyond 30 June 2022

In May 2020, IASB amended IFRS 16 to provide relief to lessees for accounting for rent concessions from lessors specifically arising from the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19-related rent concession from a lessor is a lease modification under certain conditions. A lessee may account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

Due to the ongoing nature of the pandemic, in March 2021 IASB has extended that date to permit a lessee to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Notes to the consolidated financial statements

Note 1: Accounting policies continued..

The application of this amendment to IFRS 16 has no impact on the financial statements of the Group.

Revised standards not yet effective

At the date of issuance of these consolidated financial statements, the following revised IFRS standards, which are applicable to the Group, were issued but not yet effective:

(i) Amendments to IAS 12 Income Taxes titled Deferred Tax related to Assets and Liabilities arising from a Single Transaction¹

These amendments introduce an exception to the initial recognition exemption in IAS 12. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Following the amendments to IAS 12, the Group is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

(ii) Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current¹

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that in the event of existence of a right to defer settlement, the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. Classification of the liability is unaffected by likelihood of exercising the deferral right.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023.

¹ The company is still evaluating the impact of these standards

Note 2: Revenue

Revenue for the period is comprised of the following:

US\$ million	2021	2020
Oilseeds	19,539	11,586
Grain	18,559	14,688
Freight ¹	726	410
Cotton	1,079	847
Sugar	764	583
Total	40,667	28,114

¹ Freight revenue is recognised as the performance obligation is satisfied over time.

Notes to the consolidated financial statements

Note 3: Gain/(loss) on disposals and investments

US\$ million	2021	2020
Gain/(loss) on step acquisition of Renova SA	—	(2)
Loss on disposal of subsidiaries ¹	2	(1)
Gain on sale of share in joint venture	7	—
Other	3	—
Total	12	(3)

¹ Consists of foreign currency translation losses recycled to the statement of income upon entity disposal.

2021

In September 2021 Viterra completed the sale of its 32.5% interest in Newcastle Agri Terminal Pty Ltd for a cash consideration of \$19 million, resulting in a gain of \$7 million.

2020

No acquisitions or disposals took place in 2020 which resulted in material gains or losses.

Note 4: Other income/expense – net

US\$ million	Notes	2021	2020
Change in mark-to-market valuations on investments held for trading		3	5
Indemnification of legal provision		75	—
Other income		78	5
Impairments	5	(5)	(3)
Foreign exchange loss		(6)	(6)
Provision other receivables		(8)	(15)
Legal provision		(75)	—
Other expense - net		3	(6)
Other expense		(91)	(30)

Together with foreign exchange movements and mark-to-market movements on investments held for trading, other expense – net includes other significant items of income and expense which due to their non-operational or incidental nature are reported separately from operating results.

Legal provision and the indemnification are related items presented on a gross basis.

Notes to the consolidated financial statements

Note 5: Impairments

US\$ million	Notes	2021	2020
Property, plant and equipment	8	(4)	(3)
Investment	11	(1)	—
Goodwill	9	—	—
Total		(5)	(3)

As part of a regular portfolio review, Viterra carries out an assessment of whether there is an indication of asset impairment or whether a previously recorded impairment may no longer be required. If indications of impairment exist, an impairment test is performed.

The recoverable amounts of the goodwill and property, plant and equipment were measured based on the value in use (VIU), determined by discounted cash flow techniques based on the most recent approved financial budgets and three-year business plans. The budgets and valuation models use the most recent estimates, relevant cost assumptions which are generally based on past experience and where possible, market forecasts of commodity prices and exchange rates. The future cash flows are discounted using the Group's weighted average cost of capital at 6% (2020: 6.5%). The valuations remain sensitive to price and further deterioration/improvements in the pricing outlook may result in additional impairments/reversals. The determination of the VIU uses Level 3 valuation techniques for the current and prior years.

2021

No significant impairments were recognised during 2021.

2020

No significant impairments were recognised during 2020.

Note 6: Net interest expense

Net interest expense for the period comprises the following:

US\$ million	2021	2020
Capital market notes	(32)	(14)
Revolving credit facility	(40)	(43)
Lease obligations	(36)	(30)
Other bank loans	(95)	(87)
Other	(3)	3
Total	(206)	(171)

Notes to the consolidated financial statements

Note 7: Income taxes

The major components of income tax expense in the consolidated statement of income are:

US\$ million	2021	2020
Current income tax expense	(208)	(103)
Deferred income tax expense relating to origination and reversal of temporary differences	(102)	(41)
Total tax expense reported in the consolidated statement of income	(310)	(144)

The effective Group tax rate is different from the weighted average income tax rate of 26% (2020: 24%) for the following reasons:

US\$ million	2021	2020
Income before income taxes and attribution	1,206	527
Less: Share of income from associates and joint ventures	(28)	(17)
Group income before income tax	1,178	511
Income tax expense calculated at the weighted average income tax rate	(312)	(122)
Tax effects of:	(87)	
Tax exempt income	18	13
Items not tax deductible	(9)	(10)
Foreign exchange fluctuations	11	(24)
Changes in tax rates and adjustments in respect of prior years	(61)	6
Utilisation and changes in recognition of tax losses and temporary differences	66	23
Tax losses of current year not recognised	(8)	(23)
Other	(27)	(8)
Inflation adjustments	(12)	1
Deductible withholding taxes	19	—
Income tax expense	(310)	(144)

The weighted average income tax rate is calculated as a product of the standalone profit/(loss) before tax generated by the Company and its subsidiaries and the prevailing tax rate of the relevant jurisdiction.

Adjusting for a \$19 million (2020: \$27 million) income tax expense related to tax losses not recognised, foreign currency translation effects, inflation corrections and corporate income tax rate changes, the 2021 income tax expense would be \$291 million (2020: income tax expense \$117 million) resulting in an adjusted effective tax rate of 25% (2020: adjusted effective tax rate of 23%).

Notes to the consolidated financial statements

Note 7: Income taxes continued...

Deferred taxes as at 31 December 2021 and 2020 are attributable to the items detailed in the table below:

US\$ million	Notes	2021	2020
Deferred tax assets¹			
Tax losses carried forward		28	11
Mark-to-market valuations		33	37
Property, plant & Equipment & intangible assets		14	16
Leases		18	24
Other		6	5
Total		99	93

US\$ million		2021	2020
Deferred tax liabilities¹			
Property, plant & Equipment & intangible assets		(322)	(259)
Mark-to-market valuations		(105)	(62)
Other		(20)	(7)
Total		(447)	(328)
Total deferred tax - net		(348)	(235)

Reconciliation of deferred tax - net

		2021	2020
1 January		(235)	(191)
Recognised in income for the year		(102)	(41)
Recognised in other comprehensive income		(8)	2
Business combinations	22	—	(3)
Effect of foreign currency exchange movements		(3)	(2)
Total deferred tax - net		(348)	(235)

¹ Asset and liability positions in the same category reflect the impact of tax assets and liabilities arising in local tax jurisdictions that cannot be offset against tax assets and liabilities arising in other tax jurisdictions.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. As at 31 December 2021, \$64 million (2020: \$62 million) of deferred tax assets related to available loss carry forwards have been brought to account, of which \$28 million (2020: \$11 million) are disclosed as deferred tax assets with the remaining balance being offset against deferred tax liabilities arising in the same respective entity. Net deferred tax assets include \$16 million (2020: \$6 million) that arise in entities that have been loss making for tax purposes in either 2021 or 2020 (among these entities, none of them are loss making in both years 2020 and 2021). In evaluating whether it is probable that taxable profits will be earned in future accounting periods prior to any tax loss expiry as may be the case, all available evidence was considered, including approved budgets, forecasts and business plans and, in certain cases, analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets and that no reasonably possible change in any of the key assumptions would result in a material reduction in forecast headroom of tax profits so that the recognised deferred tax asset would not be realised.

Notes to the consolidated financial statements

Note 7: Income taxes continued...

Available gross tax losses carried forward, for which no deferred tax assets have been recognised in the consolidated financial statements, are detailed below and will expire as follows:

US\$ million	2021	2020
1 year	3	42
2 years	15	34
3 years	19	25
Thereafter	146	323
Unlimited	162	210
Total	345	634

The Group has available tax credits of \$6 million and deductible temporary differences of \$41 million, for which no deferred tax assets have been recognised in the consolidated financial statements.

As at 31 December 2021, unremitted earnings of \$3,160 million (2020: \$2,411 million) have been retained by subsidiaries, joint ventures and associates for reinvestment. The Group does not recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, joint ventures and associates as it is not able to control the timing of the reversal of such temporary differences and it is probable that they will not reverse in the foreseeable future.

Note 8: Property, plant and equipment

US\$ million	Notes	Freehold land and buildings	Plant and equipment	Bearer plants	Total
Gross carrying amount:					
1 January 2021		1,092	5,425	139	6,656
Acquisitions		2	335	19	356
Additions of right-of-use assets		92	667	—	759
Disposals		(14)	(68)	(22)	(104)
Effect of foreign currency exchange movements		(32)	(116)	(9)	(157)
Other movements		8	(17)	—	(9)
31 December 2021		1,148	6,226	127	7,501
Accumulated depreciation and impairment:					
1 January 2021		336	2,091	59	2,486
Depreciation		58	680	25	763
Disposals		(13)	(62)	(23)	(98)
Impairment	5	—	4	—	4
Effect of foreign currency exchange movements		(9)	(57)	(3)	(69)
Other movements		—	—	—	—
31 December 2021		372	2,656	58	3,086
Net book value 31 December 2021		776	3,570	69	4,415

Notes to the consolidated financial statements

Note 8: Property, plant and equipment continued...

US\$ million	Notes	Freehold land and buildings	Plant and equipment	Bearer plants	Total
Gross carrying amount:					
1 January 2020		1,072	5,029	164	6,265
Acquisition of subsidiaries	22	4	27	—	31
Disposal of subsidiaries		—	(27)	—	(27)
Acquisitions		1	229	23	253
Additions of right-of-use assets		64	181	—	245
Disposals		(10)	(90)	(10)	(110)
Effect of foreign currency exchange movements		(28)	54	(38)	(12)
Other movements		(11)	22	—	11
31 December 2020		1,092	5,425	139	6,656
Accumulated depreciation and impairment:					
1 January 2020		303	1,696	59	2,058
Disposal of subsidiaries		—	(23)	—	(23)
Depreciation		52	458	23	533
Disposals		(7)	(86)	(11)	(104)
Impairment	5	—	3	—	3
Effect of foreign currency exchange movements		—	37	(12)	25
Other movements		(12)	6	—	(6)
31 December 2020		336	2,091	59	2,486
Net book value 31 December 2020		756	3,334	80	4,170

Plant and equipment includes expenditure for construction in progress of \$227 million (2020: \$184 million). Depreciation expenses included in cost of goods sold are \$748 million (2020: \$521 million) and in selling and administrative expenses \$14 million (2020: \$12 million). Property, plant and equipment with a carrying amount of \$675 million (2020: \$895 million) have been pledged to secure borrowings of the Group.

Leases

The Group leases various assets including land and buildings and plant and equipment. As at 31 December 2021 the net book value of recognised right-of-use assets relating to freehold land and buildings was \$225 million (2020: \$179 million) and relating to plant and equipment was \$643 million (2020: \$405 million). The net book value of obligations recognised under finance lease agreements amounts to \$869 million (2020: \$585 million) as at 31 December 2021.

Gross carrying amount of right-of-use assets disposed of during the year amounted to \$52 million (2020: \$81 million) with accompanying accumulated depreciation of \$51 million (2020: \$80 million).

In respect of these leases, the Group has recognised depreciation charges of \$462 million (2020: \$232 million); the depreciation charges relating to freehold land and buildings was \$36 million (2020: \$28 million) and relating to plant and equipment was \$426 million (2020: \$204 million). In this respect, the Group also recognised \$36 million (2020: \$30 million) interest costs and \$82 million (2020: \$21 million) income from subleasing right-of-use assets during the year ended 31 December 2021. The total cash outflow for repayments of lease liabilities amounts to \$448 million (2020: \$220 million). The Group recognised \$865 million (2020: \$373 million) for expense relating to short-term and low-value leases during the year ended 31 December 2021.

Disclosure of amounts recognised as lease liabilities in the statement of financial position for the leases in the year are included in note 18 and their maturity analysis in note 24; future commitments are disclosed in note 26.

Notes to the consolidated financial statements

Note 9: Intangible assets

US\$ million	Goodwill	Port allocation rights	Licences, software and other	Total
Cost:				
1 January 2021	1,022	36	75	1,133
Additions	—	—	8	8
Disposals	—	—	(2)	(2)
Effect of foreign currency exchange movements	(12)	—	(1)	(13)
Other movements	—	—	(2)	(2)
31 December 2021	1,010	36	78	1,124
Accumulated amortisation and impairment:				
1 January 2021	26	14	30	70
Amortisation expense ¹	—	1	10	11
Disposals	—	—	(2)	(2)
Effect of foreign currency exchange movements	(2)	—	(1)	(3)
Other movements	—	—	—	—
31 December 2021	24	15	35	74
Net carrying amount 31 December 2021	986	21	43	1,050

¹Amortisation of \$8 million recognised in cost of goods sold; and \$3 million recognised in selling and administration expenses.

US\$ million	Notes	Goodwill	Port allocation rights	Licences, software and other	Total
Cost:					
1 January 2020		981	36	59	1,076
Acquisition of business	22	32	—	—	32
Additions		—	—	19	19
Disposals		—	—	(1)	(1)
Effect of foreign currency exchange movements		9	—	(4)	5
Other movements		—	—	2	2
31 December 2020		1,022	36	75	1,133
Accumulated amortisation and impairment:					
1 January 2020		33	14	28	75
Amortisation expense ¹		—	1	5	6
Disposals		—	—	(1)	(1)
Effect of foreign currency exchange movements		(7)	—	(2)	(9)
Other movements		—	—	—	—
31 December 2020		26	15	30	71
Net carrying amount 31 December 2020		996	21	45	1,062

¹Amortisation of \$5 million recognised in cost of goods sold; and \$1 million recognised in selling and administration expenses.

Notes to the consolidated financial statements

Note 9: Intangible assets continued...

Goodwill

The carrying amount of goodwill has been allocated to the Grains business CGU \$755 million (2020: \$765 million) and to the Oilseeds business CGU \$231 million (2020: \$231 million). The goodwill of \$986 million (2020: \$964 million) was recognised in previous business combinations attributable to synergies expected to accrue to the respective grains and oilseeds components as a result of increased volumes and freight and logistics arbitrage opportunities.

During 2021 there were no acquisitions.

In September 2020 the Group acquired a 100% interest in Everi LLC, a Ukrainian vegetable oil terminal. The goodwill is allocated to the Oilseeds business CGU which amounts to \$32 million and is attributable to expected increased volumes and increased commercial opportunities. The goodwill is not tax deductible.

Port allocation rights

Port allocation rights represent contractual entitlements to export certain amounts on an annual basis from terminals in Brazil and Russia. The rights are amortised on a straight line basis over the estimated economic life of the ports which ranges between 20 and 25 years.

Licences, trademarks and software

Intangibles related to internally developed technology and patents were recognised in previous business combinations and are amortised over the estimated economic life of the technology which ranges between three and 20 years.

Note 10: Goodwill impairment testing

For the purpose of impairment testing, goodwill has been allocated to the CGU that is expected to benefit from the synergies of the business combination and which represents the level at which management monitors and manages the goodwill as follows:

US\$ million	2021	2020
Grains business	755	765
Oilseeds business	231	231
Total	986	996

In assessing whether an impairment is required, the carrying value of the CGU is compared with its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal (FVLCD) and its value in use (VIU). If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Given the nature of the CGU's activities, information on its fair value is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the recoverable amount for all CGUs containing goodwill is determined by reference to the VIU cash flow projection, which utilises a discounted cash flow approach.

Notes to the consolidated financial statements

Note 10: Goodwill impairment testing continued...

The calculations use cash flow projections based on the 2022 approved financial budget and financial plans for 2023 – 2025 approved by management. The calculation of VIU for all CGUs is most sensitive to the following assumptions:

- Gross margins
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period.

Gross margins: Gross margins are determined with reference to relevant commodity market prices and historical financial data reported by the Group.

Discount rate: The discount rate is calculated based on the specific circumstances of the Group and derived from its weighted average cost of capital (WACC), which takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The Group performed impairment testing using a range of post-tax WACC rates from 6% to 7%.

Growth rate estimates: Cash flows beyond the forecast periods are extrapolated using the estimated growth rate of 2%, which is based on industry research and global consumption forecasts.

For the grains and oilseeds CGUs, Viterro believes that no reasonably possible change in any of the above key assumptions would cause a material change in the overall outcome of the impairment testing. The determination of VIU for the CGUs uses Level 3 valuation techniques in both years.

Note 11: Investments in associates and joint ventures

Investments in associates, joint ventures and joint operations

US\$ million	2021	2020
1 January	389	359
Additions	3	16
Disposals	(11)	—
Share of income from associates and joint ventures	28	16
Share of other comprehensive income from associates and joint ventures	—	2
Dividends received	(12)	(4)
Impairment	(1)	—
31 December	396	389

Notes to the consolidated financial statements

Note 11: Investments in associates and joint ventures continued...

2021 Details of material associates and joint ventures

Summarised financial information in respect of Viterra's material associates and joint ventures, reflecting 100% of the underlying joint venture's relevant figures, is set out below:

2021	IGT	Taman Grain Terminal	Barcarena	Lartirigoyen y Cia	Total of material joint ventures
Non-current assets	102	342	242	96	782
Current assets	21	32	9	261	323
Non-current liabilities	(3)	(161)	(20)	(13)	(197)
Current liabilities	(8)	(2)	(12)	(211)	(233)
<i>The above assets and liabilities include the following:</i>					
Cash and cash equivalents	20	19	4	37	80
Current financial liabilities ¹	—	—	(10)	(93)	(103)
Non-current financial liabilities ¹	(1)	(122)	(20)	(13)	(156)
Net assets 31 December 2021	112	211	219	133	675
Viterra's ownership interest	50%	50%	50%	50%	
Carrying value	56	106	110	66	338

¹ Financial liabilities exclude trade payables, other payables and provisions.

Summarised profit and loss in respect of Viterra's associates and joint ventures, reflecting 100% of the underlying joint venture's relevant figures for the year ended 31 December 2021, is set out below:

2021	IGT	Taman Grain Terminal	Barcarena	Lartirigoyen y Cia	Total of material joint ventures
Revenue	22	50	23	1,016	1,111
Profit for the year	5	10	—	31	46
Other comprehensive income	—	—	—	—	—
Total comprehensive profit	5	10	—	31	46
Viterra's share of dividends paid	—	—	(3)	(9)	(12)
<i>The above results include the following:</i>					
Depreciation and amortisation	(5)	(13)	(10)	(5)	(33)
Interest income	—	1	—	8	9
Interest expense ¹	—	(1)	(1)	(26)	(28)
Income tax expense	(1)	(3)	(1)	(12)	(17)
Foreign currency gain/(loss)	—	2	(1)	—	1

¹ No new joint ventures or joint arrangements were entered into by the company during the current year.

Notes to the consolidated financial statements

Note 11: Investments in associates and joint ventures continued...

2020 Details of material associates and joint ventures

Summarised financial information in respect of Viterra's material associates and joint ventures, reflecting 100% of the underlying joint venture's relevant figures, is set out below.

2020	IGT	Taman Grain Terminal	Barcarena	Lartirigoyen y Cia	Total of material joint ventures
Non-current assets	107	231	250	92	680
Current assets	10	16	17	194	237
Non-current liabilities	(4)	(41)	(29)	(18)	(92)
Current liabilities	(7)	(5)	(13)	(150)	(175)
<i>The above assets and liabilities include the following:</i>					
Cash and cash equivalents	10	4	9	27	50
Current financial liabilities ¹	—	(2)	(10)	(76)	(88)
Non-current financial liabilities ¹	(1)	—	(29)	(17)	(47)
Net assets 31 December 2020	106	201	225	118	650
Viterra's ownership interest	50%	50%	50%	50%	
Carrying value	53	101	112	59	325

¹ Financial liabilities exclude trade payables, other payables and provisions.

Summarised profit and loss in respect of Viterra's associates and joint ventures, reflecting 100% of the underlying joint venture's relevant figures for the year ended 31 December 2020, is set out below.

2020	IGT	Taman Grain Terminal	Barcarena	Lartirigoyen y Cia	Total of material joint ventures
Revenue	15	50	28	654	747
Profit for the year	1	4	6	27	38
Other comprehensive income	—	—	—	—	—
Total comprehensive profit	1	4	6	27	38
Viterra's share of dividends paid	—	—	—	(4)	(4)
<i>The above results include the following:</i>					
Depreciation and amortisation	(5)	(13)	(10)	(4)	(32)
Interest income	—	—	—	5	5
Interest expense	—	—	(2)	(20)	(22)
Income tax expense	(1)	(6)	(1)	(12)	(20)
Foreign currency gain/(loss)	—	1	(1)	—	—

Notes to the consolidated financial statements

Note 11: Investments in associates and joint ventures continued...

Aggregate information of associates and joint ventures that are not individually material:

US\$ million	2021	2020
The Group's share of income	5	(3)
The Group's share of other comprehensive income	—	2
The Group's share of total comprehensive income	5	(1)
Aggregate carrying value of the Group's interests	58	64

Note 12: Advances and loans

US\$ million	Notes	2021	2020
Financial assets at amortised cost			
Loans to associates ¹		18	24
Other non-current receivables and loans		30	31
Non-financial instruments			
Advances repayable with product		9	10
Other non-current receivables		8	10
Total		65	75

¹ Loans to associates generally bear interest at applicable floating market rates plus a premium.

Loss allowances of financial assets at amortised cost

The Group determines the expected credit loss of other non-current receivables and loans based on different scenarios of probability of default and expected loss applicable to each of the material underlying balances. The movement in loss allowance for financial assets classified at amortised cost is detailed below.

US\$ million	Notes	2021	2020
1 January		4	4
Effect of foreign currency exchange movements		(2)	(1)
Charged during the year	4	8	1
Total		10	4

Note 13: Biological assets

US\$ million	2021	2020
1 January	17	26
Increase due to purchase and subsequent expenditures capitalised in biological assets	26	29
Changes in fair value due to physical changes and market price fluctuations	—	(3)
Decrease due to harvest	(21)	(23)
Effect of foreign currency exchange movement	(2)	(12)
Total	20	17

Notes to the consolidated financial statements

Note 13: Biological assets continued...

The Group's biological assets correspond to the agricultural products under development (standing-sugarcane) produced at sugarcane plantations, which will be used as a raw material for the production of sugar, ethanol and bioenergy at the time of harvest. Fair value is estimated using the discounted cash flow method, using Level 3 valuation techniques. The valuation model considers net present value of cash flows to be generated by the sugarcane that is expected to be harvested in the upcoming crop. Planted areas refer only to sugarcane plantations.

The main assumptions which impact the net present value of future expected cash flows include crop care costs, harvest area, sugar yields and sugar cane price per ton and WACC rate for the sugar business. These are summarised below:

	2021	2020
Estimated harvest area, (ha)	65,291	66,300
Productivity expected, (MT of sugarcane per ha)	63	78
Amount of total recoverable sugar ('TRS')(kg/MT of cane)	139	142
TRS price per ton projected (\$/ton)	\$0.18	\$0.16
Weighted average cost of capital for sugar business	4%	7%

When determining the fair value, the Group takes the following into consideration:

Market overview

Own or third-party sugarcane is processed by the plant or ethanol distillery. Own sugar cane is grown by the Group on land belonging to third parties under agricultural partnerships. The Group typically enters into agricultural partnerships with such land owners for a duration of a minimum of six years (one sugarcane cycle) and is responsible for all farming and harvesting activities. The sugarcane from third parties is acquired by the plant under supply contracts. Either the supplier or the plant itself can be responsible for the transportation of sugarcane to the plant.

The price is determined based on the formula used by Conselho dos Produtores de Cana-de-Açúcar, Açúcar e Álcool (CONSECANA) calculates the consideration per ton of sugarcane based on i) the volume of TRS/kg delivered by the sugarcane supplier; ii) the share of the sugarcane production cost as a percentage of the sugar, ethanol residue, anhydrous ethanol and hydrated ethanol; iii) the net prices of sugar in the domestic and foreign markets, and the prices of anhydrous ethanol and ethyl ethanol fuel, hydrated ethanol, and ethanol for other purposes; and; iv) the plant's production mix for said crop. CONSECANA's reference price is published on a monthly basis. The Company periodically reviews assumptions used to calculate biological assets, adjusting it in case there are significant variations in relation to those previously projected.

Risks

The Group is exposed to certain risks related to its plantations, such as (i) supply offer and demand, based on which the Group continuously monitors the market of its products and analyses the trends that regularly support the selling strategy in order to define and/or adjust the purchase and sale volumes of products or raw materials; (ii) regulatory and environmental risks, subject to specific laws and regulations, which are monitored by establishing policies and procedures to ensure the compliance with these rules; and (iii) climate risks, which expose the Company to the damages arising from climate changes, which are mitigated by monitoring the progress of these risks in the Company's routine and operating strategically in the sugarcane crops in order to minimise the damages to its biological assets. The Company seeks to optimise the crop sequence in order to avoid dry and frost periods, use the irrigation system in periods of shortage of water, handle various products in accordance with the edaphoclimatic environments, and adopt good agricultural practices in the field to maintain the sugarcane crop productivity.

Notes to the consolidated financial statements

Note 14: Inventories

Total inventories of \$8,340 million (2020: \$5,635 million) comprise \$7,644 million (2020: \$4,890 million) of inventories carried at fair value less costs of disposal and \$696 million (2020: \$745 million) valued at the lower of cost or net realisable value.

Readily marketable inventories (RMI), comprising the core inventories which underpin and facilitate Viterra's marketing activities, represent inventories that, in Viterra's assessment, are readily convertible into cash in the short term due to their liquid nature, widely available markets, and the fact that price risk is covered either by a forward physical sale or hedge transaction. Viterra regularly assesses the composition of these inventories and their applicability, relevance and availability to the marketing activities. As at 31 December 2021, \$8,189 million (2020: \$5,497 million) of inventories were considered readily marketable. This comprises \$7,644 million (2020: \$4,890 million) of inventories carried at fair value less costs of disposal and \$545 million (2020: \$607 million) carried at the lower of cost or net realisable value. Given the highly liquid nature of these inventories, which represent a significant share of current assets, the Group believes it is appropriate to consider them together with cash equivalents in analysing Group net debt levels and computing certain debt coverage ratios and credit trends.

No charge has been recognised during 2021 in respect of write-downs of inventory to net realisable value (2020: \$nil).

Fair value of inventories is a Level 2 fair value measurement (see note 25) using observable market prices obtained from exchanges, traded reference indices, or market survey services adjusted for relevant location and quality differentials. There are no significant unobservable inputs in the fair value measurement of such inventories.

Viterra has a number of dedicated financing facilities, which finance a portion of its inventories. In each case, the inventory has not been derecognised as the Group retains control of the inventory. The proceeds received are recognised as current borrowings (see note 18). As at 31 December 2021, the total amount of inventory secured under such facilities was \$856 million (2020: \$833 million) and proceeds received and classified as current borrowings amounted to \$734 million (2020: \$687 million).

Note 15: Accounts receivable

US\$ million

	2021	2020
Trade receivables¹	1,640	1,303
Margin calls paid	375	609
Associated companies ¹	20	13
Other receivables ²	87	12
Non-financial instruments		
Advances repayable with product	130	130
Prepaid expenses	169	25
Other tax and related receivables	483	275
Total	2,904	2,367

¹ Collectively referred to as receivables presented net of allowance for doubtful debts.

² Includes loans receivable in the amount of \$3 million (2020: \$4 million).

The average credit period on sales of goods is 13 days (2020: 17 days).

As at 31 December 2021, 12% (2020: 7%) of the trade related receivables were between 1 and 60 days overdue, and 2% (2020: 4%) were greater than 60 days overdue. Such receivables, although contractually past their due dates, are not considered impaired as there has not been a significant change in credit quality of the relevant counterparty, and the amounts are still considered recoverable taking into account customary payment patterns and, in many cases, offsetting accounts payable balances.

Notes to the consolidated financial statements

Note 15: Accounts receivable continued...

Viterra has a number of dedicated financing facilities, which finance a portion of its receivables. The receivables have not been derecognised, as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current borrowings (see note 18). As at 31 December 2021, the total amount of trade receivables secured was \$393 million (2020: \$416 million) and proceeds received and classified as current borrowings amounted to \$353 million (2020: \$308 million).

The movement in allowance for doubtful accounts is detailed below:

US\$ million	2021	2020
1 January	91	86
Released during the period	(18)	(32)
Charged during the period	54	70
Utilised during the period	(9)	(33)
31 December	118	91

Note 16: Cash and cash equivalents

US\$ million	2021	2020
Banks and cash on hand	426	256
Deposits and treasury bills	49	71
Total	475	327

Restricted cash on hand as at 31 December 2021 amounted to \$2 million (2020: \$nil).

Note 17: Share capital and reserves

	Number of shares	Share capital (US\$ million)	Share premium (US\$ million)
1 January 2020	350,100	1	3,096
Equity contribution	—	—	—
31 December 2020 - Ordinary and restricted shares	350,100	1	3,096
1 January 2021	350,100	1	3,096
Equity contribution	—	—	—
Return of capital	—	—	(300)
31 December 2021 - Ordinary and restricted shares	350,100	1	2,796

The number of shares in issue relates to authorised, issued, called up and fully paid share capital. All ordinary shares carry equal voting rights. Total authorised share capital is 800,000 ordinary shares with par value of \$0.01 each and 200,000 restricted shares with a par value of \$0.01 each.

During the year \$300 million share premium was returned to each of Viterra's shareholders in proportion to their shareholding. The return of capital had no impact on shareholding.

Notes to the consolidated financial statements

Note 17: Share capital and reserves continued...

Other reserves

US\$ million	Translation Adjustment	Cash flow hedge reserve	Net unrealised loss	Net ownership changes in subsidiaries	Total
1 January 2020	(772)	—	(7)	(48)	(827)
Exchange loss on translation of foreign operations	9	—	—	—	9
Gain on cash flow hedges	—	3	—	—	3
Foreign currency translation losses recycled to the consolidated statement of income	—	—	1	—	1
31 December 2020	(763)	3	(6)	(48)	(814)
1 January 2021	(763)	3	(6)	(48)	(814)
Exchange loss on translation of foreign operations	(115)	—	—	—	(115)
Loss on cash flow hedges	—	(17)	—	—	(17)
Cash flow hedge reclassified to statement of income	—	(3)	—	—	(3)
Change in ownership interest in subsidiaries	—	—	—	1	1
Foreign currency translation losses recycled to the consolidated statement of income	—	—	5	—	5
31 December 2021	(878)	(17)	(1)	(47)	(943)

Note 18: Borrowings

US\$ million	Notes	2021	2020
Non-current borrowings			
Capital market notes ¹		2,543	—
Revolving credit facility ²		1,091	1,843
Lease liabilities		530	411
Other bank loans ³		273	322
Total non-current borrowings		4,437	2,576
Current borrowings			
Secured inventory/receivables facilities	14, 15	1,087	995
Lease liabilities		373	203
Other bank loans ³		3,056	3,155
Total current borrowings		4,516	4,353

¹ Includes capitalised issuance costs of \$5 million (2020: \$nil).

² Includes capitalised issuance costs of \$2 million (2020: \$6 million).

³ Comprises various uncommitted and unsecured bilateral bank credit facilities and other financings.

Notes to the consolidated financial statements

Note 18: Borrowings continued...

Other non-current bank loans mainly include a loan with an outstanding balance of \$171 million at an interest rate of LIBOR (London interbank offer rate) + 453bps (basis points), a facility in Hungary with an outstanding balance of \$46 million (2020: \$nil million) bearing a fixed interest rate and various loans received by sugar, wheat milling and port assets in Brazil of \$14 million (2020: \$28 million) denominated in USD and Brazilian Real (BRL) and bearing various fixed interest rates.

The outstanding secured inventory/receivables facilities of \$1,087 million (2020: \$995 million) are comprised of an inventory borrowing base facility of \$734 million (2020: \$687 million) that accumulates interest at a rate of BBSY (bank bill swap bid rate) +75 bps and a borrowing base facility of \$353 million (2020: \$308 million) at an interest rate of USD LIBOR +80 bps as at 31 December 2021.

Capital market notes

During April 2021 Viterra issued USD public bonds, and issued Eurobonds during September 2021. The details of the capital market notes and the carrying amounts are outlined below:

US\$ million	Maturity	2021	2020
USD 600 million 2.00% coupon bonds	April 26	597	—
USD 600 million 3.20 % coupon bonds	April 31	610	—
EUR 500 million 0.375% coupon bonds	September 25	564	—
EUR 700 million 1.00% coupon bonds	September 28	772	—
Total capital market notes		2,543	—

Interest on the USD public bond is payable semi-annually in arrears. Interest on the Eurobonds is payable annually in arrears.

Viterra applied cash flow hedge accounting to account for the hedge of foreign currency risk on its euro denominated debt; refer to note 23.

Revolving credit facility

2021

On 12 May 2021, Viterra signed a \$3.515 billion one-year revolving credit facility with a twelve-month borrower's term-out option (to May 2023), and a twelve-month lender's extension option. This facility refinanced the \$3.040 million revolving credit facility signed in 2020.

On 12 May 2021, Viterra signed a \$570 million three-year revolving credit facility with two one-year extension options at the lender's discretion.

Funds drawn under the new facilities bear interest at USD LIBOR plus a margin of 65 and 70 bps per annum, respectively.

On 21 April 2021, Viterra cancelled the €345 million one-year bridge revolving credit facility in accordance with the revolving facility agreement.

On 10 December 2021, Viterra signed a new \$575 million one-year revolving credit facility agreement, with two twelve month lender's extension options. Funds drawn under the facility bear interest at US\$ LIBOR plus a margin of 80 bps per annum. This facility refinanced the \$300 million revolving credit facility signed in December 2020. No funds were drawn under this facility as at 31 December 2021.

Notes to the consolidated financial statements

Note 18: Borrowings continued...

2020

On 14 May 2020, Viterra signed a \$2.955 billion one-year revolving credit facility with a twelve month borrower's term-out option (to May 2022), and a twelve month lender's extension option. This facility refinanced the \$2.940 billion revolving credit facility signed in May 2019. On 13 August 2020, this facility was increased to \$3.040 billion.

On 14 May 2020, \$540 million out of the \$600 million three-year revolving credit facility was extended with an additional year, with \$60 million out of the \$600 million having a remaining tenure of two-years. Funds drawn under the new and extended facilities bear interest at USD LIBOR plus a margin of 75 and 60 bps per annum, respectively.

On 31 July 2020, Viterra signed a €345 million one-year bridge revolving credit facility with a six-month extension option. Funds drawn under the facility bear interest at EURIBOR plus a margin between 110 and 180 bps per annum.

On 16 December 2020, Viterra signed a new \$300 million one-year revolving credit facility with a twelve month lender's extension option. Funds drawn under the facility bear interest at USD LIBOR plus a margin of 80 bps per annum. No funds were drawn under this facility as at 31 December 2020.

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Reconciliation of cash flow to movement in borrowings

US\$ million	Notes	2021	2020
Cash related movements in borrowings¹			
Repayment of other non-current bank facilities		(840)	(833)
Proceeds from current borrowings – net		60	1,916
Repayments for lease liabilities		(448)	(220)
Net proceeds from issuance/(repayment) of capital market notes		2,590	(400)
		1,362	463
Non-cash related movements in borrowings			
Borrowings acquired in business combinations	22	–	30
Foreign exchange movements		(106)	(20)
Change in lease liabilities		758	241
Other non-cash movements		10	(6)
		662	245
Increase in borrowings for the period		2,024	708
Total borrowings – opening		6,930	6,221
Total borrowings – closing		8,953	6,929

¹ See consolidated statement of cash flows.

Notes to the consolidated financial statements

Note 19: Provisions and other liabilities

US\$ million	Rehabilitation costs	Employee benefits	Other	Total
1 January 2021	119	28	40	187
Accretion in the year	2	(1)	—	1
Additional provision in the year	(8)	(24)	82	50
Other movements	—	15	—	15
31 December 2021	113	18	122	253
Current	2	—	104	106
Non-current	111	18	18	147
1 January 2020	98	25	57	180
Accretion in the year	2	—	—	2
Additional provision in the year	21	11	7	39
Effect of foreign currency exchange difference	4	1	(4)	1
Other movements	(6)	(9)	(20)	(35)
31 December 2020	119	28	40	187
Current	2	—	30	32
Non-current	117	28	10	155

Rehabilitation costs

Rehabilitation provision represents the accrued cost required to provide adequate restoration and rehabilitation upon the completion of production activities. These amounts will be settled when rehabilitation is undertaken, generally at the end of a project's life, with the majority of the costs expected to be incurred in the final years of the underlying operations. The majority of the Group's rehabilitation obligations are in Australia and Canada. The estimated future cash flows are discounted at a rate of 2% (2020: 2%), which is based on current market risk free rates.

Other

Other provisions include provisions for legal related claims of \$108 million (2020: \$36 million) and tax (other than income tax) related claims of \$1 million (2020: \$4 million).

Viterra assessed its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. For those matters where it is probable that an adjustment will be made, the Group records its reasoned estimate of these tax liabilities, including related interest charges. These current open tax matters are spread across numerous jurisdictions and consists primarily of legacy transfer pricing and VAT matters that have been open for a number of years and may take several more years to resolve, none of which are individually material.

Notes to the consolidated financial statements

Note 20: Personnel costs and employee benefits

Total personnel costs, which include salaries, wages, social security and other personnel costs, incurred for the years ended 31 December 2021 and 2020, were \$631 million and \$466 million, respectively. Personnel costs related to consolidated industrial subsidiaries of \$394 million (2020: \$306 million) are included in cost of goods sold. Other personnel costs are included in selling and administrative expenses.

The Company and certain subsidiaries sponsor various pension schemes in accordance with local regulations and practices. Eligibility for participation in the various plans is either based on completion of a specified period of continuous service or date of hire. Among these schemes are defined contribution plans as well as defined benefit plans.

Defined contribution plans

Viterra's contributions under these plans amounted to \$12 million in 2021 (2020: \$12 million).

Post-retirement medical plans

The Company participates in one post-retirement medical plan in Canada which provides coverage for prescription drugs, medical, dental, hospital and life insurance to eligible retirees. The post-retirement medical plan is unfunded. This plan amounted to \$13 million (2020: \$17 million).

Defined benefit pension plans

The Company operates defined benefit plans in a handful of countries, the main location being Canada, to which 76% (2020: 75%) of the present value of obligations accrued to date relates. These defined benefit plans are pension plans that provide benefits to members in the form of a guaranteed level of pension payable for life. Contributions to the Canadian plans are made to meet or exceed minimum funding requirements based on provincial statutory requirements and associated federal taxation rules.

The majority of benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where Viterra meets the benefit payments as they fall due. Plan assets held in trusts are governed by local regulations and practices in each country. Responsibility for governance of the plans – overseeing all aspects of the plans including investment decisions and contribution schedules – lies with Viterra. Viterra has set up committees to assist in the management of the plans and has also appointed experienced, independent professional experts such as investment managers, actuaries, custodians and trustees.

Notes to the consolidated financial statements

Note 20: Personnel costs and employee benefits continued...

The movement in the defined benefit pension and post-retirement medical plans over the year is as follows:

US\$ million	Notes	Defined benefit pension plans				Net (asset)/ liability for defined benefit pension plans
		Post- retirement medical plans	Present value of defined benefit	Fair value of plan assets	Asset ceiling	
1 January 2021		17	521	(620)	31	(68)
Current service cost		—	1	—	—	1
Past service cost - curtailments		—	—	—	—	—
Interest expense/(income)		—	10	(12)	1	(1)
Total expense/(income) recognised in consolidated statement of income		—	(23)	24	1	2
Gain on plan assets, excluding amounts included in interest expense – net		—	—	6	—	6
Loss from change in demographic assumptions		—	—	—	—	—
Gain from change in financial assumptions		(3)	(30)	—	—	(30)
Change in asset ceiling, excluding amounts in interest expense		—	—	—	6	6
Actuarial (gains)/losses recognised in consolidated statement of comprehensive income		(5)	(36)	6	6	(24)
Employer contributions		—	—	(2)	—	(2)
Employee contributions		—	—	—	—	—
Benefits paid directly by the Company		—	—	—	—	—
Benefits paid from plan assets		—	(31)	31	—	—
Net cash (outflow)/inflow		—	(31)	29	—	(2)
Exchange differences		1	(2)	4	—	2
31 December 2021		13	429	(557)	38	(90)
Of which:						
Pension surpluses		—	—	—	—	(97)
Pension deficits	19	13	—	—	—	7

The Group expects to make a contribution of \$2 million to the defined benefit pension and post-retirement medical plans during the next financial year.

Notes to the consolidated financial statements

Note 20: Personnel costs and employee benefits continued...

US\$ million	Notes	Defined benefit pension plans			Net (asset)/ liability for defined benefit pension plans	
		Post- retirement medical plans	Present value of defined benefit	Fair value of plan assets		Asset ceiling
1 January 2020		15	480	(578)	24	(74)
Current service cost		—	1	—	—	1
Past service cost - curtailments		—	(1)	—	—	(1)
Interest expense/(income)		—	12	(15)	1	(2)
Total expense/(income) recognised in consolidated statement of income		—	12	(15)	1	(2)
Gain on plan assets, excluding amounts included in interest expense – net						
Loss from change in demographic assumptions		—	(2)	—	—	(2)
(Gain)/loss from change in financial assumptions		1	44	—	—	44
Change in asset ceiling, excluding amounts in interest expense		—	—	—	5	5
Actuarial (gains)/losses recognised in consolidated statement of comprehensive income		1	42	(38)	5	9
Employer contributions						
Employee contributions		—	—	—	—	—
Benefits paid directly by the Company		—	—	—	—	—
Benefits paid from plan assets		—	(27)	27	—	—
Net cash (outflow)/inflow		—	(27)	25	—	(2)
Exchange differences		1	14	(14)	1	1
31 December 2020		17	521	(620)	31	(68)
Of which:						
Pension surpluses		—	—	—	—	(79)
Pension deficits	19	17	—	—	—	11

The defined benefit obligation accrued to date in Canada represents the majority of the total obligation of the Company. The breakdown below provides details of the Canadian plans for both the balance sheet and the weighted average duration of the defined benefit obligation as at 31 December 2021 and 2020. The defined benefit obligation of any other of the Group's defined benefit plans as at 31 December 2021 does not exceed \$70 million (2020: \$72 million).

Notes to the consolidated financial statements

Note 20: Personnel costs and employee benefits continued...

US\$ million 2021	Canada	Other	Total
Post-retirement medical plans			
Present value of defined benefit obligation	13	—	13
Of which: amounts owing to active members	4	—	4
Of which: amounts owing to pensioners	8	—	8
Defined benefit pension plans			
Present value of defined benefit obligation	323	106	429
Of which: amounts owing to active members	38	16	54
Of which: amounts owing to inactive members	15	70	85
Of which: amounts owing to pensioners	270	20	290
Fair value of plan assets	(454)	(103)	(557)
Asset ceiling	38	—	38
Net defined benefit (asset)/liability at 31 December 2021	(93)	3	(90)
Weighted average duration of defined benefit obligation - years	10.46	24.52	13.79

US\$ million 2020	Canada	Other	Total
Post-retirement medical plans			
Present value of defined benefit obligation	17	—	17
Of which: amounts owing to active members	6	—	6
Of which: amounts owing to pensioners	11	—	11
Defined benefit pension plans			
Present value of defined benefit obligation	393	128	521
Of which: amounts owing to active members	44	18	62
Of which: amounts owing to inactive members	53	90	143
Of which: amounts owing to pensioners	296	20	316
Fair value of plan assets	(499)	(121)	(620)
Asset ceiling	31	—	31
Net defined benefit (asset)/liability at 31 December 2020	(76)	8	(68)
Weighted average duration of defined benefit obligation - years	11.59	26.52	15.17

The actual return on plan assets in respect of defined benefit pension plans amounted to a gain of \$11 million (2020: \$67 million), mainly resulting from actuarial gains, interest income and foreign exchange movements.

Notes to the consolidated financial statements

Note 20: Personnel costs and employee benefits continued...

The plan assets consist of the following:

US\$ million	2021	2020
Cash and short-term investments	8	11
Fixed income	300	326
Equities	132	146
Other ¹	117	137
Total	557	620

¹ Includes securities in non-active markets in the amount of \$68 million (2020: \$86 million).

The fair value of plan assets includes none of Viterra's own financial instruments and no property occupied by or other assets used by Viterra. For many of the plans, representing a large portion of the global plan assets, asset-liability matching strategies are in place, where the fixed-income assets are invested broadly in alignment with the duration of the plan liabilities, and the proportion allocated to fixed-income assets is raised when the plan funding level increases.

Through its defined benefit plans, Viterra is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The funded plans hold a significant proportion of equities, which are expected to outperform bonds in the long term while contributing volatility and risk in the short term. Viterra believes that, due to the long term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of Viterra's long-term strategy to manage the plans efficiently.

Change in bond yields: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk: Some of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities, although in most cases caps on the level of inflationary increases are in place to protect the plan against extreme inflation.

Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liability.

Salary increases: Some of the plans' benefit obligations related to active members are linked to their salaries. Higher salary increases will therefore tend to lead to higher plan liabilities.

The principal weighted average actuarial assumptions used were as follows:

	Post-retirement medical plans		Defined benefit pension plans	
	2021	2020	2021	2020
Discount rate	2.80%	2.30%	2.40%	1.90%
Future salary increases	3.00%	3.00%	2.30%	2.50%
Future pension increases	— %	— %	1.20%	1.20%
Ultimate medical cost trend rate	4.10%	5%	— %	— %

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. As at 31 December 2021, these tables imply expected future life expectancy, for employees aged 65, 21 to 23 years for males (2020: 21 to 23) and 23 to 26 years for females (2020: 23 to 26). The assumptions for each country are reviewed each year and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations.

Notes to the consolidated financial statements

Note 20: Personnel costs and employee benefits continued...

The sensitivity of the defined benefit obligation to changes in principal assumptions as at 31 December 2021 is set out below, assuming that all other assumptions are held constant and the effect of interrelationships is excluded. There has been no change in the sensitivity calculation methodology from prior year.

US\$ million	Increase/(decrease) in pension obligation		Total
	Post-retirement medical plans	Defined benefit pension plans	
Discount rate			
Increase by 100 bps	(1)	(56)	(57)
Decrease by 100 bps	1	62	63
Rate of future salary increase			
Increase by 100 bps	—	1	1
Decrease by 100 bps	—	(1)	(1)
Rate of future pension benefit increase			
Increase by 100 bps	—	4	4
Decrease by 100 bps	—	(5)	(5)
Medical cost trend rate			
Increase by 100 bpss	1	—	1
Decrease by 100 bpss	(1)	—	(1)
Life expectancy			
Increase in longevity by 1 year	—	8	8

Note 21: Accounts payable

US\$ million	2021	2020
Financial liabilities at amortised cost		
Trade payables	3,039	2,246
Margin calls received	1	5
Associated companies	11	8
Other payables and accrued liabilities	178	97
Non-financial instruments		
Advances settled in product	61	58
Payables to employee	114	109
Other tax and related payables	48	33
Total	3,452	2,556

Trade payables are obligations to pay for goods and services. Trade payables typically have maturities up to 90 days depending on the type of material and the geographic area in which the purchase transaction occurs and the agreed terms. The carrying value of trade payables approximates fair value.

Notes to the consolidated financial statements

Note 22: Acquisition and disposal of subsidiaries

2021 Acquisitions

In the year ended 31 December 2021 Viterra had no material acquisitions of subsidiaries.

2021 Disposals

In the year ended 31 December 2021 Viterra had no material disposals of subsidiaries.

2020 Acquisitions

In September 2020, the Group acquired 100% of the shares and voting interest in Everi LLC, a Ukrainian vegetable oil terminal with installed annual throughput capacity of 1.5 million tonnes. The fair value of the consideration for the 100% equity stake was \$29 million. The acquisition will enable the Group to expand its supply chain capacity and marketing possibilities within the vegetable oil market.

If the acquisition had taken place effective 1 January 2020, the operation would have contributed additional revenue of \$11.8 million and \$8.4 million in attributable net losses. From the date of acquisition the operation contributed additional revenue of \$5 million and an increase in attributable income of \$1 million to Viterra.

The net cash used in the acquisition of subsidiaries and fair value of assets acquired and liabilities assumed on the acquisition dates are detailed below:

US\$ million	Notes	Everi LLC	Total
Non-current assets			
Property, plant and equipment	8	31	31
		31	31
Current assets			
Accounts receivable		1	1
		1	1
Non-current liabilities			
Deferred tax liability	7	3	3
		3	3
Current liabilities			
Borrowings	18	30	30
Accounts payable		1	1
		31	31
Total fair value of net assets acquired		(2)	(2)
Goodwill arising on acquisition		31	31
Less: contingent consideration		(10)	(10)
Net cash used in acquisition of subsidiaries		19	19

2020 Disposals

In the year ended 31 December 2020 Viterra had no material disposals of subsidiaries.

Notes to the consolidated financial statements

Note 23: Financial and capital risk management

Financial risks arising in the normal course of business from Viterra's operations comprise market risk (including commodity price risk, interest rate risk and currency risk), credit risk (including performance risk) and liquidity risk. It is Viterra's policy and practice to identify and, where appropriate and practical, actively manage such risks to support its objectives in managing its capital and future financial security and flexibility. It is under this objective that Viterra only undertakes risks which are in line with the corporate risk appetite and any unintended risks identified are suppressed. Viterra's overall risk management programme is described in the Enterprise Risk Management Policy as adopted by the Board of Directors and focuses on the unpredictability of financial markets and seeks to protect its financial security and flexibility by using derivative financial instruments where possible to substantially hedge these financial risks. Viterra's finance and risk professionals ensure compliance with the Enterprise Risk Management Policy, working in coordination with the commodity departments, by monitoring, managing and reporting regularly Viterra's risk to senior management and the Board of Directors on the approach and effectiveness in managing financial risks along with the financial exposures facing the Group.

Viterra's objectives in managing its "capital attributable to equity holders" include preserving its overall financial health and strength for the benefit of all stakeholders, maintaining an optimal capital structure in order to provide a high degree of financial flexibility at an attractive cost of capital, and safeguarding its ability to continue as a going concern, while generating sustainable long-term profitability.

Distribution policy and other capital management initiatives

The manner and timing of future distributions will be determined after consultation with shareholders.

Commodity price risk

Viterra is exposed to price movements for the inventory it holds and the products it produces which are not held to meet priced forward contract obligations and forward priced purchase or sale contracts. Viterra manages a significant portion of this exposure through futures and options transactions on worldwide commodity exchanges or in over the counter (OTC) markets, to the extent available. Commodity price risk management activities are considered an integral part of Viterra's physical commodity marketing activities and the related assets and liabilities are included in other financial assets from and other financial liabilities to derivative counterparties, including clearing brokers and exchanges. Whilst it is Viterra's policy to substantially hedge its commodity price risks, there remains the possibility that the hedging instruments chosen may not always provide effective mitigation of the underlying price risk. The hedging instruments available to the marketing businesses may differ in specific characteristics to the risk exposure to be hedged, resulting in an ongoing and unavoidable basis risk exposure. Residual basis risk exposures represent a key focus point for Viterra's commodity department teams who actively engage in the management of such.

Value at risk

One of the tools used by Viterra to monitor and limit its primary market risk exposure, principally commodity price risk related to its physical marketing activities, is the use of a value at risk (VaR) computation. VaR is a risk measurement technique which estimates a threshold for potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence and based on a specific price history. The VaR methodology is a statistically defined, probability based approach that takes into account market volatilities, as well as risk diversification, by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be measured consistently across markets and commodities and risk measures can be aggregated to derive a single risk value. Viterra's Board has set a consolidated VaR limit (one-day 95% confidence level) of \$30 million representing less than 0.5% of total equity, which the Board reviews annually.

Notes to the consolidated financial statements

Note 23: Financial and capital risk management continued...

Viterra uses a VaR approach based on Monte Carlo simulations computed at a 95% confidence level and utilising an exponentially weighted data history for a one day time horizon.

Position sheets are regularly distributed and monitored and daily Monte Carlo simulations are applied to the various business groups' marketing positions to determine potential losses.

Market risk VaR (one-day 95% confidence interval) ranges and the full year levels were as follows:

US\$ million	2021	2020
Average during the year	17	12
High during the year	24	20
Low during the year	11	5

The VaR does not purport to represent actual gains or losses in fair value on earnings to be incurred by Viterra, nor does Viterra claim that these VaR results are indicative of future market movements or representative of any actual impact on its future results. VaR should always be viewed in the context of its limitations; notably, the use of historical data as a proxy for estimating future events, market liquidity risks and tail risks. Viterra recognises these limitations, and thus complements and continuously refines its VaR analysis by analysing forward-looking stress scenarios and back testing calculated VaR against the hypothetical portfolio returns arising in the next business day.

Viterra's VaR computation currently covers its business with grain, oilseeds, sugar, cotton, rice and ethanol, and assesses the open priced positions which are subject to price risk, including inventories of these commodities.

Net present value at risk

Viterra's future cash flows related to its forecast production activities are also exposed to commodity price movements. Viterra manages this exposure through a combination of portfolio diversification, occasional hedging via futures and options transactions, and continuous internal monitoring, reporting and quantification of the underlying operations' estimated cash flows and valuations.

Interest rate risk

Viterra is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its assets and liabilities and cash flows. Matching of assets and liabilities is utilised as the dominant method to hedge interest rate risks. Floating rate debt, which is predominantly used to fund fast turning working capital (interest is internally charged on the funding of this working capital) is primarily based on USD LIBOR plus an appropriate premium. Accordingly, prevailing market interest rates are continuously factored into transactional pricing and terms.

Assuming the amount of floating rate liabilities at the reporting period end were outstanding for the whole year, interest rates were 50 bps higher/lower and all other variables held constant, Viterra's income and equity for the year ended 31 December 2021 would decrease/increase by \$27 million (2020: \$31 million).

Notes to the consolidated financial statements

Note 23: Financial and capital risk management continued...

Interest rate benchmark reform

Whereas initially the UK FCA announced that they would not compel the 20 panel banks to submit into the LIBOR interest rate setting mechanism by the end of 2021, in November 2020 they issued a revised timetable, with the consequence that overnight, 1, 3 and 6 month USD LIBOR's will continue to be quoted until 30 June 2023.

The Group has established a multidisciplinary working group, to prepare and implement a LIBOR transition plan. This working group is assessing on an ongoing basis the potential impact of LIBOR reform. This transition plan includes updating policies, systems and processes, in order to anticipate the appropriate changes as and when deemed necessary.

See note 18 for details of the groups floating rate debt. The group has no hedging relationships as at 31 December 2021 which include IBOR benchmarks.

Currency risk

The US dollar is the predominant functional currency of the Group. Currency risk is the risk of loss from movements in exchange rates related to transactions and balances in currencies other than the US dollar. Such transactions include operating expenditure, capital expenditure, and to a lesser extent purchases and sales in currencies other than the functional currency. Purchases or sales of commodities concluded in currencies other than the functional currency, apart from certain limited domestic sales at industrial operations which act as a hedge against local operating costs, are ordinarily hedged through forward exchange contracts. Consequently, foreign exchange movements against the US dollar on recognised transactions would have an immaterial financial impact. Viterra enters into currency hedging transactions with leading financial institutions.

Viterra's debt related payments (both principal and interest) are predominantly denominated in or swapped using hedging instruments into US dollars. Viterra's operating expenses, being a small portion of its revenue base, are incurred in a mix of currencies of which the US dollar, Canadian dollar, Australian dollar, Brazilian real, Russian rouble and Euro are the predominant currencies.

Viterra has issued Euro denominated bonds (see note 18). Cross currency swaps were concluded to hedge the currency risk arising on the principal and related interest payments of these bonds. These swap contracts were designated as cash flow hedges of the associated foreign currency risks on the expected future cash flows of the Euro denominated bonds. The key terms of these swap contracts and the hedged items are matched and Viterra expects a highly effective hedging relationship with the swap contracts and the value of the corresponding hedged items to change systematically in opposite directions in response to movements in the underlying exchange rates. Viterra has not recognised any gain or loss due to hedge ineffectiveness.

The corresponding fair value and notional amounts of these derivatives is as follows:

US\$ million	Nominal amount		Hedged foreign exchange rates		Fair value of hedge derivative	
	2021	2020	2021	2020	2021	2020
Cash flow hedges - currency risk						
Eurobonds ¹	1,414	—	1.18		(66)	—
Total	1,414	—			(66)	—

¹ Refer to note 18 for details of the hedged item.

Notes to the consolidated financial statements

Note 23: Financial and capital risk management continued...

Credit risk

Credit risk arises from the possibility that counterparties may not be able to settle obligations due to Viterra within their agreed payment terms. Financial assets which potentially expose Viterra to credit risk consist principally of cash and cash equivalents, receivables and advances, derivative instruments, and non-current advances and loans. Viterra's credit management process includes the assessment, monitoring and reporting of counterparty exposure on a regular basis. Viterra's cash and cash equivalents are placed overnight with a diverse group of highly credit rated financial institutions. The Group deems these financial institutions to have low credit risk. Credit risk with respect to receivables and advances is mitigated by the large number of customers comprising Viterra's customer base, their diversity across various industries and geographical areas, as well as Viterra's policy to mitigate these risks through letters of credit, netting, collateral and insurance arrangements where appropriate. Additionally, it is Viterra's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable offsetting of balances due to/from a common counterparty in the event of default by the counterparty. Viterra actively and continuously monitors the credit quality of its counterparties through internal reviews and a credit scoring process, which includes, where available, public credit ratings. Balances with counterparties not having a public investment grade or equivalent internal rating are typically enhanced to investment grade through the extensive use of credit enhancement products, such as letters of credit or insurance products.

Viterra has a diverse customer base, with no customer representing more than 2.5% (2020: 4%) of its trade receivables (on a gross basis taking into account credit enhancements) or accounting for more than 3.0% of its revenues over the year ended 31 December 2021 (2020: 4.7%).

The maximum exposure to credit risk (including performance risk - see below), without considering netting agreements or without taking account of any collateral held or other credit enhancements, is equal to the carrying amount of Viterra's financial assets (see note 24).

Performance risk

Performance risk (part of the broader credit risk subject matter, discussed above) is inherent in contracts, with agreements in the future, to physically purchase or sell commodities with fixed price attributes, and arises from the possibility that counterparties may not be willing or able to meet their future contractual physical sale or purchase obligations to/from Viterra. Viterra undertakes the assessment, monitoring and reporting of performance risk within its overall credit management process. Viterra's market breadth, and diversified supplier and customer base, as well as the standard pricing mechanism in the vast majority of Viterra's commodity portfolio, ensure that performance risk is adequately mitigated.

Agricultural markets are characterised by their relatively short-term pricing windows, of which the majority range between spot and six-month forward.

Liquidity risk

Liquidity risk is the risk that Viterra is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and availability of adequate committed funding facilities. Viterra's credit profile, diversified funding sources and committed credit facilities ensure that sufficient liquid funds are maintained to meet its liquidity requirements. As part of its liquidity management, Viterra closely monitors and plans for its future capital expenditure, working capital needs (including matching the significant future payments from purchase obligations with future proceeds from sales contracts) and proposed investments, as well as credit facility refinancing/extension requirements, well ahead of time.

Notes to the consolidated financial statements

Note 23: Financial and capital risk management continued...

As at 31 December 2021, Viterra had available committed undrawn credit facilities and cash amounting to \$4,044 million (2020: \$2,845 million). The maturity profile of Viterra's financial liabilities based on the contractual terms is as follows:

US\$ million 2021	After 5 years	Due 3-5 years	Due 2-3 years	Due 1-2 years	Due 0-1 year	Total
Borrowings	1,427	1,248	63	1,168	4,143	8,049
Lease liabilities	113	76	134	208	373	904
Expected future interest payments	148	105	73	97	96	519
Accounts payable	—	—	—	—	3,452	3,452
Other financial liabilities	39	28	—	—	1,369	1,435
Total	1,727	1,457	270	1,473	9,433	14,359
Current assets					13,299	13,299

US\$ million 2020	After 5 years	Due 3-5 years	Due 2-3 years	Due 1-2 years	Due 0-1 year	Total
Borrowings	44	88	70	1,964	4,150	2,987
Lease liabilities	114	93	92	112	203	3,942
Expected future interest payments	40	26	28	46	56	196
Accounts payable	—	—	—	—	2,556	2,556
Other financial liabilities	—	—	—	—	2,012	2,012
Total	198	207	190	2,122	8,977	11,693
Current assets					10,466	10,466

Note 24: Financial instruments

Fair value of financial instruments

The following tables present the carrying values and fair values of Viterra's financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (most advantageous) market at the measurement date under current market conditions. Where available, market values have been used to determine fair values.

The financial assets and liabilities are presented by class in the tables below at their carrying values, which approximate the fair values with the exception of \$2,543 million of capital market notes, the fair value of which at 31 December 2021 was \$2,549 million based on observable market prices applied to the borrowing portfolio (a Level 1 fair value measurement).

Notes to the consolidated financial statements

Note 24: Financial instruments continued...

US\$ million 2021	Notes	Amortised cost	FVtPL ¹	FVtOCI ²	Total
Assets					
Other investments ³			30	10	40
Advances and loans	12	48			48
Accounts receivable	15	2,122	—		2,122
Other financial assets	25		1,409		1,409
Cash and cash equivalents ⁴	16	475			475
Total financial assets		2,645	1,439	10	4,094
Liabilities					
Borrowings	18	8,953			8,953
Accounts payable	21	3,229	—		3,229
Other financial liabilities	25		1,435		1,435
Total financial liabilities		12,182	1,435	—	13,617

¹ FVtPL - Fair value through profit and loss.

² FVtOCI - Fair value through other comprehensive income. Gain on equity instruments recognised in other comprehensive income in 2021 comprised \$ nil.

³ Other investments of \$34 million are classified as Level 1 measured using quoted market prices with the remaining balance of \$6 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

⁴ Classified as Level 1, measured using quoted exchange rates and/or market prices.

US\$ million 2020	Notes	Amortised cost	FVtPL ¹	FVtOCI ²	Total
Assets					
Other investments ³		—	54	10	64
Advances and loans	12	55	—	—	55
Accounts receivable	15	1,937	—	—	1,937
Other financial assets	25	—	2,035	—	2,035
Cash and cash equivalents ⁴	16	327	—	—	327
Total financial assets		2,319	2,089	10	4,418
Liabilities					
Borrowings	18	6,929	—	—	6,929
Accounts payable	21	2,356	—	—	2,356
Other financial liabilities	25	—	2,012	—	2,012
Total financial liabilities		9,285	2,012	—	11,297

¹ FVtPL - Fair value through profit and loss.

² FVtOCI - Fair value through other comprehensive income. Gain on equity instruments recognised in other comprehensive income in 2021 comprised \$ nil.

³ Other investments of \$57 million are classified as Level 1 measured using quoted market prices with the remaining balance of \$7 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

⁴ Classified as Level 1, measured using quoted exchange rates and/or market prices.

Notes to the consolidated financial statements

Note 25: Fair value measurements

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. Viterra classifies the fair values of its financial instruments into a three-level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Viterra can assess at the measurement date; or

Level 2: Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or

Level 3: Unobservable inputs for the assets or liabilities, requiring Viterra to make market-based assumptions.

Level 1 classifications include futures and options that are exchange traded, whereas Level 2 classifications primarily include swaps and physical forward transactions which derive their fair value primarily from exchange quotes and readily observable broker quotes.

It is Viterra's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default, insolvency or bankruptcy by the counterparty.

The following tables show the fair values of the derivative financial instruments including trade related financial and physical forward purchase and sale commitments by type of contract and non-current other financial liabilities as at 31 December 2021 and 31 December 2020. Other assets and liabilities which are measured at fair value on a recurring basis are biological assets, marketing inventories, other investments, and cash and cash equivalents. Refer to notes 13, 14, 16 and 24 for disclosure in connection with these fair value measurements. There are no non-recurring fair value measurements.

Other financial assets

US\$ million

2021	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	146	—	—	146
Options	8	—	—	8
Physical forwards	—	1,144	—	1,144
Financial contracts				
Foreign currency	1	110	—	111
Total	155	1,254	—	1,409

Other financial liabilities

US\$ million

2021	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	250	—	—	250
Options	5	—	—	5
Physical forwards	—	1,001	—	1,001
Financial contracts				
Cross currency swaps	—	66	—	66
Foreign currency	3	110	—	113
Total	258	1,177	—	1,435

Notes to the consolidated financial statements

Note 25: Fair value measurements continued...

Other financial assets

US\$ million

2020	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	172	—	—	172
Options	22	—	—	22
Swaps	—	3	—	3
Physical forwards	1	1,545	—	1,546
Financial contracts				
Foreign currency	3	289	—	292
Total	198	1,837	—	2,035

Other financial liabilities

US\$ million

2020	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	695	—	—	695
Options	12	—	—	12
Physical forwards	2	1,016	—	1,018
Financial contracts				
Cross currency swaps	—	—	—	—
Foreign currency	—	287	—	287
Total	709	1,303	—	2,012

During the period no amounts were transferred between Level 1 and Level 2 of the fair value hierarchy and no amounts were transferred into or out of Level 3 of the fair value hierarchy for either other financial assets or other financial liabilities.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation techniques and inputs used.

Notes to the consolidated financial statements

Note 25: Fair value measurements continued...

Fair value of financial assets/financial liabilities¹

US\$ million

		2021	2020
Futures – Level 1	Assets	146	172
	Liabilities	(250)	(695)
Valuation techniques and key inputs:	Quoted bid prices in an active market		
Options – Level 1	Assets	8	22
	Liabilities	(5)	(12)
Valuation techniques and key inputs:	Quoted bid prices in an active market		
Swaps – Level 2	Assets	—	3
	Liabilities	—	—
Valuation techniques and key inputs:	Discounted cash flow model		
	Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.		
Physical forwards – Level 1	Assets	—	1
	Liabilities	—	(2)
Valuation techniques and key inputs:	Quoted bid prices in an active market		
Physical forwards – Level 2	Assets	1,144	1,545
	Liabilities	(1,001)	(1,016)
Valuation techniques and key inputs:	Discounted cash flow model		
	Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, such as history of non-performance, collateral held and current market developments, as required.		
Cross currency swap - Level 2	Assets	—	—
	Liabilities	(66)	—
Valuation techniques and key inputs:	Discounted cash flow model		
	Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.		
Foreign currency – Level 1	Assets	1	3
	Liabilities	(3)	—
Valuation techniques and key inputs:	Quoted bid prices in an active market		
Foreign currency – Level 2	Assets	110	289
	Liabilities	(109)	(287)
Valuation techniques and key inputs:	Discounted cash flow model		
	Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.		

¹ There were no significant unobservable inputs in determining the fair value of instruments.

Notes to the consolidated financial statements

Note 26: Future commitments

Capital expenditure for the acquisition of property, plant and equipment is generally funded through the cash flow generated by the respective industrial entities. As at 31 December 2021, \$48 million (2020: \$138 million), of which 94% (2020: 89%) relates to expenditure to be incurred over the next year, was contractually committed for the acquisition of property, plant and equipment.

Viterra procures seagoing vessels/chartering services to meet its overall marketing objectives and commitments. As at 31 December 2021, Viterra has committed to future vessel hire costs to meet future physical delivery and sale obligations and expectations of \$432 million (2020: \$106 million), of which \$298 million, or 69% (2020: 98%), of the total charters are for services to be received over the next two years. Once the chartering date is reached, the vessels and related liabilities are accounted for as leases.

Total future commitments relating to leases are aged as follows:

US\$ million	2021	2020
Within 1 year	248	104
Between 2 and 5 years	192	3
After 5 years	—	2
Total	440	109

As part of Viterra's ordinary sourcing and procurement of physical commodities and other ordinary marketing obligations, the selling party may request that a financial institution act as either i) the paying party upon the delivery of product and qualifying documents through the issuance of a letter of credit or ii) the guarantor by way of issuing a bank guarantee accepting responsibility for Viterra's contractual obligations. In addition, Viterra is required to post pension guarantees in respect of its future obligations. As at 31 December 2021, \$394 million (2020: \$254 million) of such commitments have been issued on behalf of Viterra, which will generally be settled simultaneously with the payment for such commodity or rehabilitation and pension obligation.

Notes to the consolidated financial statements

Note 27: Contingent liabilities

The amount of corporate guarantees in favour of third parties as at 31 December 2021 was \$22 million (2020: \$24 million).

The Group is subject to various claims which arise in the ordinary course of business as detailed below. These contingent liabilities are reviewed on a regular basis and where practical an estimate is made of the potential financial impact on the Group. As at 31 December 2021 and 31 December 2020, the Group identified no material contingent liabilities.

In March 2019, the Competition Commission of India visited the offices of the Group's business in India. Management currently understands this relates to suspected allegations of cartelisation in the years 2015 and 2016. While the Group believes the allegations have no ground, the investigation is ongoing and the outcome is currently uncertain.

Litigation

Certain legal proceedings, claims and unresolved disputes are pending against Viterra in respect of which the timing of resolution and potential outcome (including any future financial obligations) are uncertain and no liabilities have been recognised in relation to these matters.

Environmental contingencies

Viterra's operations are subject to various environmental laws and regulations. Viterra is in material compliance with those laws and regulations. Viterra accrues for environmental contingencies when such contingencies are probable and reasonably estimable. Such accruals are adjusted as new information develops or circumstances change. Recoveries of environmental remediation costs from insurance companies and other parties are recorded as assets when the recoveries are virtually certain. At this time, Viterra is unaware of any material environmental incidents at its locations.

Tax audits

Viterra is exposed to tax risks and uncertainty over tax treatments. Viterra assesses its tax treatments for all tax years open to audit based upon the latest information available. For those that are not expected to be accepted by tax authorities, the Group records its best estimate of these tax liabilities, including related interest charges. Viterra uses the most likely amount or expected value of the tax treatment in line with IFRIC 23. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. Whilst Viterra believes it has adequately provided for the outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved.

In May 2018, the Australian Tax Office (ATO) commenced an audit of Glencore plc's Australian financing arrangements covering the period 2012 to 2016. As part of these audits, notices were also issued to the current parent company of Viterra's Australian tax group, namely Glencore Grain Holdings Australia Pty Ltd (GGHA). The transactions in GGHA during the period under review are material. However, based on the information available, management considers the tax position reflected in GGHA's tax filings acceptable.

In July 2018, the Canada Revenue Agency (CRA) commenced an audit of Viterra Canada Inc.'s tax return for the fiscal year 2014. Following the completion of the audit, in December 2020 the CRA issued a material reassessment for which the Company has not recognised a provision. Although inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws, the Company is of the view that no significant changes are required to be made to its tax position.

Notes to the consolidated financial statements

Note 28: Related party transactions

In the normal course of business, Viterra enters into various arm's length transactions with related parties, including commitments to sell and to purchase commodities, agency or brokerage agreements, Group financing and management service agreements. Outstanding balances at period end are unsecured and settlement occurs in cash (see notes 12, 15 and 21). There have been no guarantees provided or received for any related party receivables or payables.

All transactions between Viterra and its subsidiaries are eliminated on consolidation along with any unrealised profits and losses between its subsidiaries and associates.

US\$ million 2021	Glencore plc and its subsidiaries	Associates and joint ventures	Total
Transactions			
Sales	12	79	91
Purchases	(13)	(77)	(90)
Interest income	—	2	2
Outstanding balances			
Trade receivables	75	18	93
Loans receivable	—	26	26
Other financial assets	3	—	3
Trade payables	1	11	12
Other financial liabilities	—	—	—

US\$ million 2020	Glencore plc and its subsidiaries	Associates and joint ventures	Total
Transactions			
Sales	32	14	46
Purchases	(90)	(74)	(164)
Interest income	—	2	2
Outstanding balances			
Trade receivables	1	9	10
Loans receivable	—	24	24
Other financial assets	3	—	3
Trade payables	10	8	18
Other financial liabilities	6	—	6

The remuneration of key management personnel recognised in the consolidated statement of income comprises salaries and other short-term employee benefits of \$4 million (2020: \$6 million) and other long term benefits of \$6 million (2020: \$4 million).

Notes to the consolidated financial statements

Note 29: Principal subsidiaries with material non-controlling interests

Non-controlling interest comprises the following:

US\$ million	2021	2020
Renova SA	124	152
Cascadia Port Management Corporation	31	34
Other	2	3
Total	157	189

Summarised financial information in respect of Viterra's subsidiaries that have a material non-controlling interest, reflecting 100% of the underlying subsidiary's relevant figures, is set out below.

US\$ million	2021	2021	2020	2020
	Renova SA	Cascadia Port Management Corporation	Renova SA	Cascadia Port Management Corporation
31 December				
Non-current assets	839	200	901	220
Current assets	84	13	57	17
Total assets	923	213	958	237
Non-current liabilities	419	82	395	95
Current liabilities	133	8	108	5
Total liabilities	552	90	503	100
Net assets	371	123	455	137
Equity attributable to owners of the Company	247	92	303	103
Non-controlling interests	124	31	152	34
Non-controlling interests in %	33%	25%	33%	25%

US\$ million	2021	2021	2020	2020
Revenue	290	47	208	46
Expenses	(374)	(40)	(239)	(39)
Net profit for the year	(84)	7	(31)	7
Profit/(loss) attributable to owners of the Company	(56)	5	(21)	5
Profit attributable to non-controlling interests	28	2	10	2
Other comprehensive gain/(loss) attributable to owners of the Company	—	1	—	2
Other comprehensive gain/(loss) attributable to non-controlling interests	—	—	—	1
Total comprehensive gain/(loss) for the year	(84)	8	(11)	10
Dividends paid to non-controlling interests	—	(5)	—	(2)
Net cash inflow from operating activities	70	23	93	18
Net cash outflow from investing activities	(8)	(3)	(8)	(5)
Net cash outflow from financing activities	(61)	(23)	(86)	(8)
Total net cash (outflow)/inflow	1	(3)	(1)	5

Notes to the consolidated financial statements

Note 30: Subsequent events

On 26 January 2022 Viterra announced it has entered into a stock purchase agreement with Marubeni America Corporation, a wholly owned subsidiary of Marubeni Corporation, to acquire the grain and ingredients business of Gavilon Agriculture Investment, Inc. (Gavilon).

The agreed purchase price for the acquisition of Gavilon is US\$1.125 billion, plus working capital, and is subject to certain customary purchase price adjustments.

Gavilon is based in Omaha, Nebraska, USA, and originates, stores and distributes grains and oilseeds, as well as feed and food ingredients, to food manufacturers, livestock producers, poultry processors, soybean processors and ethanol producers worldwide.

Gavilon's leading asset network is located in key growing areas across the United States, with access to major railroads, rivers and ports. It also has international operations in Mexico, South America, Europe and Asia.

Funding for the agreed purchase price and a portion of the assumed working capital has been secured through the signing of a committed acquisition financing facility on 26 January 2022. Funding for the remainder of the working capital will be financed by using proceeds from other financing facilities and cash on hand, including existing available undrawn credit lines amounting to approximately US\$3.6 billion as of 31 December 2021.

The transaction is subject to customary closing and regulatory approvals and is expected to close in the second half of 2022.

With regard to the conflict involving Russia and Ukraine that started on 24 February 2022, as Viterra has operations in both countries, management is carefully following the situation on a continuous basis. Viterra has implemented a comprehensive risk management plan, which prioritizes safety of its employees. As the situation is highly complex and any impact on Viterra remains uncertain, no reasonable estimate of its financial effect can be made at the current time.

Viterra's operations in Ukraine have been interrupted and a continuation of the conflict may have a material adverse effect specifically on its Ukrainian operations. At December 31, 2021, Viterra had total assets and total liabilities of \$417million and \$54 million, respectively, in Ukraine.

Additionally, in response to the conflict, various countries have announced economic sanctions on Russia, certain Russian citizens and enterprises. The continuation of the conflict may trigger a series of additional economic and other sanctions as well as measures taken by the Russian government impacting foreign investors. As Viterra maintains operations in Russia, any such sanctions or measures is likely to have a material adverse effect specifically on its Russian operations. At December 31, 2021, Viterra had total assets and total liabilities of \$241million and \$166 million, respectively, in Russia.

Management does not believe the uncertainty arising from the conflict would impact the company's ability to continue as a going concern.

No other material subsequent events occurred until the date these audited consolidated financial statements were authorized for issue.

Notes to the consolidated financial statements

Note 31: Principal operating, finance and industrial subsidiaries and investments

	Country of incorporation	% interest 2021	% interest 2020	Main activity
Principal subsidiaries				
Molinos Libres S.A.	Argentina	100.0	100.0	Rice milling
Oleaginosa Moreno Hermanos S.A.	Argentina	100.0	100.0	Oilseeds crushing
Sucesion de Antonio Moreno S.A.	Argentina	100.0	100.0	Storage and handling
Renova S.A.	Argentina	66.7	66.7	Oilseeds crushing/ biofuel production
Viterra Holdings Pty Ltd	Australia	100.0	100.0	Storage and handling
Viterra Australia Pty Ltd	Australia	100.0	100.0	Marketing
Correcta Industria e Comercio Ltda.	Brazil	100.0	100.0	Wheat milling/ oilseeds crushing
Viterra Bioenergia S.A.	Brazil	100.0	100.0	Sugarcane/ ethanol production
Moinhos Cruzeiro do Sul S.A.	Brazil	100.0	100.0	Wheat milling
Viterra Brasil S.A.	Brazil	100.0	100.0	Marketing
Cascadia Port Management Corporation	Canada	75.0	75.0	Storage and handling
Viterra Canada Inc.	Canada	100.0	100.0	Storage and handling
Viterra China Co., Ltd.	China	100.0	100.0	Marketing
Viterra Czech s.r.o.	Czech Republic	100.0	100.0	Oilseeds crushing
Viterra Agriculture Egypt for Trading LLC	Egypt	100.0	100.0	Marketing
Viterra France S.A.S.	France	100.0	100.0	Marketing
Viterra Rostock GmbH	Germany	100.0	100.0	Biofuel production
Viterra Magdeburg GmbH	Germany	100.0	100.0	Oilseeds crushing/ biofuel production
Viterra Lubmin Oils GmbH	Germany	100.0	100.0	Oilseeds crushing
Viterra Hungary Kft.	Hungary	100.0	100.0	Marketing
Viterra Vegetable Oil Manufacturing LLC	Hungary	100.0	100.0	Oilseeds crushing
Viterra India Private Limited	India	100.0	100.0	Marketing
Viterra Italy S.R.L.	Italy	100.0	100.0	Marketing
Viterra Kazakhstan LLP	Kazakhstan	100.0	100.0	Marketing
Viterra Agriculture de Mexico, S.A. de C.V.	Mexico	100.0	100.0	Marketing
Viterra Botlek B.V.	Netherlands	100.0	100.0	Biofuel production
Viterra B.V.	Netherlands	100.0	100.0	Marketing
Viterra Finance B.V.	Netherlands	100.0	100.0	Finance
Renaisco BV	Netherlands	100.0	100.0	Holding
Viterra Chartering B.V.	Netherlands	100.0	100.0	Marketing
Viterra New Zealand Limited	New Zealand	100.0	100.0	Marketing
Viterra Polska Sp.z o.o.	Poland	100.0	100.0	Marketing
Viterra Silos Sp.z o.o.	Poland	97.8	97.8	Storage and handling

Notes to the consolidated financial statements

Note 31: Principal operating, finance and industrial subsidiaries and investments continued...

	Country of incorporation	% interest 2021	% interest 2020	Main activity
Viterra Bodaczowie Sp.z o.o	Poland	100.0	100.0	Oilseeds crushing
Viterra Romania S.R.L.	Romania	100.0	100.0	Marketing
Viterra Russia LLC	Russia	100.0	100.0	Marketing
Viterra RKHP SPA	Russia	100.0	100.0	Storage and handling
Viterra Agriculture Asia Pte. Ltd.	Singapore	100.0	100.0	Marketing
Viterra Chartering Asia Pte. Ltd.	Singapore	100.0	100.0	Marketing
Viterra Agrícola España, SAU	Spain	100.0	100.0	Marketing
Viterra Turkey Tarim LIMITED SIRKETI	Turkey	100.0	100.0	Marketing
Viterra UK Ltd.	UK	100.0	100.0	Marketing
EFI Viterra Ukraine	Ukraine	100.0	100.0	Marketing
Private Joint Stock Company Kolos	Ukraine	100.0	100.0	Oilseeds crushing
Everi LLC	Ukraine	100.0	100.0	Storage and handling
Viterra Uruguay S.A.	Uruguay	100.0	100.0	Rice milling
Viterra USA Agriculture LLC	USA	100.0	100.0	Marketing
Viterra USA LLC	USA	100.0	100.0	Marketing
Viterra Vietnam Company Limited	Vietnam	100.0	100.0	Marketing

	Country of incorporation	% interest 2021	% interest 2020	Main activity
Principal associates and joint ventures				
Lartigoyen y Cia S.A.	Argentina	50.0	50.0	Storage and handling
Newcastle Agri Terminal Pty Ltd	Australia	—	32.5	Storage and handling
Terminal de Grãos Ponta da Montanha S.A. ('Barcarena')	Brazil	50.0	50.0	Storage and handling
Szczecin Bulk Terminal Polska Sp.z o.o	Poland	49.0	49.0	Storage and handling
Taman Grain Terminal Holdings Ltd.	Cyprus	50.0	50.0	Storage and handling
Idel Shipping Company Ltd	Russia	50.0	50.0	Freight and handling
Company Ukrmill LLC	Ukraine	50.0	50.0	Storage and handling
IGT, LLC	Ukraine	50.0	50.0	Storage and handling
Wings Agriculture Pvt Ltd	India	50.0	50.0	Pea processing and marketing

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Enquiries

investor.relations@vterra.com

Media

T: +1 (306) 569 6673

jeff.cockwill@vterra.com

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