VITERRA
THE AGRICULTURE NETWORK

A world-leading, fully integrated **agriculture network**

Full-year report
2022

Contents

2 A message from our Chief Executive Officer
4 Our network
6 2022 – Year in focus
12 Sustainability review

Management discussion

16 2022 in numbers
17 A message from our Chief Financial Officer
18 Management discussion

Financials

23 Auditor's review report
27 Consolidated financial statements
33 Notes to the consolidated financial statements

COVER IMAGE: Tumby Bay, Australia

viterra.com

What we do

We take great pride in supplying essential food and feed products to the world. Our agricultural network spans 37 countries, drawing on our close relationships with producers and end-use customers, connecting them to provide traceable and sustainable agricultural commodities.

We are stewards of some of the world's most critical food and feed supply networks. As the one of the largest producer facing businesses in our industry, we source grains, oilseeds, pulses, sugar, rice and cotton from the major growing regions and use our extensive network of assets to store, transport and process them into a range of value-added products, delivering them to the exact quality and specifications our customers expect.

We market to food manufacturers, animal feed manufacturers, consumer product processors, local importers and distributors, and governments around the world. Our robust network of producers, combined with our strategically positioned assets, gives us the ability to originate supply from a range of origins so that we can meet their needs consistently and reliably.

Through our global chartering operations, we provide vessel transportation for a wide range of agricultural commodities. Our extensive fleet of vessels transports to hundreds of ports around the world annually.

Our diverse and talented workforce of more than 18,000 people have extensive experience in global agricultural supply chains. Together, we provide our customers with dependable and efficient service and open pathways to new business.

A message from our **Chief Executive Officer**

Throughout supply constraints and demand fluctuations in 2022, Viterra's global agriculture network continued to ensure the reliable and sustainable supply of critical food and feed products around the world.

David Mattiske
Chief Executive Officer

Record performance and earnings

During the year, we continued to see supply chain disruptions that fueled market volatility for our core commodities, and record production across several main export regions. These factors, combined with the strength of our fully integrated global network, were key in delivering our most successful year on record.

These results contributed to strong operational cash flow, which allowed us to continue to invest in our network, the highlight of which was undoubtedly the acquisition of Gavilon, a major player in the US agricultural sector.

The acquisition has been truly transformative for our business, as it gives us a material presence across the US market, and a leading position in every major exporting region of the world, paving the way for future opportunities. Integration of the business is progressing well, and we are realising synergies ahead of expectations.

In addition, we completed construction of a new world-class vegetable oil refinery in Foktő, Hungary, complementing our existing crush facility at the same site. The new refinery is now fully operational, and vastly expands the products and services we can provide our customers.

Our continued focus on the growth of our origination network allows us to offer unparalleled flexibility to our customers. Throughout continued market disruption in the Black Sea, we have been able to meet the needs of our customers through alternate origins or export routes. In 2022, we set record volumes for our business at 102 million metric tonnes (mMT), supported by the expertise of our in-house chartering teams.

With our emphasis on operational excellence, we achieved or exceeded multiple performance targets. Our world-leading oilseed processing facility in Argentina set a world monthly processing record of 952kMT. I encourage you to review the full report for more on the year's achievements across our network.

Towards a sustainable network

Our long-term success lies in meeting ambitious sustainability targets, including a reduced reliance on fossil-based fuels and associated carbon emissions, as well as ensuring the products we handle originate from sustainable sources.

We took a major step forward in our sustainability programme in 2022, with the announcement of our ambition to be carbon net zero by 2050 for scope 1 and 2 emissions, in addition to our commitment

to end deforestation within our South American soy supply chains by the end of 2025. During COP27 in November, we also launched the *Agriculture Sector Roadmap to 1.5°C* for enhanced supply chain action against deforestation, together with 13 other signatories. The roadmap allows us to drive lasting action and achieve our ambitions.

To meet the ever-increasing demand for traceable products from sustainable origin, we have continued to invest in our origination programme, as well as innovative technology that allows us to deliver the products our customers require, maintaining the highest levels of quality control right through our supply chains, from the producer's gate to the end-use customer.

The health and safety of our people remains our top priority. I am happy to share that in 2022 we achieved our five-year target of 50% reduction in recordable injuries, one year ahead of schedule.

We are also committed to supporting the sustainable long-term development of the local communities where we operate. Our recently established Viterra Community Fund provides a structured and consistent approach to our support for communities, with a focus on environmental care, capability building, health improvement and disaster relief.

We continue to support our people in Ukraine, paying full salaries to all colleagues regardless of whether they are currently able to work. In 2022, we also announced our pledge of $2,500,000 over five years to the HALO Trust, the world's largest humanitarian landmine clearance organisation, to expand its operations in Ukraine to clear agricultural land, allowing farmers safe access to resume production.

2023 outlook

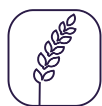
The outlook for Viterra remains very positive. Although market conditions are expected to normalise in 2023, the underlying demand for our core commodities remains strong. With a record crop in Australia, and a top three record crop in Canada, Viterra is perfectly positioned to capture the increased exports from these regions in the coming year.

We continue to explore new opportunities for our business, such as the growing market for renewable fuels, advances in digitisation and the growing demand for sustainably sourced products. We will complete the integration of Gavilon into our global network, solidifying our position as a true global leader in the origination of agricultural commodities and products.

Our results are a testament to the hard work and dedication of our colleagues worldwide; our performance in 2022 would not have been possible without their passion for our business. I would also like to thank all our customers for their ongoing support and trust in Viterra. Together, I am confident our success will continue throughout 2023, and well into the future.

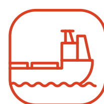
Our **network**

Port Giles, Australia



Origination

We source directly from producers and producer cooperatives from all the main growing regions in the world.



Marketing

With our insight, experience, network and strong producer relationships, we originate agricultural commodities and supply them to customers worldwide.

102m tonnes of commodities marketed in 2022

marketing offices in **34** countries

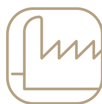
Storage and Handling

We have storage and handling facilities in key growing regions to ensure products are available when customers need them.

270+ storage facilities in **13** countries

CEO message
→ Our network
2022 – Year in focus
Sustainability review
Management discussion
Financials

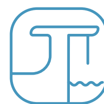
Site numbers refer to owned or leased assets and were correct at time of printing.



Processing and Refining

We own a range of facilities that enable us to provide commodities ready for consumer use.

30+ processing and refining facilities in **11** countries



Port Terminals

Our network of port terminals in the main exporting countries ships to destinations around the world.

29 port terminals in **10** countries

Logistics

Our comprehensive logistics network allows us to oversee our commodities from farm gate to customer.

1455 ocean freight voyages

200+ ocean-going vessels

2022 – **Year in focus**

It has been a record-breaking year across our network. Our diverse and extensive footprint, combined with our experienced and committed workforce, allowed us to navigate market volatility and achieve strong results. The most notable highlight was our acquisition of Gavilon, a significant milestone for our business.

A vital link between producer and consumer

Across 2022, we increased the size and reach of our origination activities, sourcing from 65+ countries and supplying over 125 countries with more than 102mMT of critical agricultural products.

Supported by bumper crops across the country and strong demand from international markets, our Australian business achieved impressive results across all commodities, including increased canola exports. In December we received a record of 5.2mMT of grains and oilseeds from local producers into our network of 50+ up-country sites. We also marked our second largest month for shipping, including the highest volume of grain ever loaded at our Thevenard port.

In Brazil, we set an origination record for corn, more than doubling volumes achieved in 2021, supported by a historically large crop in the Mapito region. This allowed us to fully utilise the increased capacity at our Tegram port terminal to reach a record total throughput. In Argentina, we increased our overall origination as we continue to upscale our activities in the region.

In Canada, as part of our ongoing infrastructure upgrades, we celebrated the grand opening of two new storage and handling facilities and completed major rail and storage expansions at two further sites. Through these projects, we continue to optimise our asset network to ensure we can provide our customers with the best possible service.

Wherever safe to do so, we have continued to manage export flows out of Ukraine, utilising alternative land export routes, demonstrating the agility of our logistics network throughout the region.

Creating a fully traceable supply network

Increasing direct origination across our network is one of our core business strategies. Creating direct, meaningful partnerships with producers enables us to improve the traceability of our supply chain, giving us the capability to deliver the quality-controlled, sustainable products that our customers require. Viterra's extensive asset base allows us to connect with over 120,000 producers worldwide, positioning

us to achieve our strategic goals. In 2022, we have already begun to realise the benefits of these initiatives and investments.

In Europe, our Origination System Software package allows for automated pricing and contracting functions to provide our customers with added flexibility in managing their businesses, while making our processes more efficient. We also expanded our origination team in the region and implemented new metrics to track our performance and support market share growth.

In Australia, further implementation of our customer relationship management (CRM) platform has allowed us to build closer working relations with producers, and identify further opportunities for collaboration. In Canada, we continue to enhance our existing CRM platform to ensure continued driving growth in our origination business.

Establishing our US presence

In October, we completed the acquisition of Gavilon (1.1 billion US$ – excluding working capital), providing access to the US origin and adding over 110 up-country sites across the country.

Gavilon is a leading grain handler headquartered in Omaha, Nebraska. It originates, stores and distributes products to both domestic and global markets. It is the third largest storage and handling network in the US, with assets in all primary growing areas across the country and well connected to major railroads, rivers and ports. Notably, Viterra will gain access to two port terminals in the Pacific Northwest through our Pacificor joint venture, further strengthening our export capabilities out of the US.

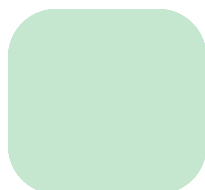
In addition to its leading position within the US, Gavilon also has a material presence in Brazil and Mexico, which will allow us to enlarge our pre-existing business in these markets by increasing both direct origination and product offerings. Overall, the inclusion of Gavilon to our network makes us one of the largest grains handlers in North America

Wichita,
Kansas, USA

and one of the few players in our industry to have full geographical coverage of all the key producing regions worldwide. The combination of the Gavilon and Viterra operational capabilities will enable us to provide more value and flexibility to our customers while fulfilling our ambition to become the largest agricultural network globally.

Viterra is excited to welcome Gavilon's employees to our global team and we look forward to building on the solid relations they have built with their customers. The integration is progressing well, and the identified synergies in both costs and revenue are tracking ahead of schedule.

Since the close in October, Gavilon's contribution to our network has largely exceeded expectations, adding approximately 10mMT of handling volume across grains, oilseeds and various feed products.



Delivering to key demand markets

It was a historic year for our business, resulting in a record 102mMT sales volume to over 125 destination countries, a clear testament to the strength, diversity and reach of our global network.

Supported by Viterra Chartering and our global shipping fleet, our business contributed to more than 70mMT of seaborne flows. To meet the growing demands of our customers, we expanded our vessel fleet with two new 82,000MT vessels, secured on a long-term chartering agreement. These vessels have best in class fuel efficiency, helping to reduce the overall emissions of our fleet.

We have increased grain imports into Europe, the Middle East and Asia and expanded the sales volumes of our local distribution channels in North and South America. In North America, thanks to the contribution of Gavilon, we have significantly increased our 2022 sales volume by an additional 10mMT. Building off the investments we made to expand our sustainable soybean meal supply chain, we continued to grow imports of soymeal into destinations within Europe and Asia Pacific.

Driving operational excellence

Within Europe, we successfully commissioned our state-of-the-art vegetable oils refinery in Foktő, Hungary. The refinery is an addition to our existing crude oil production facility and enables us to produce feedstock for renewable fuels as well as edible oil for human consumption from a variety of oilseeds (including (HO) sunflower seeds, rapeseeds and soybeans), vastly expanding the services we can provide to our customers.

We further expanded our processing business in Argentina with the purchase of a sunflower seeds and soybeans processing facility in the port of Bahia Blanca. This acquisition reflects our strong commitment to the local production of oils and by-products to further meet the demands of our domestic and international customers. Adding to the Argentinian successes, our oilseed processing facility in Timbúes broke the global record for monthly crush processing over 952kMT of soybeans during the month of August. The facility is the world's largest

Foktő,
Hungary

soybean processing facility and is the primary source of soybean meal into our network.

In our sugar business, we set new monthly processing records at both our mills and expanded exports to Africa, Asia and the Middle East. The wheat milling segment delivered record results with our consumer flour brand, Rosa Branca, being ranked the top wheat flour brand by the São Paulo Supermarket association, based on sales volumes.

In India, we initially forayed into the pulse milling business in 2020 by entering a joint venture (JV) with the Wings Group, a local leading player in the industry. Since then, the JV built a new green field chickpea processing facility, in Kuvadava. This asset is India's single largest chickpea facility and 2022 was its first full year of operation. We continue to explore opportunities to expand our pulse processing capabilities within the country.

Research and analytics

As a business with a large, globally integrated network we generate a significant amount of data. One of our strategic goals is to continue capitalising on increased data-driven insights for our business. In 2022, we continued to grow our Research desk, expanding the valuable data analytics available to our marketing teams, and increasing their role in our commercial decision-making processes. By combining data sources and modelling functions, and gathering new insights on key factors like weather and other fundamental drivers, we aim to further reduce risk within our business and continue strengthening our marketing strategies.

Rajkot, India

Within our network, we operate over 30 strategically located oilseed processing and milling facilities, which allow us to deliver high-quality, value-added products into the market.

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 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 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 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.

Towards the **sustainable network**

Our focus on meeting stringent health and safety goals and developing our safety culture enabled us to meet our five-year targets a year early; we have halved the rate at which our employees incurred work-related injuries and significantly increased proactive reporting. We are bringing the same dedication to other areas of sustainability.

Supplying sustainable products and operating a sustainable network are imperatives for our people, our customers and our communities and continue to drive changes in our industry.

Our approach is designed to safeguard our people, positively impact the environment and communities where we operate, and ensure our food and feed products are of the highest standards. It encompasses all of our employees, our supply chain, and every community in which we operate and from where we source our products.

Viterra has an unrivalled ability to originate directly from producers and deliver low-carbon products to customers through our traceable and quality-controlled network.

Our commitment to operating sustainably and to establishing Viterra as a sustainable network is an integral part of our business. In 2022, we focused on the environmental pillar of our sustainability strategy, which also affects our broader sustainability efforts.

We have established three objectives:

- **Improving our operational impacts** – examine our own operations and activities and continue to implement regional specific improvement plans with a focus on emissions, water use and renewable energy supply
- **Achieving sustainable agriculture networks** – work with our supply chains to increase responsible sourcing and improve traceability, delivering sustainable, lower carbon supply to our customers
- **Advancing our transparency and environmental, social and governance (ESG) credentials** – continue to be open with our stakeholders and confirm our commitment to ESG through global public ratings and transparent reporting.

We understand that building a sustainable agriculture network is a long-term project. We have embarked on a multi-year implementation plan to progress our performance across these three objectives.

Improving our operational impacts

We made progress towards our goal of improving the sustainability of our own assets with our announcement in 2022 of our long-term ambition to become carbon net zero by 2050. To guide our pathway to net zero and ensure we remain on track we are establishing robust medium-term emission reduction targets.

Our initial focus has been on identifying and assessing scope 1 and 2 emissions reduction opportunities, using 2022 as the baseline year. To drive our investment and decision-making and support us in meeting our reduction goals, we have established five decarbonisation pillars.

All regions have local Environment Improvement Plans focusing on short- and medium-term actions to drive improvement. To enable us to put our plans into action we have integrated decarbonisation projects into this Environmental Improvement Planning Framework.

The monitoring and reporting of emissions associated with our processing assets has been a long-term focus as most of our emissions are associated with these operations.

We have identified a range of projects to drive confidence in our ability to not only achieve our targets but also drive increased ambition as we further embed climate-related risk management and climate action into our operational strategies and programmes.

We have already undertaken external reviews to improve process and energy use efficiency at most of our processing assets globally to reduce or conserve the energy we need.

Achieving sustainable agriculture networks

Viterra brings together producers, transport providers, suppliers and customers. Across this network we are working to drive changes in the industry so we can meet the demand of consumers without affecting future generations.

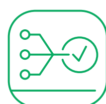
We are committed to ending deforestation, preserving biodiversity, and reducing our reliance on scarce and limited resources, as well as meeting increasing government regulation and traceability requirements.

Agriculture is recognised as a significant contributor to greenhouse gas emissions and deforestation is a major cause of our sector's scope 3 emissions. We have pledged to end deforestation and conversion for soy from South America and palm oil globally by the end of 2025.

Our decarbonisation pillars

Source renewables

Invest in green energy sourcing, assets and storage



Drive efficiency programs

Optimise operations and energy use

Evolve logistics

Adapt to low-carbon transport networks

Develop agri-based solutions

Pursue bio-based green energy and low-carbon fuels

Reduce and remove carbon with technology and innovation

Explore and develop new energy and low-carbon solutions

Towards the **sustainable network** continued...

Since the COP26 climate conference we have been working with 13 other signatories from the agricultural sector to develop a roadmap to reduce emissions from land use change, and the *Agriculture Sector Roadmap to 1.5°C* was launched as part of COP27 in Egypt.

As part of the roadmap commitment, we have published implementation plans for both soy and palm oil, two sectors where commodity-driven deforestation increases carbon emissions and threatens local biomes.

Our plan for soy applies to all the soy we source in South America, both directly and indirectly. It involves developing and implementing technology-based traceability monitoring to prevent product at risk of deforestation from entering our supply chains. We are developing our capabilities in the use of geospatial imaging to monitor conversion for high-risk biomes in South America. It allows for monitoring of soybean suppliers and their farms for deforestation, and social and legal compliance. Our goal is to achieve 100% traceability to municipality by 2025.

We do not own any plantations, mills, refineries or assets along the palm oil supply chain, but we aim to influence sustainability through our sourcing approach. We are increasing traceability to plantation and conducting third party verification, alongside reporting under the No Deforestation, No Expansion on Peat and No Exploitation (NDPE) Implementation Reporting Framework (a key reporting tool that monitors progress towards sustainability in the palm oil sector) and publishing our progress annually.

We have begun to assess and measure our scope 3 emissions and will establish reduction targets based on science in 2024.

Influencing our suppliers and ensuring members of our network share our vision and values will be an important part of ensuring a sustainable supply chain. We have commenced our supply chain due diligence programme with the recent publication of our Supplier Code of Conduct, which communicates expectations of our suppliers to operate sustainably – in regard to ethical business practices, health and safety, food and feed safety, labour standards and human rights, the environment, and local communities. It also demonstrates our aim to influence our supply chains in a positive and ethical way and provides a framework for managing risks we identify as being associated with our network. This in turn will allow us to further our responsible sourcing programmes, by supporting those suppliers who adhere to these principles.

We are embedding sustainability into our network through sustainable financing. We currently have four sustainability-linked credit facilities worth approximately US$6 billion across our global business linked to sustainability targets, including a reduction in greenhouse gas emissions, a reduction in water and fossil energy consumption, increased traceable-to-origin soy sourced in South America, and achieving safety targets. In Australia, an $800 million Borrowing Base Facility (BBF) ties sustainability performance targets to the origination of domestic, sustainably grown grain and supports the purchase of grain direct from producers across Australia and protein meal from overseas farms that follow sustainable agricultural practices, including non-deforestation.

Advancing our transparency and ESG credentials

In a world where the demand for verifiable sustainable practices in business is only going to grow, we are committed to being open and transparent in our activities and progress. It is critical to our business to be able to demonstrate our sustainability and for that reason we have embedded advancing our transparency as a specific objective of our strategy.

Our ambitions and actions are overseen by our Board of Directors and Global Sustainability Committee. They look not only at our own assets but at how our global supply chains are performing. We have recently established a Board-level ESG Committee to ensure we operate in an openly sustainable,

ethical and responsible manner, and manage our health and safety, environmental, and community risks effectively.

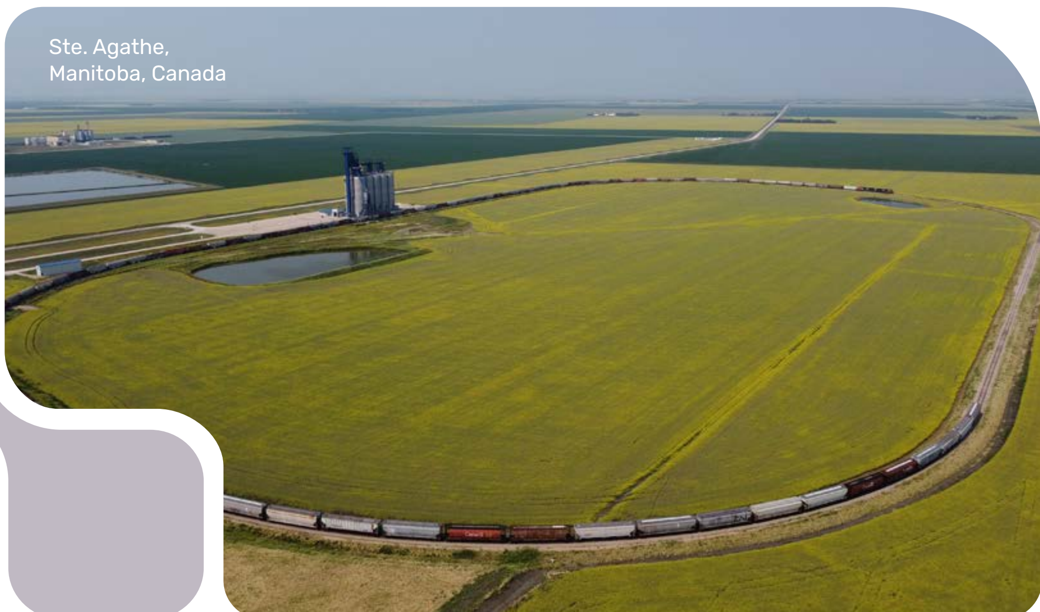
Our approach is underpinned by a robust organisational structure that ensures our standards meet or exceed legal requirements and address material risk. Our performance is closely monitored. Our Global Sustainability team leads the development of company-wide policy and programmes, with regional management teams leading the local implementation with the support of their local sustainability teams.

To understand the sustainability issues that impact both our business and our stakeholders the most, we have recently conducted our first comprehensive multi-stakeholder double materiality assessment. The results of this will shape our policies, programmes and actions in the future. We will be reporting on this in our 2022 sustainability report.

Our aim is to align our policies, programmes and reporting with accepted standards and we are pursuing the external assessment of our sustainability activities through public ESG ratings agencies.

We have aligned our activities to the United Nations Sustainability Development Goals for some years, to ensure that our sustainability activities contribute to these goals. We are also building on our current alignment with GRI standards and will be improving our ESG, climate change and other risk-related disclosures through a number of projects to align our reporting with the EU's Corporate Sustainability Reporting Directive and the Task Force on Climate-Related Financial Disclosures. We have expanded the assurance overlaid across our sustainability performance indicators to further confirm the confidence we have in our reported performance, integrated financial and sustainability reporting.

Our 2022 sustainability performance will be detailed within our sustainability report.


Ste. Agathe, Manitoba, Canada

FY 2022 in numbers

Sales volume

102mMT

Wheat, corn, barley, soybeans and soybean meal dominant commodities for 2022

Revenue

54

US$billion

EBITDA

2,645

US$million

Net income
attributable to equity holders

1,043

US$million

FFO

2,057

US$million

Total sustaining capital expenditure

179[1]

US$million

[1]On a cash basis.

Adjusted net debt

1,062

US$million

Adjusted net debt to LTM[1] EBITDA

0.40x

[1] LTM: Last 12 months.

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

16 FY 2022 in numbers

17 A message from our Chief Financial Officer

18 Management discussion

CEO message
Our network
2022 – Year in focus
Sustainability review
→ Management discussion
Financials

A message from our **Chief Financial Officer**

In a year characterised by price volatility, unprecedented geo-political events and macroeconomic challenges Viterra's network demonstrated its strength and resilience with record performance. Generating over $2 billion of FFO[6], we made material investments to our network, most notably the acquisition of Gavilon, paid dividend to shareholders, all whilst continuing to improve our investment grade profile.

Global supply varied significant across origins, with record (or near record) production in Australia, Canada and Brazil helping to balance lows in Argentina and the reduction in Black sea volumes. Thanks to the flexibility of our origination and distribution pathways, and efficient freight execution, we were able to navigate supply chain disruptions, securing strong pipeline margins on the 102 mMT delivered to customers. Supporting regional operations are robust and centralized risk management, finance and compliance departments, which ensure we protect the interests of all our stakeholders.

A major highlight in 2022 was undoubtedly the closing of the Gavilon transaction, the second largest acquisition in our history at $1.1 billion plus $1.8 billion working capital. This investment forms part of our long-term strategy to increase our presence in the US, a major exporting region and establishes Viterra as one of a few players with a truly global geographic coverage. The integration process is tracking ahead of target thanks to our experienced management team and the dedication of our new Gavilon colleagues. The Gavilon contribution to the group is so far exceeding expectations, as we quickly realize synergies on both costs and revenue and rationalise their global footprint and capital requirements. We were able to finance the acquisition through a combination of new and existing facilities and in-year cash generation, and have since repaid the remaining bridge facility established in January 2022.

Our liquidity and funding strategies continue to move forward. Across 2022, we issued $750 million of US bonds, established a new $2.5 billion 3-year RCF in the US and renewed our existing EU RCF with an additional $1.0 billion of available credit. The increased funding lines in combination with disciplined working capital management resulted in an expansion of committed headroom to $6.4 billion as per year-end 2022. In October, both S&P and Fitch recognised these improvements in our financial metrics, as well as the diversification of our business profile, with Fitch assigning a positive outlook to our BBB- credit rating.

Stepping into 2023, maintaining financial discipline while facing a challenging macro environment is crucial. Our focus will be on optimizing Gavilon into our network whilst strengthening and expanding our core activities and services to our clients, continuing to play a valuable role in the global movement of food products.

Peter Mouthaan
Chief Financial Officer

Another record year for earnings

Our sales volumes for the year ended 31 December were 102 mMT, predominantly comprised of grains (wheat, corn, barley) and oilseeds (soybean, rapeseed and vegetable oils).

Total revenue was $54 billion, compared to $40 billion for 2021, representing a 35% 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, and the incorporation of the Gavilon business from October.

Marketing volumes sold

Million tonnes	2022	2021	Change %
Grain	64.6	54.9	18%
Oilseeds	34.1	31.2	9%
Cotton	0.6	0.6	0%
Sugar	2.5	1.6	56%
Total	**101.8**	**88.3**	15%

EBITDA[1] for the period was $2,645 million, a 21% increase from 2021. Strong origination margins in Australia, addition of the US volumes through Gavilon, favourable crush margins within Canada and Argentina, as well as a recovery of wheat milling performance were all contributing factors to the increase.

2022 saw an increase in our net financing costs vs the same period 2021 primarily related to the multiple interest rate hikes over the period, which increased our average cost of financing. This was further compounded by higher working capital levels due to record crops in our key origination regions and the incorporation of Gavilon volumes in Q4.

Total tax expenses were $314 million for 2022 (ETR of 24%), vs $310 million in 2021 (ETR of 26%). Our adjusted effective tax rate (accounting for tax losses not recognised, foreign currency translation effects, inflation corrections and corporate income tax rate changes) for 2022 was 26%.

Net income attributable to equity holders came to $1,043 million for the period, an increase of 13% vs 2021.

Disciplined balance sheet management

Total non-current assets at period end, 31 December 2022, were $7.3 billion, vs $6.1 billion at year-end 2021. The increase was primarily driven by the addition of Gavilon to our network, having paid $1.1 billion for the acquisition of Gavilon's fixed assets footprint.

Long-term debt includes $3,156 million of capital notes, $1,789 million revolving credit facilities (RCFs), $530 million lease liabilities and $248 million other bank loans. In April 2022, Viterra issued two additional US capital bonds ($450 million and $300 million), continuing with our strategy to diversify funding and extending our debt maturity profile.

Short-term debt includes $762 million secured inventory/receivables facilities, $950 million bridge facility, $375 million lease liabilities, $2,855 million bilateral bank facilities, and other financings. In January 2023, the bridge loan in support of the Gavilon acquisition was fully repaid.

Equity (excluding non-controlling interests) at 31 December 2022 came to $5,103 million, an increase of $502 million, on the back of strong earnings and continued growth of our integrated global network.

All figures are USD

Commodity prices and harvest timing are key factors in the seasonality of our working capital[2] needs. Disciplined working capital management and lower year-end prices helped reduce levels from earlier year peaks to $8.7 billion for the period ending 31 December 2022 ($7.7 billion at year-end 2021). The year-on-year increase was primarily driven by the addition of Gavilon to our network, coupled with the second largest crop in Australia at the end of the year. Since the integration of Gavilon on 3 October 2022, we have optimised the capital requirements of the global trade flows (Europe and Brazil primarily), reducing down to only activities complementary to our business.

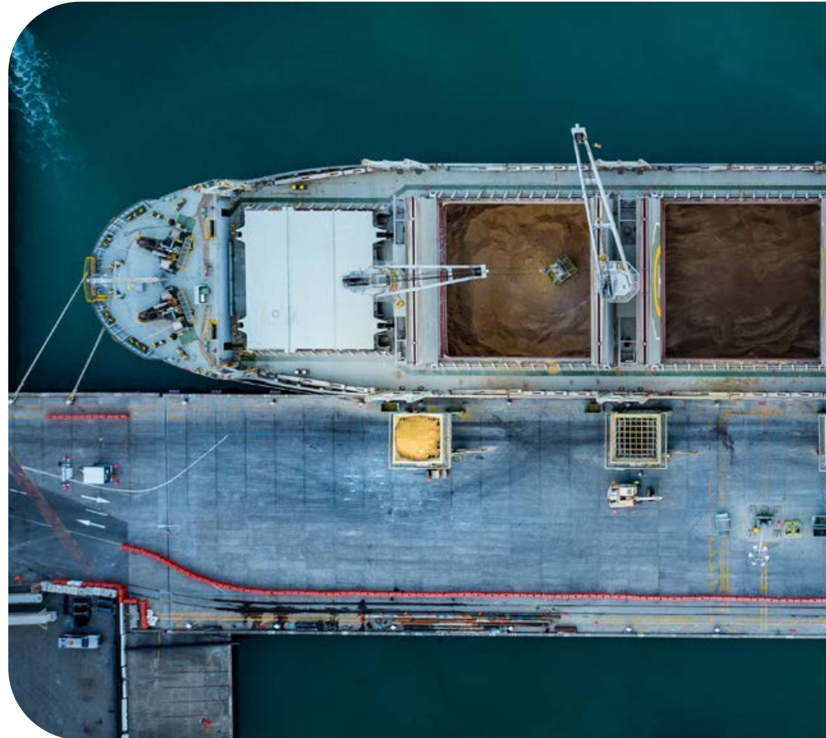
The largest component of working capital is readily marketing inventories (RMIs) which are considered readily convertible to cash due to their highly liquid nature and available markets. As at 31 December 2022, RMI comprised 98.4% ($8.9 billion) of total inventories, compared to 98.2% ($8.2 billion) at year-end 2021.

As typically seen across the industry, total funding[3] 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 debt[4]. At 31 December 2022, our adjusted net debt[5] was $1,062 million, compared to $289 million at year-end 2021. Our Adjusted Net Debt to last twelve month EBITDA was 0.40x.

Increases in Adjusted Net Debt driven by the acquisition of Gavilon and $400 million shareholder distribution were mostly offset by strong cash flow generation. We anticipate levels to normalize back to pre-transaction levels in 2023 through further working capital rationalization, the earnings outlook for 2023 and the recognition of the full 12 months of results of Gavilon.

Maintaining ample liquidity

Viterra continues to progress on its funding and liquidity strategies, diversifying its funding, expanding its credit lines and lengthening our debt maturity profile. As at 31 December 2022, Viterra held $6.4 billion available headroom in committed facilities vs $3.6 billion in 2021.



In September 2022, we established a new 3-year US$ 2.5 billion RCF in the USA to support the working capital requirements of the acquired US operations. The facility is 50% comprised of commercial lenders, with the remainder supported by Farm Credit System banks. Furthermore, we increased our EU RCF facilities by $1 billion, supported by an enlarged tier one banking group.

Our main facilities consist of;

- 1yr committed US$ 4,100 million European RCF (1year extension + 1year term out option)
- 3yr committed US$ 1,000 million RCF (+2x 1yr extension option)
- 1yr committed US$ 570 million Asian RCF (+2x 1yr extension option)
- 3yr committed US$ 2,500 million US RCF.

All figures are USD

Management discussion continued...

Phelps City, Missouri, USA

Strong operating cash flow generation

Funds from operations[6] (FFO) is a measure that reflects our ability to generate cash for investment, debt servicing and distributions to shareholders. FFO for 2022 was $2,057 million, an increase of 13% compared to 2021, a positive reflection of the strength of our network and impact of our growth strategies.

The strong cash-flow generation, coupled with effective balance sheet management, allowed for a $400 million shareholder distribution, paid in Q4 2022. This distribution was determined basis our distribution policy, which considers the period earnings, headroom to BBB investment grade profile and near term cash flow requirements.

Viterra maintains a disciplined approach to investments; with a focus on projects to build upon our existing strength or which are synergistic to our network. Total sustaining capital expenditure for the period (on a cash basis) was $179 million (vs $160 million in 2021), with increases driven in part from project delays from 2021. Total expansionary capital expenditure for the period (on a cash basis) was $91 million (vs $191 million in 2021). Key projects include the refinery construction at our facility in Hungary and upgrades to our networks in Canada, Australia and Argentina. M&A related expenditure amounted to $2,235 million, primarily driven by the acquisition of Gavilon.

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.

Consolidated financial statements

2022 Viterra Limited

Financials

23 Independent auditor's report

27 Consolidated statement of income

28 Consolidated statement of comprehensive income

29 Consolidated statement of financial position

30 Consolidated statement of cash flows

32 Consolidated statement of changes of equity

33 Notes to the consolidated financial statements

Statement of **directors' responsibilities**

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 as issued by the International Accounting Standards Board and adopted by the European Union (IFRS). 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

15 March 2023

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 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and adopted by the European Union (IFRS); 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 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 32.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board and adopted by the European Union (IFRS).

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** to the members of Viterra Limited

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.

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.

CEO message
Our network
2022 – Year in focus
Sustainability review
Management discussion
→ Financials

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. 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 2022 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 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;

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

- 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

15 March 2023

Consolidated statement of **income**

For the year ended 31 December 2022

US$ million	Notes	2022	2021 (Restated[1])
Revenue	2	53,854	39,986
Cost of goods sold		(51,795)	(38,297)
Gross margin		**2,059**	**1,689**
Selling and administrative expenses		(385)	(314)
Share of income from associates and joint ventures	11	38	28
Gains on disposals and investments	3	11	12
Other income	4	143	78
Other expense	4	(162)	(91)
Dividend income		3	3
Interest income		23	7
Interest expense	6	(374)	(206)
Income before income taxes		**1,356**	**1,206**
Current income tax expense	7	(434)	(208)
Deferred income tax expense	7	120	(102)
Income for the period		**1,042**	**896**
Attributable to:			
Non-controlling interests		(1)	(26)
Equity holders		1,043	922

[1] Refer to note 1.

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

Consolidated statement of **comprehensive income**

For the year ended 31 December 2022

US$ million	Notes	2022	2021
Income for the period		1,042	896
Other comprehensive income[1]			
Items not to be reclassified to the statement of income in subsequent periods:			
Loss on financial assets measured at fair value through other comprehensive income		(1)	–
(Loss)/gain on remeasurement of defined benefit plan	20	(33)	21
Net items not to be reclassified to the statement of income in subsequent periods[1]**:**		**(34)**	**21**
Items that are or may be reclassified to the statement of comprehensive income in subsequent periods:			
Exchange loss on translation of foreign operations		(104)	(115)
Loss on cash flow hedges		(5)	(17)
Cash flow hedge reclassified to statement of income		–	(3)
Items recycled to the statement of income upon disposal of subsidiaries and associates	3	–	7
Net items that are or may be reclassified to the statement of income in subsequent periods:		**(109)**	**(128)**
Other comprehensive loss		**(143)**	**(107)**
Total comprehensive income		**899**	**789**
Attributable to:			
Non-controlling interests		(3)	(26)
Equity holders of the parent		902	815

[1] Amounts are net of deferred tax.

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

Consolidated statement of **financial position**

As at 31 December 2022

US$ million	Notes	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	8	5,073	4,415
Intangible assets	9	1,380	1,050
Investments in associates and joint ventures	11	490	396
Other investments	24	15	10
Advances and loans	12	93	65
Pension surplus	20	43	97
Deferred tax assets	7	234	99
		7,328	**6,132**
Current assets			
Biological assets	13	26	20
Inventories	14	9,111	8,340
Accounts receivable	15	4,571	2,904
Other investments	24	8	30
Other financial assets	25	1,750	1,409
Cash and cash equivalents	16	637	475
Income tax receivable		97	121
		16,200	**13,299**
Total assets		**23,528**	**19,431**
Equity and liabilities			
Capital and reserves – attributable to equity holders			
Share capital	17	1	1
Reserves and retained earnings		5,102	4,600
		5,103	4,601
Non-controlling interests	29	156	157
Total equity		**5,259**	**4,758**
Non-current liabilities			
Borrowings	18	5,723	4,437
Deferred tax liabilities	7	438	447
Post-employment benefits	19	14	18
Provisions	19	125	129
Other long-term liabilities		25	27
Other financial liabilities	25	210	66
		6,535	**5,124**
Current liabilities			
Borrowings	18	4,942	4,516
Accounts payable	21	5,464	3,452
Provisions	19	45	106
Other financial liabilities	25	1,052	1,369
Income tax payable		230	105
Other current liabilities		1	1
		11,734	**9,549**
Total equity and liabilities		**23,528**	**19,431**

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

These financial statements were approved by the Board of Directors on 15 March 2023 and signed on behalf of the Board.
D.W. Mattiske - Director

Consolidated statement of **cash flows**

For the year ended 31 December 2022

US$ million	Notes	2022	2021
Operating activities			
Income before income taxes		1,356	1,206
Adjustments for:			
Depreciation and amortisation	8, 9	930	774
Share of income from associates and joint ventures	11	(38)	(28)
Increase in other long-term liabilities		5	13
Gain on disposals and investments	3	(11)	(12)
Impairments	5	7	5
Other non-cash items – net[1]		9	2
Interest expense – net[2]		351	199
Cash generated by operating activities before working capital changes		**2,609**	**2,159**
Working capital changes			
(Increase)/decrease in accounts receivable and other financial assets[3]		(888)	49
Decrease/(increase) in inventories[4]		589	(2,790)
Increase in accounts payable and other financial liabilities[5]		559	318
Total working capital changes		**260**	**(2,423)**
Income taxes paid		(318)	(194)
Interest received		2	5
Interest paid		(245)	(169)
Net cash generated/(used) by operating activities		**2,308**	**(622)**
Investing activities			
Acquisition of subsidiaries	22	(2,235)	–
Disposal of subsidiaries	3	8	–
Purchase of investments		(2)	(4)
Proceeds from sale of investments		3	50
Purchase of property, plant and equipment and intangibles	8, 9	(271)	(351)
Proceeds from sale of property, plant and equipment and intangibles		25	6
Dividends received		11	15
Net cash used by investing activities		**(2,461)**	**(284)**

Other non-cash items comprise the following:

US$ million	Notes	2022	2021
Loss/(gain) in mark-to-market valuations on investments held for trading	4	22	(3)
Net foreign exchange losses		5	7
Gain on sale of property, plant and equipment	4	(7)	–
Other non-cash items		(11)	(2)
Total		**9**	**2**

Consolidated statement of **cash flows** continued

For the year ended 31 December 2022

US$ million	Notes	2022	2021
Financing activities[6]			
Proceeds of other non-current bank facilities other than revolving credit facilities[7]	18	82	92
Repayment of other non-current bank facilities other than revolving credit facilities[7]	18	(143)	(167)
Net proceeds/(repayment) of revolving credit facilities		1,618	(765)
Proceeds from issuance of capital market notes[8]		744	2,590
(Repayment)/proceeds from current borrowings – net	18	(989)	60
Repayments of lease liabilities	18	(589)	(448)
Return of capital	17	(400)	(300)
Distribution to non-controlling interest		–	(5)
Net cash generated by financing activities		**323**	**1,057**
Increase in cash and cash equivalents		170	151
Foreign exchange movement in cash		(8)	(3)
Cash and cash equivalents, beginning of period		475	327
Cash and cash equivalents, end of period		**637**	**475**

[1] See reconciliation above.

[2] Consists of interest income of $23 million (2021: $7 million) and interest expense of $374 million (2021: $206 million).

[3] Includes movements in advances and loans and other financial assets.

[4] Includes movements in biological assets.

[5] Includes movements in other financial liabilities.

[6] Refer to note 18 for reconciliation of movement in financing liabilities.

[7] Consists of a different breakdown of prior year balances to conform with current year presentation.

[8] Net of issuance costs of $5 million (2021: $8 million).

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

Consolidated statement of **changes of equity**

For the year ended 31 December 2022

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 2022	**2,747**	**2,796**	**(943)**	**4,600**	**1**	**4,601**	**157**	**4,758**
Income/(loss) for the period	1,043	–	–	1,043	–	1,043	(1)	1,042
Other comprehensive loss	(34)	–	(107)	(141)	–	(141)	(2)	(143)
Total comprehensive income/(loss)	**1,009**	**–**	**(107)**	**902**	**–**	**902**	**(3)**	**899**
Acquisition of business[1]	–	–	–	–	–	–	2	2
Return of capital	–	(400)	–	(400)	–	(400)	–	(400)
At 31 December 2022	**3,756**	**2,396**	**(1,050)**	**5,102**	**1**	**5,103**	**156**	**5,259**

[1] Please refer to note 22 for acquisition of business.

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/(loss) 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**

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 2022 were authorised for issue on 15 March 2023.

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 as issued by the International Accounting Standards Board and adopted by the European Union (IFRS).

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 have 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.

Adoption of new and revised standards

Several amendments and interpretations apply for the first time in 2022, 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 3 Business Combinations – Reference to the Conceptual Framework

The amendments update references in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

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

(ii) Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. Restatement of comparative figures is not required.

Note 1. Accounting policies continued...

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

(iii) Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use

The amendments prohibit a group from deducting from the cost of property, plant and equipment amounts received from selling items produced while the group is preparing the asset for its intended use. Instead, a group will recognise such sales proceeds and related cost in profit or loss.

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

Revised standards not yet effective

At the date 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 Transaction

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. The amendments are not expected to have a material impact on the financial statements of the Group.

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

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. The amendments are not expected to have a material impact on the financial statements of the Group.

(iii) Amendments to IAS 1 Presentation of Financial Statements – Materiality of Accounting Policy Disclosure

The amendments replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the financial statements of the Group.

Note 1. Accounting policies continued...

(iv) Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error;
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the financial statements of the Group.

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.

(i) Determination of control of subsidiaries and joint arrangements (notes 11, 22 and 32)

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 whether 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 acquisition 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.

Note 1. Accounting policies continued…

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.

(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.

(iii) 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 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.

Key sources of estimation uncertainty

In 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.

Note 1. Accounting policies continued...

(i) 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 could impact the recoverable values of these assets whereby some or all of the carrying amount may be impaired or the impairment charge reduced with the impact recorded in the consolidated statement of income.

Sensitivity analysis in relation to the goodwill impairment test, as required by IAS 36, is included within note 10.

(ii) Estimation of current tax payable and current tax expense in relation to an uncertain tax position (note 7 and 27)

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.

Further information around uncertain tax positions can be found within note 27.

(iii) 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 weighted average cost of capital rate, and other valuation methods with the involvement of external experts. The principal valuation techniques used in valuing property, plant and equipment acquired in the acquisition of Gavilon were as follows:

- Land: sales comparison approach
- Buildings and buildings improvements: direct and trending method of the cost approach
- Plant and equipment: trending method of the cost approach

To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. The valuations use Level 3 valuation techniques and inputs, such as management generated internal forecasts, historic management information and estimates of useful economic lives of acquired assets. Such information is by nature subject to uncertainty, particularly where comparable transactions often do not exist.

Further analysis in relation to business combinations is included within note 22.

Note 1. Accounting policies continued...

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.

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

Note 1. Accounting policies continued...

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.

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

Note 1. Accounting policies continued...

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

Note 1. Accounting policies continued...

profits and losses are eliminated to the extent of Viterra's interest in that Associate.

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; 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.

Note 1. Accounting policies continued...

A disposal group qualifies as a 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 consolidated statement of income.

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 transhipment services by port terminals, chartering of seagoing vessels, and crop cleaning, drying and storage services by the Group's silo network. Revenue from transhipment 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.

Note 1. Accounting policies continued...

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.

(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.

Note 1. Accounting policies continued...

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 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.

Note 1. Accounting policies continued...

Right-of-use assets, where a lease contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, 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	7 – 45 years
Freehold land	not depreciated
Plant and equipment	3 – 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.

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

Note 1. Accounting policies continued…

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.

The test involves determining whether the carrying amounts are in excess of their recoverable amounts.

An asset's recoverable amount is determined as the higher of its fair value less costs of disposal and its value in use (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.

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

Note 1. Accounting policies continued...

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) method 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.

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.

Note 1. Accounting policies continued…

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, separating the host contract from the 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:

- a review of overdue amounts and for those balances that are beyond 30 days overdue it is presumed to be 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.

Note 1. Accounting policies continued…

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 or 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 remeasured 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.

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 Group applied cash flow hedge accounting in 2022 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, realised and unrealised gains and losses on the hedging instrument are recognised in the statement of comprehensive income.

Restatement due to prior period error

In 2022, it was identified that certain sale transactions with certain counterparties included the simultaneous execution of a corresponding contract to repurchase the same quantity of goods in the future for logistical purposes. In accordance with IFRS 15, such contracts should not be recorded as revenue from customers as such transactions do not relate to the selling of goods to the end customer. As a result, comparative amounts for revenue and cost of goods sold for 2021 have been similarly represented, with no impact on gross margin.

The impact of the restatement is summarised as follows:

US$ million	**2021**
Revenue	(681)
Cost of goods sold	681
Gross margin	–
Income for the period	**–**

The restatement has no impact on the 2021 consolidated statement of financial position or consolidated statement of changes in equity.

Note 2. Revenue

Revenue for the period is comprised of the following:

US$ million	2022	2021 (Restated[2])
Oilseeds	24,151	18,903
Grain	26,229	18,514
Freight[1]	595	726
Cotton	1,683	1,079
Sugar	1,196	764
Total	**53,854**	**39,986**

[1] Freight revenue is recognised over time as the related performance obligation is satisfied over time.
[2] Refer to note 1.

Note 3. Gain on disposals and investments

US$ million	2022	2021
Gain on disposal of subsidiaries[1]	8	2
Gain on sale of share in joint venture[1]	1	7
Other	2	3
Total	**11**	**12**

[1] Includes foreign currency translation losses recycled to the statement of income upon entity disposal.

2022

In April 2022 Viterra completed the sale of its 100% interest in Agrosiloz EOOD, an entity with a silo located in Bulgaria, for a cash consideration of $4 million, resulting in a gain of $4 million.

In May 2022 Viterra completed the sale of its interest in three subsidiaries containing rice assets located in Argentina and Uruguay for a cash consideration of $12 million (including a deferred element amounting to $11 million), resulting in a gain of $4 million.

In May 2022 Viterra completed the sale of its 50% interest in Wolomax B.V. for a cash consideration of $3 million, resulting in a gain of $1 million.

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.

Note 4. Other income/expense – net

US$ million	Notes	2022	2021
Gain from sale of assets		7	–
Indemnification of legal provision		128	75
Change in mark-to-market valuations on investments held for trading		–	3
Other income - net		8	–
Other income		**143**	**78**
Impairments	5	(7)	(5)
Foreign exchange loss		(5)	(6)
Provision for other receivables		–	(8)
Change in mark-to-market valuations on investments held for trading		(22)	–
Legal provision		(128)	(75)
Other expense - net		–	3
Other expense		**(162)**	**(91)**

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. During 2021 provisions relating to historic litigation were recorded amounting to $75m. During 2022 provisions relating to the same litigation were recorded amounting to $128m. The Group is fully indemnified for these costs. The indemnified amount is recorded within other income.

Note 5. Impairments

US$ million	Notes	2022	2021
Property, plant and equipment	8	(7)	(4)
Investments	11	–	(1)
Total		**(7)**	**(5)**

In the annual impairment testing for 2022 and 2021, 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% (2021: 6%). The determination of the VIU uses Level 3 valuation techniques for the current and prior years.

2022

As at 31 December 2022, certain storage tanks in Viterra's Everi terminal in Ukraine with a carrying amount of $6 million have been partially destroyed due to hostile activities, resulting in an impairment of plant and equipment of $5 million, refer to note 30.

2021

No significant impairments were recognised during 2021.

Note 6. Net interest expense

Net interest expense for the period comprises the following:

US$ million	2022	2021
Capital market notes[1]	(93)	(32)
Revolving credit facility[1]	(111)	(40)
Lease obligations[1]	(44)	(36)
Other bank loans[1]	(118)	(95)
Other	(8)	(3)
Total	**(374)**	**(206)**

[1] Refer to note 18 Borrowings.

Note 7. Income taxes

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

US$ million	2022	2021
Current income tax expense	(434)	(208)
Deferred income tax expense relating to origination and reversal of temporary differences	120	(102)
Total tax expense reported in the consolidated statement of income	**(314)**	**(310)**

The effective Group tax rate is 24% (2021: 26%), different from the weighted average income tax rate of 26% (2021: 26%) for the following reasons:

US$ million	2022	2021
Income before income taxes and attribution	1,355	1,206
Less: Share of income from associates and joint ventures	(38)	(28)
Group income before income tax	**1,317**	**1,178**
Income tax expense calculated at the weighted average income tax rate	(336)	(312)
Tax effects of:		
Tax exempt income	17	18
Items not tax deductible	(20)	(9)
Foreign exchange fluctuations	7	11
Changes in tax rates and adjustments in respect of prior years	–	(61)
Utilisation and changes in recognition of tax losses and temporary differences	43	66
Tax losses of current year not recognised	(5)	(8)
Inflation adjustments	(20)	(27)
Other	–	12
Income tax expense	**(314)**	**(310)**

Note 7. Income taxes continued...

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 an increase of $27 million (2021: $19 million decrease in) income tax expense related to tax losses not recognised, foreign currency translation effects, inflation corrections and corporate income tax rate changes, the 2022 income tax expense would be $341 million (2021: income tax expense of $291 million) resulting in an adjusted effective tax rate of 26% (2021: adjusted effective tax rate of 25%).

The global implementation of the Pillar Two model rules could have certain tax effect on jurisdictions in which Viterra has operational activities. The group is monitoring and assessing the implementation guidance from various tax authorities as well as the International Accounting Standards Board (IASB) in respect to tax consequences of recovery and settlement of the carrying amounts of corporate income tax related assets and liabilities under Pillar Two model rules. As at 31 December 2022, the Pillar Two model rules have not been enacted in any jurisdiction that Viterra has operations in.

Deferred taxes as at 31 December 2022 and 2021 are attributable to the items detailed in the table below:

US$ million	2022	2021
Deferred tax assets[1]		
Tax losses carried forward	91	28
Mark-to-market valuations	99	33
Property, plant & equipment & intangible assets	14	14
Leases	17	18
Other	13	6
Total	**234**	**99**

US$ million	2022	2021
Deferred tax liabilities[1]		
Property, plant & equipment & intangible assets	(377)	(322)
Mark-to-market valuations	(45)	(105)
Other	(16)	(20)
Total	**(438)**	**(447)**
Total deferred tax – net	**(204)**	**(348)**

[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.

Note 7. Income taxes continued...

US$ million	Notes	2022	2021
Reconciliation of deferred tax – net			
1 January		(348)	(235)
Recognised in income for the year		120	(102)
Recognised in other comprehensive income		19	(8)
Business combinations	22	(26)	–
Effect of foreign currency exchange movements		4	(3)
Reclassification		27	–
Total deferred tax – net		**(204)**	**(348)**

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 2022, $108 million (2021: $64 million) of deferred tax assets related to available loss carry forwards have been brought to account, of which $91 million (2021: $28 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 $11 million (2021: $16 million) that arise in entities that have been loss making for tax purposes in either 2022 or 2021 (among these entities, none of them are loss making in both years 2021 and 2022). 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.

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	2022	2021
1 year	–	3
2 years	–	15
3 years	–	19
Thereafter	9	146
Unlimited	147	162
Total	**156**	**345**

The Group has available tax credits of $23 million and deductible temporary differences of $64 million, for which no deferred tax assets have been recognised in the consolidated financial statements.

As at 31 December 2022, unremitted earnings of $3,903 million (2021: $3,160 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 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	Right-of-use assets – Freehold land and buildings	Right-of-use assets – Plant and equipment	Bearer plants	Total
Gross carrying amount:[3]							
1 January 2022		853	4,853	295	1,373	127	7,501
Business combination[2]	22	624	220	29	32	–	905
Disposal of subsidiaries[1]		(23)	(72)	–	–	–	(95)
Additions		7	228	–	–	26	261
Additions of right-of-use assets		–	–	43	482	–	525
Disposals		(11)	(48)	(11)	(227)	(19)	(316)
Effect of foreign currency exchange movements		(19)	(84)	7	(8)	8	(96)
Other movements		(32)	(8)	–	–	–	(40)
31 December 2022		**1,399**	**5,089**	**363**	**1,652**	**142**	**8,645**
Accumulated depreciation and impairment:[3]							
1 January 2022		302	1,927	70	729	58	3,086
Disposal of subsidiaries[1]		(22)	(71)	–	–	–	(93)
Depreciation		26	266	46	556	26	920
Impairment	5	–	7	–	–	–	7
Disposals		(6)	(33)	(10)	(228)	(20)	(297)
Effect of foreign currency exchange movements		(8)	(45)	2	(3)	4	(50)
Other movements		(1)	–	–	–	–	(1)
31 December 2022		**291**	**2,051**	**108**	**1,054**	**68**	**3,572**
Net book value 31 December 2022		**1,108**	**3,038**	**255**	**598**	**74**	**5,073**
Net book value 31 December 2021		**551**	**2,926**	**225**	**644**	**69**	**4,415**

[1] Please refer to note 3 for disposed subsidiaries.

[2] Please refer to note 22 for acquisition of business.

[3] Certain prior period comparatives have been restated to confirm to the current year's presentation.

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

US$ million	Notes	Freehold land and buildings	Plant and equipment	Right-of-use assets – Freehold land and buildings	Right-of-use assets – Plant and equipment	Bearer plants	Total
Gross carrying amount:[1]							
1 January 2021		864	4,677	228	748	139	6,656
Additions		2	335	–	–	19	356
Additions of right-of-use assets		–	–	92	667	–	759
Disposals		(2)	(28)	(12)	(40)	(22)	(104)
Effect of foreign currency exchange movements		(19)	(108)	(13)	(8)	(9)	(157)
Other movements		8	(23)	–	6	–	(9)
31 December 2021		**853**	**4,853**	**295**	**1,373**	**127**	**7,501**
Accumulated depreciation and impairment:[1]							
1 January 2021		287	1,749	49	342	59	2,486
Depreciation		22	254	36	426	25	763
Impairment	5	–	4	–	–	–	4
Disposals		(1)	(23)	(12)	(39)	(23)	(98)
Effect of foreign currency exchange movements		(6)	(54)	(3)	(3)	(3)	(69)
Other movements		–	(3)	–	3	–	–
31 December 2021		**302**	**1,927**	**70**	**729**	**58**	**3,086**
Net book value 31 December 2021		**551**	**2,926**	**225**	**644**	**69**	**4,415**
Net book value 31 December 2020		**577**	**2,928**	**179**	**406**	**80**	**4,170**

[1] Certain prior period comparatives have been restated to conform to the current year's presentation.

Plant and equipment includes expenditure for construction in progress of $244 million (2021: $227 million). Depreciation expenses included in cost of goods sold are $905 million (2021: $748 million) and in selling and administrative expenses $15 million (2021: $14 million). Property, plant and equipment with a carrying amount of $620 million (2021: $675 million) have been pledged to secure borrowings of the Group.

Leases

The Group leases various assets including land and buildings and plant and equipment. The net book value of obligations recognised under lease agreements amounts to $853 million (2021: $869 million) as at 31 December 2022.

In this respect, the Group has recognised $44 million (2021: $36 million) interest costs and $115 million (2021: $82 million) income from subleasing right-of-use assets during the year ended 31 December 2022.

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 23; future commitments are disclosed in note 26.

Note 9. Intangible assets

US$ million	Notes	Goodwill	Port allocation rights	Licences, software and other	Total
Cost:					
1 January 2022		1,010	36	78	1,124
Additions		–	–	3	3
Business combination[1]	22	345	–	–	345
Disposals		–	–	(5)	(5)
Effect of foreign currency exchange movements		(10)	–	(1)	(11)
Other movements		–	–	2	2
31 December 2022		**1,345**	**36**	**77**	**1,458**
Accumulated amortisation and impairment:					
1 January 2022		24	15	35	74
Amortisation expense[2]		–	1	9	10
Disposals		–	–	(7)	(7)
Effect of foreign currency exchange movements		2	–	(1)	1
31 December 2022		**26**	**16**	**36**	**78**
Net carrying amount 31 December 2022		**1,319**	**20**	**41**	**1,380**

[1] Please refer to note 22 for acquisition of business.

[2] Amortisation of $6 million recognised in cost of goods sold, and $4 million recognised in selling and administration expenses.

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**

[1] Amortisation of $8 million recognised in cost of goods sold, and $3 million recognised in selling and administration expenses.

Note 9. Intangible assets continued…

Goodwill

The carrying amount of goodwill has been allocated to the Grains business CGU $1,088 million (2021: $755 million) and to the Oilseeds business CGU $231 million (2021: $231 million). The goodwill of $1,319 million (2021: $986 million) is 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.

In October 2022 the Group acquired a 100% interest in Gavilon Agriculture Investment Inc. (see note 22), an American entity which originates, stores and distributes grains, oilseeds, and feed and food ingredients worldwide. The (provisional) goodwill is allocated to the Grains business CGU, which amounts to $345 million and is attributable to expected increased volumes and increased commercial opportunities, the brand name, and accumulated workforce of the acquired entity. The goodwill is not tax deductible.

During 2021 there were no acquisitions.

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 that represents the level at which management monitors and manages the goodwill as follows:

US$ million	2022	2021
Grains business	1,088	755
Oilseeds business	231	231
Total	**1,319**	**986**

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.

Note 10. Goodwill impairment testing continued...

Given the nature of the CGUs' activities, information on their 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.

The calculations use cash flow projections based on the 2023 approved financial budget and financial plans for 2024 – 2026 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% (2021: from 6% to 7%).

Growth rate estimates: Cash flows beyond the forecast periods are extrapolated using the estimated growth rate of 2% (2021: 2%), which is based on industry research and global consumption forecasts.

For the grains and oilseeds CGUs, Viterra 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	2022	2021
1 January	396	389
Business combination[2]	66	–
Additions	2	3
Disposals[1]	(4)	(11)
Share of income from associates and joint ventures	38	28
Dividends received	(8)	(12)
Impairment	–	(1)
31 December	**490**	**396**

[1] For further detail on the disposal of joint ventures please refer to note 3.

[2] Please refer to note 22 for acquisition of business.

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

2022 Details of material associates and joint ventures

During 2022, new joint ventures were acquired by the Company as a consequence of the acquisition of Gavilon (see note 22). This included one material joint venture, Kamala Holdco, LLC (KHC), a holding company entity incorporated in the United States of America. The Company has a 15% share of the equity interests of KHC. Other additions to joint ventures arising on the acquisition of Gavilon are not material to the Company.

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:

2022	IGT	Taman Grain Terminal	Barcarena	Lartirigoyen y Cia	Kamala Holdco, LLC[2]	Total of material joint ventures
Non-current assets	96	330	236	103	564	1,329
Current assets	35	52	9	266	227	589
Non-current liabilities	(3)	(125)	(15)	(11)	(13)	(167)
Current liabilities	(8)	(32)	(8)	(198)	(120)	(366)
The above assets and liabilities include the following:						
Cash and cash equivalents	33	3	2	15	48	101
Current financial liabilities[1]	–	(30)	(4)	(37)	(1)	(72)
Non-current financial liabilities[1]	(1)	(89)	(14)	(11)	(13)	(128)
Net assets 31 December 2022	**120**	**225**	**222**	**160**	**658**	**1,385**
Viterra's ownership interest	50%	50%	50%	50%	15%	
Carrying value	60	113	111	80	99	463

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

[2] Please refer to note 22 for acquisition of business.

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 2022, is set out below:

2022	IGT	Taman Grain Terminal	Barcarena	Lartirigoyen y Cia	Kamala Holdco, LLC[1]	Total of material joint ventures
Revenue	24	66	29	1,425	1,659	3,203
Profit for the year	9	14	3	43	2	71
Other comprehensive income	–	–	–	–	–	–
Total comprehensive profit	9	14	3	43	–	69
Viterra's share of dividends paid	–	–	–	(7)	–	(7)
The above results include the following:						
Depreciation and amortisation	(5)	(12)	(10)	(5)	3	(29)
Interest income	–	2	–	1	–	3
Interest expense	–	(17)	(1)	(16)	(1)	(35)
Income tax expense	(4)	(5)	(2)	(19)	–	(30)
Foreign currency gain/(loss)	–	(9)	(1)	–	–	(10)

[1] Please refer to note 22 for acquisition of business. For acquired joint ventures the summarised profit and loss reflects the period from the date of acquisition until 31 December 2022.

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)
The above assets and liabilities include the following:					
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)
The above assets and liabilities include the following:					
Depreciation and amortisation	(5)	(13)	(10)	(5)	(33)
Interest income	–	1	–	8	9
Interest expense	–	(1)	(1)	(26)	(28)
Income tax expense	(1)	(3)	(1)	(12)	(17)
Foreign currency gain/(loss)	–	2	(1)	–	1

No new joint ventures or joint arrangements were entered into by the Company during 2021.

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

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

US$ million	2022	2021
The Group's share of income	4	5
The Group's share of other comprehensive income	–	–
The Group's share of total comprehensive income	4	5
Aggregate carrying value of the Group's interests	27	58

Note 12. Advances and loans

US$ million	Notes	2022	2021
Financial assets at amortised cost			
Loans to associates	24	17	18
Other non-current receivables and loans	24	39	30
Non-financial instruments			
Advances repayable with product		12	9
Other non-current receivables		25	8
Total		**93**	**65**

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	2022	2021
1 January		10	4
Effect of foreign currency exchange movements		(1)	(2)
Charged during the year	4	–	8
Disposal of business		(2)	–
Total		**7**	**10**

Note 13. Biological assets

US$ million	2022	2021
1 January	20	17
Increase due to purchase and subsequent expenditures capitalised in biological assets	32	26
Changes in fair value due to physical changes and market price fluctuations	–	–
Decrease due to harvest	(30)	(21)
Effect of foreign currency exchange movement	4	(2)
Total	**26**	**20**

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 sugarcane price per ton and WACC rate for the sugar business. These are summarised below:

	2022	2021
Estimated harvest area (ha)	65,300	65,291
Productivity expected (MT of sugarcane per ha)	65	63
Amount of total recoverable sugar (TRS) (kg/MT of cane)	141	139
TRS price per ton projected ($/ton)	$0.22	$0.18
Weighted average cost of capital for sugar business	9%	4%

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 sugarcane 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), which 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.

Note 13. Biological assets continued…

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.

Note 14. Inventories

Total inventories of $9,111 million (2021: $8,340 million) comprise $8,582 million (2021: $7,644 million) of inventories carried at fair value less costs of disposal and $529 million (2021: $696 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 2022, $8,966 million (2021: $8,189 million) of inventories were considered readily marketable. This comprises $8,582 million (2021: $7,644 million) of inventories carried at fair value less costs of disposal and $384 million (2021: $545 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.

A total amount of $7 million has been recognised during 2022 in respect of write-downs of inventory to net realisable value (2021: $Nil); refer to note 30.

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. A total amount of $8 million has been recognised during 2022 in respect of fair value change of inventory in Ukraine (2021: $Nil); refer to note 30.

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 2022, the total amount of inventory secured under such facilities was $261 million (2021: $856 million) and proceeds received and classified as current borrowings amounted to $212 million (2021: $734 million).

Note 15. Accounts receivable

US$ million	2022	2021
Financial assets at amortised cost		
Trade receivables[1]	2,706	1,640
Margin calls paid	606	375
Associated companies[1]	31	20
Other receivables[2]	38	87
Non-financial instruments		
Advances repayable with product	411	130
Prepaid expenses	53	169
Other tax and related receivables	726	483
Total	**4,571**	**2,904**

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

[2] Includes loans receivable in the amount of $13 million (2021: $3 million), present net of loss allowance.

The average credit period on sales of goods is 15 days (2021: 13 days).

As at 31 December 2022, 15% (2021: 12%) of the trade related receivables were between one and 60 days overdue, and 3% (2021: 2%) 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.

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 2022, the total amount of trade receivables secured was $721 million (2021: $393 million) and proceeds received and classified as current borrowings amounted to $550 million (2021: $353 million).

As at 31 December 2022, Viterra impaired receivables of $19 million in Ukraine (2021: $Nil) as they became unrecoverable, refer to note 30.

The movement in allowance for doubtful accounts is detailed below:

US$ million	2022	2021
1 January	118	91
Released during the period	(41)	(18)
Charged during the period	59	54
Utilised during the period	(8)	(9)
31 December	**128**	**118**

Note 16. Cash and cash equivalents

US$ million	2022	2021
Banks and cash on hand	386	426
Deposits and treasury bills	251	49
Total	**637**	**475**

Restricted cash on hand as at 31 December 2022 amounted to $Nil (2021: $2 million). This amount is included within other financial assets (see note 25).

Note 17. Share capital and reserves

	Number of shares	Share capital (US$ million)	Share premium (US$ million)
1 January 2021	350,100	1	3,096
Return of capital		–	(300)
31 December 2021 – Ordinary and restricted shares	**350,100**	**1**	**2,796**
1 January 2022	350,100	1	2,796
Return of capital		–	(400)
31 December 2022 – Ordinary and restricted shares	**350,100**	**1**	**2,396**

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 a par value of $0.01 each and 200,000 restricted shares with a par value of $0.01 each.

2022

During the year $400 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.

2021

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.

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 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)**
1 January 2022	(878)	(17)	(1)	(47)	(943)
Exchange loss on translation of foreign operations	(102)	–	–	–	(102)
Loss on cash flow hedges	–	(5)	–	–	(5)
31 December 2022	**(980)**	**(22)**	**(1)**	**(47)**	**(1,050)**

Note 18. Borrowings

US$ million	Notes	2022	2021
Non-current borrowings			
Capital market notes[1]		3,156	2,543
Revolving credit facilities[2]		1,789	1,091
Lease liabilities		530	530
Other bank loans[3]		248	273
Total non-current borrowings		**5,723**	**4,437**
Current borrowings			
Secured inventory/receivables facilities	14, 15	762	1,087
Revolving credit facilities[2]		950	–
Lease liabilities		375	373
Other bank loans[3]		2,855	3,056
Total current borrowings		**4,942**	**4,516**

[1] Includes capitalised issuance costs of $6 million (2021: $13 million).

[2] Includes capitalised issuance costs of $8 million (2021: $2 million).

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

Note 18. Borrowings continued...

Other non-current bank loans mainly include a loan with an outstanding balance of $103 million (2021: $171 million) at an interest rate of LIBOR (London interbank offer rate) +453 basis points, a facility in Hungary with an outstanding balance of $51 million (2021: $46 million) bearing a fixed interest rate, and various loans received by sugar, wheat milling and port assets in Brazil of $30 million (2021: $14 million) denominated in USD and Brazilian Real (BRL) and bearing various fixed interest rates.

The outstanding secured inventory/receivables facilities of $762 million (2021: $1,087 million) comprise an inventory borrowing base facility of $132 million (2021: $617 million) that accumulates interest at a rate of BBSY (bank bill swap bid rate) +80 basis points and a borrowing base facility of $630 million (2021: $470 million) at an interest rate of USD compounded SOFR (Secured Overnight Financing Rate) +75 basis points as at 31 December 2022.

Capital market notes

The capital market notes include $450 million and $300 million coupon bonds issued in April 2022. The first tranche of $450 million carries a 4.9% coupon with maturity in April 2027 and the second tranche of $300 million carries a 5.25% coupon with maturity in April 2032. Interest payments are due semi-annually in April and October of each year, with the first payment due in October 2023. The Group applies fair value hedge accounting to account for the hedge of interest rate risks on these two bonds; refer to note 23.

During April 2021 Viterra issued USD public bonds, and issued Eurobonds during September 2021. Interest on the USD public bond is payable semi-annually in arrears. Interest on the Eurobonds is payable annually in arrears. Viterra applies cash flow hedge accounting to account for the hedge of foreign currency risk on its Euro denominated debt; refer to note 23.

The details of the capital market notes and the carrying amounts are outlined below:

US$ million	Maturity	2022	2021
USD 450 million 4.9% coupon bonds	April 2027	421	–
USD 300 million 5.25% coupon bonds	April 2032	270	–
USD 600 million 2.00% coupon bonds	April 2026	597	596
USD 600 million 3.20% coupon bonds	April 2031	595	594
EUR 500 million 0.375% coupon bonds	September 2025	532	565
EUR 700 million 1.00% coupon bonds	September 2028	741	788
Total capital market notes		**3,156**	**2,543**

Revolving credit facility

2022

On 26 January 2022, Viterra signed a committed acquisition financing facility of $1.7 billion for the agreed purchase price and a portion of the assumed working capital of Gavilon (see note 22). In April 2022, the available commitments under this facility were reduced to $950 million. The purpose of the facility was to provide a committed source of financing for the Gavilon acquisition. Proceeds from this facility are not available for general working capital purposes. The facility was repaid in full on 9 January 2023.

Note 18. Borrowings continued...

On 10 May 2022, Viterra signed a new $1 billion three-year revolving credit facility agreement with two one-year extension options at lender's discretion. This facility refinanced the $570 million revolving credit facility signed in May 2021. Funds drawn under the new facility bear interest at compounded SOFR +70 basis points per annum.

On 10 May 2022, Viterra signed a new $4.1 billion one-year revolving credit facility agreement with a one-year borrower's term-out option (to May 2024), and one-year extension options at the lender's discretion. This facility refinanced the $3.515 billion revolving credit facility signed in May 2021. Funds drawn under the new facility bear interest at compounded SOFR +60 basis points per annum.

On 23 September 2022, Viterra signed a new $2.5 billion three-year revolving credit facility agreement. Funds drawn under the new facility bear interest at SOFR +130 basis points per annum.

On 9 December 2022, Viterra signed a new $570 million twelve-month revolving credit facility agreement with two one-year lender's extension options. This facility refinanced the $575 million revolving credit facility signed in December 2021. Funds drawn under the new facility bear interest at compounded SOFR +75 basis points per annum.

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 billion 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 basis points 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 USD LIBOR plus a margin of 80 basis points 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.

Reconciliation of cash flow to movement in financing liabilities

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

Note 18. Borrowings continued...

US$ million	Borrowings excluding lease liabilities	Lease liabilities	Total borrowings	Cross currency and interest rate swaps and net margins[2]	Total liabilities arising from financing activities[1]
1 January 2022	**8,050**	**903**	**8,953**	**66**	**9,019**
Cash related movements in financing liabilities[1]					
Proceeds from issuance of capital market notes	744	–	744	–	744
Proceeds of other non-current bank facilities other than revolving credit facilities	82	–	82	–	82
Repayment of other non-current bank facilities other than revolving credit facilities	(143)	–	(143)	–	(143)
(Net) proceeds from/repayment of RCF	1,618	–	1,618	–	1,618
(Repayment of)/proceeds from current borrowings – net	(989)	–	(989)	–	(989)
Repayments of finance leases	–	(589)	(589)	–	(589)
Subtotal	**1,312**	**(589)**	**723**	**–**	**723**
Non-cash related movements in financing liabilities					
Borrowings acquired in business combinations[3]	599	74	673	–	673
Derecognition of loans as part of disposals	(20)	–	(20)	–	(20)
Foreign exchange movements	(162)	(5)	(167)	–	(167)
Fair value adjustment to fair value hedged borrowings	–	–	–	92	92
Fair value movement of hedging derivatives	(52)	–	(52)	52	–
Change in finance lease obligations	–	522	522	–	522
Other non-cash movements	33	–	33	–	33
Subtotal	**398**	**591**	**989**	**144**	**1,133**
Increase/(decrease) in financing liabilities for the period	**1,710**	**2**	**1,712**	**144**	**1,856**
31 December 2022	**9,760**	**905**	**10,665**	**210**	**10,875**

[1] See consolidated statement of cash flows.

[2] The currency and interest rate swaps are reported on the balance sheet within the heading 'Other financial liabilities'.

[3] Please refer to note 22 for acquisition of business.

Note 18. Borrowings continued...

US$ million	Borrowings excluding lease liabilities	Lease liabilities	Total borrowings	Cross currency and interest rate swaps and net margins	Total liabilities arising from financing activities[1]
1 January 2021[1]	**6,315**	**614**	**6,929**	**–**	**6,929**
Cash related movements in financing liabilities[2]					
Proceeds from cross currency swaps	–	–	–	66	66
Proceeds from issuance of capital market notes	2,590	–	2,590	–	2,590
Proceeds from other non-current bank facilities other than revolving credit facilities	92	–	92	–	92
Repayment of other non-current bank facilities other than revolving credit facilities	(167)	–	(167)	–	(167)
(Net) proceeds from/repayment of RCF	(765)	–	(765)	–	(765)
(Repayment of)/proceeds from current borrowings – net	60	–	60	–	60
Repayments of finance lease facilities	–	(448)	(448)	–	(448)
Subtotal	**1,810**	**(448)**	**1,362**	**66**	**1,428**
Non-cash related movements in financing liabilities[1]					
Foreign exchange movements	(87)	(19)	(106)	–	(106)
Change in finance lease obligations	–	758	758	–	758
Other non-cash movements	10	–	10	–	10
Subtotal	**(77)**	**739**	**662**	**–**	**662**
Increase in financing liabilities for the period	**1,733**	**291**	**2,024**	**66**	**2,090**
31 December 2021	**8,050**	**905**	**8,953**	**66**	**9,019**

[1] Consists of a different breakdown of prior year balances to conform with current year presentation.

[2] See consolidated statement of cash flows.

Note 19. Provisions and other liabilities

US$ million	Rehabilitation costs	Employee benefits	Other provisions	Total
1 January 2022	113	18	122	253
Business combination	14	2	27	43
Accretion in the year	2	(2)	–	–
(Reduced)/additional provision in the year	(36)	46	(73)	(63)
Effect of foreign currency exchange difference	(6)	(2)	–	(8)
Other movements	–	(48)	7	(41)
31 December 2022	**87**	**14**	**83**	**184**
Current	3	–	42	45
Non-current	84	14	41	139
1 January 2021	119	28	40	187
Accretion in the year	2	(1)	–	1
(Reduced)/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

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 4% (2021: 2%), which is based on current market risk free rates.

Other

Other provisions include provisions for legal related claims of $35 million (2021: $108 million) and tax (other than income tax) related claims of $2 million (2021: $1 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 consist 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.

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 2022 and 2021, were $720 million and $631 million, respectively. Personnel costs related to consolidated industrial subsidiaries of $454 million (2021: $394 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 $13 million in 2022 (2021: $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 $9 million in 2022 (2021: $13 million).

Defined benefit pension plans

The Company operates defined benefit plans in a handful of countries, the main location being Canada, to which 80% (2021: 76%) 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.

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	Post-retirement medical plans	Defined benefit pension plans: Present value of defined benefit obligation	Fair value of plan assets	Asset ceiling	Net (asset)/liability for defined benefit pension plans
1 January 2022		13	429	(557)	38	(90)
Current service cost		–	1	–	–	1
Interest expense/(income)		–	10	(13)	1	(2)
Total expense/(income) recognised in consolidated statement of income		–	11	(13)	1	(1)
Gain on plan assets, excluding amounts included in interest expense – net		–	–	113	–	113
Loss from change in demographic assumptions		–	1	–	–	1
Gain from change in financial assumptions		(3)	(90)	–	–	(90)
Change in asset ceiling, excluding amounts in interest expense		–	–	–	26	26
Actuarial (gains)/losses recognised in consolidated statement of comprehensive income		(3)	(89)	113	26	50
Employer contributions		–	–	(2)	–	(2)
Benefits paid from plan assets		–	(25)	25	–	–
Net cash (outflow)/inflow		–	(25)	23	–	(2)
Exchange differences		(1)	(28)	35	(3)	4
31 December 2022		9	298	(399)	62	(39)
Of which:						
Pension surpluses		–	–	–	–	(43)
Pension deficits	19	9	–	–	–	4

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.

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

US$ million	Notes	Post-retirement medical plans	Defined benefit pension plans: Present value of defined benefit obligation	Fair value of plan assets	Asset ceiling	Net (asset)/liability for defined benefit pension plans
1 January 2021		17	521	(620)	31	(68)
Current service cost		–	1	–	–	1
Settlement		–	(34)	36	–	2
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
(Gain)/loss from change in financial assumptions		(3)	(30)	–	–	(30)
(Gain)/loss from actuarial experience		(2)	(6)	–	–	(6)
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)
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 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 2022 and 2021. The defined benefit obligation of any other of the Group's defined benefit plans as at 31 December 2022 does not exceed $39 million (2021: $70 million).

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

US$ million 2022	Canada	Other	Total
Post-retirement medical plans			
Present value of defined benefit obligation	9	–	9
Of which: amounts owing to active members	3	–	3
Of which: amounts owing to pensioners	6	–	6
Defined benefit pension plans			
Present value of defined benefit obligation	238	61	299
Of which: amounts owing to active members	25	1	26
Of which: amounts owing to inactive members	12	44	56
Of which: amounts owing to pensioners	201	16	217
Fair value of plan assets	(339)	(60)	(399)
Asset ceiling	62	–	62
Net defined benefit (asset)/liability at 31 December 2022	(39)	1	(38)
Weighted average duration of defined benefit obligation – years	9.30	19.87	11.45

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

The actual return on plan assets in respect of defined benefit pension plans amounted to a loss of $89 million (2021: $11 million gain), mainly resulting from actuarial gains, interest income and foreign exchange movements.

Note 20. Personnel costs and employee benefits continued…

The plan assets consist of the following:

US$ million	2022	2021
Cash and short-term investments	7	8
Fixed income	268	300
Equities	48	132
Other[1]	76	117
Total	**399**	**557**

[1] Includes securities in non-active markets in the amount of $38 million (2021: $68 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	
	2022	2021	2022	2021
Discount rate	5.0%	2.8%	4.7%	2.4%
Future salary increases	3.0%	3.0%	2.4%	2.3%
Future pension increases	– %	– %	1.2%	1.2%
Ultimate medical cost trend rate	4.1%	4.1%	– %	– %

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

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. As at 31 December 2022, these tables imply expected future life expectancy, for employees aged 65, 21 to 23 years for males (2021: 21 to 23) and 23 to 26 years for females (2021: 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.

The sensitivity of the defined benefit obligation to changes in principal assumptions as at 31 December 2022 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 the prior year.

	Increase/(decrease) in pension obligation		
US$ million	Post-retirement medical plans	Defined benefit pension plans	Total
Discount rate			
Increase by 100 basis points	(1)	(31)	(32)
Decrease by 100 basis points	1	35	36
Rate of future salary increase			
Increase by 100 basis points	–	1	1
Decrease by 100 basis points	–	–	–
Rate of future pension benefit increase			
Increase by 100 basis points	–	2	2
Decrease by 100 basis points	–	(1)	(1)
Medical cost trend rate			
Increase by 100 basis points	1	–	1
Decrease by 100 basis points	(1)	–	(1)
Life expectancy			
Increase in longevity by one year	–	9	9

Note 21. Accounts payable

US$ million	2022	2021
Financial liabilities at amortised cost		
Trade payables	4,691	3,039
Margin calls received	2	1
Associated companies	35	11
Other payables and accrued liabilities	286	178
Non-financial instruments		
Advances settled in product	220	61
Payables to employee	171	114
Other tax and related payables	59	48
Total	**5,464**	**3,452**

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.

Note 22. Acquisition of subsidiaries

2022 Acquisition

Gavilon

On 3 October 2022, Viterra concluded the acquisition of a 100% interest in Gavilon Agriculture Investment, Inc., for a cash consideration of $1,125 million, plus working capital amounting to $1,801 million, subject to certain purchase price adjustments. The final value of such adjustments are not finalised at the date of these financial statements, and consequently the final purchase price, and goodwill recognised are subject to change. The value of any changes could be material.

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.

The primary reason for the transaction is to expand Viterra's operations in the markets in which Gavilon operates. Gavilon's 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.

Notes to the consolidated financial statements

Note 22. Acquisition of subsidiaries continued...

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

US$ million	Notes	2022
Non-current assets		
Property, plant and equipment	8	905
Other non-current assets		74
		979
Current assets		
Inventory		1,818
Trade and other receivables[1]		722
Cash and cash equivalents		678
Other current assets		686
		3,904
Non-current liabilities		
Borrowings	18	74
Other non-current liabilities		57
		131
Current liabilities		
Borrowings	18	599
Accounts payable		1,145
Other current liabilities		425
		2,169
Non-controlling interest		2
Total fair value of net assets acquired		**2,581**
Consideration paid		2,926
Goodwill arising on acquisition		345
Net cash used in acquisition of subsidiary		(2,235)
Acquisition related costs[2]		28

[1] The gross contractual amounts receivable on acquisition amounted to $808 million. The best estimate at the acquisition date of the contractual cash flows not expected to be collected at the acquisition date was $86 million.

[2] The Group incurred acquisition-related costs of $28 million related to closing legal, consulting and advisory expenses. These costs have been recognised in selling and administrative expenses in the consolidated statement of income.

The fair values of assets acquired and liabilities assumed disclosed above are provisional. The final values are expected to be finalised within 12 months of the acquisition. The balances remain provisional as the purchase price allocation has not been finalised at the date of this report. When the information becomes available within the measurement period, the respective balances shall be adjusted accordingly. Changes to the fair values of the acquired assets could be material.

Note 22. Acquisition of subsidiaries continued...

During the year ended 31 December 2022, provisional fair value adjustments amounting to $333 million have been made in respect of acquired property, plant and equipment.

Provisional goodwill amounting to $345 million was recognised on acquisition of Gavilon (see note 9).

If the acquisition had taken place effective 1 January 2022, the operation would have contributed additional revenue of $22,567 million and additional attributable net profit/loss of $75 million.

From the date of acquisition, the operations contributed $4,011 million of revenue and $55 million of attributable net profit/loss.

2021 Acquisition

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

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.

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

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 $40 million representing less than 1% of total equity, which the Board reviews annually.

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	2022	2021
Average during the year	25	17
High during the year	52	24
Low during the year	15	11

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.

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

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 basis points higher/lower and all other variables held constant, Viterra's income and equity for the year ended 31 December 2022 would decrease/increase by $33 million (2021: $27 million).

The capital market notes include a $450 million and a $300 million coupon bonds issued in April 2022 (see note 18). Interest rate swap contracts have been entered into to hedge the interest rate risk associated with these bonds. These swap contracts have been designated as fair value hedges of the interest rate risk associated with the US dollar 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 interest rates. Therefore, no gain or loss has been recognised due to hedge ineffectiveness.

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

	Nominal amount		Fair value of hedge derivative	
US$ million	2022	2021	2022	2021
Fair value hedges – interest rate risk				
USD Bonds[1]	750	–	(52)	–
Total	**750**	**–**	**(52)**	**–**

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

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 LIBORs 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.

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

See note 18 for details of the Group's floating rate debt. The Group has no hedging relationships as at 31 December 2022 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:

	Nominal amount		Hedged foreign exchange rates		Fair value of hedge derivative	
US$ million	2022	2021	2022	2021	2022	2021
Cash flow hedges – currency risk						
Eurobonds[1]	1,414	1,414	1.07	1.18	(158)	(66)
Total	**1,414**	**1,414**			**(158)**	**(66)**

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

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.

Note 23. Financial and capital risk management continued…

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 1.6% (2021: 2.5%) of its trade receivables (on a gross basis taking into account credit enhancements) or accounting for more than 4.1% of its revenues over the year ended 31 December 2022 (2021: 3.0%).

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.

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

As at 31 December 2022, Viterra had available committed undrawn credit facilities and cash amounting to $7,018 million (2021: $4,044 million). The maturity profile of Viterra's financial liabilities based on the contractual terms is as follows:

US$ million **2022**	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 years	Total
Borrowings	1,667	1,621	738	1,167	4,567	9,760
Lease liabilities	154	93	91	192	375	905
Expected future interest payments	249	106	151	196	165	867
Accounts payable[1]	–	–	–	–	5,293	5,293
Other financial liabilities	122	22	66	–	1,052	1,262
Total	**2,192**	**1,842**	**1,046**	**1,555**	**11,452**	**18,087**
Current assets					16,200	16,200

US$ million **2021**	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 years	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[1]	–	–	–	–	3,338	3,338
Other financial liabilities	39	28	–	–	1,369	1,435
Total	**1,727**	**1,457**	**270**	**1,473**	**9,319**	**14,245**
Current assets					13,299	13,299

[1] Accounts payable excludes payables to employees which are non financial liabilities.

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 $3,156 million (2021: $2,543 million) of capital market notes, the fair value of which at 31 December 2022 was $2,726 million (2021: $2,549 million) based on observable market prices applied to the borrowing portfolio (a Level 1 fair value measurement).

US$ million 2022	Notes	Amortised cost	FVtPL[1]	FVtOCI[2]	Total
Assets					
Other investments[3]		–	8	15	23
Advances and loans	12	56	–	–	56
Accounts receivable	15	3,381	–	–	3,381
Other financial assets	25	–	1,750	–	1,750
Cash and cash equivalents	16	637	–	–	637
Total financial assets		**4,074**	**1,758**	**15**	**5,847**
Liabilities					
Borrowings	18	10,665	–	–	10,665
Accounts payable	21	5,014	–	–	5,014
Other financial liabilities	25	–	1,262	–	1,262
Total financial liabilities		**15,679**	**1,262**	**–**	**16,941**

[1] FVtPL – Fair value through profit or loss.

[2] FVtOCI - Fair value through other comprehensive income. Loss on equity instruments recognised in other comprehensive income in 2022 comprised $1 million.

[3] Other investments of $11 million are classified as Level 1 measured using quoted market prices with the remaining balance of $12 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

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	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 or loss.

[2] FVtOCI – Fair value through other comprehensive income. Gain on equity instruments recognised in other comprehensive income in 2022 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.

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.

Note 25. Fair value measurements continued...

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 2022 and 31 December 2021. 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 2022

US$ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	91	–	–	91
Options	13	–	–	13
Physical forwards	–	1,476	–	1,476
Financial contracts				
Interest rate swaps	–	2	–	2
Foreign currency futures and forwards	11	157	–	168
Total	**115**	**1,635**	**–**	**1,750**

Other financial liabilities 2022

US$ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	170	–	–	170
Options	4	–	–	4
Physical forwards	–	705	–	705
Financial contracts				
Cross currency swaps	–	158	–	158
Interest rate swaps	–	52	–	52
Foreign currency	9	164	–	173
Total	**183**	**1,079**	**–**	**1,262**

Note 25. Fair value measurements continued...

Other financial assets 2021

US$ million	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 futures and forwards	1	110	–	111
Total	**155**	**1,254**	**–**	**1,409**

Other financial liabilities 2021

US$ million	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 futures and forwards	3	110	–	113
Total	**258**	**1,177**	**–**	**1,435**

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.

Note 25. Fair value measurements continued...

Fair value of financial assets/financial liabilities[1]

US$ million			2022	2021
Futures – Level 1		Assets	91	146
		Liabilities	(170)	(250)
Options – Level 1		Assets	13	8
		Liabilities	(4)	(5)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Physical forwards – Level 2		Assets	1,476	1,144
		Liabilities	(705)	(1,001)
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	(158)	(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.			
Interest rate swap - Level 2		Assets	2	–
		Liabilities	(52)	–
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	11	1
		Liabilities	(9)	(3)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Foreign currency - Level 2		Assets	157	110
		Liabilities	(164)	(110)
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.

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 2022, $61 million (2021: $48 million), of which 91% (2021: 94%) 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 2022, Viterra has committed to future vessel hire costs to meet future physical delivery and sale obligations and expectations of $314 million (2021: $432 million), of which $179 million, or 57% (2021: 69%), 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	2022	2021
Within 1 year	131	248
Between 2 and 5 years	188	192
After 5 years	–	–
Total	**319**	**440**

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 2022, $313 million (2021: $394 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.

Note 27. Contingent liabilities

The amount of corporate guarantees in favour of third parties as at 31 December 2022 was $15 million (2021: $22 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 2022 and 31 December 2021, the Group identified no material contingent liabilities.

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 inherently 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 available information. For those positions 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 assesses 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, currently named Viterra Australia Holdings Pty Ltd). 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 its tax position.

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 **2022**	**Glencore plc and its subsidiaries**	**Associates and joint ventures**	**Total**
Transactions			
Sales	2	333	335
Purchases	(3)	(149)	(152)
Interest income	–	2	2
Outstanding balances			
Trade receivables	2	22	24
Loans receivable	–	24	24
Other financial assets	3	–	3
Trade payables	4	32	36
Other financial liabilities	–	1	1

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	–	–	–

The remuneration of key management personnel recognised in the consolidated statement of income comprises salaries and other short-term employee benefits of $4 million (2021: $4 million) and other long-term benefits of $7 million (2021: $6 million).

Note 29. Principal subsidiaries with material non-controlling interests

Non-controlling interest comprises the following:

US$ million	2022	2021
Renova SA	123	124
Cascadia Port Management Corporation	28	31
Other	5	2
Total	**156**	**157**

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	2022	2022	2021	2021
	Renova SA	Cascadia Port Management Corporation	Renova SA	Cascadia Port Management Corporation
31 December				
Non-current assets	782	149	839	200
Current assets	80	14	84	13
Total assets	**862**	**163**	**923**	**213**
Non-current liabilities	337	46	419	82
Current liabilities	156	5	133	8
Total liabilities	**493**	**51**	**552**	**90**
Net assets	**369**	**112**	**371**	**123**
Equity attributable to owners of the Company	246	84	247	92
Non-controlling interests	123	28	124	31
Non-controlling interests in %	33%	25%	33%	25%

US$ million	2022	2022	2021	2021
Revenue	352	30	290	47
Expenses	(352)	(33)	(374)	(40)
Net (loss)/profit for the year	**–**	**(3)**	**(84)**	**7**
(Loss)/profit attributable to owners of the Company	(1)	(2)	(56)	5
(Loss)/profit attributable to non-controlling interests	1	(1)	(28)	2
Other comprehensive (loss)/gain attributable to owners of the Company	–	(6)	–	1
Other comprehensive (loss)/gain attributable to non-controlling interests	–	(2)	–	–
Total comprehensive (loss)/gain for the year	**–**	**(11)**	**(84)**	**8**
Dividends paid to non-controlling interests	–	–	–	(5)
Net cash inflow from operating activities	79	4	70	23
Net cash outflow from investing activities	(9)	(3)	(8)	(3)
Net cash outflow from financing activities	(65)	(1)	(61)	(23)
Total net cash inflow/(outflow)	**5**	**–**	**1**	**(3)**

Note 30. War in Ukraine

On 24 February 2022, Russia invaded Ukraine, initiating a conflict that is still ongoing. Viterra has business operations and assets in both countries. Management is carefully following the situation on a continuous basis. Viterra has implemented a comprehensive risk management plan, which prioritises the safety of its employees in Ukraine.

For the 12 months ended 31 December 2022, Viterra's operations in Ukraine have been adversely impacted. This has resulted in a reduction of Viterra's net income by $39 million as a result of impaired receivables ($19 million; refer to note 15), inventories write-downs and fair value adjustments ($15 million; refer to note 14), and impaired property, plant and equipment ($5 million; refer to note 5). As the conflict continues, it may have additional adverse effects. As at 31 December 2022, Viterra had total assets of $275 million (approximately 1% of the total Group assets) and total liabilities of $44 million (less than 1% of the total Group liabilities) in Ukraine, after considering all above-mentioned reductions.

In regards to Russia, various countries have implemented economic sanctions on Russia and certain Russian citizens and enterprises. The continuation of the conflict may trigger a series of additional economic and other sanctions, as well as retaliatory measures taken by the Russian government impacting foreign investors. As Viterra maintains operations in Russia, the Company complies with all relevant sanctions regimes and monitors related developments very carefully. Any additional or changed sanctions or measures are likely to have an adverse effect on its Russian operations. At 31 December 2022, Viterra had total assets of $495 million, including $54 million of cash and cash equivalents (approximately 2% of the total Group assets) and total liabilities of $290 million (approximately 2% of total Group liabilities) in Russia. No specific fair value adjustments or impairments to the carrying amounts of the Group's assets and liabilities located in Russia were recorded during the 12 months ended 31 December 2022 as a consequence of the war in Ukraine.

Considering the above, management does not believe the uncertainty arising from the conflict impacts the Company's ability to continue as a going concern.

Note 31. Subsequent events

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

Note 32. Principal operating, finance and industrial subsidiaries and investments

	Country of incorporation	% interest 2022	% interest 2021	Main activity
Principal subsidiaries				
Molinos Libres S.A.	Argentina	–	100	Rice milling
Viterra Argentina S.A.	Argentina	100	100	Oilseeds crushing
Sucesion de Antonio Moreno S.A.	Argentina	100	100	Storage and handling
Renova S.A.	Argentina	66.7	66.7	Oilseeds crushing/ biofuel production
Viterra Holdings Pty Ltd	Australia	100	100	Storage and handling
Viterra Australia Pty Ltd	Australia	100	100	Marketing
Correcta Industria e Comercio Ltda.	Brazil	100	100	Wheat milling/ oilseeds crushing
Viterra Bioenergia S.A.	Brazil	100	100	Sugarcane/ ethanol production
Moinhos Cruzeiro do Sul S.A.	Brazil	100	100	Wheat milling
Viterra Brasil S.A.	Brazil	100	100	Marketing
Cascadia Port Management Corporation	Canada	75	75	Storage and handling
Viterra Canada Inc.	Canada	100	100	Storage and handling
Viterra China Co., Ltd.	China	100	100	Marketing
Viterra Czech s.r.o.	Czech Republic	100	100	Oilseeds crushing
Viterra Agriculture Egypt for Trading LLC	Egypt	100	100	Marketing
Viterra France S.A.S.	France	100	100	Marketing
Viterra Rostock GmbH	Germany	100	100	Biofuel production
Viterra Magdeburg GmbH	Germany	100	100	Oilseeds crushing/ biofuel production
Viterra Lubmin Oils GmbH	Germany	100	100	Oilseeds crushing
Viterra Hungary Kft.	Hungary	100	100	Marketing
Viterra Vegetable Oil Manufacturing LLC	Hungary	100	100	Oilseeds crushing
Viterra India Private Limited	India	100	100	Marketing
Viterra Italy S.R.L.	Italy	100	100	Marketing
Viterra Kazakhstan LLP	Kazakhstan	100	100	Marketing
Viterra Agriculture de Mexico, S.A. de C.V.	Mexico	100	100	Marketing
Viterra Botlek B.V.	Netherlands	100	100	Biofuel production
Viterra B.V.	Netherlands	100	100	Marketing
Viterra Finance B.V.	Netherlands	100	100	Finance
Renaisco BV	Netherlands	100	100	Holding
Viterra Chartering B.V.	Netherlands	100	100	Marketing
Viterra New Zealand Limited	New Zealand	100	100	Marketing

Note 32. Principal operating, finance and industrial subsidiaries and investments continued...

	Country of incorporation	% interest 2022	% interest 2021	Main activity
Viterra Polska Sp.z o.o.	Poland	100	100	Marketing
Viterra Silos Sp.z o.o.	Poland	100	100	Storage and handling
Viterra Bodaczów Sp.z o.o.	Poland	100	100	Oilseeds crushing
Viterra Romania S.R.L.	Romania	100	100	Marketing
Viterra Rus LLC	Russia	100	100	Marketing
Viterra RKHP SPA	Russia	100	100	Storage and handling
Viterra Agriculture Asia Pte. Ltd.	Singapore	100	100	Marketing
Viterra Chartering Asia Pte. Ltd.	Singapore	100	100	Marketing
Viterra Agrícola España, SAU	Spain	100	100	Marketing
Viterra Turkey Tarim LIMITED SIRKETI	Turkey	100	100	Marketing
Viterra UK Ltd.	UK	100	100	Marketing
EFI Viterra Ukraine	Ukraine	100	100	Marketing
Private Joint Stock Company Kolos	Ukraine	100	100	Oilseeds crushing
Everi LLC	Ukraine	100	100	Storage and handling
Viterra Uruguay S.A.	Uruguay	–	100	Rice milling
Viterra USA Agriculture LLC	USA	100	100	Marketing
Gavilon Grain LLC [1]	USA	100	–	Storage and handling
Gavilon Global AG Holdings LLC [1]	USA	100	–	Storage and handling
Gavilon Ingredients LLC [1]	USA	100	–	Marketing
Flint Hills grain LLC [1]	USA	80	–	Storage and handling
Viterra USA LLC	USA	100	100	Marketing
Viterra Vietnam Company Limited	Vietnam	100	100	Marketing

	Country of incorporation	% interest 2022	% interest 2021	Main activity
Principal associates and joint ventures				
Lartirigoyen y Cia S.A.	Argentina	50	50	Storage and handling
Advanced Organic Materials S.A.	Argentina	50	50	Storage and handling
Terminal de Grãos Ponta da Montanha S.A. ('Barcarena')	Brazil	50	50	Storage and handling
Szczecin Bulk Terminal Polska Sp.z o.o.	Poland	49	49	Storage and handling
Taman Grain Terminal Holdings Ltd	Cyprus	50	50	Storage and handling
Company Ukrmill LLC	Ukraine	50	50	Storage and handling
IGT, LLC	Ukraine	50	50	Storage and handling
Wings Agriculture Pvt Ltd	India	50	50	Pea processing and marketing
Kamala Holdco, LLC [1]	USA	15	–	Storage and handling

[1] Acquired through business combination (see note 22).

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