VITERRA THE AGRICULTURE NETWORK

Half-year report
2023

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

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viterra.com

Who we are

We believe in the power of connection.

Viterra is a leading, fully integrated global agriculture network which connects producers and consumers to supply sustainable, traceable and quality-controlled agricultural products to end users around the world.

Our business, headquartered in Rotterdam, the Netherlands, covers the whole global supply chain, from the farm gate to the end user. We use our decades of experience, diverse capabilities and our talented people to create innovative solutions that open up pathways and create value for our customers.

We are a responsible long-term business, continually investing in and developing our network, so that we can meet the needs of a growing world.

We are owned by three shareholders who support our vision: Glencore, CPP Investments and British Columbia Investment Management Corporation (BCI).

What we do

We take great pride in supplying essential food and feed products to the world. Our agricultural network spans 38 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 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 17,500 people has 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**

Our business has maintained a strong performance during the first half of 2023, responding quickly to ongoing geo-political challenges and drought in key production regions. The flexibility and resilience of our network, amid continued disruption to global food supply chains, combined with our strong focus to progress our strategic goals, have resulted in record year-to-date marketing volumes and an industry leading Environmental, Social and Governance (ESG) rating.

David Mattiske
Chief Executive Officer

Our ability to source essential agricultural commodities from all key production regions across the globe continues to prove key to our success. Severe drought in Argentina, combined with lower yields across North America and the ongoing war in Ukraine, has called for greater sourcing optionality to effectively deliver the essential food and feed products our customers require.

Viterra's strategic focus to expand and diversify our origination capabilities has allowed us to deliver strong results in challenging conditions, welcoming several achievements throughout our business. We closed the first half of the year with a record 64 million metric tonnes (mMT) of commodities marketed across our network, largely thanks to the addition of our recently acquired US and Mexico business, formerly known as Gavilon.

In March, our Australian business celebrated the largest volume of grain shipped across one month, with over 990,000 MT loaded on to vessels across South Australia. In Brazil, we welcomed bumper soy and corn exports, resulting in a record of 429,000 MT export volume at our Itaqui port terminal in June. We also saw multiple records within our sugar milling operations across the region, most recently 962,000 MT in July.

Leveraging the rapid expansion of our origination programme in Europe, combined with our extensive logistics network throughout the region, we have continued operating supply chains out of the Black Sea region. This further demonstrates the power of our network, able to operate in even the most challenging conditions.

In the first quarter of the year, our US and Mexico business, formerly known as Gavilon, officially rebranded to Viterra. With full commercial integration of the business now complete, we are pleased to realise its full benefits to our global network, vastly expanding our origination and volume capabilities, as well as further diversifying the portfolio of products and services we offer.

We are pursuing opportunities to improve the efficiency of our operations across the US region, including the announcement of our planned expansion of our grain and ingredient storage facility in Etter, Texas. Through our US and Mexico business, we have also expanded our distribution network across Latin America, exporting to new destinations including Peru, Ecuador, Chile, Nicaragua and the Dominican Republic. Following the expansion of our commercial team in to Lima, Peru, we plan to establish an on-the-ground presence across these locations later this year.

Viterra to combine with Bunge

On 13 June, we announced our intent to combine our business with Bunge, creating a new agribusiness solutions company built to meet the demands of the 21st century.

The announcement marks an incredibly exciting new chapter for our business, and accelerates our long-term strategy of having full geographic flexibility in all the products we handle and services we provide. Together, our highly complementary organisations will be positioned to meet the demands of increasingly complex markets, further diversifying our capabilities and offering increased operational flexibility for both producers and end-use customers. The collective talent and experience of our workforces will allow us to offer the highest level of service across everything we do.

Our combined future business will play a leading role in the future of the agriculture industry, developing fully traceable, sustainable supply chains and moving towards carbon-neutral operations, while creating a strong growth platform for each of our core businesses.

The sustainable agriculture network

Working towards the sustainable agriculture network remains a key focus across all areas of our business.

A key highlight of this year is undoubtedly the receipt of our first public ESG rating from Morningstar Sustainalytics. Viterra achieved a rating that places us within the top five of more than 100 agriculture companies assessed.

Viterra's overall score was 24.6, with our ESG risk management assessed as "strong". This outstanding result is a testament to the continuous work that has been undertaken to embed sustainable business practices across our network and our supply chains.

In health and safety, our Total Recordable Injury Frequency Rate (TRIFR) performance remains well ahead of the targets set for 2023. We continue the measured implementation of our SafeAgri programme across our recently expanded US and Mexico business, and expect to see sustainable improvements in safety performance across the region through the future.

To guide our pathway to carbon net zero by 2050, we have established our medium-term decarbonisation target. Using 2022 data as the baseline, Viterra has set a 25% intensity-based scope 1 and 2 reduction target, by 2032. This 10-year target has been informed by technical analysis to align with a well below 2°C pathway.

We continue to support the development and wellbeing of our local communities. Through our Viterra Community Fund, we support hundreds of initiatives around the world, from the funding of two landmine clearance support teams as part of our five-year grant to The HALO Trust in Ukraine, to educating truck drivers to identify and report cases of child exploitation across Brazil's rural highways.

Looking ahead

I would like to thank all colleagues for their efforts and support so far this year, working together to find solutions for our customers during increasingly complex market conditions.

Through our long-term strategic drivers, we continue to grow and develop our business, seeking new ways to improve the efficiency and effectiveness of our supply chains.

The supply of sustainable and traceable products to the food, feed and renewable fuel industries remains another key area of opportunity. Through our excellent progress towards the sustainable agriculture network, we are well positioned to meet growing demand for these products, across all regions and each of the commodities we handle.

As we move through the integration planning process to combine with Bunge, we are excited for the many new opportunities that lay ahead for our business, our customers and our people.

With demand for our core commodities expected to remain strong, I am confident we will continue to tackle market challenges with the same agility and strength our business has proven capable of in recent years.

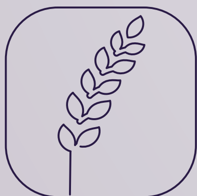
Our **network**

North America

3 175+
6 6

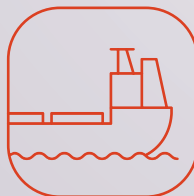
South America

5 6
18 6



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.

104m
tonnes of commodities marketed in 2022

marketing offices in
31
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

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

Europe

11 · 25+ · 8 · 10

Asia

6 · 2

Africa

4

Australia and New Zealand

3 · 68+ · 6

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

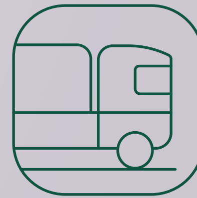
11
countries

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.

1,455
ocean freight voyages

200+
ocean-going vessels

Management discussion

HY 2023 in numbers

Sales volume

64 mMT

Revenue

28
US$billion

EBITDA

1,087
US$million

FFO

477
US$million

Adjusted Net Income

342
US$million

Net income

130
US$million

Net debt

1,919
US$million

Net debt to LTM[1] EBITDA

0.8x

[1] LTM: Last 12 months.

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This section contains non-IFRS alternative performance measures, defined on page 12.

A message from our **Chief Financial Officer**

Peter Mouthaan
Chief Financial Officer

Across 2023, we have continued to successfully navigate geo-political uncertainties and volatile macroeconomic conditions ensuring the reliable supply of critical food and feed worldwide. Through this period we also achieved several major milestones for Viterra; record half-year sales volumes of 64 mMT, the substantial completion of the Gavilon integration, including rebranding to Viterra, and the announced combination with Bunge.

Global production has remained volatile across the year. Most notably, Argentina has suffered a severe drought, impacting exports and crush utilisation. In North America, the production outlook is uncertain, with Canada facing adverse weather conditions, and dryness across the USA corn belt. Conversely, Brazil saw record crop yields for all core commodities, and Australia saw another strong harvest. It is in times like these that the global reach and adaptability of our network plays out. This enables us to ensure safe and efficient operations, remaining a reliable partner to our customers, and creating value for our shareholders.

In H1, we achieved strong results ahead of our expectations. Australia and Brazil saw high origination and handling margins, on the back of record volumes in each region. Europe enjoyed elevated processing and distribution margins, primarily driven by tighter global supply and increased renewable fuel demand. Due to the drought, we saw reduced volumes at our Argentinian crushing operations; however, we mitigated the full impact by utilising our origination network in neighbouring regions. Within the US, we have substantially completed the Gavilon integration, having now officially rebranded to Viterra US and Mexico. We effectively rationalised working capital, realised planned synergies and have begun to implement our SafeAgri programme across all facilities in the region.

The macroeconomic environment has evolved with interest rates rising to decade-level highs. Our diligent funding strategy, and diversified funding mix have allowed us to maintain seamless operations, underpinned by a substantial $5.6 billion in undrawn committed credit. We successfully renewed our $4.1 billion European revolving credit facility with five new banking relations entering the facility at competitive pricing levels. We remain focused on optimising working capital allocation, striving for a robust return on capital employed. Our commitment to financial prudence continues to gain recognition and validation from credit rating agencies. In April, Fitch upgraded our public credit rating to BBB, and we were subsequently put on positive watch by both S&P and Fitch in response to the announced combination with Bunge in June.

The pending merger with Bunge is a major milestone for Viterra. The combination of our complementary businesses and experienced workforces will drive us further toward our strategic ambition to become a premier agribusiness network. Bringing together Viterra's extensive origination footprint and Bunge's strength in processing and refining will allow the combined company to deliver sustainable products and innovative solutions to customers. During the regulatory and pre-close phase, we remain focused on maintaining a strong operational performance and continuing to deliver value to our stakeholders.

I would like to thank the Viterra team for their continued dedication and commitment to ensuring excellence across the business. Looking towards the second half of the year, I remain positive in the ability of our network to deliver a sustainable and reliable supply of critical agricultural goods from producers to consumers.

Management discussion and analysis

Income statement analysis

Our sales volumes for the half year ended 30 June 2023 were 64 mMT, predominantly comprising of grains (wheat, corn and barley) and oilseeds (soybean, rapeseed and vegetable oils). We saw a significant increase of 54% in sales volumes in grains and 43% in oilseeds driving an overall increase of 47% compared to HY 2022.

Marketing volumes sold

Million tonnes	2023	2022	Change %
Grain	39.1	25.4	54%
Oilseeds	22.4	15.7	43%
Cotton	0.3	0.3	0%
Sugar	1.1	1.1	0%
Other	1.0	1.1	-10%
Total	**63.9**	**43.6**	47%

Total revenue was $28.7 billion, compared to $24.3 billion for HY 2022, representing an 18% increase driven primarily by the Gavilon acquisition.

EBITDA[2] for the period was $1,087 million, a 23% decrease from HY 2022. Strong margins and volumes in Brazil, Australia and Europe were offset by generally lower margins as the industry moved into a lower price environment compared to 2022, as well as the impact of drought in Argentina.

The net interest expense has increased from $138 million in the first half of 2022 to $278 million in the first half of 2023. Interest rates have rapidly increased as monetary policies have tightened in response to higher inflation. A substantial part of Viterra's debt has floating interest rates based on the London interbank offer rate (LIBOR) and Secure Overnight Financing Rate (SOFR). The average LIBOR for the period January to June 2022 was around 0.4%, whereas the average SOFR for the period January to June 2023 was 4.7%, resulting in increased interest costs. In addition, the funding of the acquisition of Gavilon resulted in higher average levels of debt compared to HY 2022, leading to increased interest expenses. Interest costs have been and continue to be a key focus area for management through balancing working capital[3] levels with the business strategy.

Following Viterra's decision to exit from its Russian operations, an impairment loss of $163 million has been recorded.

Total tax expenses were $61 million for the first half of 2023 (effective tax rate of 35%), vs $178 million in the first half of 2022 (effective tax rate of 24%). The increase in effective tax rate is primarily driven by higher taxable income in jurisdictions with relatively higher corporate income tax rates, while tax losses were incurred in jurisdictions with a relatively lower corporate income tax rate. Furthermore, significant non-deductible expenses relating to the impairment of Russian assets and expenses relating to the Bunge transaction drove up the effective tax rate.

Adjusted Net Income[1] was $342 million for the period, a decrease of 49% vs the record first half of 2022 ($669 million) mainly due to lower EBITDA and higher interest costs in the current year.

Net income attributable to equity holders was $130 million for the period, a decrease of 77% vs the record first half of 2022 ($571 million) mainly due to lower EBITDA, higher interest costs, impairments relating to Russian assets of $163 million and expenses relating to the Bunge transaction of $32 million.

Management discussion and analysis continued...

Balance sheet analysis

Total non-current assets at 30 June 2023 were $7.1 billion, vs $7.3 billion at year-end 2022. The decrease was mainly caused by depreciation of property, plant and equipment.

Long-term debt has stayed constant at $5.9 billion, compared to $5.7 billion at year-end 2022. We have significantly reduced our short-term debt from $4.9 billion at year-end 2022 to $3.9 billion at period-end 2023 through better working capital[3] management. Details of borrowings are disclosed in note 16 to the financial statements.

Equity (excluding non-controlling interests) at 30 June 2023 amounted to $5.0 billion, a reduction of $0.2 billion from $5.2 billion at the end of 2022, mainly resulting from the return of capital of $335 million to Viterra's shareholders in May 2023.

Commodity price levels and harvest timing are generally key factors in the seasonality of our working capital[3] requirements. Disciplined working capital[3] management helped reduce levels of working capital[3] from $8.7 billion at the end of December 2022 to $7.8 billion at period end 30 June 2023.

The largest component of working capital[3] is readily marketable inventories (RMIs) which are considered readily convertible to cash due to their highly liquid nature. As of 30 June 2023, RMI was $7.2 billion (98.1% of total inventories), compared to $9.0 billion (98.4% of total inventories) at December 2022, a significant decrease of $1.8 billion (20%).

As is seen across the industry, funding requirements are strongly correlated to RMI. Given the liquid nature of these inventories, we believe it is appropriate to deduct RMI from total debt when considering Viterra's net debt[5]. At 30 June 2023, our net debt[5] was $1,919 million, compared to $1,062 million at year-end 2022, an 81% increase compared to December 2022. This increase was primarily caused by higher receivable/payables balances, which typically are at increased levels vs year-end. We expect year-end 2023 to trend towards end 2022 levels. Our Net Debt[5] to LTM EBITDA[2] ratio was 0.8.

As of 30 June 2023, Viterra held $5.6 billion available headroom in committed facilities vs $6.4 billion at December 2022.

Analysis of cash flow

Funds from operations (FFO)[6] is a measure that reflects our ability to generate cash for investment, debt servicing and distributions to shareholders. FFO[6] for the first six months of 2023 amounted to $477 million (HY 2022: $1,135 million). The reduction in FFO[6] in the first half of 2023 compared to the first six months of 2022 is driven mainly by a tightened margin environment compared to the record half-year 2022, increased interest paid as well as increased corporate income taxes paid, mainly relating to record profits in 2022.

During the first half of 2023, a capital return of $335 million was made to our shareholders.

Viterra maintains a disciplined approach to capital expenditure, with a focus on projects to build upon our existing strengths or which are synergistic to our network. Total sustaining capital expenditure for the period (on a cash basis) was $80 million (vs $68 million in HY 2022), with increases coming from the Gavilon acquisition. Total expansionary capital expenditure for the period (on a cash basis) was $36 million (vs $37 million in HY 2022). Key projects include the refinery construction at our crush facility in Hungary and upgrades to our networks in Canada, Australia and Argentina.

Non-IFRS metric **definitions**

Viterra uses certain non-IFRS metrics in addition to IFRS metrics in the management discussion and analysis. Management believes presentation of these metrics allows investors to view its performance using the same metrics that management also uses in evaluating financial and business performance and trends. These non-IFRS metrics are widely used by analysts and investors in the agricultural commodity industry, which enables comparison with industry peers. These non-IFRS metrics should not be considered as an alternative to net income (loss) or any other metrics of consolidated operating results under IFRS.

Viterra uses the following non-IFRS metrics:

1. **Adjusted net income (loss)** excludes temporary mark-to-market timing differences, and certain gains and (charges) and non-recurring expenses as described in the non-IFRS metric notes. Viterra's management believes this non-IFRS metric is a useful measure of its profitability as it adjusts the results to better reflect the economic reality of certain transactions and excludes items that are considered non-recurring.
2. **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. Viterra's management believes this non-IFRS metric is a useful measure of its operating profitability, since the metric allows for an evaluation of performance without regard to their financing methods or capital structure.
3. **Working capital** equals total current assets (excluding biological assets, cash and cash equivalents) less current liabilities (excluding borrowings).
4. **Total funding** is defined as the total of current and non-current borrowings.
5. **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 adjusted for temporary mark-to-market timing differences, and certain gains and (charges).

Non- IFRS metric notes

The following table provides a summary of mark-to-market timing differences and certain gains and (charges), including a description of these items and their effect on Adjusted Net Income (loss) for the six month periods ended 30 June 2023 and 2022.

Adjusted Net Income

US$ million	H1 2023	H1 2022
Mark-to-market timing differences[1]	**34**	**28**
Certain (gains) & charges		
Russia impairments related to exit strategy[2]	163	–
Ukrainian impairments/ provisions[2]	17	48
Mark-to-market loss on investments held for trading[3]	(1)	20
Loss/(gain) on disposals and investments[4]	–	(9)
Fixed asset impairment[5]	1	2
Acquisition and integration costs[6]	32	9
	178	**70**
Total	**212**	**98**

[1] Under IFRS, fair value changes on both long-term time charters and voyage charter contracts with third parties are not included, as under IFRS these are respectively accounted for as leases and service contracts which does not allow for valuation at fair value. Under Adjusted Net Income fair value changes are included, as this is in line with the economic risk profile of Viterra's chartering activities. In addition, for Adjusted Net Income, the impact of changes in mark-to-market valuations on certain forward positions where margins are locked.

[2] See notes 15 and 23 in the condensed interim consolidated financial statements for details. These amounts are excluded as these are considered non-recurring in nature.

[3] These relate to loss or gain on mark-to-market valuations of listed investments, which are excluded for Adjusted Net Income as these do not relate to routine operations. See note 4 in the condensed interim consolidated financial statements for details.

[4] Gain on disposal of subsidiaries and gain on sale of share in joint ventures, which are excluded for Adjusted Net Income as these are considered non-recurring in nature. See note 3 in the condensed interim consolidated financial statements for details.

[5] Impairments are considered non-recurring in nature and are therefore not representative of operating results. See note 5 in the condensed interim consolidated financial statements for details.

[6] For the six months ended 30 June 2023 these relate to the costs incurred in connection with various activities undertaken to facilitate the announced business combination agreement with Bunge. For the six months ended 30 June 2022 these relate to the acquisition of Gavilon. For both years these amounts are excluded as these are considered non-recurring in nature.

Unaudited condensed interim consolidated financial statements

For the six months ended 30 June 2023

Viterra Limited

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Auditor's review report

Independent Review Report to Viterra Limited

Conclusion

We have been engaged by the company to review the condensed interim consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the condensed consolidated statement of income, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes of equity and related notes 1 to 24.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by the European Union (EU).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 as adopted by the EU.

Conclusion relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Auditor’s review report continued...

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

In preparing the half-yearly financial report, 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
14 September 2023

Condensed consolidated statement of **income**

For the six months ended 30 June (unaudited)

US$ million	Notes	2023	2022 (Restated[2])
Revenue	2	28,762	24,359
Cost of goods sold		(27,871)	(23,289)
Gross margin		**891**	**1,070**
Selling and administrative expenses		(256)	(172)
Share of income from associates and joint ventures		27	8
Gain on disposals and investments	3	–	9
Other income	4	1	4
Other expense	4	(21)	(37)
Loss on remeasurement of disposal group held for sale	15	(163)	–
Dividend income		1	3
Interest income		21	4
Interest expense	6	(299)	(142)
Income before income taxes		**202**	**747**
Current income tax expense[1]	7	(183)	(252)
Deferred income tax credit[1]	7	122	74
Income for the period		**141**	**569**
Attributable to:			
Non-controlling interests		11	(2)
Equity holders		130	571

[1] Consists of a different breakdown of prior year balances to show current and deferred taxes separately.
[2] Refer to note 1.

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

Condensed consolidated statement of **comprehensive income**

For the six months ended 30 June (unaudited)

US$ million	2023	2022
Income for the period	141	569
Other comprehensive income/(loss)[1]		
Items not to be reclassified to the statement of income in subsequent periods:		
Gain on remeasurement of defined benefit plan	2	–
Gain on financial assets measured at fair value through other comprehensive income	1	1
Net items not to be reclassified to the statement of income in subsequent periods[1]:	**3**	**1**
Items that are or may be reclassified to the statement of income in subsequent periods:		
Exchange gain/(loss) on translation of foreign operations	11	(85)
Gain on cash flow hedges	11	10
Items recycled to the statement of comprehensive income upon disposal of subsidiaries	–	(4)
Net items that are or may be reclassified to the statement of income in subsequent periods:	**22**	**(79)**
Other comprehensive income/(loss)	**25**	**(78)**
Total comprehensive income	**166**	**491**
Attributable to:		
Non-controlling interests	12	(3)
Equity holders of the parent	154	494

[1] Amounts are net of deferred tax.

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

Condensed consolidated statement of **financial position**

As at 30 June 2023 and 31 December 2022

US$ million	Notes	2023 (unaudited)	2022 (audited)
Assets			
Non-current assets			
Property, plant and equipment	8	4,877	5,073
Intangible assets		1,370	1,380
Investments in associates and joint ventures	9	379	490
Other investments	18	18	15
Advances and loans	10	100	93
Pension surplus		46	43
Deferred tax assets		316	234
		7,106	**7,328**
Current assets			
Biological assets		27	26
Inventories	11	7,351	9,111
Accounts receivable	12	3,646	4,571
Other investments	18	–	8
Other financial assets	18, 19	2,141	1,750
Cash and cash equivalents	13, 18	685	637
Income tax receivable		191	97
		14,041	**16,200**
Disposal group held for sale	15	322	–
Total assets		**21,469**	**23,528**
Equity and liabilities			
Capital and reserves – attributable to equity holders			
Share capital		1	1
Reserves and retained earnings		4,921	5,102
		4,922	5,103
Non-controlling interests		169	156
Total equity		**5,091**	**5,259**
Non-current liabilities			
Borrowings	16, 18	5,898	5,723
Deferred tax liabilities		420	438
Post-employment benefits		15	14
Provisions		127	125
Other financial liabilities	18, 19	175	210
Other long-term liabilities		28	25
		6,663	**6,535**
Current liabilities			
Borrowings	16, 18	3,905	4,942
Accounts payable	17	4,228	5,464
Provisions		47	45
Other financial liabilities	18, 19	1,129	1,052
Income tax payable		164	230
Other current liabilities		2	1
		9,475	**11,734**
Disposal group held for sale	15	240	–
Total equity and liabilities		**21,469**	**23,528**

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

Condensed consolidated statement of **cash flows**

For the six months ended 30 June (unaudited)

US$ million	Notes	2023	2022
Operating activities			
Income before income taxes		202	747
Adjustments for:			
Depreciation and amortisation		424	475
Share of income from associates and joint ventures	9	(27)	(8)
Increase in other long-term liabilities		10	19
Gain on disposals and investments	3	–	(9)
Impairments	5	1	6
Loss on remeasurement of disposal group held for sale	15	163	–
(Gain)/loss in mark-to-market valuations on investments held for trading[1]	4	(1)	20
Net foreign exchange losses[1]		19	11
Gain on sale of property, plant and equipment[1]		(1)	(3)
Other non-cash items – net[1]		–	(7)
Interest income[1]		(21)	(4)
Interest expense[1]	6	299	142
Cash generated by operating activities before working capital changes, interest and tax		**1,068**	**1,389**
Working capital changes			
Decrease in inventories[2]		1,749	81
Decrease/(increase) in accounts receivable[1]		374	(1,505)
Increase in other financial assets[1, 3]		(2)	(10)
(Decrease)/increase in accounts payable[1, 6]		(1,059)	631
(Decrease)/increase in other financial liabilities[1, 4]		(21)	127
Net working capital changes		**1,041**	**(666)**
Cash generated from operating activities		2,109	723
Income taxes paid		(341)	(160)
Interest received		21	3
Interest paid		(300)	(107)
Net cash generated by operating activities		**1,489**	**459**
Investing activities			
Net cash received from disposal of subsidiaries		–	10
Purchase of investments		(1)	(2)
Proceeds received from sale of investments		9	–
Purchase of property, plant and equipment, and intangibles[6]		(115)	(114)
Proceeds from sale of property, plant and equipment, and intangibles		3	7
Dividends received		29	10
Net cash used by investing activities		**(75)**	**(89)**

Condensed consolidated statement of **cash flows** continued...

For the six months ended 30 June (unaudited)

US$ million	Notes	2023	2022
Financing activities[5]			
Proceeds of other non-current bank facilities other than revolving credit facilities[1]		6	58
Repayment of other non-current bank facilities other than revolving credit facilities[1]		(60)	(83)
Net (repayment)/proceeds of revolving credit facilities[1]		(169)	146
Proceeds from issuance of capital market notes[1]		–	747
Issuance costs for capital market notes[1]		–	(3)
Repayment from current borrowings – net		(367)	(303)
Repayments of lease liabilities		(243)	(317)
Return of capital		(335)	–
Distributions to non-controlling interests		(2)	–
Net cash (used)/generated by financing activities		(1,170)	245
Increase in cash and cash equivalents		244	615
Foreign exchange movement in cash		–	(6)
Cash and cash equivalents, beginning of period		637	475
Cash and cash equivalents, end of period		**881**	**1,084**
Cash and cash equivalents reported in the statement of financial position	13	685	1,084
Cash and cash equivalents attributable to assets held for sale	15	196	–

[1] Consists of a different breakdown of prior year balances to conform with current year presentation.
[2] Includes movements in biological assets.
[3] Includes movements in advances and loans and other financial assets.
[4] Includes movements in other financial liabilities and provisions.
[5] Refer to note 16 for reconciliation of movement in financing liabilities.
[6] Included within accounts payable as at 30 June 2023 are amounts of $3 million (2022: $8 million) relating to purchases of property, plant and equipment which are unpaid.

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

Condensed consolidated statement of **changes of equity**

For the six months ended 30 June (unaudited)

US$ million	Retained earnings	Share premium	Other reserves	Total reserves and retained earnings	Share capital	Total equity attributable to equity holders	Non-controlling interests	Total equity
1 January 2023	**3,756**	**2,396**	**(1,050)**	**5,102**	**1**	**5,103**	**156**	**5,259**
Income for the period	130	–	–	130	–	130	11	141
Other comprehensive income	3	–	21	24	–	24	1	25
Total comprehensive income	**133**	**–**	**21**	**154**	**–**	**154**	**12**	**166**
Change in ownership interest in subsidiaries	–	–	–	–	–	–	3	3
Return of capital	–	(335)	–	(335)	–	(335)	–	(335)
Distributions paid	–	–	–	–	–	–	(2)	(2)
At 30 June 2023	**3,889**	**2,061**	**(1,029)**	**4,921**	**1**	**4,922**	**169**	**5,091**

US$ million	Retained earnings	Share premium	Other reserves	Total reserves and retained earnings	Share capital	Total equity attributable to equity holders	Non-controlling interests	Total equity
1 January 2022	**2,747**	**2,796**	**(943)**	**4,600**	**1**	**4,601**	**157**	**4,758**
Income for the period	571	–	–	571	–	571	(2)	569
Other comprehensive income/(loss)	(2)	–	(75)	(77)	–	(77)	(1)	(78)
Total comprehensive income/(loss)	**569**	**–**	**(75)**	**494**	**–**	**494**	**(3)**	**491**
At 30 June 2022	**3,316**	**2,796**	**(1,018)**	**5,094**	**1**	**5,095**	**154**	**5,249**

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

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

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.

On 13 June 2023, the Company entered into a definitive merger agreement with Bunge Limited, a company based in the United States and listed on the New York Stock Exchange ("Bunge"). Under the terms of the agreement, which was unanimously approved by the Boards of Directors of the Company and Bunge, Viterra shareholders will receive approximately 65.6 million shares of Bunge stock with an aggregate value at the time of the agreement of approximately $6.2 billion and approximately $2.0 billion in cash. As part of the transaction, Bunge will assume $9.8 billion of Viterra debt. The closure of the merger is contingent on the fulfillment of customary closing conditions, including receipt of regulatory approvals and Bunge shareholder approval.

These unaudited condensed interim consolidated financial statements for the six months ended 30 June 2023 were issued on 13 September 2023. The unaudited condensed interim consolidated financial statements do not represent statutory financial statements.

Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by the European Union (EU) effective for the Company's reporting for the six months ended 30 June 2023.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Group's audited consolidated financial statements as at 31 December 2022. The Group's audited consolidated financial statements as at 31 December 2022 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and adopted by the EU. Certain financial information that is included in the audited annual financial statements but is not required for interim reporting purposes has been condensed or omitted.

The accounting policies, critical accounting judgements and key accounting estimates applied in the interim financial statements are consistent with those applied in the Group's audited consolidated financial statements as at 31 December 2022, except for the adoption of revisions to existing accounting pronouncements described below in the section 'Adoption of new and revised standards'.

The income tax expense for the six months ended 30 June 2023 is determined by applying the actual effective tax rate to the year-to-date adjusted profit before tax, as this represents the best estimate of the annual effective tax rate.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

Note 1. Accounting policies continued...

The unaudited condensed interim consolidated financial statements for the six months ended 30 June 2023 have been prepared on a going concern basis. The Directors have assessed that they have, at the date of this report, a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months after the date of this report. This assessment included consideration of the current developments in Russia and Ukraine as described within note 23.

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

While there is a degree of seasonality in the growing season and procurement of our principal marketable inventories, such as oilseeds and grains, the Group typically does not experience material fluctuations in volume between the first and second halves of the year because Viterra is geographically diversified between the northern and southern hemispheres, and sells and distributes a broad range of agricultural products throughout the year.

Adoption of new and revised standards

The following amendments to existing accounting pronouncements became effective as of 1 January 2023 and have been adopted by the Group.

(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 group adopted International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from 31 December 2023. The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 30 June 2023 in any jurisdictions in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group's condensed interim financial statements.

The relief and the new disclosures will be reflected in the Group's consolidated financial statements as at 31 December 2023.

(ii) 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".

Note 1. Accounting policies continued…

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 do not have a material impact on 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 did not have a material impact on the Group.

(iv) IFRS 17 – Insurance Contracts

IFRS 17 replaces IFRS 4 'Insurance Contracts' and provides a new general model for accounting for contracts where the issuer accepts significant insurance risk from another party and agrees to compensate that party if future uncertain event adversely affects them.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023. The adoption of the new standard did not have a material impact on the group.

Non-current assets and disposal groups 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.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

Note 1. Accounting policies continued…

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 the decision not to sell.

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.

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 the six months ended 30 June 2022 have been similarly represented, with no impact on gross margin.

The impact of the restatement is summarised as follows:

US$ million	H1 2022
Revenue	(671)
Cost of goods sold	671
Gross margin	–
Income for the period	**–**

The restatement has no impact on the 2022 condensed interim consolidated statement of financial position, condensed interim consolidated statement of cash flows or condensed interim consolidated statement of changes in equity.

Note 2. Revenue

Revenue for the period comprises the following:

US$ million	H1 2023	H1 2022 (Restated[2])
Grain	15,456	11,105
Oilseeds	12,003	11,445
Sugar	570	549
Cotton	435	856
Freight[1]	298	404
Total	**28,762**	**24,359**

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

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

Note 3. Gain on disposals and investments

US$ million	H1 2023	H1 2022
Gain on disposal of subsidiaries	–	8
Gain on sale of share in joint venture	–	1
Total	**–**	**9**

2023

In H1 2023, Viterra had no material disposals of subsidiaries or joint ventures.

2022

During H1 2022, Viterra completed the disposal of a subsidiary with a silo in Bulgaria, of certain subsidiaries containing rice assets in Uruguay and Argentina, as well as a barge joint venture.

Note 4. Other income/(expense) – net

US$ million	Note	H1 2023	H1 2022
Change in mark-to-market valuations on investments held for trading		1	–
Change in mark-to-market on non-trade derivatives		–	4
Other income		**1**	**4**
Foreign exchange loss		(19)	(11)
Impairments	5	(1)	(6)
Change in mark-to-market valuations on investments held for trading		–	(20)
Other expense – net		(1)	–
Other expense		**(21)**	**(37)**

Note 5. Impairments

US$ million	Note	H1 2023	H1 2022
Property, plant and equipment	8	(1)	(6)
Total		**(1)**	**(6)**

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

Refer to note 15 for losses incurred in relation to the remeasurement of the disposal group held for sale.

2023

No individually significant impairments were recorded during the period ended 30 June 2023.

2022

As at 30 June 2022, certain storage tanks in Viterra's Everi terminal in Ukraine with a carrying amount of $7 million were partially destroyed due to hostile activities, resulting in an impairment of plant and equipment of $4 million; refer to note 23.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

Note 6. Interest expense

Interest expense for the period comprises the following:

US$ million	H1 2023	H1 2022
Revolving credit facility[1]	(117)	(29)
Capital market notes[1]	(61)	(38)
Lease obligations[1]	(24)	(21)
Other bank loans[1]	(91)	(51)
Other	(6)	(3)
Total	**(299)**	**(142)**

[1] Refer to note 16: Borrowings.

Note 7. Income taxes

The Group calculates income tax expense for the current period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of income are:

US$ million	H1 2023	H1 2022
Current income tax expense	(183)	(252)
Deferred income tax credit relating to creation and reversal of temporary differences	122	74
Total tax expense reported in the statement of income	**(61)**	**(178)**

Global minimum tax

None of the jurisdictions in which Viterra operates applies the global minimum tax in 2023 to Viterra (be that in the form of a top-up tax, income inclusion rule or undertaxed profits rule). Viterra is currently assessing the application of the recently further explained safe harbour tests by and from the OECD.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up and accounts for it as a current tax when it is incurred.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

Note 8. Property, plant and equipment

US$ million	Note	Freehold land and buildings	Plant and equip-ment	Right-of-use assets – Freehold land and buildings	Right-of-use assets – Plant and equip-ment	Bearer plants	Total
Gross carrying amount:							
1 January 2023		1,399	5,089	363	1,652	142	**8,645**
Additions		–	105	–	(1)	12	**116**
Additions of right-of-use assets		–	–	27	87	–	**114**
Disposals		–	(11)	(8)	(112)	–	**(131)**
Effect of foreign currency exchange movements		13	19	17	–	11	**60**
Reclassification to held for sale	15	(1)	(60)	(3)	–	–	**(64)**
Other movements		7	(3)	1	–	–	**5**
30 June 2023		**1,418**	**5,139**	**397**	**1,626**	**165**	**8,745**
Accumulated depreciation and impairment:							
1 January 2023		291	2,051	108	1,054	68	**3,572**
Depreciation		25	150	25	207	10	**417**
Impairment	5, 15	1	38	2	–	–	**41**
Disposals		–	(10)	(7)	(112)	–	**(129)**
Effect of foreign currency exchange movements		6	13	6	–	5	**30**
Reclassification to held for sale	15	(1)	(60)	(3)	–	–	**(64)**
Other movements		(1)	1	–	1	–	**1**
30 June 2023		**321**	**2,183**	**131**	**1,150**	**83**	**3,868**
Net book value 30 June 2023		**1,097**	**2,956**	**266**	**476**	**82**	**4,877**
Net book value 31 December 2022		**1,108**	**3,038**	**255**	**598**	**74**	**5,073**

Plant and equipment includes capitalised expenditure for construction in progress of $290 million (2022: $246 million). Depreciation expenses included in cost of goods sold are $407 million (2022: $462 million) and in selling and administrative expenses $10 million (2022: $7 million). At 30 June 2023 property, plant and equipment with a carrying amount of $596 million (31 December 2022: $620 million) has 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 right-of-use assets amounts to $742 million (2022: $853 million).

In H1 2023 the Group recognised $24 million (2022: $21 million) interest costs from lease liabilities and $47 million (2022: $64 million) income from subleasing right-of-use assets.

Disclosure of amounts recognised as lease liabilities in the statement of financial position are included in note 16, and future commitments are disclosed in note 20.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

Note 9. Investments in associates and joint ventures

US$ million	Note	as at 30.06 2023	as at 31.12 2022
1 January		490	396
Business combinations		–	66
Additions		–	2
Disposals		–	(4)
Share of income from associates and joint ventures		27	38
Dividends received		(28)	(8)
Impairment	15	(77)	–
Reclassification to held for sale	15	(40)	–
Other		7	–
Total		**379**	**490**

Note 10. Advances and loans

US$ million	as at 30.06 2023	as at 31.12 2022
Financial assets at amortised cost		
Loans to associates	17	17
Other non-current receivables and loans	30	39
Non-financial instruments		
Advances repayable with product	13	12
Other non-current receivables	40	25
Total	**100**	**93**

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	as at 30.06 2023	as at 31.12 2022
1 January	7	10
Effect of foreign currency exchange movements	–	(1)
Charged during the period	–	–
Disposal of business	–	(2)
Total	**7**	**7**

Note 11. Inventories

Total inventories of $7,351 million (2022: $9,111 million) comprise $6,537 million (2022: $8,582 million) of inventories carried at fair value less costs of disposal and $814 million (2022: $529 million) of inventories 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 a hedge transaction. Viterra regularly assesses the composition of these inventories and their applicability, relevance and availability to the marketing activities. As at 30 June 2023, $7,200 million (2022: $8,966 million) of inventories were considered readily marketable. This comprises $6,537 million (2022: $8,582 million) of inventories carried at fair value less costs of disposal and $663 million (2022: $384 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.

Fair value of inventories is a Level 2 fair value measurement (see note 19) 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. In 2022, a total amount of $15 million was recognised in respect of fair value change of inventory in Ukraine (refer to note 23).

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 16). As at 30 June 2023, the total amount of inventory secured under such facilities was $421 million (2022: $261 million) and proceeds received and classified as current borrowings amounted to $393 million (2022: $212 million).

Note 12. Accounts receivable

US$ million	as at 30.06 2023	as at 31.12 2022
Financial assets at amortised cost		
Trade receivables[1]	2,041	2,706
Margin calls paid	570	606
Associated companies[1]	33	31
Other receivables[2]	27	38
Non-financial instruments		
Advances repayable with product	435	411
Prepaid expenses	86	53
Other tax and related receivables	454	726
Total	**3,646**	**4,571**

[1] Collectively referred to as receivables presented net of allowance for doubtful debts.
[2] Includes loans receivable in the amount of $9 million (2022: $13 million), presented net of loss allowance.

Viterra has a number of dedicated financing facilities, which finance a portion of its receivables. Part of these facilities meet the criteria of derecognition of the receivables according to IFRS. As of 30 June 2023, $89 million was derecognised, as the Group transferred substantially all the risks and rewards of ownership of the financial asset with non-recourse.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

Note 12. Accounts receivable continued...

For the received amount of cash of these items the Group recognised a liability under current loans and borrowings. In other cases, 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 16). As at 30 June 2023, the total amount of trade receivables secured was $347 million (2022: $721 million) and proceeds received and classified as current borrowings amounted to $335 million (2022: $550 million).

As at 30 June 2022, Viterra created a provision for receivables of $29 million in Ukraine as they became unrecoverable. As at 30 June 2023, $17 million of this amount was released as the related receivables were recovered (refer to note 23).

The movement in the loss allowance is detailed below:

US$ million	as at 30.06 2023	as at 31.12 2022
1 January	128	118
Released during the period	(55)	(41)
Charged during the period	79	59
Utilised during the period	3	(8)
Reclassified to held for sale[1]	(45)	–
Total	**110**	**128**

[1] Refer to note 15. Of the total amount charged during the period, $43 million relates to remeasurement of receivables of the Russian businesses held for sale.

Note 13. Cash and cash equivalents

US$ million	as at 30.06 2023	as at 31.12 2022
Bank and cash on hand	675	386
Deposits and treasury bills	10	251
Total	**685**	**637**

There was no restricted cash on hand as at 30 June 2023 or 31 December 2022.

The Group also holds cash and cash equivalents amounting to $196 million at 30 June 2023 which are classified as held for sale, being held in Russian entities (see note 15). The Group's ability to utilise these amounts outside Russia could be impacted by legal or regulatory restrictions issued by the Russian government, or by sanctions issued by other jurisdictions.

Note 14. Share capital and reserves

2023

During H1 2023, $335 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.

2022

No distributions were made during H1 2022.

For the six months ended 30 June (unaudited)

Note 15. Disposal group held for sale

In March 2023, Viterra announced that it would exit the Russian market and divest entirely its Russian businesses. During H1 2023, Viterra reached agreements in principle containing definitive terms and conditions for the sale of these entities. The Russian businesses are classified as a disposal group held for sale at 30 June 2023.

As of the date of these unaudited condensed interim consolidated financial statements, Viterra is awaiting the approval of the Government Commission on Control over Foreign Investments in the Russian Federation before completing the disposals. Pending the completion of the transactions, Viterra continues to operate its existing businesses in Russia in compliance with all existing sanctions and applicable laws.

In determining the fair value less cost to sell an impairment loss of $163 million was recognised in the period in relation to the remeasurement of the disposal group classified as held for sale based on the expected proceeds arising from the transactions. Given the level of uncertainty over the final terms of the sales, the final loss on completion of the transactions could differ materially from this amount. The maximum loss that could be incurred is the carrying value of the disposal group as at 30 June 2023.

The below table provides detail as to the allocation of the impairment losses to individual financial statement captions.

US$ million	Note	H1 2023	H1 2022
Property, plant and equipment		(40)	–
Intangible assets		(3)	–
Investment in joint ventures	9	(77)	–
Receivables		(43)	–
Total		**(163)**	**–**

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

Note 15. Disposal group held for sale continued...

Assets and liabilities held for sale at 30 June 2023 comprise the following:

US$ million	Subsidiaries			Joint venture	Total
	MZK Export Limited (Subsidiary)	Rostovsky KHP Limited Liability Company (Subsidiary)	Antex+ Limited Liability Company (Subsidiary)	Taman Grain Terminal Holdings (Equity investment)	
Assets					
Non-current assets					
Group investments – net	–	–	–	40	**40**
	–	**–**	**–**	**40**	**40**
Current assets					
Inventories	16	1	–	–	**17**
Accounts receivables	65	–	–	–	**65**
Other financial assets	2	–	–	–	**2**
Cash and cash equivalents	196	–	–	–	**196**
Current tax receivables	2	–	–	–	**2**
	281	**1**	**–**	**–**	**282**
Total assets held for sale	**281**	**1**	**–**	**40**	**322**
Non-current liabilities					
Borrowings	19	–	–	–	**19**
Deferred tax liabilities	1	1	–	–	**2**
	20	**1**	**–**	**–**	**21**
Current liabilities					
Borrowings	144	–	–	–	**144**
Accounts payable	74	1	–	–	**75**
	218	**1**	**–**	**–**	**219**
Total liabilities held for sale	**238**	**2**	**–**	**–**	**240**
Total net assets held for sale	**43**	**(1)**	**–**	**40**	**82**

Note 16. Borrowings

US$ million	Notes	as at 30.06 2023	as at 31.12 2022
Non-current borrowings			
Capital market notes[1]		3,179	3,156
Revolving credit facility[2]		2,005	1,789
Lease liabilities		487	530
Other bank loans[3]		227	248
Total non-current borrowings		**5,898**	**5,723**
Current borrowings			
Secured inventory/receivables facilities	11, 12	728	762
Revolving credit facilities[2]		569	950
Lease liabilities		300	375
Other bank loans[3]		2,308	2,855
Total current borrowings		**3,905**	**4,942**

[1] Includes capitalised issuance costs of $6 million (2022: $6 million).
[2] Includes capitalised issuance costs of $7 million (2022: $8 million).
[3] Comprises various uncommitted and unsecured bilateral bank credit facilities and other financings.

Other non-current bank loans include, among others, a loan with an outstanding balance of $70 million (2022: $103 million) at an interest rate of LIBOR +453 basis points (bps), a facility in Hungary with an outstanding balance of $52 million (2022: $51 million), and various loans received by sugar, wheat milling and port assets in Brazil of $67 million (2022: $30 million) denominated in USD and Brazilian Real (BRL) and bearing various fixed interest rates.

The outstanding secured inventory/receivables facilities as at 30 June 2023 of $728 million (2022: $762 million) comprise an inventory borrowing base facility of $98 million (2022: $132 million) that accumulates interest at a rate of BBSY (bank bill swap bid rate) +80 bps and a borrowing base facility of $630 million (2022: $630 million) at an interest rate of USD compounded SOFR (secured overnight financing rate) +75 bps.

Capital market notes

The capital market notes include a $450 million and a $300 million coupon bond issued in April 2022. The first tranche of $450 million carries a 4.90% 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, commencing in October 2022. Viterra applies fair value hedge accounting to account for the hedge of interest rate risks on these two bonds (refer to note 19).

Viterra issued USD public bonds during April 2021, and issued Eurobonds during September 2021. Interest on the USD public bonds 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 19).

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

Note 16. Borrowings continued...

The details of outstanding borrowings and the carrying amounts as at 30 June 2023 are outlined below:

US$ million	Maturity	as at 30.06 2023	as at 31.12 2022
USD 450 million 4.90% coupon bonds	April 2027	417	421
USD 300 million 5.25% coupon bonds	April 2032	269	270
USD 600 million 2.00% coupon bonds	April 2026	597	597
USD 600 million 3.20% coupon bonds	April 2031	595	595
EUR 500 million 0.375% coupon bonds	September 2025	544	532
EUR 700 million 1.00% coupon bonds	September 2028	757	741
Total capital market notes		**3,179**	**3,156**

Revolving credit facility

2023

On 5 May 2023, Viterra signed a new $4.11 billion one-year revolving credit facility agreement with a one-year borrower's term-out option (to May 2025), and a one-year extension option at lender's discretion. This facility refinanced the $4.1 billion revolving credit facility signed in May 2022. Funds drawn under the new facility bear interest at Daily Simple SOFR +65 bps per annum.

On 1 May 2023, Viterra extended the $1 billion three-year revolving credit facility agreement by executing one of the two extension options (at lender's discretion). Funds drawn under the facility bear interest at compounded SOFR +70 bps per annum.

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. 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 were not available for general working capital purposes. The facility was repaid in full on 9 January 2023.

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 bps 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 a one-year extension option at 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 bps 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 bps 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 bps per annum.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

Note 16. Borrowings continued…

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.

US$ million	Notes	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 2023		**9,760**	**905**	**10,665**	**210**	**10,875**
Cash related movements in financing liabilities[1]						
Proceeds of other non-current bank facilities other than revolving credit facilities		6	–	6	–	**6**
Repayment of other non-current bank facilities other than revolving credit facilities		(60)	–	(60)	–	**(60)**
(Net) proceeds from/repayment of revolving credit facilities		(169)	–	(169)	–	**(169)**
Repayment of current borrowings – net		(367)	–	(367)	–	**(367)**
Repayments for lease liabilities		–	(243)	(243)	–	**(243)**
Subtotal		**(590)**	**(243)**	**(833)**	**–**	**(833)**
Non-cash related movements in financing liabilities						
Foreign exchange movements		4	13	17	–	**17**
Fair value adjustment to fair value hedged borrowings		–	–	–	(40)	**(40)**
Fair value movement of hedging derivatives		(5)	–	(5)	5	**–**
Change in lease liabilities		–	114	114	–	**114**
Reclassified to liabilities held for sale	15	(161)	(2)	(163)	–	**(163)**
Other non-cash movements		8	–	8	–	**8**
Subtotal		**(154)**	**125**	**(29)**	**(35)**	**(64)**
Decrease in financing liabilities for the period		(744)	(118)	(862)	(35)	**(897)**
30 June 2023		**9,016**	**787**	**9,803**	**175**	**9,978**

[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'.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

Note 17. Accounts payable

US$ million	as at 30.06 2023	as at 31.12 2022
Financial liabilities at amortised cost		
Trade payables	3,518	4,691
Margin calls received	184	2
Associated companies	34	35
Other payables and accrued liabilities	198	286
Non-financial instruments		
Advances settled in product	91	220
Payables to employee	146	171
Other tax and related payables	57	59
Total	**4,228**	**5,464**

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.

For the six months ended 30 June (unaudited)

Note 18. 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.

Financial assets and liabilities are presented by class in the table below at their carrying values, which approximate the fair values with the exception of $3,179 million of capital market notes, the fair value of which at 30 June 2023 was $2,894 million based on observable market prices applied to the borrowing portfolio (a Level 1 fair value measurement).

US$ million **As at 30 June 2023**	Notes	Amortised cost	FVtPL[1]	FVtOCI[2]	Total
Assets					
Other investments[3]		–	–	18	**18**
Advances and loans	10	47	–	–	**47**
Accounts receivable	12	2,671	–	–	**2,671**
Other financial assets	19	–	2,141	–	**2,141**
Cash and cash equivalents	13	685	–	–	**685**
Total financial assets[4]		**3,403**	**2,141**	**18**	**5,562**
Liabilities					
Borrowings	16	9,803	–	–	**9,803**
Accounts payable	17	3,934	–	–	**3,934**
Other financial liabilities	19	–	1,304	–	**1,304**
Total financial liabilities[4]		**13,737**	**1,304**	**–**	**15,041**

[1] FVtPL – Fair value through profit and loss.
[2] FVtOCI – Fair value through other comprehensive income. Gain on equity instruments recognised in other comprehensive income in 2023 amounted to $1 million.
[3] Other investments of $9 million are classified as Level 1 measured using quoted market prices with the remaining balance of $9 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.
[4] Amounts consist of both long-term and short-term financial assets/financial liabilities.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

Note 18. Financial instruments continued...

US$ million **As at 31 December 2022**	**Notes**	**Amortised cost**	**FVtPL[1]**	**FVtOCI[2]**	**Total**
Assets					
Other investments[3]		–	8	15	**23**
Advances and loans	10	56	–	–	**56**
Accounts receivable	12	3,381	–	–	**3,381**
Other financial assets	19	–	1,750	–	**1,750**
Cash and cash equivalents	13	637	–	–	**637**
Total financial assets[4]		**4,074**	**1,758**	**15**	**5,847**
Liabilities					
Borrowings	16	10,665	–	–	**10,665**
Accounts payable	17	5,014	–	–	**5,014**
Other financial liabilities	19	–	1,262	–	**1,262**
Total financial liabilities[4]		**15,679**	**1,262**	**–**	**16,941**

[1] FVtPL – Fair value through profit and loss.
[2] FVtOCI – Fair value through other comprehensive income. Gain on equity instruments recognised in other comprehensive income in 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.
[4] Amounts consist of both long-term and short-term financial assets/ financial liabilities.

Note 19. 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.

Viterra's policy is 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.

Note 19. Fair value measurements continued...

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 30 June 2023 and 31 December 2022. 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 11, 13 and 18 for disclosure in connection with these fair value measurements. There are no non-recurring fair value measurements.

Other financial assets

US$ million **As at 30 June 2023**	**Level 1**	**Level 2**	**Level 3**	**Total**
Commodity related contracts				
Futures	170	1	–	**171**
Options	34	–	–	**34**
Physical forwards	–	1,803	–	**1,803**
Financial contracts				
Interest rate swaps	–	1	–	**1**
Foreign currency futures and forwards	4	128	–	**132**
Total	**208**	**1,933**	**–**	**2,141**

Other financial liabilities

US$ million **As at 30 June 2023**	**Level 1**	**Level 2**	**Level 3**	**Total**
Commodity related contracts				
Futures	214	–	–	**214**
Options	32	–	–	**32**
Physical forwards	–	789	–	**789**
Financial contracts				
Cross currency swaps	–	118	–	**118**
Interest rate swaps	–	57	–	**57**
Foreign currency futures and forwards	3	91	–	**94**
Total	**249**	**1,055**	**–**	**1,304**

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June (unaudited)

Note 19. Fair value measurements continued...

Other financial assets

US$ million As at 31 December 2022	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

US$ million As at 31 December 2022	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 futures and forwards	9	164	–	173
Total	**183**	**1,079**	**–**	**1,262**

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 19. Fair value measurements continued...

Fair value of financial assets/financial liabilities[1]

US$ million			as at 30.06 2023	as at 31.12 2022
Futures – Level 1		Assets	170	91
		Liabilities	(214)	(170)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Options – Level 1		Assets	34	13
		Liabilities	(32)	(4)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Futures – Level 2		Assets	1	–
		Liabilities	–	–
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Physical forwards – Level 2		Assets	1,803	1,476
		Liabilities	(789)	(705)
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 swaps – Level 2		Assets	–	–
		Liabilities	(118)	(158)
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 swaps – Level 2		Assets	1	2
		Liabilities	(57)	(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 futures and forwards – Level 1		Assets	4	11
		Liabilities	(3)	(9)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Foreign currency futures and forwards – Level 2		Assets	128	157
		Liabilities	(91)	(164)
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 financial instruments.

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Note 20. 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 30 June 2023, $56 million (2022: $61 million), of which 98% (2022: 91%) 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 30 June 2023, Viterra has committed to future vessel hire costs to meet future physical delivery and sale obligations and expectations of $224 million (2022: $314 million), of which $132 million, or 59% (2022: 57%), 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	2023	2022
Within 1 year	104	131
Between 2 and 5 years	140	188
After 5 years	6	–
Total	**250**	**319**

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 (a) the paying party upon the delivery of product and qualifying documents through the issuance of a letter of credit or (b) 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 30 June 2023, $288 million (2022: $313 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 21. Contingent liabilities

The amount of corporate guarantees in favour of third parties as at 30 June 2023 was $16 million (2022: $15 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 30 June 2023 and 31 December 2022, 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.

Note 21. Contingent liabilities continued...

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. To this date, the Group has not received any assessments following these notices. 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.

Viterra Canada has also received material final assessments from the CRA relating to the disallowance of non-capital loss balances so utilised by Viterra Canada during the 2016 to 2020 tax periods 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 22. Acquisition and disposal of subsidiaries

2023 Acquisition

For the period ending 30 June 2023 Viterra had no material acquisitions of subsidiaries.

No changes in the provisional amounts of the fair value of the assets acquired and liabilities assumed for the acquisition of Gavilon on 3 October 2022 have been recognised in the period ending 30 June 2023. The process of finalising the fair value of the assets acquired and liabilities assumed is still ongoing. Refer to note 22 of the Group's audited consolidated financial statements for the year ended 31 December 2022 for additional detail.

2022 Acquisition

For the period ending 30 June 2022 Viterra had no material acquisitions of subsidiaries.

Notes to the unaudited condensed interim consolidated financial statements

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Note 23. 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 six months ended 30 June 2023, Viterra's operations in Ukraine continued to be adversely impacted. In 2022 direct impacts on net income resulted from fair value adjustments on inventories ($15 million, refer to note 11), impairment of receivables ($29 million, of which $17 million was released in 2023, refer to note 12), and impaired property, plant and equipment ($4 million, refer to note 5). As the conflict continues, it may have additional adverse effects.

As at 30 June 2023, Viterra had total assets of $225 million (approximately 1% of the total Group assets) and total liabilities of $13 million (less than 1% of the total Group liabilities) in Ukraine, after considering all above-mentioned reductions.

In regards to Russia, in response to the conflict, a number of jurisdictions around the world, including the United States, the EU, Switzerland and the United Kingdom, imposed a series of sanctions against the Russian Federation, various companies and individuals, and continue to impose further sanctions as the war continues. In response, the Russian Federation reciprocally imposed trade sanctions on certain goods and services originating in the EU and the United States, as well as various companies and individuals. Viterra continues to operate its existing businesses in Russia in compliance with all existing sanctions and carefully monitors related developments. In March 2022, Viterra suspended any new development and expansion projects in Russia, and in March 2023, Viterra announced that it will exit the Russian market and divest its Russian businesses (refer to note 15).

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

Note 24. Subsequent events

In July 2023, certain of the assets of the Group located in Ukraine were a target of Russian military activity. Management is in the process of assessing the financial impact of this incident. Based on preliminary assessment the potential impacts are not expected to be material to the financial statements.

On 1 September 2023 the Company made a distribution to its shareholders of $58 million.

Disclaimer

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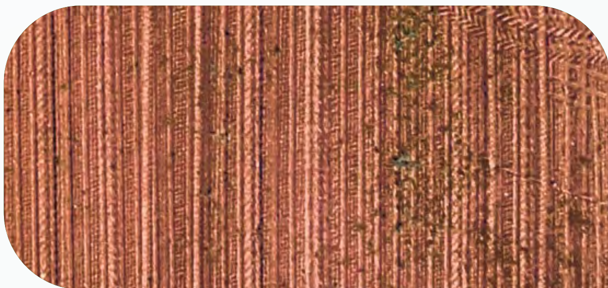

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