



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	914 992 990
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	CARGILL NORWAY HOLDING AS
Forretningsadresse:	Thormøhlens gate 51 5006 BERGEN

Regnskapsår

Årsregnskapets periode:	01.06.2020 - 31.05.2021
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Giske Sørensen
Dato for fastsettelse av årsregnskapet:	23.11.2021

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 01.01.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Other operating expenses	2, 6	433 499	792 998
Sum kostnader		433 499	792 998
Driftsresultat		-433 499	-792 998
Finansinntekter og finanskostnader			
Other financial income from group company	6		79 083 850
Annen renteinntekt		249	16
Other financial income		2 213 765	
Sum finansinntekter		2 214 014	79 083 866
Rentekostnad til foretak i samme konsern	6	54 983 194	81 379 267
Other financial expenses		30 211	2 019 228
Sum finanskostnader		55 013 405	83 398 495
Netto finans		-52 799 390	-4 314 629
Ordinært resultat før skattekostnad		-53 232 890	-5 107 627
Tax on ordinary result	7	-13 064 347	
Ordinært resultat etter skattekostnad		-40 168 543	-5 107 627
Årsresultat		-40 168 543	-5 107 627
Årsresultat etter minoritetsinteresser		-40 168 543	-5 107 627
Totalresultat		-40 168 543	-5 107 627
Overføringer og disponeringer			
Transferred from other equity	4	-40 168 543	-5 107 627
Sum overføringer og disponeringer		-40 168 543	-5 107 627



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	7	13 064 347	
Sum immaterielle eiendeler		13 064 347	
Finansielle anleggsmidler			
Investering i datterselskap	3	11 749 703 531	11 749 703 531
Sum finansielle anleggsmidler		11 749 703 531	11 749 703 531
Sum anleggsmidler		11 762 767 878	11 749 703 531
Omløpsmidler			
Varer			
Fordringer			
Accounts receivables	6		79 083 850
Other short-term receivables		23 449	47 589
Sum fordringer		23 449	79 131 439
Bankinnskudd, kontanter og lignende			
Cash and bank deposits		4 999	2 716
Sum bankinnskudd, kontanter og lignende		4 999	2 716
Sum omløpsmidler		28 448	79 134 154
SUM EIENDELER		11 762 796 326	11 828 837 685
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		1 500 000 000	1 500 000 000
Overkurs		10 919 077 678	10 919 077 678
Annen innskutt egenkapital	4		



Balanse

Beløp i: NOK	Note	2021	2020
Sum innskutt egenkapital		12 419 077 678	12 419 077 678
Opptjent egenkapital			
Other equity		-2 307 605 824	-2 267 437 282
Sum opptjent egenkapital		-2 307 605 824	-2 267 437 282
Sum egenkapital	4, 5	10 111 471 853	10 151 640 396
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Other long term liabilities	6	1 538 100 000	1 538 100 000
Sum annen langsiktig gjeld		1 538 100 000	1 538 100 000
Sum langsiktig gjeld		1 538 100 000	1 538 100 000
Kortsiktig gjeld			
Tax payable	7		14 802
Other current debt	6	113 224 473	139 082 487
Sum kortsiktig gjeld		113 224 473	139 097 289
Sum gjeld		1 651 324 473	1 677 197 289
SUM EGENKAPITAL OG GJELD		11 762 796 326	11 828 837 685



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Cargill Norway Holding AS

Annual Report – May 2021

Operation and Location

Cargill Norway AS' registered office is at Thormøhlens gate 51B, N-5006 Bergen, Norway.

Cargill Norway Holding AS is a wholly owned subsidiary of Cargill International Luxembourg 3 S a.r.l. and aims to invest in securities and managing these investments.

Cargill has more than 150 years of experience in providing food, agriculture, financial and industrial products and services to the world. With over 150,000 employees in 70 countries Cargill is committed to feeding the world in a responsible way, reducing environmental impact and improving the communities where they operate.

The Company is exposed to various risks of operational and financial nature. The Board of Directors has established a framework for risk management and value creation to ensure that the Company has good internal controls and appropriate systems for risk management adapted to the nature of and the risks related to its operations and finance.

Annual Financial Statements

Cargill Norway Holding AS reported a loss before tax of 53 million NOK for year ending 31st May 2021 compared to a loss in the prior fiscal year of 5 million NOK.

The company's total assets as at 31st May 2021 had a balance of 11 763 million NOK compared to 11 828 million NOK as at 31st May 2020.

Total fixed assets at year end 2021 was 11 763 million NOK of which 11 750 million NOK was investment in subsidiaries and 13 million NOK was deferred tax asset. Total current assets at year end 2021 was 28 thousand NOK. The prior financial year for the same balances reflect as follows: total fixed assets were 11 750 million NOK, investment in subsidiary 11 750 million NOK and total current assets were 79 million NOK.

The total equity balance as at 31st May 2021, was 10 111 million NOK whilst for the fiscal year ended 31st May 2020 it was 10 152 million NOK.

The total liabilities was 1 651 million NOK for the 2021 fiscal year compared with 1 677 million NOK for the fiscal year 2020. Long term debt for both years was 1 538 million NOK. Total current debt was 113 million NOK compared to 139 million NOK prior fiscal year.

Net cash flow from operations for 2021 was positive 2 thousand NOK compared to negative 3 thousand NOK prior fiscal year, driven by changes in accounts receivables and short term debt. Net cash flow from investments and finance were zero for both years. Total bank deposit and cash at financial year end 2021 was 5 thousand NOK compared to 3 thousand NOK prior fiscal year.

The current fiscal year runs from 1st June 2020 until 31st May 2021 and is comparable to the prior financial year.

Inclusion and Diversity

Cargill is committed to creating and sustaining an inclusive and diverse work environment where all employees are treated with dignity and respect. It is further committed to the principles of equal employment opportunity,



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Cargill Norway Holding AS

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complying with affirmative action obligations, and providing employees with a professional work environment free from discrimination and harassment. Cargill's purpose is to be the global leader in nourishing the world in a safe, responsible and sustainable way. Diversity, Equity and Inclusion are key enablers to achieving this purpose and help us to be the most trusted partner in agriculture, food, and nutrition. Cargill has committed to achieve gender parity at all levels of corporate leadership by 2030. Gender parity is just one aspect of Cargill's Diversity, Equity and Inclusion (DEI) strategy, which was introduced in 1999 and updated in 2017 with "equity" added to the commitment. Equity means fair treatment and access to opportunity for all and goes beyond equal opportunity.

Cargill Norway AS company has no employees. The board of directors comprises two members who are one male and one female.

External Environment

Cargill aims to be the most trusted partner in agriculture, food and nutrition. With global presence, market expertise and supply chain capabilities, Cargill is committed to creating a more sustainable, food-secure future. Our customers and communities trust Cargill for solutions that will nourish the world and protect the planet, ensuring current and future generations will *thrive*.

The company has no activities with an environment impact and no research and development activities.

Going Concern

In accordance with the Accounting Act § 3-3, we confirm that the financial statements have been prepared under the assumption of going concern. The basis for this is the company's financial position and its long-term strategic plans.

Bergen, Norway 23rd November 2021

DocuSigned by:

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Fredrik Witte

Chairman of the Board

DocuSigned by:

830E52D14B8B451...

Hilde Waage

Director/Board member



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Financial Statements

Cargill Norway Holding AS

1.6.2020 - 31.5.2021

Registration No. 914 992 990



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INCOME STATEMENT

Cargill Norway Holding AS

Amounts in NOK	Note	2021	2020
Operating income and operating expenses			
Other operating expenses	2, 6	433 499	792 998
Total operating expenses		433 499	792 998
Operating profit		-433 499	-792 998
Financial income and expenses			
Other financial income from group company	6	-	79 083 850
Other interest income		249	16
Other financial income		2 213 765	-
Interest expense to group companies	6	54 983 194	81 379 267
Other financial expenses		30 211	2 019 228
Net financial items		-52 799 390	-4 314 629
Operating result before tax		-53 232 890	-5 107 627
Tax on ordinary result	7	-13 064 347	-
Ordinary result after tax		-40 168 543	-5 107 627
Annual net profit		-40 168 543	-5 107 627
Brought forward			
Transferred from other equity	4	40 168 543	5 107 627
Net brought forward		-40 168 543	-5 107 627



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STATEMENT OF FINANCIAL POSITION

Cargill Norway Holding AS

Amounts in NOK	Note	2021	2020
Assets			
Fixed assets			
Deferred tax assets	7	13 064 347	-
Total intangible assets		13 064 347	-
Financial fixed assets			
Investments in subsidiaries	3	11 749 703 531	11 749 703 531
Total financial fixed assets		11 749 703 531	11 749 703 531
Total fixed assets		11 762 767 878	11 749 703 531
Current assets			
Accounts receivables	6	-	79 083 850
Other short-term receivables		23 449	47 589
Total receivables		23 449	79 131 439
Cash and bank deposits		4 999	2 716
Total current assets		28 448	79 134 154
Total assets		11 762 796 326	11 828 837 685



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STATEMENT OF FINANCIAL POSITION

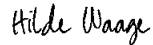
Cargill Norway Holding AS

Amounts in NOK	Note	2021	2020
Equity and liabilities			
Paid in capital			
Share capital		1 500 000 000	1 500 000 000
Share premium reserve		10 919 077 678	10 919 077 678
Total paid in capital		12 419 077 678	12 419 077 678
Retained earnings			
Other equity		-2 307 605 824	-2 267 437 282
Total retained earnings		-2 307 605 824	-2 267 437 282
Total equity	4, 5	10 111 471 853	10 151 640 396
Liabilities			
Other long-term liabilities			
Other long term liabilities	6	1 538 100 000	1 538 100 000
Total of other long term liabilities		1 538 100 000	1 538 100 000
Current debt			
Tax payable	7	-	14 802
Other current debt	6	113 224 473	139 082 487
Total current debt		113 224 473	139 097 289
Total liabilities		1 651 324 473	1 677 197 289
Total equity and liabilities		11 762 796 326	11 828 837 685

Bergen, 23.11.2021

The board of Cargill Norway Holding AS

DocuSigned by:

AF29084F0214751
Fredrik Witte
Chairman of the board

DocuSigned by:

830F521174E843A
Hilde Waage
Member of the board



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Cash Flow Statement

NOK

Cash flow from operations	1.6.20 - 31.5.21	1.6.19 - 31.5.20
Operating profit	-433 499	-792 998
Net interest expense and other financial income	-52 799 390	-4 314 629
Change in other current assets and liabilities	53 235 172	5 104 338
Net cash flow from operations	2 283	-3 289
Net change in cash and cash equivalents for the period	2 283	-3 289
Cash and cash equivalents at period beginning	2 716	6 005
Bank deposits, cash and equivalents at 31 May	4 999	2 716



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Cargill Norway Holding AS – Financial Statements – 1.6.20 – 31.5.21

Note 1 General information and accounting principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles.

Consolidated accounts

The Company's ultimate parent company, Cargill Incorporated, prepare consolidated accounts which include Cargill Norway Holding AS and its subsidiaries. The foreign consolidated financial statements are available from Cargill Norway Holding AS, Thormøhlens gate 51, 5006 Bergen.

Operating income and expenses

In principle, sales costs and other expenses are recognized in the same period as the related income. Where there is no clear correlation between an acquisition and the related revenue a depreciation over the asset's useful lifetime of the company. Where the acquisition can not be activated because of a materiality consideration or short lifetime the cost is recognized in the income statement at the acquisition date. Other exceptions to the matching principle are specified where applicable.

Valuation & classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Foreign currency

All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date. All items in foreign currencies in the income statement are translated into NOK at the exchange rate prevailing at the date of the transaction.

Shares in subsidiaries and associates

Subsidiaries and investments in associates are carried at cost in the parent company accounts. A write-down to fair value will be performed if the impairment is not considered to be temporary, and an impairment charge is deemed necessary according to generally accepted accounting principles. Dividends and group contributions are recognised as other financial income. Dividends and other contributions from subsidiaries are recognised when the motion is carried.

Receivables

Trade receivables and other receivables are carried at face value less an allowance for expected losses. An estimate is made for doubtful debts based on a review of all amounts outstanding at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Taxes

Taxes in the income statement include tax payable and changes in deferred tax. Deferred tax is calculated at 22 % based on the temporary differences between accounting and tax values, as well as tax losses carried forward at the end of the fiscal year.

Taxable and deductible temporary differences that reverse or may reverse in the same period are offset and the tax effect is calculated on the netvalue.



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Note 2 Wages, number of employees, benefits, loan to employees etc.

The company has no employees.

No payment has been made to members of the Board, and no guarantees have been made on behalf of the members of the Board.

Audit fees

	01.06.2020- 31.05.2021	01.06.2019- 31.05.2020
Statutory audit	98 822	80 354
Tax assistance	27 500	27 500
Other assurance services	27 477	20 000
Total	153 799	127 854

Note 3 Investments in subsidiaries

Subsidiary	Share capital	Number of shares	Net profit 2021	Equity	Carrying amount
Cargill Norway AS	2 679 810 000	30 000	NOK -242 519	NOK 11 805 660 070	11 749 703 531

The management has tested the carrying amount of shares in subsidiaries against recoverable amount by doing a value in use calculation of all operational entities. The test shows a headroom, but are sensitive to some key assumptions. The most important assumptions are as follows

- Estimated overall increase in the feed market in coming years
- Estimated development in margins in the feed market
- Capital expenditures and relating income to maintain today's market share are represented in the cash flow forecast.

Note 4 Equity

	Share capital	Other paid-in capital	Retained earnings	Total equity
Equity 31.05.2020	1 500 000 000	10 919 077 678 -	2 267 437 282	10 151 640 396
Profit/loss for the financial year	-	- -	40 168 543 -	40 168 543
Equity 31.05.2021	1 500 000 000	10 919 077 678 -	2 307 605 824	10 111 471 853

Note 5 Share capital and shareholder information

Shares	Number of shares	Nominal amount	Carrying amount
Ordinary shares	30 000	50 000	1 500 000 000

Ownership structure	Number of shares	Ownership	Voting share
Cargill International Luxembourg 3 S.à.r.l, Luxembourg	30 000	100 %	100 %

Control

The Company's ultimate parent company is Cargill Incorporated, Minneapolis, MN-55440 Minnesota, USA.



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Note 6 Transactions and amounts owed by/to group enterprises

Company	Income st./ Balance st.	Type of transaction	01.06.2020- 31.05.2021	01.06.2019- 31.05.2020
Cargill Int. Lux.	Income st	Administrative expenses	288 161	537 335
Cgl. Global Fund	Income st	Interest income	5	16
Cargill Int. Lux.	Income st	Interest costs	54 983 194	81 379 267
Cargill Int. Lux.	Balance st.	Long-term loan obligation	1 538 100 000	1 538 100 000
Cargill Int. Lux.	Balance st.	Incurred interest expenses	435 032	2 968 533
Cgl. Global Fund	Balance st.	Incurred interest expenses	112 669 865	136 026 454
Cargill AS	Balance st.	Group contribution	-	79 083 850

Note 7 Tax

NOK		01.06.2020- 31.05.2021	01.06.2019- 31.05.2020
Tax base calculation:			
Operating result before tax	-	53 232 890	5 107 627
Permanent differences		-	-
Allocation of loss to be brought forward		53 232 890	5 107 627
Tax base		-	-
Tax payable (22 %)		-	-
Payable tax on this year's result		-	-
Tax from previous years		-	14 802
Tax payable in balance sheet (22 %)		-	14 802
Income tax expense:			
Income tax payable this year		-	-
Change in deferred tax	-	13 064 347	-
Tax on ordinary profit/(loss)	-	13 064 347	-
Deferred tax:			
Differences to be balanced			
		31.05.2021	31.05.2020
Interest limited from deduction	-	1 461 909 274	1 461 909 274
Loss carried forward	-	59 383 396	6 150 507
Temporary differences not recorded as an asset		1 461 909 274	1 468 059 781
Basis for deferred tax	-	59 383 396	-
Deferred tax (asset) (22 %)	-	13 064 347	-

The company assesses the probability of utilizing the interest limitation as low. Based on this, deferred tax asset relating to this tax position is not recognized.

The deferred tax benefit relating to net operating losses carried forward is included in the balance sheet on the basis of future income. The company is part of a tax company and is available to receive company contribution that will create taxable profit in appropriate periods.



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 08.03.2016	Vår dato 27.04.2016
Telefon 22078139	Deres referanse Einar Wathne	Vår referanse 2016/212279

EWOS AS
Postboks 4 Sentrum
5803 BERGEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 8. mars 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Cargill Norway Holding AS	org.nr. 914 992 990
Cargill Norway AS	org.nr. 914 993 024
EWOS AS	org.nr. 979 184 832
Statkorn Aqua AS	org.nr. 976 527 623

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Cargill Norway Holding AS er norsk konsernspiss i et underkonsern. Cargill Norway Holding AS er eiet av det amerikanske selskapet Cargill Inc. Konsernet produserer fiskefor til oppdrettsnæringen. To av konsernselskapene har tidligere fått tillatelse til å benytte engelsk språk. Arbeidsspråket er engelsk. Selskapene opererer i en internasjonal bransje hvor alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er eiet av et utenlandsk selskap. Eierkretsen er begrenset. Arbeidsspråket er engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



KPMG AS
Kanalveien 11
Postboks 4 Kristianborg
5822 Bergen

Telephone +47 45 40 40 63
Fax +47 55 32 11 66
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of Cargill Norway Holding AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cargill Norway Holding AS showing a loss of NOK 40 168 543. The financial statements comprise the balance sheet as at 31 May 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 May 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslø	Elverum	Mo i Rana	Stord
Ållå	Finnsnes	MoIre	Siråume
Årendal	Hamar	Skien	Tromsø
Bergan	Haugesund	Sandefjord	Trondheim
Bodø	Knaavik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



*Independent Auditor's Report - 2021
Cargill Norway Holding AS*

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (management) is responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent Auditor's Report - 2021
Cargill Norway Holding AS

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 29 November 2021

KPMG AS

Knut Olav Karlsen

State Authorised Public Accountant



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 16.12.2015	Vår dato 05.01.2016
Telefon 22078139	Deres referanse	Vår referanse 2016/3546

CARGILL NORWAY HOLDING AS
c/o Deloitte Advokatfirma AS
Postboks 221 Sentrum
0103 OSLO

**Fritak for konsernregnskapsplikt for morselskap i underkonsern,
Cargill Norway Holding AS, org. nr. 914 992 990**

Vi viser til deres brev av 16. desember 2016 hvor dere søker om fritak for konsernregnskapsplikt for morselskap i underkonsern for Cargill Norway Holding AS.

Cargill Norway Holding AS er eid av Cargill Inc (USA). Cargill Inc utarbeider årlig konsernregnskap på engelsk basert på US GAAP. Dette konsernregnskapet inkluderer ABG Scandinavia AS med datterselskaper.

Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juli 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for Cargill Norway Holding AS. Det forutsettes at Cargill Inc utarbeider konsernregnskap som omfatter det norske underkonsernet. Det legges til grunn at dette konsernregnskap er utarbeidet i samsvar med USGAAP og at kravene i regnskapsloven § 3-7 med forskrifter forøvrig følges. Bestemmelsene i regnskapsloven kapittel 8 med tilhørende forskrift gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 07.09.2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten å være på norsk, kan være på svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brevet at tillatelse er gitt.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse: Se www.skatteetaten.no Org.nr: 996250318 E-post: skatteetaten.no/sendepost	Sentralbord 800 80 000 Telefaks 22 17 08 60
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**CARGILL, INCORPORATED
AND SUBSIDIARIES**

**Consolidated Financial Statements
May 31, 2021 and 2020**



KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

The Board of Directors
Cargill, Incorporated:

We have audited the accompanying consolidated financial statements of Cargill, Incorporated and its subsidiaries, which comprise the consolidated balance sheets as of May 31, 2021 and 2020, and the related consolidated statements of earnings, comprehensive income, cash flows and total equity for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cargill, Incorporated and its subsidiaries as of May 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee



Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in the period beginning June 1, 2020, the entity adopted new accounting guidance related to leases. Our opinion is not modified with respect to this matter.

KPMG LLP

Minneapolis, Minnesota
July 28, 2021



Cargill, Incorporated and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	At May 31,	
	2021	2020
	(In millions)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,398	7,240
Short-term investments	1,565	685
Trading securities	593	1,712
Accounts receivable, notes receivable, and accrued income, net	20,175	14,782
Inventories	18,666	12,181
Other	2,011	1,586
TOTAL CURRENT ASSETS	46,408	38,186
OTHER ASSETS		
Investments and advances	4,128	3,965
Goodwill	3,864	3,515
Intangibles	1,370	1,348
Other assets	5,459	3,370
TOTAL OTHER ASSETS	14,821	12,198
PROPERTY		
Owned property, plant & equipment	35,171	32,661
Property under finance leases	237	97
Construction in progress	2,504	1,967
	37,912	34,725
Less accumulated depreciation and amortization	22,172	20,249
NET PROPERTY	15,740	14,476
TOTAL ASSETS	\$ 76,969	64,860
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Short-term debt	\$ 3,453	6,549
Financial instruments sold with agreements to repurchase	3,077	1,313
Accounts payable, accrued expenses, and other	17,894	12,548
Accrued income taxes	232	189
TOTAL CURRENT LIABILITIES	24,656	20,599
OTHER LIABILITIES		
Long-term debt	9,121	7,689
Other liabilities	5,159	3,791
TOTAL LIABILITIES	38,936	32,079
EQUITY		
Capital stock	7	7
Retained earnings	40,269	36,244
Accumulated other comprehensive loss	(2,427)	(3,707)
TOTAL CARGILL, INCORPORATED STOCKHOLDERS' EQUITY	37,849	32,544
Noncontrolling interests	184	237
TOTAL EQUITY	38,033	32,781
TOTAL LIABILITIES AND EQUITY	\$ 76,969	64,860

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



Cargill, Incorporated and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS

	<u>Year Ended May 31,</u>	
	<u>2021</u>	<u>2020</u>
	(In millions)	
Sales and other revenues	\$ 134,426	114,627
Cost of sales and other revenues	119,053	102,790
(Exclusive of depreciation and amortization, as shown below)		
Gross profit	15,373	11,837
Expenses and other income		
Selling, general and administrative expenses	6,386	5,708
Depreciation and amortization	1,959	1,848
Interest expense	400	472
Restructuring and asset impairment charges	255	438
Other expense (income), net	209	(159)
Earnings of consolidated companies before income taxes	6,164	3,530
Income tax expense	1,436	673
Net earnings of consolidated companies	4,728	2,857
Add equity in net earnings of nonconsolidated companies	222	198
Net earnings	4,950	3,055
Deduct net earnings attributable to noncontrolling interests	(19)	(50)
NET EARNINGS ATTRIBUTABLE TO CARGILL, INCORPORATED	\$ 4,931	3,005
Net earnings per share attributable to Cargill, Incorporated		
		(\$ Per Share)
Basic	\$ 6.88	4.15
Diluted	\$ 6.80	4.12

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



Cargill, Incorporated and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<u>Year Ended May 31,</u>	
	<u>2021</u>	<u>2020</u>
	(In millions)	
Net earnings	\$ 4,950	3,055
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	822	(437)
Unrealized gain on securities	2	--
Unrealized gain (loss) on cash flow hedges	13	(1)
Pension and other postretirement benefits liability adjustments	466	(233)
Other comprehensive income (loss), net of tax	<u>1,303</u>	<u>(671)</u>
Total comprehensive income	6,253	2,384
Deduct comprehensive income attributable to noncontrolling interests	(42)	(48)
Comprehensive income attributable to Cargill, Incorporated	<u>\$ 6,211</u>	<u>2,336</u>

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



Cargill, Incorporated and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended May 31	
	2021	2020
	(In millions)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 4,950	3,055
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Equity in net earnings of nonconsolidated companies, net of dividends	(64)	(71)
Depreciation and amortization	1,959	1,848
Restructuring and asset impairment charges	255	438
Deferred income taxes	231	(68)
Share-based compensation	214	147
Affiliated private investment funds (gain) loss, net of dividends	(88)	129
Other, net	52	(308)
Total cash from operations	<u>7,509</u>	<u>5,170</u>
Decrease (increase) in trading securities	1,119	(641)
Increase in accounts receivable, notes receivable and accrued income	(4,176)	(1,465)
(Increase) decrease in inventories	(6,425)	249
Increase (decrease) in financial instruments sold with agreements to repurchase	1,764	(536)
Increase in accounts payable and accrued expenses	4,540	43
Increase in other current assets and liabilities	(1,624)	(45)
Increase in other assets and liabilities	(25)	(296)
Net cash provided by operating activities	<u>2,682</u>	<u>2,479</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property	(2,557)	(2,284)
Investments in businesses acquired, less cash acquired	(359)	(19)
Net investments in nonconsolidated companies	(4)	(136)
Total capital investments	<u>(2,920)</u>	<u>(2,439)</u>
Net proceeds from the disposal of property, nonconsolidated companies and businesses	158	872
Net investments in loan portfolios and real estate	(171)	(164)
Net proceeds from affiliated private investment funds	116	61
Other, net	(54)	21
Net cash used by investing activities	<u>(2,871)</u>	<u>(1,649)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (payments on) proceeds from short-term debt	(2,869)	3,596
Proceeds from long-term debt	2,169	1,636
Payments on long-term debt	(1,235)	(593)
Dividends paid to stockholders	(829)	(1,133)
Dividends paid to noncontrolling interests	(36)	(16)
Purchase of noncontrolling interests, less cash acquired	(26)	(28)
Capital stock transactions, net	(489)	(2,219)
Other, net	(69)	6
Net cash (used) provided by financing activities	<u>(3,384)</u>	<u>1,249</u>
Effect of exchange rate changes on cash and cash equivalents	72	(8)
(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	<u>(3,501)</u>	<u>2,071</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, PERIOD START	<u>7,835</u>	<u>5,764</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, PERIOD END	<u>\$ 4,334</u>	<u>7,835</u>
Reconciliation of cash, cash equivalents and restricted cash to		
Consolidated Balance Sheets		
Cash and cash equivalents	\$ 3,398	7,240
Restricted cash included in other current assets	936	595

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



Cargill, Incorporated and Subsidiaries

CONSOLIDATED STATEMENTS OF TOTAL EQUITY
(In millions)

	Cargill, Incorporated Shareholders					Non-controlling Interests	Total Equity
	Capital Stock	Add'l. Paid In Capital	Retained Earnings	Accum. Other Comprehensive Income/(Loss)			
Balance at May 31, 2019	\$ 8	--	35,934	(3,001)	189	\$ 33,130	
Shares issued	--	9	--	--	32	41	
Shares reacquired	(1)	(149)	(2,078)	--	(4)	(2,232)	
Purchase of noncontrolling interest	--	--	--	--	(28)	(28)	
Net earnings	--	--	3,005	--	50	3,055	
Other comprehensive loss	--	--	--	(669)	(2)	(671)	
Share-based compensation	--	142	--	--	--	142	
Dividends	--	--	(625)	--	(16)	(641)	
Adoption impact of new accounting standards	--	--	40	(37)	16	19	
Other	--	(2)	(32)	--	--	(34)	
Balance at May 31, 2020	\$ 7	--	36,244	(3,707)	237	\$ 32,781	
Shares reacquired	--	(187)	(302)	--	--	(489)	
Purchase of noncontrolling interest	--	--	33	--	(59)	(26)	
Net earnings	--	--	4,931	--	19	4,950	
Other comprehensive gain	--	--	--	1,280	23	1,303	
Share-based compensation	--	189	--	--	--	189	
Dividends	--	--	(674)	--	(36)	(710)	
Adoption impact of new accounting standards	--	--	78	--	--	78	
Other	--	(2)	(41)	--	--	(43)	
Balance at May 31, 2021	\$ 7	--	40,269	(2,427)	184	\$ 38,033	

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



Cargill, Incorporated and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2021 and 2020

(1) **Summary of Significant Accounting Policies**

Significant accounting policies followed in preparing the consolidated financial statements are summarized below.

Nature of Business

Cargill, Incorporated and Subsidiaries (“Cargill” or “the Company”) is engaged in the international marketing and processing of food, agricultural, industrial and financial products and services. Operating in approximately 70 countries worldwide, the Company markets its products principally in four geographic regions: Asia/Pacific, Europe/Africa, Latin America and North America.

Fiscal Year

The Company’s fiscal year ends on May 31 each year. The consolidated financial statements include the Company’s North America Animal Protein business which is wholly owned and consolidated with a 52-week or 53- week reporting period ending in May. In fiscal year 2021, the North America Animal Protein business fiscal year consisted of 52 weeks and ended May 29, 2021. In fiscal year 2020, the North America Animal Protein business fiscal year consisted of 53 weeks and ended May 30, 2020. No material transactions occurred in the North America Animal Protein business during the intervening periods for the years ended May 31, 2021 and 2020.

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of Cargill, Incorporated and all entities where the Company has a controlling financial interest. Intercompany accounts and transactions are eliminated in consolidation.

The Company determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity.

Voting Interest Entities Voting interest entities are entities in which (i) the total equity investment at risk is sufficient to enable the entity to finance its activities independently and (ii) the equity holders have the power to direct the activities of the entity that most significantly impact its economic performance, the obligation to absorb the losses of the entity and the right to receive the residual returns of the entity. The usual condition for a controlling financial interest in a voting interest entity is ownership of a majority voting interest. If the Company has a majority voting interest in a voting interest entity, the entity is consolidated. When the Company is a general partner, it considers substantive removal rights held by other parties in determining if the Company holds a controlling financial interest in a voting interest entity.



Cargill, Incorporated and Subsidiaries

(1) **Summary of Significant Accounting Policies** (cont.)

Basis of Presentation and Consolidation (cont.)

Variable Interest Entities (VIE) A VIE is an entity that lacks one or more of the characteristics of a voting interest entity. A VIE is consolidated by its primary beneficiary, which is the party that has a controlling financial interest in the entity. The Company has a controlling financial interest in a VIE when the Company has a variable interest or interests that provide it with the (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. If the power to make the decisions that most significantly impact the economic performance of the VIE are shared by two unrelated parties, then neither party is considered to be the primary beneficiary. The Company considers power to be shared when all significant decisions require unanimous consent between unrelated parties. VIEs are consolidated using the most recent available financial information which is within three months of the Company's year-end and is consistent from period to period. Refer to Note 9, *Variable Interest Entities*, for additional disclosure of other significant accounting policies.

Reclassification and Corrections

Certain prior year amounts have been reclassified to conform to current year presentation requirements.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on knowledge of current events and actions expected to be undertaken in the future, actual results may ultimately differ from estimates.

Cash, Cash Equivalents, and Restricted Cash

Cash equivalents consist of short-term, highly liquid investments with original maturities of 90 days or less. Restricted cash includes cash that is restricted to withdrawal or usage and primarily consists of collateral posted against our derivative positions. These restricted cash balances are classified within other current assets on the Consolidated Balance Sheets. Restricted cash is included with cash and cash equivalents when reconciling the period start and period end total amounts shown on the Consolidated Statements of Cash Flows.

Short-term Investments

Short-term investments include highly liquid investments with original maturities greater than 90 days, but less than one year. These are primarily held to maturity debt securities accounted for at cost.

Trade Accounts Receivable

Trade accounts receivable is stated at historical carrying amounts net of write-offs and allowances for doubtful accounts. The Company establishes an allowance for doubtful trade accounts receivable based on its history of write-offs, level of past-due accounts, and specific customer collection issues. Uncollectible accounts are written off when a settlement is reached for an amount below the outstanding historical balance or when the Company has determined collection is not probable.



Cargill, Incorporated and Subsidiaries

(1) **Summary of Significant Accounting Policies** (cont.)

Affiliated Private Investment Funds

The Company's noncontrolling investment in several affiliated private investment funds is included in "Investments and advances" in the accompanying Consolidated Balance Sheets. These affiliated private investment companies use investment company accounting and report substantially all assets and liabilities, excluding debt, at fair value. The Company's share of each fund's earnings is included in the determination of the net earnings.

On October 11, 2019, Cargill sold its controlling financial interest in CarVal Investors, LLC (CarVal), a global asset management company, to a partnership comprised of CarVal's senior management team (former Cargill employees) resulting in deconsolidation. With the sale of its controlling interest, CarVal is no longer considered an affiliate or related party of the Company. The Company did retain an ownership interest in the general partner of two funds managed by CarVal. The Company's investments into CarVal managed funds totaled \$504 million and \$559 million as of May 31, 2021 and May 31, 2020, respectively.

Resale and Repurchase Agreements

Financial instruments purchased with agreements to resell (reverse repurchase agreements) and financial instruments sold with agreements to repurchase (repurchase agreements) are treated as collateralized financing transactions and are recorded at the amount at which the financial instruments were initially acquired or sold, including accrued interest. Interest income is recorded on reverse repurchase agreements and interest expense is recorded on repurchase agreements.

It is the Company's policy to take delivery of financial instruments purchased with agreements to resell. The Company has the ability to sell or repledge the securities. The Company monitors the market value of the securities to be resold daily and obtains additional collateral when deemed appropriate. The market value of the collateral received for securities to be resold totaled \$232 million and \$117 million at May 31, 2021 and May 31, 2020, respectively.

The collateral pledged for the financial instruments sold with agreements to repurchase consists of trading securities, short-term investments, and notes receivable and totaled \$3,164 million and \$1,346 million at May 31, 2021 and May 31, 2020, respectively. The repurchase agreements as of May 31, 2021 all have maturities of less than 30 days. The May 31, 2021 payable balance of \$3,077 million is collateralized as follows: \$1,290 million by short-term investments, \$1,539 million by notes receivable, and \$335 million by trading securities. The repurchase agreements as of May 31, 2020 all had maturities of less than 30 days. The May 31, 2020 payable balance of \$1,313 million is collateralized as follows: \$369 million by short-term investments, \$712 million by notes receivable, and \$265 million by trading securities. The transferees have the right to repledge the collateral. The Company offsets resale and repurchase agreements that meet the applicable netting criteria.

Trading Securities

Trading securities are carried at fair value with realized and unrealized gains and losses included in the determination of net earnings.



Cargill, Incorporated and Subsidiaries

(1) **Summary of Significant Accounting Policies** (cont.)

Investments in Equity and Debt Securities

Investments in companies where Cargill does not have a controlling financial interest, but has the ability to exercise significant influence, are accounted for by the equity method. Net earnings include Cargill's share of net income in these companies. Advances to equity method investments are accounted for at amortized cost.

Cargill accounts for investments in equity securities where it does not exercise significant influence over operating and financial decisions at fair value if readily determinable. Unrealized gains and losses on these investments are included in the determination of net earnings. The Company has elected the measurement alternative for investments in equity securities without readily determinable fair values. As such, these investments are measured at cost, less any impairment, plus or minus any changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. The carrying value for those investments where the Company elected the measurement alternative was \$89 million and \$68 million at May 31, 2021 and May 31, 2020, respectively. There were no significant adjustments made or impairments recognized for investments using the measurement alternative during the year ended May 31, 2021.

Debt securities classified as available for sale are recognized at fair value with unrealized gains and losses included in other comprehensive income.

Derivatives

Derivative instruments, including swaps, futures contracts, forward commitments, options and other similar types of contracts and commitments are traded by the Company to manage exposures associated with commodity prices, freight costs, foreign currency exchange rates, interest rates and energy costs.

These instruments are carried at their fair value, with realized and unrealized gains and losses included in the determination of net earnings, unless the Company has elected a normal purchases normal sales exception, or has documented and qualified for hedge accounting in which case the instrument is recorded at fair value with changes in fair value recorded in accumulated other comprehensive income (loss) ("AOCI") until the item affects earnings.

Refer to Note 25, *Derivative Instruments and Hedging Activities*, for additional information on derivative instruments.

Trading Securities Sold, Not Yet Purchased

Trading securities sold, not yet purchased represent obligations of the Company to deliver specified securities at a contracted price. These transactions result in off-balance-sheet market risk as the Company's ultimate obligation for trading securities sold, not yet purchased may exceed the amounts recognized in the Consolidated Balance Sheets. Trading securities sold, not yet purchased were classified as accounts payable and accrued expenses in the accompanying Consolidated Balance Sheets and were \$149 million and \$71 million at May 31, 2021 and May 31, 2020, respectively.



Cargill, Incorporated and Subsidiaries

(1) **Summary of Significant Accounting Policies** (cont.)

Inventories

Certain agricultural inventories that meet the requirements for mark-to-market treatment are stated principally at selling price. Other inventory is stated principally at either the lower of cost or net realizable value, determined by either the first-in, first-out (FIFO) or weighted average method, or the lower of cost or market, determined by the last-in, first-out (LIFO) method. Selling price is primarily determined from market prices quoted on public commodity exchanges, adjusted for expected freight costs to normal delivery points and a price premium or discount to cover local supply and demand factors as estimated by management. The availability and market price of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, plantings, domestic and foreign government farm programs and policies, global production, and other factors. The Company generally minimizes the risk of market fluctuations by hedging these inventories with futures and options, forward purchase contracts, and foreign exchange contracts.

Owned Property, Plant and Equipment

Owned property, plant and equipment is stated at cost. Costs of significant assets include capitalized interest incurred during the construction and development period. Repairs and maintenance costs are expensed when incurred. Assets are placed in service on the date they are ready and available for intended use.

Depreciation and amortization is primarily determined on the straight-line method over the estimated useful lives of the assets. Buildings are generally depreciated over 15 to 40 years. Machinery and equipment and transportation equipment are generally depreciated over 4 to 15 years. Software is generally depreciated over 4 to 8 years.

The Company periodically evaluates the carrying amount of these long-lived assets for impairment when events and circumstances indicate the carrying amount of an asset group may not be recoverable. An impairment loss on assets held and used would be recognized when estimated undiscounted future cash flows from the operation and disposition of the asset group are less than the carrying amount of the asset group. Asset groups have identifiable cash flows and are largely independent of other asset groups. Measurement of an impairment loss would be based on the excess of the carrying amount of the individual assets over its fair value. Fair value is measured using a discounted cash flow model, market data, or independent appraisals, as appropriate.

Goodwill

Goodwill is not amortized, but is tested annually in the third quarter for impairment and reviewed for indicators of impairment at each quarter end, in between annual tests. Impairment testing for goodwill is done at a reporting unit level and the impairment loss is measured as the amount by which the carrying value of the reporting unit's net assets exceeds its estimated fair value.



Cargill, Incorporated and Subsidiaries

(1) **Summary of Significant Accounting Policies** (cont.)

Intangible Assets

Intangible assets principally consist of trademarks, customer relationships, land use rights, and other intangible assets resulting from or related to businesses and assets purchased by the Company. Definite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives ranging from 2 – 25 years. The Company reviews amortizing intangible assets for possible impairment as part of a long-lived asset group whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. An impairment loss on amortizing intangible assets would be measured and recognized similar to property, plant and equipment.

The Company reviews indefinite-lived intangible assets, principally comprised of certain trademarks, annually for impairment, and more frequently if events and circumstances indicate that the asset might be impaired. The impairment test for indefinite-lived intangible assets encompasses calculating a fair value of an indefinite-lived intangible asset and comparing the fair value to its carrying value. If the carrying value exceeds the fair value, an impairment loss equal to the excess carrying value is recorded.

Asset Retirement Obligations

The Company incurs obligations related to the retirement of certain long-lived assets. The fair values of these retirement obligations are recorded as liabilities on a discounted basis at the time the obligations are incurred. These liabilities are classified in “Other liabilities” in the Consolidated Balance Sheets. Upon recognition of the liability, the cost is capitalized as part of the related long-lived asset and depreciated over the estimated useful life of the related asset. Accretion expense in connection with the discounted liability is recognized up to the estimated settlement date. The Company’s asset retirement obligations were \$153 million and \$104 million at May 31, 2021 and May 31, 2020, respectively.

Pension and Postretirement Plans

The Company and its subsidiaries have various defined benefit pension and postretirement benefit plans covering most of its domestic employees and many of its foreign employees. The benefits are based on age, years of service and compensation levels during the final years before retirement.

The Company records annual amounts relating to its pension and postretirement plans based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. The Company reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in accumulated other comprehensive income and amortized to net periodic cost using the corridor method. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions.

Service costs are recognized as employees render the services necessary to earn the pension and postretirement benefits. Actuarial gains and losses for active plans are amortized over the average remaining service life of the active employees. While for plans that have been frozen for future benefit accruals, the actuarial gains and losses are amortized over the remaining life expectancy of the inactive participants.



Cargill, Incorporated and Subsidiaries

(1) **Summary of Significant Accounting Policies** (cont.)

Share-Based Payment Plans

As discussed more fully in Note 20, *Share-Based Payment Plans*, the Company recognizes expense for its share-based compensation based on the fair value of the awards that are granted. Measured compensation cost is recognized ratably over the service period of the related share-based compensation award. The Company recognizes the impact of any forfeitures when they occur.

Revenue Recognition

The Company recognizes revenue from the sale of commodities and processed products such as food ingredients, animal feed, protein and salt to customers such as food and beverage manufacturers, food service companies, retailers, feed manufacturers and distributors, and farmers, when control of the commodity or product has transferred to the customer. Control generally transfers to the customer at a single point time upon shipment or delivery of the commodity or processed product depending on the terms of the contract. Service revenue, primarily generated from transportation and storage activities, is recognized over time based on the output method as the Company performs the service for the customer. The output method is applied based on the Company's performance to date, time elapsed, or results achieved.

Sales that are primarily of a financial nature, such as those related to trade structured financing and risk management solutions, are recorded net, including unrealized gains and losses on derivative contracts. Margins earned on such transactions are included in sales and other revenues. For physically settled commodity sales contracts accounted for as derivatives, the Company recognizes revenue when control of the commodity is transferred.

Interest Income

Advances to suppliers and loan financing receivables bear interest at contractual rates that reflect current market interest rates at the time of the transaction. Interest income is calculated based on the terms of the individual agreements and is recognized on an accrual basis.

Shipping and Handling Costs

Shipping and handling costs related to contracts with customers for sale of goods are accounted for as a fulfillment activity and are included in cost of sales and other revenues. Amounts billed to customers for such costs are included in sales and other revenues.

Transaction Taxes

The Company excludes transaction taxes collected from customers and remitted to governmental authorities from revenue.



Cargill, Incorporated and Subsidiaries

(1) **Summary of Significant Accounting Policies** (cont.)

Foreign Currency Translation

Translation of the financial statements of foreign subsidiaries, whose functional currency is their local currency, is performed for balance sheet accounts using the current exchange rates in effect as of the balance sheet date, and for revenue and expense accounts using a monthly weighted average exchange rate throughout the year. The translation adjustments are included in other comprehensive income.

Remeasurement gains and losses of foreign subsidiaries operating in hyperinflationary economies and foreign subsidiaries where the U. S. dollar is the functional currency are included in net earnings. Net foreign currency transaction and remeasurement results included in net earnings were a \$248 million loss for the year ended May 31, 2021 and \$116 million loss for the year ended May 31, 2020.

Income Taxes

The Company and substantially all domestic subsidiaries are members of a group, which files a consolidated Federal income tax return. Federal income taxes or tax benefits are allocated to each subsidiary on the basis of its individual taxable income or loss and tax credits included in the return. Deferred income taxes are recognized for tax consequences of temporary differences by applying enacted statutory tax rates, applicable to future years, to differences between the financial reporting and the tax basis of existing assets and liabilities. The Company records a valuation allowance reducing deferred tax assets when it is more likely than not that such assets will not be realized.

The Company records liabilities for uncertain income tax positions based on assessments of the technical merits of the individual tax positions. When the individual tax position has a likelihood of greater than 50% of being sustained, including resolution of any related appeals or litigation processes, a benefit is recognized. The amount of the benefit recorded is dependent upon the Company's assessment of the relevant facts and circumstances. For tax positions that are estimated to have a less than 50% likelihood of being sustained, zero tax benefit is recorded. In future periods, changes in facts, circumstances or new information may require the Company to change the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recorded in results of operations and financial position in the period in which such changes occur.

It is generally the policy of the Company to reinvest unremitted earnings of foreign subsidiaries and corporate joint ventures indefinitely, or for foreign subsidiaries to remit earnings only when the tax effect is minor. Accordingly, no provision has been made for income taxes that may be payable upon the remittance of such earnings.

The cumulative amount of unremitted earnings of foreign subsidiaries for which no deferred taxes have been provided at May 31, 2021 and May 31, 2020, was approximately \$26,149 million and \$24,034 million, respectively.

Refer to Note 23, *Income Taxes*, for additional disclosure of other significant accounting policies.



Cargill, Incorporated and Subsidiaries

(1) **Summary of Significant Accounting Policies** (cont.)

Net Earnings Per Share

Basic earnings per share are determined by dividing net earnings attributable to Cargill, Inc. by the weighted average number of shares outstanding. Shares outstanding include Common, Employee Stock Ownership Plan (ESOP) Common, Management, and Retiree stock. In computing diluted earnings per share, the weighted average number of shares outstanding is increased to include additional shares from the assumed exercise of stock options and the issuance of shares from stock grants. The number of additional shares is calculated by assuming stock grants are issued and options were exercised and that the proceeds from exercises were used to acquire shares at the average fair market value during the reporting period.

New Accounting Pronouncements Adopted

On June 1, 2020, the Company early adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Under the new standard, all leases, with the exception of short-term leases as elected by the Company, are brought onto the balance sheet as lease liabilities with corresponding right-of-use assets. The Company elected the modified retrospective adoption method, utilizing the simplified transition option provided by ASU 2018-11, Leases (Topic 842): Targeted Improvements, which allows for recognition of a cumulative-effect adjustment to opening retained earnings. As a result, comparative period financial statements have not been restated and continue to be reported under Topic 840. Since the Company did not elect certain transition practical expedients, prior conclusions regarding lease identification, lease classification, and initial direct costs were reassessed as of the transition date. The Company's ocean freight supply agreements will now be accounted for as leases instead of derivatives as the Company controls the use of the underlying ocean vessel. The transition practical expedient to continue applying the current accounting policy for existing land easements was elected. The Company also elected the practical expedient to not separate lease components from non-lease components for all underlying asset classes except for ocean vessels and other assets operated by third parties. The adoption of Topic 842 resulted in the recording of operating lease assets and liabilities of \$2,032 million and \$2,011 million, respectively. The cumulative-effect adjustment to opening retained earnings was an increase of \$78 million which was primarily related to the write-off of net unrealized losses on ocean freight supply agreements previously accounted for as derivatives. For more information about the adoption of Topic 842, see Note 26, *Leases*.

In March 2021, the FASB issues ASU No. 2021-03, Accounting Alternative for Evaluating Triggering Events, which allows an entity within the scope of this guidance to elect not to monitor for goodwill impairment triggering events during the reporting period and, instead, to evaluate the facts and circumstances as of the end of the reporting period to determine whether it is more likely than not that goodwill is impaired. The amendments continue to allow private companies the flexibility to choose their reporting date as either an interim or annual period end. As a result, Cargill will continue to test goodwill for impairment annually in the third quarter of each fiscal year but will only perform goodwill impairment triggering event assessments on the last day of each quarterly reporting period in the future instead of throughout the period. Cargill elected this alternative on March 1, 2021.



Cargill, Incorporated and Subsidiaries

(1) **Summary of Significant Accounting Policies** (cont.)

New Accounting Pronouncements Issued but Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This standard provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued (e.g., LIBOR). The guidance is required to be adopted prospectively and can be applied as of the beginning of any interim periods. Generally, the relief provided in this guidance will not be available to companies after December 31, 2022. The Company is evaluating the potential impact of this guidance to its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes. The new guidance simplifies the accounting for income taxes by removing certain exceptions and clarifying the general accounting principles in Topic 740. The Company is required to adopt this guidance for its fiscal year ending May 31, 2023. The Company plans to early adopt this standard on June 1, 2021. The adoption of this standard is not expected to have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-14, Compensation – Retirement Benefits – Defined Benefit Plans (Subtopic 715-20), which modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. Early adoption is permitted. The Company is required to adopt this guidance for its fiscal year ending May 31, 2022. The adoption of this standard is not expected to have a material impact on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments, which revises guidance for the accounting for credit losses on financial instruments within its scope including trade receivables. The new standard introduces an approach, based on expected losses, to estimate credit losses on certain types of financial instruments and modifies the impairment model for available-for-sale debt securities. The new approach to estimating credit losses applies to most financial assets measured at amortized cost and certain other instruments. The Company is required to adopt this guidance for its fiscal year ending May 31, 2024. The Company continues to evaluate the potential impact of this standard on its consolidated financial statements.

(2) **Revenues**

Revenue Recognition

Revenue is measured and recognized based on the transaction price to which the Company expects to be entitled for the product delivered or service performed as outlined in the contract with the customer. Sales and other revenues include gross sales less sales based taxes and other discounts and incentives. Discounts and incentives primarily include volume based incentives, early payment discounts and other discount arrangements which reduce the transaction price in the contract with the customer. The Company estimates the reduction to the transaction price utilizing the most likely method based on analysis of historical performance of contracts with the customer. The estimate is reassessed on a quarterly basis and adjustments are made to the accrued liability and revenue when the most likely outcome changes as a result of new information.

At contract inception, the expected timing between the transfer of control of the goods or services to the customer and receipt of payment from the customer is based upon normal contractual terms which do not exceed one year. As such, the Company has elected the practical expedient in Topic 606 to not adjust the amount of consideration for the effects of a financing component.



Cargill, Incorporated and Subsidiaries

(2) **Revenues** (cont.)

Disaggregation of Revenues

The Company disaggregates revenues from contracts with customers by revenues recognized at a point in time versus over time. The table below presents disaggregated revenue and a reconciliation to the Sales and other revenues line on the Consolidated Statements of Earnings which includes revenues outside the scope of Topic 606 for the years ended May 31:

	2021	2020
	(In millions)	
Point in time	\$ 62,602	57,930
Over time	867	1,140
Total Topic 606 revenue	<u>\$ 63,469</u>	<u>59,070</u>
Topic 815 revenue (realized, unrealized, physically settled) ⁽¹⁾	\$ 69,754	54,726
Other revenues ⁽²⁾	1,203	831
Total sales and other revenues	<u>\$ 134,426</u>	<u>114,627</u>

(1) ASC Topic 815, *Derivatives and Hedging (Topic 815)*, revenue relates to gains and losses generated from recognizing derivatives at fair value and the physical delivery or the cash settlement of the Company's sales contracts that are accounted for as derivatives and are outside the scope of Topic 606.

(2) Other revenues relate to revenues earned by means other than contracts with customers and are outside the scope of Topics 606 and 815.

Contract Balances

Gross receivables from contracts with customers under Topic 606 are recorded in accounts receivable, notes receivable, and accrued income, net and were \$6,705 million and \$5,571 million as of May 31, 2021 and May 31, 2020, respectively. An allowance is maintained for accounts receivables for customer accounts when collectability is doubtful. Adjustments to the allowance are recorded in Selling, general and administrative expenses on the Consolidated Statements of Earnings. Adjustments to the allowance for the years ended May 31, 2021 and May 31, 2020 were immaterial.

Contract assets relate to unbilled amounts resulting from goods already transferred to the customer where revenue recognized exceeds the amount billed to the customer and right to payment is not subject to the passage of time. Contract assets are recorded in accounts receivable, notes receivable, and accrued income, net and were immaterial as of May 31, 2021 and May 31, 2020.

Contract liabilities arise from the Company's obligation to transfer goods or services to a customer for which the Company has already received consideration from the customer. This includes customer options which represent a material right, advance payments and deferred revenues. Contract liabilities are recorded in accounts payable and accrued expenses and were \$306 million and \$234 million as of May 31, 2021 and May 31, 2020, respectively.



Cargill, Incorporated and Subsidiaries

(2) **Revenues** (cont.)

Transaction Price Allocated to Remaining Performance Obligations

The majority of the Company's contracts with customers have one performance obligation and a contract duration of one year or less. The Company has elected the practical expedient in Topic 606 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

(3) **Other Financial Statement Data**

The following table provides information related to selected balance sheet accounts at May 31:

	<u>2021</u>	<u>2020</u>
	(In millions)	
Accounts receivable, notes receivable, and accrued income, net		
Trade	\$ 10,338	7,860
Unrealized gains on derivative contracts	4,392	2,393
Income tax receivables	577	381
Receivables from non-consolidated affiliates	308	192
Non-Trade	<u>5,102</u>	<u>4,386</u>
	20,717	15,212
Less: Allowance for doubtful accounts	<u>542</u>	<u>430</u>
Total	<u>\$ 20,175</u>	<u>14,782</u>
Accounts payable and accrued expenses		
Trade	\$ 8,041	5,412
Unrealized losses on derivative contracts	2,914	1,908
Accrued expenses	3,555	2,815
Other	<u>3,384</u>	<u>2,413</u>
Total	<u>\$ 17,894</u>	<u>12,548</u>

(4) **Trading Securities**

Trading securities are carried at fair value and include the following at May 31:

	<u>2021</u>	<u>2020</u>
	(In millions)	
Trading securities		
Foreign issued securities	\$ 440	1,644
U.S. Treasury securities	3	6
Corporate and other securities	<u>150</u>	<u>62</u>
Total	<u>\$ 593</u>	<u>1,712</u>

The before-tax net unrealized gain (loss) for trading securities for the years ended May 31, 2021 and May 31, 2020 were \$45 million and (\$6) million, respectively.



Cargill, Incorporated and Subsidiaries

(5) **Inventories**

The following is a summary of inventories at May 31:

	<u>2021</u>	<u>2020</u>
	(In millions)	
LIFO inventories		
FIFO value	\$ 1,530	1,473
LIFO reserve	(583)	(526)
LIFO inventories carrying value	<u>\$ 947</u>	<u>947</u>
FIFO and weighted average inventories	\$ 7,328	5,538
Inventories at selling price	<u>10,391</u>	<u>5,696</u>
Total inventories	<u>\$ 18,666</u>	<u>12,181</u>

(6) **Acquisitions**

Fiscal Year 2021 Acquisitions

Acquisition of International Floratech, Ltd.

On December 1, 2020, Cargill acquired 100% of the voting shares of International Floratech, Ltd., a natural botanical ingredients manufacturer, focused on the personal care and cosmetics industries located in the US for \$198 million.

Cargill allocated the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed based on estimated fair values as of December 1, 2020.

Goodwill represents the amount by which the purchase price exceeds the fair value of the net assets acquired. The goodwill acquired in this acquisition is amortizable under local tax rules.

Acquisition of ProPortion Foods LLC.

On December 11, 2020, Cargill acquired 100% of the voting shares of ProPortion Foods LLC, which develops and manufactures custom home meal replacement products under private label for retailers as well as raw-marinated and fully cooked protein solutions in bulk for foodservice customers in the US for \$103 million.

Cargill preliminarily allocated the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed based on estimated fair values as of December 11, 2020.

Goodwill represents the amount by which the purchase price exceeds the fair value of the net assets acquired. The goodwill acquired in this acquisition is amortizable under local tax rules.



Cargill, Incorporated and Subsidiaries

(6) **Acquisitions** (cont.)

A summary of the fair values of assets acquired and liabilities assumed during the year ended May 31, 2021, at the date of acquisition is as follows:

	ProPortion	Floritech	Other	Total
	(In millions)			
Cash and cash equivalents	\$ --	--	8	8
Accounts receivable	13	5	24	42
Inventories	14	25	23	62
Other current assets	1	1	1	3
Intangibles	31	72	26	129
Investments and advances	--	--	(18)	(18)
Goodwill	57	94	30	181
Owned property, plant & equipment	16	4	20	40
Current liabilities	(26)	(3)	(48)	(77)
Other liabilities	(3)	--	--	(3)
Net assets acquired/cash paid	\$ 103	198	66	367

Fiscal Year 2020 Acquisitions

Acquisitions for the year ended May 31, 2020 were not significant individually or in aggregate.

(7) **Disposals**

During the year ended May 31, 2021, total cash proceeds from the disposal of property, nonconsolidated companies and businesses amounted to \$159 million and resulted in a net before-tax gain of \$95 million. This primarily related to the sale of land in South Korea, nonconsolidated interest in AgPartners joint venture, and proceeds from contingent consideration related to the sale of a business in prior fiscal years.

During the year ended May 31, 2020, total cash proceeds from the disposal of property, nonconsolidated companies and business disposals amounted to \$872 million. This primarily related to the sale of Cargill's global malt business which resulted in a before-tax gain of \$182 million. In addition, the Company sold its ownership interest in CarVal for \$175 million consisting of a note receivable of \$90 million and assumed liabilities of \$85 million. The sale of CarVal resulted in a before-tax gain of \$135 million. Cargill continues to hold an ownership interest in the general partner of two funds that could result in additional consideration. Any additional consideration received will increase the gain on sale in the period received.

(8) **Transfers of Assets with Continuing Involvement**

The Company sells certain trade receivables and trade related loans through established programs to various third parties, which primarily include foreign and domestic financial institutions. As part of these transactions, the Company often maintains continuing involvement with the transferred assets. The continuing involvement includes, but is not limited to servicing responsibilities, recourse obligations and retained interests such as interest-only strips. Servicing responsibilities consist of the collection and remittance of cash on assets sold. Most of these transactions are accounted for as sales in accordance with accounting standards for transfers and servicing of financial assets.



Cargill, Incorporated and Subsidiaries

(8) **Transfers of Assets with Continuing Involvement** (cont.)

Therefore, the assets transferred are removed from the Consolidated Balance Sheets and a gain or loss is recognized for the difference between the assets sold and the assets and liabilities recognized as part of these transactions. Assets and liabilities recognized as part of these transactions, including servicing and recourse obligations are measured at fair value. In the event of customer payment default, the Company's recourse obligation on assets transferred with recourse is generally a maximum of 15 percent.

The following tables present information regarding receivable transfers by type of continuing involvement and for which the Company has received sales treatment.

	<u>May 31, 2021</u>	<u>May 31, 2020</u>
	(In millions)	
Assets sold balance as of		
Principal amount outstanding		
With limited recourse	\$ 4,805	4,201
With no recourse	3,046	2,454
Total	<u>\$ 7,851</u>	<u>6,655</u>
	<u>May 31, 2021</u>	<u>May 31, 2020</u>
	(In millions)	
Sale proceeds for the year ended		
Cash proceeds from sale		
With limited recourse	\$ 4,165	3,485
With no recourse	8,001	6,988
Total	<u>\$ 12,166</u>	<u>10,473</u>

The fair value of the servicing liability for the principal amounts outstanding above was insignificant as of May 31, 2021 and May 31, 2020. During the years ended May 31, 2021 and May 31, 2020, the recourse obligations recorded for new transfers were immaterial.

The following table presents information regarding the initial fair value of retained interests for new transfers and pre-tax gain recorded on the sale of assets with continuing involvement for the years ended May 31:

	<u>2021</u>	<u>2020</u>
	(In millions)	
Initial fair value of retained interests for new transfers	\$ 124	118
Pre-tax gain recorded on the sale of assets	87	78

Transfers of financial assets that do not qualify for sale accounting are reported as secured borrowings. Accordingly, the related assets remain on the Company's balance sheet and continue to be reported and accounted for as if the transfer had not occurred. Cash proceeds from these transfers are reported as liabilities. As of May 31, 2021 and May 31, 2020, the principal amount outstanding for secured borrowings was approximately \$3 million and \$7 million, respectively.



Cargill, Incorporated and Subsidiaries

(9) Variable Interest Entities

The Company enters into various types of transactions with entities that involve variable interests. Variable interests are generally defined as contractual, ownership or other economic interests in an entity that change with fluctuations in the entity's net asset value. The Company determines whether it is the primary beneficiary of a VIE based on a qualitative assessment of the VIE. This includes a review of the VIE's capital structure, contractual relationships and terms, the nature of the VIE's operations and purpose, the nature of the VIE's interests issued, and the Company's involvement with the entity. The Company also evaluates the design of the VIE and the related risks the entity was designed to expose the variable interest holders to in evaluating consolidation.

The Company has variable interests with entities that are involved in leasing, food and industrial activities. These VIEs are typically financed through debt and/or equity provided by the investors, including the Company. The investors and creditors generally have recourse only to the extent of the assets held by these VIEs. The entities included in this disclosure are VIEs because generally they do not have sufficient equity to finance their activities without additional subordinated financial support. The Company does not generally provide financial support to any of these VIEs beyond that which is contractually required.

The following table displays the carrying amount and classification of assets and liabilities of consolidated VIEs that are included in the Company's Consolidated Balance Sheets as of May 31, 2021 and May 31, 2020. The equity interests of consolidated VIEs not owned by the Company are reported as noncontrolling interests on the Company's Consolidated Balance Sheets.

	<u>May 31, 2021</u>	<u>May 31, 2020</u>
	(In millions)	
Cash and cash equivalents	\$ 2	5
Accounts receivable, notes receivable, and accrued income, net	67	153
Inventories	178	80
Other	6	6
Total current assets	<u>253</u>	<u>244</u>
Investments and advances	5	14
Other assets	26	19
Total other assets	<u>31</u>	<u>33</u>
Net property	147	108
Total assets	<u>\$ 431</u>	<u>385</u>
Accounts payable and accrued expenses	\$ 86	39
Total current liabilities	<u>86</u>	<u>39</u>
Other liabilities	241	224
Total liabilities	<u>\$ 327</u>	<u>263</u>



Cargill, Incorporated and Subsidiaries

(9) **Variable Interest Entities** (cont.)

The assets of the consolidated VIEs can only be used to settle the liabilities of those VIEs. The creditors of the consolidated VIEs do not have recourse to Cargill.

The Company also holds variable interests in the form of loan and equity investments in a variety of VIEs for which the Company is not the primary beneficiary. The Company's involvement with nonconsolidated VIEs consists of assisting in the formation and financing of the entity and making passive debt and or equity investments. The Company is not required to consolidate these entities because the nature of its involvement with the activities of the VIEs does not give it power over decisions that significantly affect their economic performance. The classification of the Company's variable interest in these entities in the consolidated financial statements is based on the nature of the entity and the type of investment held. These investments are classified in the following captions in the accompanying Consolidated Balance Sheets: "Accounts receivable, notes receivable, and accrued income, net" for current receivables from nonconsolidated VIE affiliates, "Inventories" and "Investments and advances" for long term receivables and investments in nonconsolidated VIE companies accounted for using the equity method of accounting.

The following table summarizes the carrying amounts of the assets and the maximum loss exposure as of May 31, 2021 and May 31, 2020, related to the Company's involvement with variable interests in nonconsolidated VIEs.

	<u>May 31, 2021</u>	<u>May 31, 2020</u>
	(In millions)	
Accounts receivable, notes receivable, and accrued income, net	\$ 64	60
Inventories	10	8
Investments and advances	93	101
Maximum exposure to loss ⁽¹⁾	193	246

⁽¹⁾ Includes maximum exposure to loss attributable to guarantees and unfunded commitments

(10) **Foreign Operations**

The following table summarizes amounts included in the accompanying consolidated financial statements for operations located outside the U. S., before elimination of intercompany accounts with domestic companies as of and for the year ended May 31:

	<u>2021</u>	<u>2020</u>
	(In millions)	
Working capital	\$ 13,467	11,611
Net other assets, property and liabilities	15,344	13,359
	<u>28,811</u>	<u>24,970</u>
Less noncontrolling interests	144	172
Equity in net assets exclusive of noncontrolling interests	\$ <u>28,667</u>	<u>24,798</u>
Net earnings of foreign operations	\$ <u>2,323</u>	<u>1,953</u>



Cargill, Incorporated and Subsidiaries

(11) **Investments and Advances**

The following table is a summary of investments and advances at May 31:

	<u>2021</u>	<u>2020</u>
	(In millions)	
Nonconsolidated companies accounted for using the equity method of accounting:		
Investments	\$ 2,851	2,712
Advances	38	15
Investments carried at cost	89	68
Available for sale securities	107	94
Investments in private investment funds:		
CarVal Asset Management Funds	504	559
Other funds	173	146
Other miscellaneous investments	366	371
Total	<u>\$ 4,128</u>	<u>3,965</u>

The summarized financial information shown below includes all nonconsolidated companies accounted for using the equity method of accounting, and is based on the most recently available financial information which approximates the information as of and for the years ended May 31, 2021 and 2020. These non-consolidated investments include a 44% interest in Ardent Mills, a U. S. flour milling company; a 50% interest in Alvean, a global sugar trading company; a 50% interest in Teys, an Australian beef processing business; and various other agricultural joint ventures.

	<u>2021</u>	<u>2020</u>
	(In millions)	
Sales and other revenues	\$ 21,375	19,600
Net earnings	455	374
Equity in net earnings	<u>222</u>	<u>198</u>
Cash	\$ 1,283	1,477
Financial instruments	48	21
Accounts receivable	2,472	1,866
Inventories	2,596	2,178
Other assets	2,810	2,332
Property, plant and equipment	3,439	3,147
Total assets	<u>12,648</u>	<u>11,021</u>
Debt obligations	3,369	2,583
Other liabilities	3,819	3,235
Net assets	<u>\$ 5,460</u>	<u>5,203</u>
Equity in net assets	<u>\$ 2,851</u>	<u>2,712</u>



Cargill, Incorporated and Subsidiaries

(11) **Investments and Advances (cont.)**

Certain debt obligations shown above have recourse to Cargill and are supported by Cargill guarantees with terms equal to the related debt amounts. No liability has been recorded related to these guarantees as the amount is immaterial. Other portions of the debt obligations shown above are non-recourse to Cargill, are collateralized by specific assets of the nonconsolidated companies and the lenders do not have recourse to any other assets of the Company.

The Company has entered into a put option with the other Teys shareholder and may be required to purchase an additional 50% ownership interest. The redemption value of the put option as of May 31, 2021 was \$501 million.

Cargill purchases agricultural commodity products from certain of its nonconsolidated companies. Such related party purchases comprised 2% of total Cost of sales and other revenues in each of the years ended May 31, 2021 and May 31, 2020. Cargill also sells agricultural commodity products to certain of its nonconsolidated companies. Such related party sales comprised 1% of total Sales and other revenues for the years ended May 31, 2021 and May 31, 2020. In addition, Cargill receives services from and provides services to its nonconsolidated companies, including tolling, port handling, administrative support and other services. These services were not material to Cargill's consolidated results.

At May 31, 2021 and May 31, 2020, receivables and payables related to the above related party transactions and included in Accounts receivable, notes receivable, and accrued income, net, and Accounts payable and accrued income and Long-term debt, in the Consolidated Balance Sheets, were not material.

The summarized financial information shown below includes all nonconsolidated investments in private investment funds accounted for using the equity method of accounting, and is based on the most recently available financial information, which approximates the information as of and for the years ended May 31, 2021 and 2020.



Cargill, Incorporated and Subsidiaries

(11) Investments and Advances (cont.)

	<u>2021</u>	<u>2020</u>
	(In millions)	
Net investment income	\$ 335	232
Realized gains	246	(251)
Unrealized gains	1,101	(795)
Cash	\$ 382	727
Cash deposits and collateral held with brokers	494	576
Investments in securities, at fair value	4,523	4,119
Investments in real estate, at fair value	--	7
Investments in loan portfolios, at fair value	1,284	1,534
Investments in special opportunities, at fair value	1,913	408
Receivable for securities sold	57	91
Other assets	55	1,447
Total assets	\$ 8,708	8,909
Investments in securities sold short, at fair value	363	298
Financial instruments sold with agreements to repurchase	651	968
Payable for securities purchased	105	150
Debt obligations	385	528
Margin payable	37	98
Other liabilities	162	188
Net assets	\$ 7,005	6,679
Equity in net assets	\$ 677	705

(12) Restructuring and Asset Impairment Charges

Restructuring charges for the years ended May 31, 2021 and May 31, 2020 resulted primarily from global function and business reorganizations.

For the year ended May 31, 2021, asset impairments principally related to assets held for use in the U.S. and assets held for sale in Brazil.

For the year ended May 31, 2020, the Company fully impaired the goodwill of its Tropical Palm reporting unit by recognizing a before-tax charge of \$264 million. The impairment was driven by the expected long-term impact of the COVID-19 pandemic on crude palm oil prices. The fair value of the Tropical Palm reporting unit was determined based on a market approach utilizing projected earnings and valuation multiples for similar publicly traded companies. Additional 2020 asset impairment charges principally related to assets held for use in Asia.



Cargill, Incorporated and Subsidiaries

(12) **Restructuring and Asset Impairment Charges** (cont.)

The following is a summary of restructuring and asset impairment charges for the years ended May 31:

	<u>2021</u>	<u>2020</u>
	(In millions)	
Restructuring	\$ 79	104
Asset impairment		
North America Chlor-Alkali plant	92	--
Brazil Sugar & Ethanol plant	50	--
Tropical Palm goodwill impairment	--	264
Indonesia Sweeteners Plant	--	34
Intangible asset impairments	13	4
Other	21	32
Total asset impairment charges	<u>176</u>	<u>334</u>
Total restructuring and asset impairment charges	<u>\$ 255</u>	<u>438</u>

(13) **Other expense (income), net**

Other expense (income), net for the year ended May 31, 2021, includes \$95 million of gains on sales of property, businesses, and nonconsolidated companies; \$185 million of net foreign currency transaction and remeasurement losses, and \$122 million of charitable contribution expense.

Other expense (income), net for the year ended May 31, 2020, includes \$339 million of gains on sales of businesses and nonconsolidated companies, \$66 million of net foreign currency transaction and remeasurement losses, and \$130 million of charitable contribution expense.



Cargill, Incorporated and Subsidiaries

(14) **Property**

The following is a summary of the components of property at May 31:

	2021	2020
	(In millions)	
Owned property, plant and equipment at cost:		
Land	\$ 800	759
Buildings	9,548	8,898
Machinery and equipment	22,109	20,564
Transportation equipment	1,069	983
Software	1,645	1,457
Total	\$ 35,171	32,661
Property under finance leases:		
Land, improvements and buildings	\$ 35	68
Machinery and equipment	17	21
Transportation equipment	185	8
Total	\$ 237	97
Accumulated depreciation and amortization:		
Owned property, plant and equipment	\$ 22,160	20,192
Property under finance leases	12	57
Total	\$ 22,172	20,249

Capitalized interest on major construction projects was \$13 million and \$12 million in the years ended May 31, 2021 and 2020, respectively.

(15) **Goodwill and Other Intangible Assets**

The changes in the carrying amount of goodwill for the years ended May 31, 2021 and 2020 were as follows:

	2021	2020
	(In millions)	
Beginning balance	\$ 3,515	3,903
Additional goodwill acquired	181	22
Decrease in goodwill from disposals	(2)	(72)
Decrease in goodwill from impairment	--	(264)
Foreign currency translation and other	170	(74)
Ending balance	\$ 3,864	3,515



Cargill, Incorporated and Subsidiaries

(15) **Goodwill and Other Intangible Assets** (cont.)

Acquired intangible assets as of May 31, 2021 consisted of the following:

	Gross carrying amount	Accumulated amortization
	(In millions)	
Amortizing intangible assets:		
Trademarks	\$ 72	21
Customer relationships	1,245	616
Land use rights	177	47
Other assets	285	148
Total	<u>\$ 1,779</u>	<u>832</u>
Indefinite-lived intangible assets:		
Trademarks	<u>\$ 423</u>	

Acquired intangible assets as of May 31, 2020 consisted of the following:

	Gross carrying amount	Accumulated amortization
	(In millions)	
Amortizing intangible assets:		
Trademarks	\$ 44	18
Customer relationships	1,043	479
Land use rights	156	34
Other assets	333	151
Total	<u>\$ 1,576</u>	<u>682</u>
Indefinite-lived intangible assets:		
Trademarks	<u>\$ 454</u>	

Based on the identified intangible assets recorded at May 31, 2021, the future amortization expense for the next five years is as follows:

<u>Years ending May 31</u>	Amount (In millions)
2022	\$ 116
2023	98
2024	86
2025	86
2026	81
Amortization expense 2021	\$ 126
Amortization expense 2020	\$ 136



Cargill, Incorporated and Subsidiaries

(16) **Short-term Debt**

Short-term debt consists of the following at May 31:

	<u>2021</u>	<u>2020</u>
	(In millions)	
Notes payable to banks	\$ 2,332	2,439
Current portion of long-term debt and obligations under finance leases	974	1,196
Secured loans	2	15
Unsecured loans	145	2,899
Total	<u>\$ 3,453</u>	<u>6,549</u>

Cargill's \$5 billion syndicated committed credit facility was refinanced in October 2019. It is structured as a revolving line of credit, consisting of a \$1.25 billion, 364-day facility, renewable annually, and a \$3.75 billion, five-year facility that matures in October 2024. The \$1.25 billion revolving line of credit was renewed in October 2020. These credit facilities provide backup liquidity to the Company's commercial paper and industrial revenue bond programs. As of May 31, 2021, the Company had \$720 million outstanding under the \$5 billion facility and no outstanding borrowing as of May 21, 2020.

Cargill secured two revolving 364-day credit facilities in April 2020 with limits of \$1 billion and \$500 million, respectively. The \$1 billion facility was renewed in March 2021 with a maturity date of March 2022. The \$500 million facility was renewed in April 2021 for \$600 million with a maturity date of April 2022. These credit facilities are additional sources of liquidity outside of the commercial paper program. As of May 31, 2021, the Company had no borrowings under the \$1 billion and \$600 million facilities, respectively. As of May 31, 2020, the Company had \$250 million outstanding under the \$500 million facility and no outstanding borrowings on the \$1 billion credit facility.

Cargill renewed a ¥32 billion committed facility in Singapore in March 2021 with a maturity date of March 2022. As of May 31, 2021, there were no outstanding borrowings on the ¥32 billion credit facility.

Cargill entered a \$100 million committed facility in Singapore in April 2021 with a maturity date of March 2022. As of May 31, 2021, there were no outstanding borrowings on the \$100 million credit facility.

Historically, unsecured loans have primarily consisted of commercial paper borrowings. At May 31, 2021 and 2020, the Company had \$12 million and \$2,243 million of commercial paper outstanding, respectively. Commercial paper is used to finance working capital needs.

Cash paid for interest on short-term debt, long-term debt and repurchase agreements, was \$399 million and \$483 million in the years ended May 31, 2021 and May 31, 2020, respectively.



Cargill, Incorporated and Subsidiaries

(17) **Long-term Debt**

On May 25, 2021, Cargill issued \$500 million face value of 30 year, 3.125% unsecured senior notes (2051 Senior Notes) that mature on May 25, 2051. The proceeds of the 2051 Senior Notes are expected to be used for general corporate purposes. The 2051 Senior Notes were issued at a discount, yielding an effective interest rate of 3.184% at issuance. Interest payments are required on a semi-annual basis.

On January 28, 2021, Cargill issued the following: \$500 million face value of 3 year, 0.400% unsecured senior notes (2024 Senior Notes) that mature on February 2, 2024; \$500 million face value of 5 year, 0.750%, unsecured senior notes (2026 Senior Notes) that mature on February 2, 2026; and \$500 million face value of 10 year, 1.700% unsecured senior notes (2031 Senior Notes) that mature on February 2, 2031. The proceeds of each of these Senior Notes are expected to be used for general corporate purposes. Interest payments are required on a semi-annual basis.

On April 23, 2020, Cargill issued \$750 million face value of 3 year, 1.375% unsecured senior notes (2023 Senior Notes) that mature on July 23, 2023. The proceeds of the 2023 Senior Notes are expected to be used for general corporate purposes. The 2023 Senior Notes were issued at a discount, yielding an effective interest rate of 1.41% at issuance. Interest payments are required on a semi-annual basis.

On April 23, 2020, Cargill issued \$750 million face value of 10 year, 2.125% unsecured senior notes (2030 Senior Notes) that mature on April 23, 2030. The proceeds of the 2030 Senior Notes are expected to be used for general corporate purposes. The 2030 Senior Notes were issued at a discount, yielding an effective interest rate of 2.14% at issuance. Interest payments are required on a semi-annual basis.

The Company has pledged assets of \$21 million and \$31 million at May 31, 2021 and 2020, respectively, as security for various long-term loans. Annual maturities of long-term debt are \$1,178 million in 2023, \$1,294 million in 2024, \$167 million in 2025, \$680 million in 2026, and \$5,802 million thereafter.



Cargill, Incorporated and Subsidiaries

(17) Long-term Debt (cont.)

Long-term debt consists of the following at May 31:

	<u>2021</u>	<u>2020</u>
Senior Notes and Debentures:	(In millions)	
0.400%, \$500 face value, due February, 2024	\$ 500	--
0.750%, \$500 face value, due February, 2026	499	--
1.700%, \$500 face value, due February, 2031	500	--
1.375%, \$750 face value, due July, 2023	749	749
2.125%, 750 face value, due April, 2030	749	749
3.05%, \$500 face value, due April, 2021	--	500
3.125%, \$500 face value, due May, 2051	494	--
3.25%, \$500 face value, due November, 2021	500	500
3.25%, \$500 face value, due March, 2023	500	500
3.25%, \$650 face value, due May, 2029	647	647
3.3%, \$350 face value, due March, 2022	350	350
3.875%, \$350 face value, due May, 2049	345	345
4.1%, \$243 face value, due November, 2042	242	242
4.307%, \$677 face value, due May, 2021	--	672
4.76%, \$602 face value, due November, 2045	478	475
6.125%, \$162 face value, due April, 2034	160	160
6.125%, \$133 face value, due September, 2036	132	132
6.625%, \$197 face value, due September, 2037	196	196
6.875%, \$99 face value, due February, 2036	99	99
7.25%, \$91 face value, due November, 2036	91	91
7.28%, \$35 face value, \$5 due annually to June, 2023	15	20
7.375%, \$156 face value, due October, 2025	156	156
7.5%, \$105 face value, due September, 2026	105	105
8.89%, \$75 face value, due March, 2022	75	75
8.93%, \$100 face value, due December, 2024	100	100
U.S. Medium Term Notes:		
6.875%, \$310 face value, due May, 2028	90	90
7.41%, \$99 face value, due June, 2027	99	99
7.07% to 7.3%, \$78 face value, due in various installments to November, 2028	78	78
European Medium Term Notes:		
2.5%, €500 face value, due February, 2023	609	555
5.375%, £150 face value, due March, 2037	212	184
Industrial Revenue Bonds:		
.0875% to 8.85%, due in various installments to December, 2049	994	853
Obligations under finance leases	220	40
Obligations of foreign subsidiaries	122	124
Other, net of debt issuance costs	(11)	(1)
Total long-term debt including current portion	<u>10,095</u>	<u>8,885</u>
Less current portion	974	1,196
Total long-term debt	<u>\$ 9,121</u>	<u>7,689</u>



Cargill, Incorporated and Subsidiaries

(18) **Capital Stock**

All of the following classes of stock are equal in preference, except that the preferred stock and special preferred stock are senior to all other classes of stock. All of the classes of stock have the same voting rights, except for the retiree stock and special management stock, which have no voting rights. The preferred stock and special preferred stock receive 5% cumulative dividends, and all other classes of stock receive dividends at the same rate.

The following summarizes transactions in the Company's capital stock:

	<u>Issued</u> (Shares in thousands)	<u>Outstanding</u>	<u>Amount</u> (In millions)
<u>Preferred stock</u>			
5% cumulative dividend, \$50 par value; 400,000 shares authorized:			
Balance at May 31, 2019, 2020, and 2021	199	--	\$ --
<u>Special preferred stock</u>			
5% cumulative dividend, \$50 par value; 10,000 shares authorized:			
Balance at May 31, 2019, 2020, and 2021	6	6	\$ 0.3
<u>Common stock</u>			
\$.01 par value; 2,400,000,000 shares authorized:			
Balance at May 31, 2019	1,802,808	702,682	\$ 7.0
Acquired for treasury	--	(23,195)	(0.2)
Balance at May 31, 2020 and 2021	1,802,808	679,487	\$ 6.8
<u>ESOP common stock</u>			
\$.01 par value; 500,000,000 shares authorized:			
Series A ESOP common stock			
125,000,000 shares designated:			
Balance at May 31, 2019	115,875	38,805	0.4
Acquired for treasury	--	(5,935)	(0.1)
Balance at May 31, 2020	115,875	32,870	0.3
Acquired for treasury	--	(2,279)	--
Balance at May 31, 2021	115,875	30,591	0.3



Cargill, Incorporated and Subsidiaries

(18) **Capital Stock** (cont.)

	<u>Issued</u> (Shares in thousands)	<u>Outstanding</u>	<u>Amount</u> (In millions)
Series B ESOP common stock			
50,000,000 shares designated:			
Balance at May 31, 2019, 2020, and 2021	2,897	--	\$ --
Management stock			
\$.01 par value; 321,000,000 shares authorized:			
Balance at May 31, 2019	107,850	2,336	\$ --
Acquired for treasury	--	(1,519)	--
Issued from treasury under employee compensation plans	--	1,462	--
Balance at May 31, 2020	107,850	2,279	\$ --
Acquired for treasury	--	(1,451)	--
Issued from treasury under employee compensation plans	--	1,745	--
Balance at May 31, 2021	107,850	2,573	\$ --
Retiree stock			
\$.01 par value; 71,500,000 shares authorized:			
Balance at May 31, 2019	20,015	5,741	\$ 0.1
Acquired for treasury	--	(3,288)	(0.1)
Issued from treasury	--	941	--
Balance at May 31, 2020	20,015	3,394	\$ --
Acquired for treasury	--	(2,118)	--
Issued from treasury	--	920	--
Balance at May 31, 2021	20,015	2,196	\$ --
Special management stock			
\$.01 par value; 3,500,000 shares authorized:			
Balance at May 31, 2019, 2020, and 2021	500	--	\$ --

At May 31, 2021 and May 31, 2020, the Company held 1,335,297,635 and 1,332,115,163 shares of treasury stock, respectively, at cost.



Cargill, Incorporated and Subsidiaries

(19) **Dividends on Capital Stock**

The Company generally pays cash dividends on its capital stock. The following summarizes the dividends declared per share for the years ended May 31:

	<u>2021</u>	<u>2020</u>
	(\$ per share)	
Preferred and Special preferred	\$ 2.50	2.50
Common	.93	.86
ESOP common	.93	.86
Management	.93	.86
Retiree	.93	.86

On July 13, 2021, a dividend of \$0.325 per share was declared for the shareholders of record on August 30, 2021 for the common, ESOP, management and retiree classes of stock. The quarterly dividend for preferred and special preferred stock is fixed at \$0.625 per share.

(20) **Share-Based Payment Plans**

Cargill has a Long-Term Incentive Plan (the Plan) designed to reward employees for creating sustained stockholder value, to encourage ownership of Cargill stock, to foster teamwork, and to retain and motivate high-caliber executives while aligning their interests with those of our shareholders. Plan awards consist of three components: stock options, restricted stock units, and performance share units. The Company establishes Plan grant levels based on the following criteria: company performance, current market practice, peer group data, and the number of shares available under the Plan. Awards granted in previous years are not a factor in determining the current year's Plan award; nor is potential accumulated wealth.

The Company's annual stock option, performance share unit, and restricted stock unit grant is made in September to provide a strong and immediate link between the performance of individuals during the preceding year and the size of their annual stock compensation grants. The grant to eligible employees uses the closing stock price on the grant date. The Company settles awards under the Plan with treasury shares.

Compensation expense associated with share-based awards is recognized on a straight-line basis over the shorter of the vesting period or the minimum required service period and reflects actual forfeitures. Share-based compensation expense recognized in the Consolidated Statements of Earnings was \$214 million and \$147 million in the years ended May 31, 2021 and 2020 respectively.

Stock Options

Stock options to purchase shares of Management Stock are issued at fair market value on the date of grant. Options granted prior to 2014 may be exercised after three years (cliff vesting) and expire ten years from the grant date. Options granted in 2014 and thereafter may be exercised after one year (three year graded vesting) and expire ten years from the grant date.



Cargill, Incorporated and Subsidiaries

(20) **Share-Based Payment Plans** (cont.)

A summary of stock option activity under the Plan is as follows:

	<u>Shares</u>	<u>Weighted average exercise price</u>	<u>Weighted average remaining contractual life (Years)</u>
Balance at May 31, 2019	25,268,137	49.23	5.4
Granted	3,786,868	63.71	
Forfeited/expired	(172,516)	58.22	
Exercised	<u>(6,641,303)</u>	46.45	
Balance at May 31, 2020	22,241,186	52.45	5.5
Granted	6,234,978	63.20	
Forfeited/expired	(137,812)	62.32	
Exercised	(5,162,611)	47.06	
Balance at May 31, 2021	<u>23,175,741</u>	56.49	6.0
Exercisable at May 31, 2021	<u>13,788,623</u>	51.82	4.4

Using the Black-Scholes option-pricing model, the weighted average fair value of options granted was estimated based on weighted average assumptions as follows:

	<u>2021</u>	<u>2020</u>
Weighted average fair value	\$ 5.11	\$ 6.14
Risk free interest rates	0.47%	1.46%
Expected life	6.0 years	6.0 years
Expected dividend yield	1.46%	1.34%
Expected volatility	11.77%	10.59%

Risk free interest rates reflect the yield on U. S. Treasury securities and use the same expected life as the term. Expected lives are based on the average period of time the options are expected to be outstanding. Expected volatility is based on the historic volatility of Company stock.

The total intrinsic value of stock options exercised was \$122 million and \$114 million in the years ended May 31, 2021 and 2020, respectively. At May 31, 2021, total unrecognized compensation expense of nonvested stock options was \$15 million. That expense is expected to be recognized over a weighted average period of 1.4 years. The total fair value of stock options vested during the years ended May 31, 2021 and 2020 was \$21 million and \$29 million, respectively.



Cargill, Incorporated and Subsidiaries

(20) **Share-Based Payment Plans** (cont.)

Restricted Stock Units

Restricted stock units give recipients the right to receive shares of Management Stock upon satisfaction of continued service vesting requirements. Restricted stock units are granted with a fair value equal to the Company's stock price on the date of grant and vest in one to ten years.

A summary of restricted stock unit activity under the Plan is as follows:

	Shares	Weighted average grant date fair value (Per Share)	Weighted average remaining contractual life (Years)
Balance at May 31, 2019	3,383,381	56.44	1.1
Granted	1,607,196	62.97	
Forfeited/expired	(92,619)	58.77	
Vested	(1,522,352)	54.58	
Balance at May 31, 2020	3,375,606	60.32	1.0
Granted	1,504,601	65.25	
Forfeited/expired	(78,611)	61.45	
Vested	(1,548,611)	58.94	
Balance at May 31, 2021	<u>3,252,985</u>	63.25	1.0

At May 31, 2021, total unrecognized compensation expense of nonvested restricted stock units was \$71 million. That expense is expected to be recognized over a weighted average period of 1.6 years. The total intrinsic value of restricted stock units vested during the years ended May 31, 2021 and 2020 was \$100 million and \$97 million, respectively.

Performance Share Units

Performance share units are issued to certain executive employees and represent shares potentially issuable in the future. The number of shares to be issued is based on the Company's return on gross investment performance relative to target over a three-year performance period. The number of shares of Management Stock that could be delivered at the end of the three-year performance period may be anywhere from 0% to 200% of each performance share unit granted, depending on the performance of the Company during such performance period. The fair value of performance share unit is calculated based on the stock price on the date of grant. Each performance share unit cliff vests three years from the grant date.



Cargill, Incorporated and Subsidiaries

(20) **Share-Based Payment Plans** (cont.)

A summary of performance share unit activity under the Plan is as follows:

	Shares	Weighted average grant date fair value (Per Share)	Weighted average remaining contractual life (Years)
Balance at May 31, 2019	603,012	57.63	1.8
Granted	376,615	63.71	
Forfeited/expired	(21,970)	59.44	
Vested	--	--	
Balance at May 31, 2020	957,657	59.98	1.4
Granted	517,085	63.22	
Forfeited/expired	(17,091)	61.50	
Performance change	247,877	53.56	
Vested	(493,644)	53.56	
Balance at May 31, 2021	1,211,884	62.67	1.4

The expense recognized each period is dependent upon the Company's estimate of the number of shares that will ultimately be issued at the end of the performance period. At May 31, 2021, there was \$38 million of compensation expense that has yet to be recognized related performance share units. This expense is expected to be recognized over a weighted average period of 1.8 years. The total intrinsic value of performance share units vested during the year ended May 31, 2021 was \$31 million.

(21) **Employee Stock Ownership Plan**

In February 1992, the Company established an Employee Stock Ownership Plan (ESOP). The ESOP borrowed \$691 million from outside lenders and \$39 million from the Company. The loan proceeds were used to purchase approximately 17% of the Company's outstanding common stock. The ESOP then exchanged the common stock for ESOP common stock. The Company paid the final installment on the ESOP debt from outside lenders during 2007.

The ESOP common stock pays a dividend equal to the dividends on common stock. A dividend of \$0.93 per share was declared for the year ended May 31, 2021. The Company is obligated to make additional contributions to the ESOP when funding shortfalls occur.

The ESOP covers most U.S. non-union employees and allocates shares to employees as a substitute for certain pension and retiree health care benefits and as a 401K contribution match of 100% on the first 3% of pay and a 50% match on the next 2% of pay. ESOP income included in net earnings consists of dividends received less expenses determined on a shares-allocated method, and was zero dollars for both years ended May 31, 2021 and 2020.



Cargill, Incorporated and Subsidiaries

(22) **Pension and Other Postretirement Benefits**

The Company and its subsidiaries have defined benefit pension plans covering most of their domestic employees and many of their foreign employees. Most pension plans have been closed to new participants, who have been transitioned to defined contribution plans. Benefits are based on years of service and compensation. U.S. pensions are funded in accordance with the Employee Retirement Income Security Act of 1974 (ERISA), as amended by the Pension Protection Act of 2006. Foreign pensions are funded in compliance with local laws and practices. The Company uses a measurement date of May 31 for its pension and postretirement benefit plans.

In addition to providing pension benefits, the Company and certain subsidiaries provide health care and some life insurance benefits for certain retired employees. The Company records the expected cost of retiree health benefits as an expense during the service lives of employees.

The following summarizes the key components of the defined benefit pension plans and postretirement benefit plans for domestic and foreign companies as of and for the year ended May 31:

	Pension plans		Postretirement plans	
	2021	2020	2021	2020
	(In millions)		(In millions)	
Change in benefit obligations:				
Benefit obligation at beginning of year	\$ 8,809	8,257	\$ 178	179
Service cost	91	91	2	2
Interest cost	172	207	4	5
Actuarial (gain) loss	(23)	653	(7)	5
Currency fluctuations	515	(85)	5	(2)
Plan amendments	(2)	7	--	--
Acquisitions / divestitures	--	4	--	--
Benefits paid	(306)	(327)	(11)	(11)
Other	--	2	--	--
Benefit obligation at end of year	\$ 9,256	8,809	\$ 171	178



Cargill, Incorporated and Subsidiaries

(22) **Pension and Other Postretirement Benefits** (cont.)

	Pension plans		Postretirement plans	
	2021	2020	2021	2020
	(In millions)		(In millions)	
Change in plan assets:				
Fair value at beginning of year	\$ 7,016	6,614	\$ --	--
Actual return on plan assets	813	607	--	--
Employer contributions	148	194	11	11
Benefits paid	(306)	(327)	(11)	(11)
Currency fluctuations	458	(78)	--	--
Acquisitions / divestitures	--	4	--	--
Other	2	2	--	--
Fair value at end of year	\$ 8,131	7,016	\$ --	--
Funded status as of May 31	\$ (1,125)	(1,793)	\$ (171)	(178)
Amounts recognized in the balance sheet:				
Noncurrent assets	\$ 231	46	\$ --	--
Current liabilities	(41)	(39)	(13)	(14)
Noncurrent liabilities	(1,315)	(1,800)	(158)	(164)
Net liability	\$ (1,125)	(1,793)	\$ (171)	(178)
Amounts recognized in accumulated other comprehensive income consist of:				
Net actuarial loss / (gain)	\$ 1,919	2,533	\$ --	6
Net prior service credit	(59)	(62)	(15)	(22)
Total	\$ 1,860	2,471	\$ (15)	(16)

The Company's pension plans with projected benefit obligations in excess of plan assets as of May 31 were as follows:

	2021	2020
	(In millions)	
Projected benefit obligations	\$ 5,635	8,372
Fair value of plan assets	4,279	6,533



Cargill, Incorporated and Subsidiaries

(22) **Pension and Other Postretirement Benefits** (cont.)

Estimated amounts to be amortized from accumulated other comprehensive income into net periodic benefit cost in the year ending May 31, 2022, are as follows:

	<u>Pension plans</u>	<u>Postretirement plans</u>
	(In millions)	
Recognized net actuarial loss / (gain)	\$ 66	(1)
Amortization of net prior service credit	(9)	(7)
Total	<u>\$ 57</u>	<u>(8)</u>

	<u>Pension plans</u>		<u>Postretirement plans</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(In millions)		(In millions)	
Net periodic benefit costs:				
Service cost	\$ 91	91	\$ 2	2
Interest cost	172	207	4	5
Expected return on assets	(306)	(305)	--	--
Amortization	81	72	(7)	(7)
Other	8	12	--	(1)
Total	<u>\$ 46</u>	<u>77</u>	<u>\$ (1)</u>	<u>(1)</u>

	<u>Pension plans</u>		<u>Postretirement plans</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>

Weighted average assumptions used to determine benefit obligations:

Discount rate	2.4%	2.3%	2.5%	2.6%
Rate of increase in compensation levels	3.0%	2.8%	3.0%	3.0%
Expected long-term rate of return on plan assets	4.2%	4.4%	--	--

Weighted average assumptions used to determine net benefit cost:

Discount rate for benefit obligations	2.3%	2.9%	2.6%	3.3%
Rate for interest on benefit obligations	1.9%	2.6%	2.3%	3.1%
Discount rate for service cost	2.2%	2.5%	1.6%	1.5%
Rate for interest on service cost	2.1%	2.4%	1.6%	1.5%
Rate of increase in compensation levels	2.8%	3.1%	3.0%	3.0%
Expected long-term rate of return on plan assets	4.4%	4.7%	--	--



Cargill, Incorporated and Subsidiaries

(22) **Pension and Other Postretirement Benefits** (cont.)

The discount rate reflects the current rate at which the pension liabilities could be effectively settled at the measurement date. The U.S. rate was determined using a cash flow matching technique whereby the rates of a yield curve, developed by the Company's actuary from high-quality debt securities, were applied to the expected benefit obligations to determine the appropriate discount rate. For the Company's non-U.S. plans, discount rates were derived using the respective yield curves, based on appropriate local market data and conditions. For non-U.S. countries where the market for high-quality long-term corporate bonds is not deep enough to construct a yield curve, discount rates are based on comparable indices of long-term corporate or government bonds. When government bonds are used to determine the discount rate, a credit risk spread may be added to approximate corporate bond yields.

The rate of increase in compensation levels is determined by the Company based upon the long-term plans for such increases.

The expected long-term rate of return on U.S. plan assets is based on the strategic asset allocation of the plan using forward-looking expected returns provided by the Company's actuary and other external investment professionals for each asset category represented in the investment program. The rate of return for non-U.S. plans is calculated on a plan-by-plan basis using plan asset allocations and expected returns.

Assumed health care trend rates used to measure the expected cost of benefits covered by the postretirement plans were as follows:

	<u>2021</u>	<u>2020</u>
Weighted average assumptions used to determine benefit obligations:		
Health care cost trend rate assumed	5.4%	4.5%
Ultimate health care cost trend rate	3.8%	3.8%
Year that the rate reaches the ultimate trend rate	2029	2030
Weighted average assumptions used to determine net postretirement cost:		
Health care cost trend rate assumed	4.5%	4.9%
Ultimate health care cost trend rate	3.8%	4.0%
Year that the rate reaches the ultimate trend rate	2029	2029

The Company reviews external data and its own historical trends for health care costs to determine the health care cost trend rates for the postretirement medical benefit plan.

In the year ending May 31, 2022, the Company estimates it will contribute \$154 million to the domestic and foreign pension plans and \$12 million to the postretirement plans.



Cargill, Incorporated and Subsidiaries

(22) **Pension and Other Postretirement Benefits** (cont.)

Following are expected pension and postretirement benefit payments for the next five years and in the aggregate for the five years thereafter:

<u>Year ending May 31</u>	<u>Pension</u>	<u>Postretirement</u>
	(In millions)	
2022	\$ 325	13
2023	333	12
2024	341	11
2025	355	11
2026	363	10
Next five years (aggregate)	1,948	47

The Company sponsors defined contribution plans covering both domestic and foreign employees. The general purpose of these plans is to provide additional financial security during retirement by providing employees with an incentive to make regular savings. The Company's expense for payments made to defined contribution plans was \$129 million and \$120 million for the years ended May 31, 2021 and 2020, respectively.

The investment objective for the defined benefit plans is to secure the benefit obligations to participants at a reasonable cost to the Company by optimizing long-term return on plan assets at an acceptable level of risk. To achieve the investment objective, the investment policy includes a target strategic asset allocation. The target allocation is diversified across broad asset categories. Within asset categories, the portfolio is further diversified across investment strategy, style, geography, and investment manager. A portion of the assets are matched to the interest rate profile of the benefit obligation through long duration fixed income securities. Actual allocations to broad asset categories may vary around the long-term target allocation based on market fluctuations. Rebalancing to the target allocation will occur when actual allocations move outside of acceptable ranges around the target. Plan assets are held in trusts and managed by external investment managers.

The Company's weighted average retirement plan asset allocation for 2021 and 2020 and the target by asset category are as follows:

Asset Category:	<u>2021 Target</u>	<u>Plan assets as of May 31, 2021</u>	<u>2020 Target</u>	<u>Plan assets as of May 31, 2020</u>
Equity securities	26%	25%	26%	24%
Debt securities	54%	55%	51%	54%
Real estate	2%	4%	5%	5%
Other assets	18%	16%	18%	17%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>



Cargill, Incorporated and Subsidiaries

(22) **Pension and Other Postretirement Benefits** (cont.)

The fair values of the assets held by the defined benefit plans as of May 31, 2021, by asset category are as follows:

Asset Category:	Fair value measurements using inputs considered as			Fair value at May 31, 2021
	Level 1	Level 2	Level 3	
	(In millions)			
Equity securities (1):				
U.S.	\$ 73	--	--	\$ 73
Non-U.S.	80	--	--	80
Debt securities (2):				
Government bonds	1,055	--	--	1,055
Corporate bonds and other	17	1,361	--	1,378
Real estate (3)	--	--	26	26
Private equity (3)	--	--	10	10
Cash and cash equivalents	28	6	--	34
Other	17	61	132	210
Subtotal	1,270	1,428	168	2,866
Investments valued at net asset value (4)				5,265
Total	\$ 1,270	1,428	168	\$ 8,131

The fair values of the assets held by the defined benefit plans as of May 31, 2020, by asset category are as follows:

Asset Category:	Fair value measurements using inputs considered as			Fair value at May 31, 2020
	Level 1	Level 2	Level 3	
	(In millions)			
Equity securities (1):				
U.S.	\$ 85	6	--	\$ 91
Non-U.S.	47	15	--	62
Debt securities (2):				
Government bonds	629	2	--	631
Corporate bonds and other	12	1,432	--	1,444
Real estate (3)	--	32	--	32
Private equity (3)	--	2	1	3
Cash and cash equivalents	(41)	4	--	(37)
Other	(15)	124	121	230
Subtotal	717	1,617	122	2,456
Investments valued at net asset value (4)				4,560
Total	\$ 717	1,617	122	\$ 7,016



Cargill, Incorporated and Subsidiaries

(22) **Pension and Other Postretirement Benefits** (cont.)

⁽¹⁾ Consists of individual securities valued at the closing price on the major stock exchange on which they are traded and are classified as level 1 within the valuation hierarchy.

⁽²⁾ Government issued bonds are valued at the closing price reported in the active market in which the individual security is traded and are classified as level 1. Corporate bonds, along with other bonds and notes, are valued at either the yields currently available on comparable securities or valued under a discounted cash flow model. Individual corporate bonds held by the trust are classified as level 2.

⁽³⁾ Consists of interests in limited partnerships that invest in real estate, private equity and hedge funds. Real estate includes debt and equity investments. Private equity includes debt and equity investments and is diversified across buyouts, growth capital, distressed debt, mezzanine debt, and venture capital. Real estate and private equity valuations are classified as level 2. Hedge fund investments are diversified by manager, geography and strategy.

⁽⁴⁾ Primarily common collective trust funds, real estate, private equity and hedge funds that are measured at fair value using the net asset value per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy.

The following table sets forth a summary of changes in the fair values of the pension plans' level 3 assets for the year ended May 31, 2021:

	Fair value at May 31, 2020	Realized/ unrealized gains (losses)	Net purchases, sales and settlements	Net transfers in and out of Level 3	Fair value at May 31, 2021
			(In millions)		
Real Estate	\$ --	--	--	26	26
Private equity	1	--	--	9	10
Other	121	(1)	--	12	132
Total	<u>\$ 122</u>	<u>(1)</u>	<u>--</u>	<u>47</u>	<u>\$ 168</u>

The following table sets forth a summary of changes in the fair values of the pension plans' level 3 assets for the year ended May 31, 2020:

	Fair value at May 31, 2019	Realized/ unrealized gains (losses)	Net purchases, sales and settlements	Net transfers in and out of Level 3	Fair value at May 31, 2020
			(In millions)		
Private equity	\$ --	(1)	--	2	1
Other	128	(3)	(4)	--	121
Total	<u>\$ 128</u>	<u>(4)</u>	<u>(4)</u>	<u>2</u>	<u>\$ 122</u>



Cargill, Incorporated and Subsidiaries

(23) **Income Taxes**

U.S. and foreign income tax expense (benefit) is made up of the following components for the year ended May 31:

	<u>2021</u>	<u>2020</u>
	(In millions)	
United States:		
Current	\$ 571	115
Deferred	118	72
Foreign:		
Current	634	626
Deferred	113	(140)
Total	<u>\$ 1,436</u>	<u>673</u>

For the years ended May 31, 2021 and May 31, 2020, the effective tax rate is different from the statutory U.S. Federal income tax rate for the following reasons:

	<u>2021</u>	<u>2020</u>
U.S. statutory rate	21.0%	21.0%
Impact of foreign operations	4.1	0.8
Change in valuation allowance	(0.7)	0.6
Remeasurement of deferred taxes	-	(1.0)
State and local income taxes	0.8	0.2
Additional accruals (benefits)	1.3	(0.3)
Special deductions and credits	(2.0)	(3.6)
Impact of noncontrolling interests	-	(0.2)
Other	(1.2)	1.6
Effective tax rate	<u>23.3%</u>	<u>19.1%</u>



Cargill, Incorporated and Subsidiaries

(23) **Income Taxes** (cont.)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at May 31, 2021 and May 31, 2020 are presented below:

	<u>2021</u>	<u>2020</u>
	(In millions)	
Deferred tax liabilities:		
Depreciation and amortization	\$ 953	884
Other	1,577	1,155
Total deferred tax liabilities	<u>2,530</u>	<u>2,039</u>
Deferred tax assets:		
Accrued expenses and other	1,722	1,400
Tax loss carryforwards	1,768	1,835
Capital loss carryforwards	31	161
Tax credits	243	222
Total deferred tax assets	<u>3,764</u>	<u>3,618</u>
Valuation allowance	(1,266)	(1,289)
Total deferred tax assets	<u>2,498</u>	<u>2,329</u>
Net deferred tax assets (liabilities)	<u>\$ (32)</u>	<u>290</u>

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of the Company's income tax provision. Interest and penalties accrued in the Consolidated Balance Sheets at May 31, 2021 and May 31, 2020, was \$72 million and \$53 million, respectively, and with the majority included in other liabilities (long term). For the years ended May 31, 2021 and May 31, 2020, the Company recognized an expense of \$18 million and \$14 million, respectively, in the accompanying Consolidated Statements of Earnings related to interest and penalties.

The Company operates in multiple tax jurisdictions, both within the U. S. and outside the U. S., and is subject to audits from various tax authorities. Resolution of any related tax issues through negotiations with tax authorities may take years to complete and it is difficult to predict the timing of the resolution. Although unpredictable, it is reasonably possible that the amount of the unrecognized tax benefit with respect to uncertain tax positions will increase or decrease during the next twelve months; however, Cargill does not currently expect any change to have a significant effect on the Consolidated Statements of Earnings or the Consolidated Balance Sheets. In the U.S., the IRS has completed the audits for the fiscal years ended May 31, 2010 through May 31, 2014 and all IRS audit settlements, refunds, and payments have been finalized for these years. In addition, the IRS completed its limited scope audit for the fiscal year ended May 31, 2016 with no adjustment. Cargill has filed refund claims for its fiscal years ending May 31, 2015 and May 31, 2016, which are under review by the IRS. The IRS has initiated an audit of fiscal years ended May 31, 2017 through May 31, 2019.

At May 31, 2021, the Company has net operating loss carryforwards, capital loss carryforwards and tax credits of approximately \$7,391 million, \$117 million and \$243 million, respectively. Of the total loss carryforwards, \$1,305 million expires in various years through 2041, and \$6,203 million is available indefinitely. The majority of the tax credits are available indefinitely.

Cash paid for income taxes was \$1,419 million and \$740 million in the years ended May 31, 2021 and 2020, respectively.



Cargill, Incorporated and Subsidiaries

(24) **Fair Value Measurements**

Fair value is the price that would be received for an asset or paid to transfer a liability in the Company's principal or most advantageous market for the asset or liability, in an orderly transaction between market participants on the measurement date. The Company utilizes a fair value hierarchy that generally requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity's own assumptions based on market data and the entity's judgments about the assumptions that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances. The Company determines the fair value of derivatives, marketable securities and certain other assets and liabilities using the following fair value definition and hierarchy levels:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Values generated from model-based techniques that use significant assumptions not observable in the market. Commodity prices are based on a combination of futures exchange quoted prices, observable market prices obtained through publications, broker quotes, and/or recently reported transactions in the marketplace when available, and the Company's internally developed prices and option pricing models. Freight prices are based on observable market prices obtained through publications, broker quotes, and/or recently reported transactions in the marketplace when available, and internally developed prices. Internally developed prices and models reflect the Company's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels.



Cargill, Incorporated and Subsidiaries

(24) **Fair Value Measurements** (cont.)

The following table sets forth, by level, the Company's assets and liabilities that were accounted for at fair value on a recurring basis as of May 31, 2021.

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	(In millions)		
Assets:			
Derivatives			
Commodity	\$ 1,653	3,860	496
Foreign exchange	--	828	9
Freight	--	292	157
Interest rate	--	184	--
Other	--	10	--
Total derivatives	<u>1,653</u>	<u>5,174</u>	<u>662</u>
Short-term investments			
Available for sale securities	--	24	--
Other	--	24	--
Trading securities			
Debt securities	3	411	28
Equity securities	147	--	4
Investments and advances			
Available for sale securities	--	--	107
Total assets	<u>\$ 1,803</u>	<u>5,633</u>	<u>801</u>
Liabilities:			
Derivatives			
Commodity	\$ 1,948	2,453	124
Foreign exchange	--	886	2
Freight	--	360	452
Interest rate	--	194	--
Other	--	6	--
Total derivatives	<u>1,948</u>	<u>3,899</u>	<u>578</u>
Trading securities sold, not yet purchased			
Debt securities	--	91	--
Equity securities	58	--	--
Total liabilities	<u>\$ 2,006</u>	<u>3,990</u>	<u>578</u>



Cargill, Incorporated and Subsidiaries

(24) **Fair Value Measurements** (cont.)

The following table sets forth, by level, the Company's assets and liabilities that were accounted for at fair value on a recurring basis as of May 31, 2020.

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	(In millions)		
Assets:			
Derivatives			
Commodity	\$ 1,466	1,676	264
Foreign exchange	--	1,457	32
Freight	--	205	385
Interest rate	--	289	--
Other	--	36	--
Total derivatives	<u>1,466</u>	<u>3,663</u>	<u>681</u>
Short-term investments			
Available for sale securities	--	23	--
Other	--	--	--
Trading securities			
Debt securities	6	1,638	5
Equity securities	62	--	1
Investments and advances			
Available for sale securities	--	--	94
Total assets	<u>\$ 1,534</u>	<u>5,324</u>	<u>781</u>
Liabilities:			
Derivatives			
Commodity	\$ 1,191	1,521	47
Foreign exchange	--	1,252	--
Freight	--	297	103
Interest rate	--	437	--
Other	--	23	--
Total derivatives	<u>1,191</u>	<u>3,530</u>	<u>150</u>
Trading securities sold, not yet purchased			
Debt securities	--	52	--
Equity securities	19	--	--
Total liabilities	<u>\$ 1,210</u>	<u>3,582</u>	<u>150</u>



Cargill, Incorporated and Subsidiaries

(24) **Fair Value Measurements** (cont.)

The Company uses the market approach valuation technique to measure the majority of its assets and liabilities carried at fair value. There were no significant changes in valuation techniques during the fiscal year.

The Company's derivative contracts that are measured at fair value include forward commodity purchase and sale contracts, exchange-traded commodity futures and option contracts, and Over- The-Counter (OTC) instruments related primarily to agricultural commodities, foreign currencies and interest rates. Exchange-traded futures and options contracts are valued based on unadjusted quoted prices in active markets and are classified in Level 1. Fair value for forward commodity purchase and sale contracts is estimated primarily based on exchange-quoted prices adjusted for differences in local markets. These differences are generally valued using inputs from broker or dealer quotations or market transactions in either the listed or OTC markets. When observable inputs are available for substantially the full term of the asset or liability, the derivative contracts are classified in Level 2. When unobservable inputs have a significant impact on the measurement of fair value, the contract's fair value is classified in Level 3.

Based on historical experience with the Company's suppliers and customers, the Company's knowledge of current market conditions, and the Company's own credit risk, the Company does not view counterparty risk to be a significant input to fair value for the majority of its forward commodity purchase and sale contracts. However, in situations when the Company believes the counterparty risk to be a relevant input, the Company records estimated fair value adjustments and classifies the contracts in Level 2 or 3 in the fair value hierarchy depending on the significance of the adjustment. The fair value of derivatives is included in the Consolidated Balance Sheets in accounts receivable, other long-term assets, accounts payable, or other long-term liabilities. Changes in the fair market value of commodity-related derivatives are recognized in the Consolidated Statements of Earnings as a component of cost of sales and other revenues. Changes in the fair market value of foreign currency-related derivatives are recognized in the Consolidated Statements of Earnings as a component of sales and other revenues or cost of sales and other revenues. Changes in the fair market value of derivatives designated as cash flow hedges are recognized in the Consolidated Balance Sheets as a component of accumulated other comprehensive income.

The Company's trading and available-for-sale securities are comprised of U. S. Treasury securities, obligations of U. S. government agencies, corporate and municipal debt securities, and equity investments. U. S. Treasury securities and certain publicly traded equity investments are valued using quoted market prices and are classified in Level 1. Obligations of U. S. government agencies, corporate and municipal debt securities, and certain equity investments are valued using third-party pricing services and substantially all are classified as Level 2. Security values that are determined using pricing models are classified in Level 3.



Cargill, Incorporated and Subsidiaries

(24) **Fair Value Measurements** (cont.)

Due to the adoption of Topic 842, \$30 million in net unrealized gains related to ocean freight supply agreements were removed from the Level 3 freight derivative balance on June 1, 2020 and written off to retained earnings.

The following table presents transfers into and out of Level 3 hierarchy, and purchases of Level 3 assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended May 31, 2021 and May 31, 2020.

	Derivatives (Net)			Trading securities	Investments and advances
	Commodity	Foreign exchange	Freight	Debt/Equity securities	Available for sale securities
For the year ended May 31, 2021					
			(In millions)		
Transfers into Level 3	\$ (6)	4	--	8	--
Transfers out of Level 3	(5)	--	--	--	--
Purchases	27	--	--	17	13
For the year ended May 31, 2020					
Transfers into Level 3	\$ (5)	--	85	--	--
Transfers out of Level 3	--	--	(4)	(7)	--
Purchases	11	1	--	130	6

Internal estimates are required when there is minimal to no observable market activity or because fair value calculations require significant adjustments to credit default risk. Transfers into or out of Level 3 hierarchy is primarily due to an increase or decrease in the use of internal estimates.

There were \$22 million of intangibles and \$55 million of owned property, plant and equipment that were accounted for at fair value on a nonrecurring basis due to impairments as of May 31, 2021. There were \$1 million of intangibles and \$52 million of owned property, plant and equipment that were accounted for at fair value on a nonrecurring basis due to impairments as of May 31, 2020.

Fair value for nonrecurring measurements is typically determined using a discounted cash flow approach, which is an income valuation technique. In addition, where market information is available, such as appraisals and bid solicitations or comparable transactions, the information was also considered in the determination of fair value. All nonrecurring fair value measurements are considered Level 3 measurements as of May 31, 2021.



Cargill, Incorporated and Subsidiaries

(25) **Derivative Instruments and Hedging Activities**

Because of its global operations and financing activities, the Company is exposed to changes in agricultural commodity prices, transportation costs, foreign currency exchange rates, interest rates and energy costs which may affect results of operations and financial position. Derivative instruments are used for the purpose of managing the exposures associated with commodity prices, transportation costs, foreign currency exchange rates, interest rates and energy costs. While these hedging instruments are subject to fluctuations in value, those fluctuations are generally offset by the value of the underlying exposures being hedged.

While the hedging positions are intended to minimize the volatility on operating profits, occasionally the hedging activity can result in earnings volatility, some of which may be material. The counterparties to hedge instruments are primarily major financial institutions or, in the case of commodity futures and options, a commodity exchange. Certain hedges are executed through the over-the-counter market and related counterparty exposure is managed through credit analysis and review by a credit committee. As a result, there is no concentration of credit risk arising from these contracts. The Company's finance and risk policy committee supervises, reviews and periodically revises overall risk management policies and risk limits.

Commodity Derivatives

The Company operates in many areas of the food industry, from agricultural raw materials to the production and sale of food products. As a result, the Company purchases and produces various materials, many of which are agricultural commodities, including soybeans, soybean oil, soybean meal, sunflower seed, rapeseed or canola, wheat, corn, cotton, sugar, and cocoa beans. In addition, the Company consumes energy commodities at its facilities. Agricultural and energy commodities are subject to price fluctuations due to a number of unpredictable factors that may create price risk. The Company is subject to the risk of counterparty defaults on non-exchange traded contracts.

The Company enters into various derivative contracts, primarily purchase and sale contracts for physical delivery and exchange-traded futures and options, with the objective of managing exposure to adverse price movements in agricultural commodities and energy costs related to operations. The Company has established policies that limit the amount of unhedged fixed-price commodity positions permissible for each business, which are a combination of quantity and value-at-risk limits. Net commodity positions are measured and reviewed on a daily basis.

Freight Derivatives

The market price for ocean freight varies depending on the supply and demand for ocean vessels, global economic conditions and other factors. The Company uses derivative financial instruments in its ocean freight operations, including forward freight agreements and voyage charter contracts to manage ocean freight costs.



Cargill, Incorporated and Subsidiaries

(25) **Derivative Instruments and Hedging Activities** (cont.)

Foreign Exchange Derivatives

The Company's global operations require active participation in foreign exchange markets. To reduce the risk arising from foreign exchange rate fluctuations, the Company follows a policy of hedging monetary assets and liabilities and commercial transactions with foreign currency exposure. The Company will enter into derivative financial instruments, such as forward contracts and swaps, and foreign currency options, to limit exposures to changes in foreign currency exchange rates with respect to recorded foreign currency denominated assets and liabilities and local currency operating expenses. The Company may also hedge other foreign currency exposures as deemed appropriate. The Company uses foreign currency forwards, cross-currency swaps, and foreign denominated debt to hedge portions of the Company's net investment in foreign operations. The Company had \$442 million and \$779 million of pre-tax gains in AOCI related to net investment hedges at May 31, 2021 and May 31, 2020, respectively. For the year ended May 31, 2021 and 2020, gains of \$11 million and \$23 million, respectively, from the change in fair value of derivative components excluded from hedge effectiveness testing, were recorded as interest on long-term debt.

Interest Rate Derivatives

The Company uses various derivative instruments for trading purposes and to manage interest rate risk associated with outstanding or forecasted fixed- and variable-rate debt and debt issuances, including interest rate swaps, options, and futures as may be required. The interest rate swaps used as derivative hedging instruments have been recorded at fair value in the accompanying Consolidated Balance Sheets with changes in fair value recorded currently in earnings. Additionally, for interest rate swaps designated as fair value hedges pursuant to Topic 815, the carrying amount of the associated debt is adjusted through earnings for changes in the fair value due to changes in interest rates.

The majority of the Company's foreign currency exchange contracts, commodities contracts and freight contracts do not qualify for hedge accounting treatment; therefore, unrealized gains and losses are recorded in the Consolidated Statements of Earnings. Unrealized gains and losses on foreign currency exchange contracts related to inventory purchases, commodities contracts and certain forward freight agreements are recorded in cost of sales and other revenues in the Consolidated Statements of Earnings.

Notional Amounts

As of May 31, 2021 and 2020, the total absolute notional volume associated with the Company's outstanding derivative instruments is summarized below:

<u>Derivative Category</u>	<u>2021</u>	<u>2020</u>
	(In millions)	
Interest rate	\$ 5,116	2,608
Foreign exchange	58,101	75,622
Commodity	94,420	59,421
Freight	4,928	5,144
Other	3,516	2,023



Cargill, Incorporated and Subsidiaries

(25) **Derivative Instruments and Hedging Activities** (cont.)

Derivatives in the Financial Statements

The table below shows the unrealized gains and (losses) on derivative instruments related to interest rate contracts, foreign currency exchange contracts, commodity contracts and freight contracts as of May 31.

Derivatives in the Consolidated Statements of Earnings for the years ended May 31

Income location	Type of derivative	Derivatives not designated as an accounting hedge	
		2021	2020
		(In millions)	
Sales and other revenues	Interest rate \$	58	(239)
	Foreign exchange	39	(37)
	Commodity	265	(52)
	Other	(14)	6
Expense location			
Cost of sales and other revenues	Foreign exchange	(142)	115
	Commodity	980	557
	Freight	(623)	41
Selling, general and administrative	Foreign exchange	(2)	(3)
Other expense, net	Foreign exchange \$	(28)	(55)



Cargill, Incorporated and Subsidiaries

(25) **Derivative Instruments and Hedging Activities** (cont.)

Amounts below are derivative assets and liabilities, on a gross basis, prior to the offsetting of amounts where legal right of offset exists.

Derivatives in the Consolidated Balance Sheets at May 31:

Type of derivative	Derivatives not designated as an accounting hedge		Derivatives designated as an accounting hedge		
	2021	2020	2021	2020	
(In millions)					
Asset location					
Accounts receivable, notes receivable, and accrued income, net	Interest rate	\$ 16	10	\$ --	--
	Foreign exchange	693	1,198	38	74
	Commodity	5,792	3,265	--	--
	Freight	396	378	--	--
	Other	6	30	--	--
Other assets (long term)	Interest rate	\$ 168	279	\$ --	--
	Foreign exchange	68	77	38	140
	Commodity	217	141	--	--
	Freight	53	212	--	--
	Other	4	6	--	--
Liability location					
Accounts payable and accrued expenses	Interest rate	\$ 42	174	\$ --	--
	Foreign exchange	762	1,009	42	71
	Commodity	4,521	2,741	--	--
	Freight	761	276	--	--
	Other	5	23	--	--
Other liabilities (long term)	Interest rate	\$ 152	263	\$ --	--
	Foreign exchange	59	151	25	21
	Commodity	4	18	--	--
	Freight	51	124	--	--
	Other	1	--	--	--



Cargill, Incorporated and Subsidiaries

(25) **Derivative Instruments and Hedging Activities** (cont.)

Master Netting and Collateral Arrangements

In connection with its derivative activities, the Company may enter into master netting arrangements and collateral arrangements with its counterparties. These agreements provide the Company with the right, in the event of a default by the counterparty (such as bankruptcy or a failure to pay or perform), to net a counterparty's rights and obligations under the agreement and to liquidate and setoff collateral against any net amount owed by the counterparty. The following tables present information about the offsetting of derivative instruments and related collateral amounts. Amounts not offset in the Consolidated Balance Sheets meeting the offsetting guidance were insignificant as of May 31, 2021 and May 31, 2020.

Offsetting arrangements at May 31, 2021

	Gross amounts ⁽¹⁾	Amounts offset in the Consolidated Balance Sheet ⁽²⁾	Net amounts presented in the Consolidated Balance Sheet
		(In millions)	
Assets			
Short-term derivatives	\$ 6,941	2,549	\$ 4,392
Long-term derivatives	548	270	278
Margin deposits	2,049	1,113	936
Total assets	<u>\$ 9,538</u>	<u>3,932</u>	<u>\$ 5,606</u>
Liabilities			
Short-term derivatives	\$ 6,133	3,219	\$ 2,914
Long-term derivatives	292	230	62
Margin deposits	600	483	117
Total liabilities	<u>\$ 7,025</u>	<u>3,932</u>	<u>\$ 3,093</u>

⁽¹⁾ Amounts include all derivative instruments and margins irrespective of whether there is a legally enforceable master netting arrangement in place.

⁽²⁾ Amounts relate to legally enforceable master netting arrangements and collateral arrangements and are reported on a net basis in the Consolidated Balance Sheets when criteria are met in accordance with applicable offsetting accounting guidance.



Cargill, Incorporated and Subsidiaries

(25) **Derivative Instruments and Hedging Activities** (cont.)

Offsetting arrangements at May 31, 2020

	<u>Gross amounts ⁽¹⁾</u>	<u>Amounts offset in the Consolidated Balance Sheet ⁽²⁾</u>	<u>Net amounts presented in the Consolidated Balance Sheet</u>
	(In millions)		
Assets			
Short-term derivatives	\$ 4,955	2,562	\$ 2,393
Long-term derivatives	855	454	401
Margin deposits	1,072	477	595
Total assets	<u>\$ 6,882</u>	<u>3,493</u>	<u>\$ 3,389</u>
Liabilities			
Short-term derivatives	\$ 4,294	2,386	\$ 1,908
Long-term derivatives	577	395	182
Margin deposits	859	712	147
Total liabilities	<u>\$ 5,730</u>	<u>3,493</u>	<u>\$ 2,237</u>

⁽¹⁾ Amounts include all derivative instruments and margins irrespective of whether there is a legally enforceable master netting arrangement in place.

⁽²⁾ Amounts relate to legally enforceable master netting arrangements and collateral arrangements and are reported on a net basis in the Consolidated Balance Sheets when criteria are met in accordance with applicable offsetting accounting guidance.

Credit-Risk-Related Contingent Features

Certain derivative instruments contain provisions that require the Company to post collateral. These provisions also state that if the Company's long-term debt were to be rated below investment grade, certain counterparties to the derivative instruments could request full collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position on May 31, 2021 and May 31, 2020, was \$99 million and \$3 million, respectively. The Company has posted cash collateral of \$0 million at May 31, 2021, and \$0 million at May 31, 2020, in the normal course of business associated with these contracts. If the credit-risk-related contingent features underlying these agreements were triggered on May 31, 2021 and May 31, 2020, the Company would be required to post up to an additional \$99 million and \$3 million, respectively, of collateral assets, which would be cash collateral to the counterparties.



Cargill, Incorporated and Subsidiaries

(26) Leases

The Company leases land, buildings, storage facilities, barges, railcars, vehicles, and various machinery and equipment. The Company also has long-term ocean freight supply agreements which contain the right to use ocean vessels for the purpose of transporting agricultural and other commodities for the Company and our customers.

At the inception of the contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration. Some of the lease contracts contain renewal options exercisable by the Company before the end of the non-cancellable contract period. If a renewal option is reasonably certain to be exercised, the additional terms are used when calculating the asset and liability balances. The Company assesses at the lease commencement whether it is reasonably certain to exercise the renewal options. The Company also reassesses whether it is reasonably certain to exercise the renewal options if there is a significant event or change in circumstances within its control. The Company has elected not to recognize right-of-use assets and liabilities for leases with a term of 12 months or less.

Certain leases include index and non-index escalation clauses and options to purchase the leased asset. Some of the Company's lease agreements related to rail cars, barges, ocean vessels, and vehicles contain residual value guarantees. None of the Company's lease agreements contain material restrictive covenants.

The Company has elected not to separate non-lease components from lease components for the majority of asset types, with the exception of ocean vessels and other assets operated by a third party.

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

Certain of the Company's ocean freight supply agreements as well as land leases for the production of crops include rental payments that are variable in nature. Variable payments under ocean freight supply agreements are dependent on a daily index rate. Payments under land leases for crop production may be dependent on the quantity of crops produced. Payments based on an index are included in the calculation of the operating lease asset and liability at the transition or inception date of the associated lease. Non-index based variable payments and subsequent changes in index based payments are not reflected in the lease asset and liability and are expensed in the period in which the adjustment occurs.



Cargill, Incorporated and Subsidiaries

(26) Leases (cont.)

The following table sets forth the amounts relating to the Company's total operating lease cost and other information for the year ended May 31, 2021. Costs associated with finance leases and income associated with lessor arrangements have not been included because they are not material to our Consolidated Financial Statements.

	<u>2021</u>
	(in millions)
Operating lease cost	\$ 712
Short-term lease cost	1,079
Variable lease cost	234
Total lease cost	<u>\$ 2,025</u>
 <u>Other information</u>	
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 806
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 747
Weighted-average remaining lease term — operating leases	7 years
Weighted-average discount rate — operating leases	1.8%

Maturities of operating lease liabilities as of May 31, 2021, were as follows:

	<u>Amount</u>
	(in millions)
2022	\$ 744
2023	511
2024	358
2025	229
2026	136
Thereafter	468
Total lease payments	<u>\$ 2,446</u>
Less interest	<u>160</u>
Present value of lease liabilities	<u>\$ 2,286</u>

As of May 31, 2021, the Company had operating lease balances of \$2,301 million included in Other Assets, \$726 million of current lease liabilities included in Accounts Payable, Accrued Expense and Other, and \$1,560 million of non-current lease liabilities included in Other Liabilities. The Company has additional freight supply agreements for ocean vessels, that have not commenced as of May 31, 2021, of \$436 million. These leases are excluded from the maturity table above and will generally commence in the next twelve months, with lease terms of up to 12 years.



Cargill, Incorporated and Subsidiaries

(26) Leases (cont.)

The future minimum operating lease payments table below was previously disclosed in Note 29, Contingencies and Commitments, of the Company's fiscal 2020 consolidated financial statements dated July 29, 2020. These leases are now incorporated within the Topic 842 disclosures above.

<u>Years ending May 31</u>	<u>Amount</u>
	(In millions)
2021	\$ 316
2022	244
2023	172
2024	112
2025	77
Later years	309
Total minimum lease payments	\$ 1,230
Rental expense for the year ended May 31, 2020	\$ 366

(27) Net Earnings per Share

The following is a reconciliation of basic net earnings per share to diluted net earnings per share for the years ended May 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
	(Shares in millions)	
Basic net earnings per share	\$ 6.88	4.15
Average shares outstanding – basic	717	724
Shares from assumed stock option exercises and issuance of stock grants	8	6
Adjusted average shares outstanding – diluted	725	730
Diluted net earnings per share	\$ 6.80	4.12



Cargill, Incorporated and Subsidiaries

(28) **Accumulated Other Comprehensive Income**

The following provides the components of accumulated other comprehensive income (loss):

	Foreign currency translation adjustments	Unrealized gain (loss) on securities	Unrealized gain (loss) on cash flow hedges	Pension & other post- retirement benefits liability adjustments	Accumula- ted other compre- hensive income (loss)
	(In millions)				
Balance at May 31, 2019	\$ (1,387)	37	(37)	(1,614)	\$ (3,001)
Current-period other comprehensive income (loss)	(515)	--	(41)	(364)	(920)
Amounts reclassified to earnings	68	--	33	63	164
Amounts reclassified to retained earnings	--	(37)	--	--	(37)
Tax effect	13	--	7	67	87
Balance at May 31, 2020	\$ (1,821)	--	(38)	(1,848)	\$ (3,707)
Current-period other comprehensive income (loss)	729	2	(2)	535	1,264
Amounts reclassified to earnings	17	--	23	74	114
Tax effect	53	--	(8)	(143)	(98)
Balance at May 31, 2021	\$ (1,022)	2	(25)	(1,382)	\$ (2,427)

The Company's accounting policy is to release the income tax effects from AOCI in the period when the corresponding unit of account is liquidated, sold, or extinguished.



Cargill, Incorporated and Subsidiaries

(28) **Accumulated Other Comprehensive Income (cont.)**

The following provides the amounts reclassified to earnings from accumulated other comprehensive income (loss) for the years ended May 31:

	Affected line item in the Consolidated Statement of Earnings	2021	2020
		(In millions)	
Foreign currency translation adjustments			
Sale/liquidation of foreign entities	Other expense, net	\$ 17	68
	Total	\$ 17	68
Unrealized gain (loss) on cash flow hedges			
Commodity derivative contracts	Cost of sales and other revenues	\$ --	(2)
Foreign exchange derivative contracts	Cost of sales and other revenues	13	23
	Depreciation and amortization	--	2
	Selling, general and administrative expenses	4	11
	Other expense, net	4	
	Sales and other revenues	(1)	(4)
Interest rate derivative contracts	Interest on long-term debt	3	3
	Total	\$ 23	33
Pension & other postretirement benefits liability adjustments			
Amortization of prior service costs	These items are included in the computation of net periodic pension cost. See Pension and Other Postretirement Benefits note.	\$ (16)	(15)
Net actuarial loss		90	78
	Total	\$ 74	63

The Company uses foreign denominated debt, cross-currency swaps, and foreign currency forwards to hedge portions of the Company's net investment in foreign operations. For hedges that meet the effectiveness requirements, the net gains or losses are recorded in foreign currency translation adjustments within accumulated other comprehensive income.



Cargill, Incorporated and Subsidiaries

(29) **Contingencies and Commitments**

Contingencies

The Company and its subsidiaries have various legal actions, claims and proceedings pending against them including those arising from product defects, employment-related matters, intellectual property and governmental regulations. The Company has established reserves for matters in which losses are probable and can be reasonably estimated. Litigation is subject to uncertainties and the outcome of individual litigated matters is not predictable with assurance. However, after discussion with counsel, it is the opinion of management, that any ultimate liability in these matters has been provided for or will not have a material adverse effect on the Company's Consolidated Balance Sheets or Consolidated Statements of Earnings.

The Company and its subsidiaries are contingently liable for guaranteed obligations of third parties totaling \$693 million, of which \$356 million is outstanding at May 31, 2021.

Commitments

The Company and its subsidiaries have performance guarantees of \$123 million and outstanding letters of credit issued by banks of \$1,203 million for the purchase of commodities, margin deposit requirements, and other purposes at May 31, 2021.

The Company has approved capital expenditures aggregating \$2,645 million at May 31, 2021, for the future purchase or construction of property, plant and equipment and for the acquisition of other businesses.

The Company has unfunded commitments to hedgefunds of \$173 million as of May 31, 2021. These commitments can be drawn by the funds on demand.

(30) **Subsequent Events**

Cargill has evaluated subsequent events through July 28, 2021 which is the date these consolidated financial statements were available to be issued. On June 17, 2021, the Company sold its 50% interest in Alvean Sugar to our Brazilian partner, Copersucar SA, for \$156 million. Other than items previously disclosed, there were no subsequent events requiring disclosure.