ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.06.2021 - 31.05.2022

Konsern

Morselskap 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:	12.12.2022

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 18.01.2024

Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Kostnader			
Other expenses	2, 6	509 000	433 000
Sum kostnader		**509 000**	**433 000**
Driftsresultat		**-509 000**	**-433 000**
Finansinntekter og finanskostnader			
Other financial income from group company	6	669 000	
Other financial income		-3 000	2 214 000
Sum finansinntekter		**666 000**	**2 214 000**
Rentekostnad til foretak i samme konsern	6	17 043 000	54 983 000
Other financial expenses	6	79 344 000	30 000
Sum finanskostnader		**96 387 000**	**55 013 000**
Netto finans		**-95 721 000**	**-52 799 000**
Ordinært resultat før skattekostnad		**-96 229 000**	**-53 233 000**
Income tax expense	7	-21 318 000	-13 064 000
Ordinært resultat etter skattekostnad		**-74 912 000**	**-40 169 000**
Årsresultat		**-74 912 000**	**-40 169 000**
Årsresultat etter minoritetsinteresser		**-74 912 000**	**-40 169 000**
Totalresultat		**-74 912 000**	**-40 169 000**
Overføringer og disponeringer			
Transferred from other equity	4	-74 912 000	-40 169 000
Sum overføringer og disponeringer		**-74 912 000**	**-40 169 000**

Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	7	34 382 000	13 064 000
Sum immaterielle eiendeler		**34 382 000**	**13 064 000**
Finansielle anleggsmidler			
Investering i datterselskap	3	11 749 704 000	11 749 704 000
Sum finansielle anleggsmidler		**11 749 704 000**	**11 749 704 000**
Sum anleggsmidler		**11 784 086 000**	**11 762 768 000**
Omløpsmidler			
Varer			
Fordringer			
Accounts receivables	6		
Other short-term receivables	6	696 000	23 000
Sum fordringer		**696 000**	**23 000**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents		5 000	5 000
Sum bankinnskudd, kontanter og lignende		**5 000**	**5 000**
Sum omløpsmidler		**701 000**	**28 000**
SUM EIENDELER		**11 784 787 000**	**11 762 796 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		1 500 000 000	1 500 000 000
Overkurs		10 919 078 000	10 919 078 000
Annen innskutt egenkapital	4		

Balanse

Beløp i: NOK	Note	2022	2021
Sum innskutt egenkapital		**12 419 078 000**	**12 419 078 000**
Opptjent egenkapital			
Other equity		-2 382 518 000	-2 307 606 000
Sum opptjent egenkapital		**-2 382 518 000**	**-2 307 606 000**
Sum egenkapital	4, 5	**10 036 560 000**	**10 111 472 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Other non-current 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		
Other current liabilities	6	210 126 000	113 224 000
Sum kortsiktig gjeld		**210 126 000**	**113 224 000**
Sum gjeld		**1 748 226 000**	**1 651 324 000**
SUM EGENKAPITAL OG GJELD		**11 784 787 000**	**11 762 796 000**

Financial Statements

Cargill Norway Holding AS

1.6.2021 - 31.5.2022

Registration No. 914 992 990

INCOME STATEMENT

Cargill Norway Holding AS

Amounts in TNOK	**Note**	**2022**	**2021**
Operating income and operating expenses			
Other expenses	2, 6	509	433
Total expenses		**509**	**433**
Operating profit		**-509**	**-433**
Financial income and expenses			
Other financial income from group company	6	669	-
Other financial income		-3	2 214
Interest expense to group companies	6	17 043	54 983
Other financial expenses	6	79 344	30
Net financial items		**-95 721**	**-52 799**
Net profit before tax		-96 229	-53 233
Income tax expense	7	-21 318	-13 064
Net profit after tax		**-74 912**	**-40 169**
Net profit or loss		**-74 912**	**-40 169**
Attributable to			
Transferred from other equity	4	74 912	40 169
Total		**-74 912**	**-40 169**

STATEMENT OF FINANCIAL POSITION

Cargill Norway Holding AS

Amounts in TNOK	Note	2022	2021
Assets			
Non-current assets			
Deferred tax assets	7	34 382	13 064
Total intangible assets		**34 382**	**13 064**
Non-current financial assets			
Investments in subsidiaries	3	11 749 704	11 749 704
Total non-current financial assets		**11 749 704**	**11 749 704**
Total non-current assets		**11 784 086**	**11 762 768**
Current assets			
Other short-term receivables	6	696	23
Total receivables		**696**	**23**
Cash and cash equivalents		5	5
Total current assets		**701**	**28**
Total assets		**11 784 787**	**11 762 796**

STATEMENT OF FINANCIAL POSITION

Cargill Norway Holding AS

Amounts in TNOK	Note	2022	2021
Equity and liabilities			
Paid in capital			
Share capital		1 500 000	1 500 000
Share premium reserve		10 919 078	10 919 078
Total paid in capital		**12 419 078**	**12 419 078**
Retained earnings			
Other equity		-2 382 518	-2 307 606
Total retained earnings		**-2 382 518**	**-2 307 606**
Total equity	**4, 5**	**10 036 560**	**10 111 472**
Liabilities			
Other non-current liabilities			
Other non-current liabilities	6	1 538 100	1 538 100
Total non-current liabilities		**1 538 100**	**1 538 100**
Current liabilities			
Other current liabilities	6	210 126	113 224
Total current liabilities		**210 126**	**113 224**
Total liabilities		**1 748 226**	**1 651 324**
Total equity and liabilities		**11 784 787**	**11 762 796**

Bergen, 12.12.2022
The board of Cargill Norway Holding AS

Fredrik Witte	Hilde Waage
Chairman of the board	Member of the board

Cash Flow Statement
TNOK

Cash flow from operations	**1.6.21 - 31.5.22**	**1.6.20 - 31.5.21**
Operating profit	- 509	- 433
Net interest expense and other financial income	- 95 721	- 52 799
Change in other current assets and liabilities	96 230	53 235
Net cash flow from operations	**-**	**2**
Net change in cash and cash equivalents for the period	-	2
Cash and cash equivalents at period beginning	5	3
Bank deposits, cash and equivalents at 31 May	**5**	**5**

Cargill Norway Holding AS - Financial Statements - 1.6.21 - 31.5.22

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 acccounting 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.

Presentation

As of the financial statements for the period 01.06.2021-31.05.2022 all amounts are presented in thousands. Comparative figures have been adjusted accordingly.

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

TNOK	**01.06.2021-31.05.2022**	**01.06.2020-31.05.2021**
Statutory audit	79	99
Tax assistance	29	28
Other assurance services	22	27
Total	**129**	**154**

Note 3 Investments in subsidiaries

Subsidiary	**Share capital**	**Number of shares**	**Net profit 2022**	**Equity**	**Carrying amount**
Cargill Norway AS	TNOK 2 679 810	30 000	TNOK 236	TNOK 11 805 896	TNOK 11 749 704

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 marked
- Capital expenditures and relating income to maintain today's market share are represented in the cash flow forecast.

Note 4 Equity

TNOK	**Share capital**	**Other paid-in capital**	**Retained earings**	**Total equity**
Equity 31.05.2021	1 500 000	10 919 078	- 2 307 606	10 111 472
Profit/loss for the financial year	-	-	- 74 912	- 74 912
Equity 31.05.2022	**1 500 000**	**10 919 078**	**- 2 382 518**	**10 036 560**

Note 5 Share capital and shareholder information

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

Ownership atructure	**Number of shares**	**Ownership**	**Voting share**
Cargill International Luxembourg 3 S.á.r.l, Luxembourg	30 000	100 %	100 %

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

Note 6 Transactions and amounts owed by/to group enterprises

TNOK

Company	Income st./ Balance st.	Type of transaction	01.06.2021-31.05.2022	01.06.2020-31.05.2021
Cargill Int. Lux.	Income st	Administrative expenses	219	288
Cargill Int. Lux.	Income st	Interest costs	15 894	54 983
Cgl. Global Fund	Income st	Interest costs	1 150	722
Cargill Int. Lux.	Balance st.	Long-term loan obligation	1 538 100	1 538 100
Cargill Int. Lux.	Balance st.	Incurred interest expenses	5 722	435
Cgl. Global Fund	Balance st.	Short-term loan obligation	125 953	112 670
Ewos AS	Income st./ Balance st.	Group contribution	669	-
Cargill AS	Income st./ Balance st.	Group contribution*	- 79 084	-

* Group contribution received from Cargill AS in FY2020 has been downward adjusted. The adjustment is presented in the income statement as other financial expenses and is included in other current liabilities.

Note 7 Tax

TNOK	01.06.2021-31.05.2022	01.06.2020-31.05.2021
Tax base calculation:		
Operating result before tax	- 96 229	- 53 233
Permanent differences	- 669	-
Allocation of loss to be brought forward	96 898	53 233
Tax base	-	-
Tax payable (22 %)	-	-
Payable tax on this year's result	-	-
Tax from previous years	-	-
Tax payable in balance sheet (22 %)	-	-
Income tax expense:		
Income tax payable this year	-	-
Change in deferred tax	- 21 318	- 13 064
Tax on ordinary profit/(loss)	**- 21 318**	**- 13 064**

Deferred tax:
Differences to be balanced

	31.05.2022	31.05.2022
Interest limited from deduction	- 1 461 909	- 1 461 909
Loss carried forward	- 156 282	- 59 383
Temporary differences not recorded as an asset	1 461 909	1 461 909
Basis for deferred tax	- 156 282	- 59 383
Deferred tax (asset) (22 %)	**- 34 382**	**- 13 064**

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.

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Cargill Norway Holding AS

Annual Report – May 2022

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 96 million NOK for year ending 31st May 2022 compared to a loss in the prior fiscal year of 53 million NOK.

The company's total assets as at 31st May 2022 had a balance of 11 785 million NOK compared to 11 763 million NOK as at 31st May 2021.

Total fixed assets at year end 2022 was 11 784 million NOK of which 11 750 million NOK was investment in subsidiaries and 34 million NOK was deferred tax asset. Total current assets at year end 2022 was 701 thousend NOK. The prior financial year for the same balances reflect as follows: total fixed assets were 11 763 million NOK, investment in subsidiary 11 750 million NOK and total current assets were 28 thousend NOK.

The total equity balance as at 31st May 2022, was 10 037 million NOK whilst for the fiscal year ended 31st May 2021 it was 10 111 million NOK.

The total liabilities was 1 748 million NOK for the 2022 fiscal year compared with 1 651 million NOK for the fiscal year 2021. Long term debt for both years was 1 538 million NOK. Totalt current debt was 210 million NOK compared to 113 million NOK prior fiscal year.

Net cash flow from operations for 2022 was zero thousend NOK compared to positive 2 thousend NOK prior fiscal year, driven by changes in accounts receivables and short term debt. Net cash flow from investments and fincance were zero for both years. Total bank deposit and cash at financial year end 2022 was 5 thousend NOK compared to 5 thousend NOK prior fiscal year.

The current fiscal year runs from 1st June 2021 until 31st May 2022 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, complying with affirmative action obligations, and providing employees with a professional work environment free

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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 acitivites.

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 12st December 2022

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Fredrik Witte	Hilde Waage
Chairman of the Board	Director/Board member

KPMG

CARGILL, INCORPORATED
AND SUBSIDIARIES

Consolidated Financial Statements
For the years ended May 31, 2022 and 2021

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

Independent Auditors' Report

The Board of Directors
Cargill Incorporated:

Opinion

We have audited the consolidated financial statements of Cargill Incorporated and its subsidiaries (the Company), which comprise the consolidated balance sheets as of May 31, 2022 and May 31, 2021, and the related consolidated statements of earnings, comprehensive income, total equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of May 31, 2022 and May 31, 2021, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

KPMG LLP, 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.

KPMG

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Minneapolis, Minnesota
July 27, 2022

Cargill, Incorporated and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	At May 31,			
	2022		2021	
	(In millions)			
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	5,364	$	3,398
Short-term investments		483		1,565
Trading securities		496		593
Accounts receivable, notes receivable, and accrued income, net		23,533		20,175
Inventories		23,157		18,666
Other		3,054		2,011
TOTAL CURRENT ASSETS		**56,087**		**46,408**
OTHER ASSETS				
Investments and advances		4,131		4,128
Goodwill		3,764		3,864
Intangibles		1,237		1,370
Other assets		6,529		5,459
TOTAL OTHER ASSETS		**15,661**		**14,821**
PROPERTY				
Owned property, plant & equipment		36,638		35,171
Property under finance leases		443		237
Construction in progress		2,913		2,504
Gross property		39,994		37,912
Less accumulated depreciation and amortization		(22,924)		(22,172)
NET PROPERTY		**17,070**		**15,740**
TOTAL ASSETS	**$**	**88,818**	**$**	**76,969**
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term debt	$	4,575	$	3,453
Financial instruments sold with agreements to repurchase		2,209		3,077
Accounts payable, accrued expenses, and other		22,010		17,894
Accrued income taxes		196		232
TOTAL CURRENT LIABILITIES		**28,990**		**24,656**
OTHER LIABILITIES				
Long-term debt		11,523		9,121
Other liabilities		5,185		5,159
TOTAL LIABILITIES		**45,698**		**38,936**
EQUITY				
Capital stock		7		7
Retained earnings		45,174		40,269
Accumulated other comprehensive loss		(2,385)		(2,427)
TOTAL CARGILL, INCORPORATED SHAREHOLDERS' EQUITY		**42,796**		**37,849**
Noncontrolling interests		324		184
TOTAL EQUITY		**43,120**		**38,033**
TOTAL LIABILITIES AND EQUITY	**$**	**88,818**	**$**	**76,969**

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

Cargill, Incorporated and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS

	Year Ended May 31,	
	2022	2021
	(In millions)	
Sales and other revenues	$ 165,034	$ 134,426
Cost of sales and other revenues	147,085	119,053
(Exclusive of depreciation and amortization, as shown below)		
Gross profit	17,949	15,373
Expenses and other income		
Selling, general and administrative expenses	6,613	6,386
Depreciation and amortization	2,051	1,959
Interest expense	436	400
Restructuring and asset impairment charges	186	255
Other expense, net	144	209
Earnings of consolidated companies before income taxes	8,519	6,164
Income tax expense	2,063	1,436
Net earnings of consolidated companies	6,456	4,728
Add equity in net earnings of nonconsolidated companies	259	222
Net earnings	6,715	4,950
Deduct net earnings attributable to noncontrolling interests	(29)	(19)
NET EARNINGS ATTRIBUTABLE TO CARGILL, INCORPORATED	$ 6,686	$ 4,931
Net earnings per share attributable to Cargill, Incorporated	**($ Per Share)**	
Basic	$ 9.35	$ 6.88
Diluted	$ 9.26	$ 6.80

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

Cargill, Incorporated and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended May 31, 2022	Year Ended May 31, 2021
	(In millions)	
Net earnings	$ 6,715	$ 4,950
Other comprehensive income, net of tax		
Foreign currency translation adjustments	(544)	822
Unrealized gain on securities	1	2
Unrealized gain on cash flow hedges	65	13
Pension and other postretirement benefits liability adjustments	517	466
Other comprehensive income, net of tax	39	1,303
Total comprehensive income	6,754	6,253
Deduct comprehensive income attributable to noncontrolling interests	(26)	(42)
Comprehensive income attributable to Cargill, Incorporated	$ 6,728	$ 6,211

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, 2022	2021
	(In millions)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 6,715	$ 4,950
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Equity in net earnings of nonconsolidated companies, net of dividends	(88)	(64)
Depreciation and amortization	2,051	1,959
Restructuring and asset impairment charges	186	255
Deferred income taxes	315	231
Share-based compensation	210	214
Private investment funds gain, net of dividends	(41)	(88)
Other, net	225	52
Total cash from operations	9,573	7,509
Decrease in trading securities	85	1,119
Increase in accounts receivable, notes receivable and accrued income	(2,966)	(4,176)
Increase in inventories	(4,483)	(6,425)
(Decrease) increase in financial instruments sold with agreements to repurchase	(868)	1,764
Increase in accounts payable and accrued expenses	3,457	4,540
Decrease (increase) in other current assets and liabilities	582	(1,624)
Increase in other assets and liabilities	(736)	(25)
Net cash provided by operating activities	4,644	2,682
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property	(3,246)	(2,557)
Investments in businesses acquired, less cash acquired	(273)	(359)
Investments in nonconsolidated companies	(361)	(4)
Total capital investments	(3,880)	(2,920)
Proceeds from the disposal of property, nonconsolidated companies and businesses	377	158
Net investments in loan portfolios	(4)	(171)
Other, net	(58)	62
Net cash used by investing activities	(3,565)	(2,871)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from (payments) on short-term debt	926	(2,869)
Proceeds from long-term debt	3,431	2,169
Payments on long-term debt	(971)	(1,235)
Dividends paid to shareholders	(1,211)	(829)
Dividends paid to noncontrolling interests	(17)	(36)
Purchase of noncontrolling interests, less cash acquired	—	(26)
Capital stock transactions, net	(677)	(489)
Other, net	95	(69)
Net cash provided (used) by financing activities	1,576	(3,384)
Effect of exchange rate changes on cash and cash equivalents	(114)	72
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	2,541	(3,501)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, PERIOD START	4,334	7,835
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, PERIOD END	$ 6,875	$ 4,334
Reconciliation of cash, cash equivalents and restricted cash to Consolidated Balance Sheets		
Cash and cash equivalents	5,364	3,398
Restricted cash included in other current assets	1,511	936

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

Cargill, Incorporated and Subsidiaries

CONSOLIDATED STATEMENTS OF TOTAL EQUITY

	Cargill, Incorporated Shareholders					
	Capital Stock	Additional Paid In Capital	Retained Earnings	Accum. Other Comprehensive Income/(Loss)	Non-controlling Interests	Total Equity
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 income	—	—	—	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
Shares issued	—	1	—	—	11	12
Shares reacquired	—	(192)	(484)	—	(2)	(678)
Acquisition of subsidiaries with noncontrolling interest	—	—	—	—	122	122
Net earnings	—	—	6,686	—	29	6,715
Other comprehensive income	—	—	—	42	(3)	39
Share-based compensation	—	191	—	—	—	191
Dividends	—	—	(1,211)	—	(17)	(1,228)
Other	—	—	(86)	—	—	(86)
Balance at May 31, 2022	$ 7	$ —	$ 45,174	$ (2,385)	$ 324	$ 43,120

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

Cargill, Incorporated and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 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 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 2022, the Animal Protein fiscal year consisted of 52 weeks and end May 28, 2022. In fiscal year 2021, the Animal Protein fiscal year consisted of 52 weeks and ended May 29, 2021. The Company reports certain of its non-consolidated equity method investments on a two-month reporting lag. No material transactions or events occurred in the North America Animal Protein business or in the non-consolidated equity method investments during the intervening periods for the years ended May 31, 2022 and 2021.

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. Cargill is a privately held company and follows private company disclosure requirements. 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

Note 1 Summary of Significant Accounting Policies (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 10, *Variable Interest Entities,* for additional disclosure of other significant accounting policies.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U. S. generally accepted accounting principles (U.S. GAAP) 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. Significant items subject to such estimates and assumptions include estimated transaction price of the Company's revenue contracts; the useful lives of fixed assets; allowances for doubtful accounts; the valuation of derivatives, deferred tax assets, fixed assets, inventory, investments, lease liabilities and right-of-use assets; and reserves for employee benefit obligations, income tax uncertainties, and other contingencies.

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

Note 1 Summary of Significant Accounting Policies (cont.)

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. Financial instruments purchased with agreements to resell were classified as short-term investments in the accompanying Consolidated Balance Sheets and were $105 million and $157 million at May 31, 2022 and 2021, respectively. 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 $120 million and $232 million at May 31, 2022 and 2021, 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 $2,211 million and $3,164 million at May 31, 2022 and 2021, respectively. The repurchase agreements as of May 31, 2022 all have maturities of less than 30 days, with the exception of $13 million which is due in 60 days or less. The May 31, 2022 payable balance of $2,209 million is collateralized as follows: $163 million by trading securities, $277 million by short-term investments, and $1,771 million by notes receivable. The repurchase agreements as of May 31, 2021 all had maturities of less than 30 days. The May 31, 2021 payable balance of $3,077 million is collateralized as follows: $335 million by trading securities, $1,290 million by short-term investments, and $1,539 million by notes receivable. 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.

Loans held for sale

Loans held for sale are carried at the lower of cost or fair value. The estimated fair value is based on a discounted cash flow analysis. Loans held for sale were $223 million and $182 million at May 31, 2022 and 2021, respectively.

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, Incorporated and Subsidiaries

Note 1 Summary of Significant Accounting Policies (cont.)

Investments in Equity and Debt Securities (cont.)

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 $199 million and $89 million at May 31, 2022 and 2021, respectively. During the year ended May 31, 2022, $42 million of mark-to-market adjustments and no impairments were recognized for investments using the measurement alternative. During the year ended May 31, 2021 there were no significant mark-to-market adjustment or impairments recognized for the investments using the measurement alternative.

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 loss ("AOCI") until the item affects earnings.

Refer to Note *26, 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, accrued expenses, and other in the accompanying Consolidated Balance Sheets and were $83 million and $149 million at May 31, 2022 and 2021, respectively.

Cargill, Incorporated and Subsidiaries

Note 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, geo-political matters and other factors. The Company manages the risk of market fluctuations of these inventories through utilization of 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

Note 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 during the third quarter, 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 $116 million and $153 million at May 31, 2022 and 2021, 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 loss 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

Note 1 Summary of Significant Accounting Policies (cont.)

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 gross revenue when control of the commodity is transferred.

Share-Based Payment Plans

As discussed more fully in Note 21, *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.

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

Note 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 $126 million gain and $248 million loss for the years ended May 31, 2022 and 2021, respectively.

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, 2022 and 2021, was approximately $29.12 billion and $26.15 billion, respectively.

Refer to Note 24, *Income Taxes,* for additional disclosure of other significant accounting policies.

Cargill, Incorporated and Subsidiaries

Note 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, 2021, the Company early adopted Accounting Standards Update (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 adoption of this standard did not have a material impact on the consolidated financial statements.

On June 1, 2021, the Company adopted 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. The adoption of this standard did not have a material impact on the consolidated financial statements.

On June 1, 2020, the Company early adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Adoption of Topic 842 was not required until June 1, 2022. The Company elected to early adopt the guidance in accordance with the timeline established to comply with the original required effective date prior to the deferrals granted to private companies in November 2019 and June 2020. 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. 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 value of finance leases was immaterial on the transition date. 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.

Cargill, Incorporated and Subsidiaries

Note 1 Summary of Significant Accounting Policies (cont.)

New Accounting Pronouncements Issued but Not Yet Adopted

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance. This standard establishes annual disclosures requirements for transactions with governments that are accounted for by applying a grant or contribution accounting model by analogy. Companies are required to disclose information about the nature of the transaction, including significant terms and conditions, as well as the Company's accounting policy and the specific financial statement line items affected. The guidance is effective for fiscal year ending May 31, 2023 and will be adopted on a prospective basis. The Company is evaluating the potential impact of this guidance on its consolidated financial statements.

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 Company has applied the expedients and exceptions provided by the amended guidance and will continue to apply such relief to impacted contracts prior to the December 31, 2022 expiry date. The adoption of the amended guidance has not had, nor is 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, along with related amendments, 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 on June 1, 2023. The Company has established a governance structure to implement the new guidance and is developing the methodologies and models to be used upon adoption. The impact of the new standard will depend on the composition of the financial asset portfolios and general economic conditions at the adoption date.

Cargill, Incorporated and Subsidiaries

Note 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 Accounting Standard Codification 606, Revenue from Contracts with Customers (Topic 606) to not adjust the amount of consideration for the effects of a financing component.

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:

	Year Ended May 31,	
	2022	2021
	(In millions)	
Point in time	$ 76,615	$ 62,602
Over time	927	867
Total Topic 606 revenue	77,542	63,469
Topic 815 revenue (realized, unrealized, physically settled) [1]	86,682	69,754
Other revenues [2]	810	1,203
Total sales and other revenues	$ 165,034	$ 134,426

[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.

Cargill, Incorporated and Subsidiaries

Note 2 Revenues (cont.)

Contract Balances

Gross receivables from contracts with customers under Topic 606 are recorded in Accounts receivable, notes receivable, and accrued income, net and were $7,421 million and $6,705 million as of May 31, 2022 and 2021, 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, 2022 and 2021 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, 2022 and 2021.

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 $424 million and $306 million as of May 31, 2022 and 2021, respectively.

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 to not disclose information about remaining performance obligations that have original expected durations of one year or less.

Cargill, Incorporated and Subsidiaries

Note 3 Other Financial Statement Data

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

	At May 31,	
	2022	2021
	(In millions)	
Accounts receivable, notes receivable, and accrued income, net		
Trade	$ 12,133	$ 10,338
Unrealized gains on derivative contracts	5,565	4,392
Income tax receivables	310	577
Receivables from non-consolidated affiliates	557	308
Non-Trade	5,521	5,102
	24,086	20,717
Less: Allowance for doubtful accounts	553	542
Total	$ 23,533	$ 20,175
Accounts payable and accrued expenses		
Trade	$ 9,876	$ 8,041
Unrealized losses on derivative contracts	3,667	2,914
Accrued expenses	3,735	3,555
Other	4,732	3,384
Total	$ 22,010	$ 17,894

Note 4 Trading Securities

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

	At May 31,	
	2022	2021
	(In millions)	
Trading securities		
Foreign issued securities	$ 316	$ 440
U.S. Treasury securities	—	3
Corporate and other securities	180	150
Total	$ 496	$ 593

The before-tax net unrealized (loss) gain for trading securities for the years ended May 31, 2022 and 2021 were $(29) million and $45 million, respectively.

Cargill, Incorporated and Subsidiaries

Note 5 Inventories

The following is a summary of inventories:

	At May 31,			
	2022		2021	
	(In millions)			
LIFO inventories				
FIFO value	$	1,766	$	1,530
LIFO reserve		(570)		(583)
LIFO inventories carrying value		1,196		947
FIFO and weighted average inventories		8,668		7,328
Inventories at selling price		13,293		10,391
Total inventories	$	23,157	$	18,666

Note 6 Formation of a U.S. Poultry Joint Venture

On August 9, 2021, the Company reached an agreement with Continental Grain to jointly acquire Sanderson Farms, a leading vertically integrated U.S. poultry producer for $4.53 billion. Sanderson Farms shareholder approval was received in November 2021 and regulatory approval was received on July 20, 2022. The transaction closed on July 22, 2022. At closing, Cargill and Continental Grain combined Sanderson Farms with poultry producer Wayne Farms, a subsidiary of Continental Grain, to form a joint venture poultry business. The joint venture is equally controlled by Cargill and Continental Grain and has 25 production facilities located throughout the Southeastern United States. The Company contributed cash of $1.9 billion in exchange for its 50% investment in the joint venture and Continental Grain contributed Wayne Farms. The Company's investment in the joint venture is accounted for using the equity method.

Cargill, Incorporated and Subsidiaries

Note 7 Acquisitions

Fiscal Year 2022 Acquisitions

Acquisition of Aalst Chocolate Pte, Ltd.

On October 29, 2021, Cargill acquired 100% of the voting shares of Aalst Chocolate Pte Ltd. (Aalst), a leading chocolate and chocolate compound manufacturer located in the Singapore for $116 million.

Cargill allocated the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed based on the fair values as of October 29, 2021. 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 not amortizable under local tax rules.

Acquisition of ProGold LLC

On March 1, 2022, Cargill acquired 50% of the voting shares of ProGold LLC (PG), which owns a corn wet milling facility in Wahpeton, North Dakota for $75 million. PG is a variable interest entity and Cargill is the primary beneficiary. As a result, Cargill consolidated PG and accounted for the investment as an asset acquisition. The only asset held by PG is a corn wet milling facility that is leased to Cargill. Cargill preliminarily allocated the purchase price to the property, plant and equipment based on the fair values as of March 1, 2022.

A summary of the fair values of assets acquired and liabilities assumed during the year ended May 31, 2022, at the date of acquisition is as follows:

	Aalst	ProGold	Other	Total
	(In millions)			
Cash and cash equivalents	$ 17	$ —	$ 37	$ 54
Accounts receivable	6	—	13	19
Inventories	17	—	26	43
Other current assets	1	—	2	3
Intangibles	37	—	18	55
Goodwill	43	—	42	85
Owned property, plant & equipment	22	155	167	344
Current liabilities	(16)	(5)	(55)	(76)
Other liabilities	(11)	—	(47)	(58)
Net assets acquired	116	150	203	469
Less: Noncontrolling interests	—	75	47	122
Total consideration	116	75	156	347
Noncash consideration	—	—	(20)	(20)
Cash paid	$ 116	$ 75	$ 136	$ 327

Other acquisitions for the year ended May 31, 2022 included a 75% interest in a commercial-scale, renewable butanediol facility in the U.S., a 51% interest in a port terminal in the Odessa region of the Black Sea, and a 100% ownership in an epoxides business.

Cargill, Incorporated and Subsidiaries

Note 7 Acquisitions (cont.)

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 food service customers in the US for $103 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 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.

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	Floratech	Other	Total
	(In millions)			
Cash and cash equivalents	$ —	$ —	$ 8	$ 8
Accounts receivable	13	5	24	42
Inventories	16	25	21	62
Other current assets	1	1	1	3
Intangibles	43	72	14	129
Goodwill	43	94	44	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

Other acquisitions for the year ended May 31, 2021 included a 100% interest in a cake decorations supplier, the remaining interest in a crop additives business in Canada and a service agreement to operate a meat processing facility in the U.S.

Cargill, Incorporated and Subsidiaries

Note 8 Disposals

During the year ended May 31, 2022, total cash proceeds from the disposal of property, nonconsolidated companies and businesses amounted to $377 million and resulted in a net before-tax gain of $84 million. This primarily relates to the sale of Cargill's 50% interest in Alvean Sugar Intermediação E Agenciamento Ltda, a 100% owned subsidiary Central Energética Vale do Sapucaí Ltda, Format Solutions software, and other property.

During the year ended May 31, 2021, total cash proceeds from the disposal of property, nonconsolidated companies and businesses amounted to $158 million and resulted in a net before-tax gain of $95 million. This primarily related to the sale of land in South Korea, 49.9% nonconsolidated interest in AgPartners, LLC joint venture, and proceeds from contingent consideration related to the sale of a business in prior fiscal years.

Note 9 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 and recourse obligations. Servicing responsibilities consist of the collection and remittance of cash on assets sold and are compensated through retaining a portion of the interest. Most of these transactions are accounted for as sales in accordance with accounting standards for transfers and servicing of financial assets.

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 retained interests 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.

	At May 31,	
	2022	2021
	(In millions)	
Assets sold balance as of		
Principal amount outstanding		
With limited recourse	$ 4,859	$ 4,805
With no recourse	3,125	3,046
Total	$ 7,984	$ 7,851

Cargill, Incorporated and Subsidiaries

Note 9 Transfers of Assets with Continuing Involvement (cont.)

	Year Ended May 31, 2022	Year Ended May 31, 2021
	(In millions)	
Sale proceeds		
Cash proceeds from sale		
With limited recourse	$ 4,273	$ 4,165
With no recourse	9,914	8,001
Total	$ 14,187	$ 12,166

During the years ended May 31, 2022 and 2021, 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:

	Year Ended May 31, 2022	Year Ended May 31, 2021
	(In millions)	
Initial fair value of retained interests for new transfers	$ 163	$ 124
Pre-tax gain recorded on the sale of assets	103	87

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, 2022 and 2021, the principal amount outstanding for secured borrowings was approximately $3 million and $3 million, respectively.

Cargill, Incorporated and Subsidiaries

Note 10 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, 2022 and 2021. The equity interests of consolidated VIEs not owned by the Company are reported as noncontrolling interests on the Company's Consolidated Balance Sheets. During the year ended May 31, 2022 the Company acquired a variable interest in an entity involved with leasing assets. Refer to Note 7, *Acquisitions.*

	At May 31,	
	2022	**2021**
	(In millions)	
Cash and cash equivalents	$ 4	$ 2
Accounts receivable, notes receivable, and accrued income, net	58	67
Inventories	193	178
Other	14	6
Total current assets	269	253
Investments and advances	10	5
Other assets	21	26
Total other assets	31	31
Net property	382	147
Total assets	$ 682	$ 431
Accounts payable and accrued expenses	108	86
Total current liabilities	108	86
Other liabilities	202	241
Total liabilities	$ 310	$ 327

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.

Cargill, Incorporated and Subsidiaries

Note 10 Variable Interest Entities (cont.)

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, 2022 and 2021, related to the Company's involvement with variable interests in nonconsolidated VIEs.

	At May 31,	
	2022	2021
	(In millions)	
Accounts receivable, notes receivable, and accrued income, net	$ 73	$ 64
Inventories	7	10
Investments and advances	59	93
Maximum exposure to loss [(1)]	140	193

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

Note 11 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:

	At and for the Year Ended May 31,	
	2022	2021
	(In millions)	
Working capital	$ 15,253	$ 13,467
Net other assets, property and liabilities	16,055	15,344
	31,308	28,811
Less noncontrolling interests	191	144
Equity in net assets exclusive of noncontrolling interests	31,117	28,667
Net earnings of foreign operations	$ 2,932	$ 2,323

Cargill, Incorporated and Subsidiaries

Note 12 Investments and Advances

The following table is a summary of investments and advances:

	At May 31, 2022	At May 31, 2021
	(In millions)	
Nonconsolidated companies accounted for using the equity method of accounting:		
Investments	$ 3,028	$ 2,851
Advances	10	38
Investments carried at cost	199	89
Available for sale securities	92	107
Investments in private investment funds	679	677
Other miscellaneous investments	123	366
Total	$ 4,131	$ 4,128

Investments in non-consolidated companies using the equity method of accounting include a 44% interest in Ardent Mills, a U. S. flour milling company; a 50% interest in Teys, an Australian beef processing business; a 24.5% interest in Salmones Multiexport S.A., a Chilean salmon producer; and various other agricultural joint ventures. The investment in Salmones Multiexport S.A. was made on May 20, 2022 for $287 million.

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, 2022 and 2021.

	Year Ended May 31, 2022	Year Ended May 31, 2021
	(In millions)	
Sales and other revenues	$ 18,138	$ 21,375
Net earnings	737	455
Cargill's equity in net earnings	259	222
Cash	$ 886	$ 1,283
Financial instruments	29	48
Accounts receivable	2,184	2,472
Inventories	2,867	2,596
Other assets	2,817	2,810
Property, plant and equipment	3,882	3,439
Total assets	12,665	12,648
Debt obligations	3,153	3,369
Other liabilities	3,640	3,819
Net assets	$ 5,872	$ 5,460
Cargill's equity in net assets	$ 3,028	$ 2,851

Cargill, Incorporated and Subsidiaries

Note 12 Investments and Advances (cont.)

As of May 31, 2022, $295 million of the 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 of expected obligation associated with these guarantees is immaterial. The remaining $2,858 million of debt obligations as of May 31, 2022 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.

Cargill purchases agricultural commodity products from certain of its nonconsolidated companies. Such related party purchases comprised 2% or less of total Cost of sales and other revenues in each of the years ended May 31, 2022 and 2021. Cargill also sells agricultural commodity products to certain of its nonconsolidated companies. Such related party sales comprised 1% or less of total Sales and other revenues for the years ended May 31, 2022 and 2021. 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, 2022 and 2021, receivables and payables related to the above related party transactions and included in Accounts receivable, notes receivable, and accrued income, net, Accounts payable, accrued expenses, and other and Long-term debt, in the Consolidated Balance Sheets, were not material.

Cargill, Incorporated and Subsidiaries

Note 12 Investments and Advances (cont.)

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, 2022 and 2021.

	Year Ended May 31,	
	2022	2021
	(In millions)	
Net investment income	$ 281	$ 335
Realized gains	578	246
Unrealized (losses) gains	(397)	1,101
Cash	456	382
Cash deposits and collateral held with brokers	413	494
Investments in securities, at fair value	4,142	4,523
Investments in loan portfolios, at fair value	1,215	1,284
Investments in special opportunities, at fair value	2,018	1,913
Receivable for securities sold	74	57
Other assets	77	55
Total assets	$ 8,395	$ 8,708
Investments in securities sold short, at fair value	379	363
Financial instruments sold with agreements to repurchase	593	651
Payable for securities purchased	266	105
Debt obligations	264	385
Margin payable	8	37
Other liabilities	89	162
Net assets	$ 6,796	$ 7,005
Equity in net assets	$ 679	$ 677

Cargill, Incorporated and Subsidiaries

Note 13 Restructuring and Asset Impairment Charges

Restructuring charges for the years ended May 31, 2022 and 2021 resulted primarily from global function and business reorganizations.

For the year ended May 31, 2022, asset impairments principally related to assets in our China poultry business and animal feed trademark. 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.

The following is a summary of restructuring and asset impairment charges:

	Year Ended May 31,	
	2022	2021
	(In millions)	
Restructuring	$ 62	$ 79
Asset impairment		
China poultry assets	55	—
North America Chlor-Alkali plant	—	92
Brazil Sugar & Ethanol plant	—	50
Intangible asset impairments	29	13
Other	40	21
Total asset impairment charges	124	176
Total restructuring and asset impairment charges	$ 186	$ 255

Note 14 Other Expense, Net

Other expense, net for the year ended May 31, 2022, includes $84 million of gains on sales of property, businesses, and nonconsolidated companies; $61 million of net foreign currency transaction and remeasurement losses, and $152 million of charitable contribution expense.

Other expense, 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.

Cargill, Incorporated and Subsidiaries

Note 15 Property

The following is a summary of the components of property:

	At May 31,	
	2022	2021
	(In millions)	
Owned property, plant and equipment at cost:		
Land	$ 827	$ 800
Buildings	9,921	9,548
Machinery and equipment	22,919	22,109
Transportation equipment	1,102	1,069
Software	1,869	1,645
Total owned property, plant and equipment	36,638	35,171
Property under finance leases:		
Land, improvements and buildings	36	35
Machinery and equipment	11	17
Transportation equipment	396	185
Total property under finance leases	443	237
Construction in progress	2,913	2,504
Gross Property	39,994	37,912
Accumulated depreciation and amortization:		
Owned property, plant and equipment	22,867	22,160
Property under finance leases	57	12
Total accumulated depreciation and amortization	22,924	22,172
Net Property	$ 17,070	$ 15,740

Capitalized interest on major construction projects was $15 million and $13 million in the years ended May 31, 2022 and 2021, respectively.

Cargill, Incorporated and Subsidiaries

Note 16 Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the years ended May 31, 2022 and 2021, respectively, were as follows:

	At and for the Year Ended May 31,	
	2022	2021
	(In millions)	
Beginning balance	$ 3,864	$ 3,515
Additional goodwill acquired	85	181
Decrease in goodwill from disposals	(14)	(2)
Foreign currency translation and other	(171)	170
Ending balance	$ 3,764	$ 3,864

Acquired intangible assets consisted of the following:

	At May 31,			
	2022		2021	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
	(In millions)		(In millions)	
Amortizing intangible assets:				
Trademarks	$ 148	$ 29	$ 72	$ 21
Customer relationships	1,241	697	1,245	616
Land use rights	152	40	177	47
Other assets	225	97	285	148
Total	$ 1,766	$ 863	$ 1,779	$ 832
Indefinite-lived intangible assets:				
Trademarks	$ 334		$ 423	

Cargill, Incorporated and Subsidiaries

Note 16 Goodwill and Other Intangible Assets (cont.)

Based on the identified intangible assets recorded at May 31, 2022, the future amortization expense for the next five years is as follows:

Years ending May 31		**Amount** (In millions)
2023	$	107
2024		93
2025		93
2026		88
2027		77
Thereafter		445
Total	$	903
Amortization expense 2022	$	126
Amortization expense 2021	$	126

Note 17 Short-term Debt

Short-term debt consists of the following:

	At May 31,			
		2022		**2021**
	(In millions)			
Notes payable to banks	$	3,010	$	2,332
Current portion of long-term debt and obligations under finance leases		1,129		974
Secured loans		5		2
Unsecured loans		431		145
Total	$	4,575	$	3,453

As of May 31, 2022, Cargill has a 364-day credit facility of $1.5 billion and a 5-year syndicated committed facility of $4.5 billion. These facilities were refinanced during the year with maturity dates of October 2022 and October 2026, respectively. Of these credit facilities, $5 billion, provides backup liquidity to Cargill's commercial paper and industrial revenue bond programs. The Company had $920 million of commercial paper and industrial revenue bonds outstanding under the $5 billion program at May 31, 2022 and $720 million outstanding at May 31, 2021.

Cargill has an additional revolving 364-day credit facility with a limit of $600 million. The $600 million facility was renewed in April 2022 with a maturity date of April 2023. This credit facility is an additional source of liquidity outside of the commercial paper program. As of May 31, 2022 and 2021, the Company had no borrowings under this facility.

Cargill, Incorporated and Subsidiaries

Note 17 Short-term Debt (cont.)

Cargill renewed a ¥32 billion committed facility and a $100 million committed facility in Singapore in April 2022 under a combined facility limit of $375 million with a maturity date of March 2023. As of May 31, 2022, there were no outstanding borrowings on the $375 million committed facility.

Historically, unsecured loans have primarily consisted of commercial paper borrowings. At May 31, 2022 and 2021, the Company had $235 million and $12 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 $437 million and $399 million in the years ended May 31, 2022 and 2021, respectively.

Note 18 Long-term Debt

On April 19, 2022, Cargill issued $500 million face value of 3 year, 3.500% unsecured senior notes (2025 Senior Notes) that mature on April 22, 2025, $500 million face value of 5 year, 3.625% unsecured senior notes (2027 Senior Notes) that mature on April 22, 2027, $650 million face value of 10 year, 4.000% unsecured senior notes (2032 Senior Notes) that mature on June 22, 2032, and $500 million face value of 30 year, 4.375% unsecured senior notes (2052 Senior Notes) that mature on April 22, 2052. 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 November 8, 2021, Cargill issued $1.0 billion face value of 10 year, 2.125% unsecured senior notes (2031 Senior Notes) that mature on November 10, 2031 and $250 million face value of 30 year, 3.125% unsecured senior notes (Additional 2051 Senior Notes) that mature on May 25, 2051. 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 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. 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.

The Company has pledged assets of $57 million and $21 million at May 31, 2022 and 2021, respectively, as security for various long-term loans. Annual maturities of long-term debt, excluding obligations under finance leases (refer to Note *27 Leases*) are $1,264 million in 2024, $654 million in 2025, $668 million in 2026, $622 million in 2027, and $8,016 million thereafter.

Cargill, Incorporated and Subsidiaries

Note 18 Long-term Debt (cont.)

Long-term debt consists of the following:

	At May 31, 2022	2021
	(In millions)	
Senior Notes and Debentures:		
0.400%, $500 face value, due February, 2024	$ 500	$ 500
0.750%, $500 face value, due February, 2026	499	499
1.700%, $500 face value, due February, 2031	500	500
1.375%, $750 face value, due July, 2023	750	749
2.125%, $750 face value, due April, 2030	749	749
2.125%, $1,000 face value, due November, 2031	996	—
3.125%, $250 face value, due May, 2051	276	—
3.125%, $500 face value, due May, 2051	494	494
3.25%, $500 face value, due November, 2021	—	500
3.25%, $500 face value, due March, 2023	500	500
3.25%, $650 face value, due May, 2029	648	647
3.3%, $350 face value, due March, 2022	—	350
3.500%, $500 face value, due April 22, 2025	500	—
3.625%, $500 face value, due April 22, 2027	497	—
3.875%, $350 face value, due May, 2049	345	345
4.000%, $650 face value, due June 22, 2032	646	—
4.1%, $243 face value, due November, 2042	242	242
4.375%, $500 face value, due April 22, 2052	498	—
4.76%, $602 face value, due November, 2045	480	478
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	10	15
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
8.93%, $100 face value, due December, 2024	100	100
U.S. Medium Term Notes:		
6.875%, $90 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	536	609
5.375%, £150 face value, due March, 2037	189	212
Industrial Revenue Bonds:		
.0875% to 8.85%, due in various installments to December, 2049	989	994
Obligations under finance leases	380	220
Obligations of foreign subsidiaries	150	122
Other, net of debt issuance costs	(28)	(11)
Total long-term debt including current portion	12,652	10,095
Less current portion	1,129	974
Total long-term debt	$ 11,523	$ 9,121

Cargill, Incorporated and Subsidiaries

Note 19 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:

	Issued	Outstanding	Amount
	(Shares in thousands)		(In millions)
Preferred stock			
5% cumulative dividend, $50 par value; 400,000 shares authorized:			
Balance at May 31, 2020, 2021, and 2022	199	—	$ —
Special preferred stock			
5% cumulative dividend, $50 par value; 10,000 shares authorized:			
Balance at May 31, 2020, 2021, and 2022	6	6	$ 0.3
Common stock			
$.01 par value; 2,4000,000 shares authorized:			
Balance at May 31, 2020, 2021, and 2022	1,802,808	679,487	$ 6.8
ESOP common stock			
$.01 par value; 500,000,000 shares authorized:			
Series A ESOP common stock			
125,000,000 shares designated:			
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
Acquired for treasury	—	(1,673)	—
Balance at May 31, 2022	115,875	28,918	$ 0.3

Cargill, Incorporated and Subsidiaries

Note 19 Capital Stock (cont.)

	Issued	Outstanding	Amount
	(Shares in thousands)		(In millions)
Series B ESOP common stock			
50,000,000 shares designated:			
Balance at May 31, 2020, 2021, and 2022	2,897	—	$ —
Management stock			
$.01 par value; 321,000,000 shares authorized:			
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	—
Acquired for treasury	—	(2,609)	—
Issued from treasury under employee compensation plans	—	2,971	—
Balance at May 31, 2022	107,850	2,935	$ —
Retiree stock			
$.01 par value; 71,500,000 shares authorized:			
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	—
Acquired for treasury	—	(1,593)	—
Issued from treasury	—	1,337	—
Balance at May 31, 2022	20,015	1,940	$ —
Special management stock			
$.01 par value; 3,500,000 shares authorized:			
Balance at May 31, 2020, 2021, and 2022	500	—	$ —

At May 31, 2022 and 2021, the Company held 1,336,864,248 and 1,335,297,635 shares of treasury stock, respectively, at cost.

Cargill, Incorporated and Subsidiaries

Note 20 Dividends on Capital Stock

The Company generally pays cash dividends on its capital stock. The following summarizes the dividends declared per share:

	Year Ended May 31,	
	2022	2021
	($ per share)	
Preferred and Special preferred	$ 3.750	$ 2.500
Common	1.675	0.930
ESOP common	1.675	0.930
Management	1.675	0.930
Retiree	1.675	0.930

Note 21 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 $210 million and $214 million in the years ended May 31, 2022 and 2021 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

Note 21 Share-Based Payment Plans (cont.)

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

	Shares	Weighted average exercise price	Weighted average remaining contractual life (Years)
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	23,175,741	56.49	6.0
Granted	3,964,034	89.24	
Forfeited/expired	(195,215)	78.35	
Exercised	(8,765,340)	52.91	
Balance at May 31, 2022	18,179,220	65.12	6.2
Exercisable at May 31, 2022	9,147,003	56.04	4.7

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

	Year Ended May 31, 2022	Year Ended May 31, 2021
Weighted average fair value	$ 9.01	$ 5.11
Risk free interest rates	1.02 %	0.47 %
Expected life	6.0 years	6.0 years
Expected dividend yield	1.45 %	1.46 %
Expected volatility	12.65 %	11.77 %

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 $336 million and $122 million in the years ended May 31, 2022 and 2021, respectively. At May 31, 2022, total unrecognized compensation expense of nonvested stock options was $17 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, 2022 and 2021 was $28 million and $21 million, respectively.

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.

Cargill, Incorporated and Subsidiaries

Note 21 Share-Based Payment Plans (cont.)

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, 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	3,252,985	63.25	1.0
Granted	1,198,240	89.54	
Forfeited/expired	(95,185)	72.38	
Vested	(1,560,309)	61.80	
Balance at May 31, 2022	2,795,731	75.18	1.0

At May 31, 2022, total unrecognized compensation expense of nonvested restricted stock units was $73 million. That expense is expected to be recognized over a weighted average period of 1.5 years. The total intrinsic value of restricted stock units vested during the years ended May 31, 2022 and 2021 was $140 million and $100 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 invested capital performance relative to target and adjusted operating earnings growth relative to peers 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

Note 21 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, 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
Granted	400,931	89.24	
Forfeited/expired	(23,505)	76.13	
Performance change	332,562	60.66	
Vested	(663,972)	60.66	
Balance at May 31, 2022	1,257,900	71.90	1.3

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, 2022, there was $36 million of compensation expense that has yet to be recognized related to performance share units. This expense is expected to be recognized over a weighted average period of 1.7 years. The total intrinsic value of performance share units vested during the years ended May 31, 2022 and 2021 was $59 million and $31 million, respectively.

Note 22 Employee Stock Ownership Plan

In February 1992, the Company established an Employee Stock Ownership Plan (ESOP). The ESOP common stock pays a dividend equal to the dividends on common stock. A dividend of $1.675 per share was declared for the year ended May 31, 2022. 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, 2022 and 2021.

Cargill, Incorporated and Subsidiaries

Note 23 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 years ended May 31:

	Pension plans		Postretirement plans	
	Year Ended May 31,		Year Ended May 31,	
	2022	2021	2022	2021
	(In millions)			
Change in benefit obligations:				
Benefit obligation at beginning of year	$ 9,256	$ 8,809	$ 171	$ 178
Service cost	89	91	2	2
Interest cost	172	172	4	4
Actuarial (gain) loss	(1,631)	(23)	(20)	(7)
Currency fluctuations	(456)	515	(2)	5
Plan amendments	2	(2)	—	—
Acquisitions / divestitures	4	—	—	—
Benefits paid	(317)	(306)	(13)	(11)
Other	1	—	(1)	—
Benefit obligation at end of year	$ 7,120	$ 9,256	$ 141	$ 171

Cargill, Incorporated and Subsidiaries

Note 23 Pension and Other Postretirement Benefits (cont.)

	Pension plans		Postretirement plans	
	Year Ended May 31,		Year Ended May 31,	
	2022	2021	2022	2021
	(In millions)		(In millions)	
Change in plan assets:				
Fair value at beginning of year	$ 8,131	$ 7,016	$ —	$ —
Actual return on plan assets	(652)	813	—	—
Employer contributions	151	148	13	11
Benefits paid	(317)	(306)	(13)	(11)
Currency fluctuations	(433)	458	—	—
Acquisitions / divestitures	4	—	—	—
Other	4	2	—	—
Fair value at end of year	$ 6,888	$ 8,131	$ —	$ —
Funded status as of May 31	$ (232)	$ (1,125)	$ (141)	$ (171)
Amounts recognized in the balance sheet:				
Noncurrent assets	$ 662	$ 231	$ —	$ —
Current liabilities	(42)	(41)	(12)	(13)
Noncurrent liabilities	(852)	(1,315)	(129)	(158)
Net liability	$ (232)	$ (1,125)	$ (141)	$ (171)
Amounts recognized in accumulated other comprehensive loss consist of:				
Net actuarial loss / (gain)	$ 1,206	$ 1,919	$ (19)	$ —
Net prior service credit	(46)	(59)	(8)	(15)
Total	$ 1,160	$ 1,860	$ (27)	$ (15)

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

	At May 31,	
	2022	2021
	(In millions)	
Projected benefit obligations	$ 2,653	$ 5,635
Fair value of plan assets	1,759	4,279

Cargill, Incorporated and Subsidiaries

Note 23 Pension and Other Postretirement Benefits (cont.)

The net periodic benefit cost of the Company's pension and postretirement plans were as follows:

	Pension plans		Postretirement plans	
	Year Ended May 31,		Year Ended May 31,	
	2022	2021	2022	2021
	(In millions)		(In millions)	
Net periodic benefit costs:				
Service cost	$ 89	$ 91	$ 2	$ 2
Interest cost	172	172	4	4
Expected return on assets	(312)	(306)	—	—
Amortization	56	81	(8)	(7)
Other	5	8	—	—
Total	$ 10	$ 46	$ (2)	$ (1)

The weighted average assumptions used to determine benefit obligations and net benefit cost were as follows:

	Pension plans		Postretirement plans	
	Year Ended May 31,		Year Ended May 31,	
	2022	2021	2022	2021
Weighted average assumptions used to determine benefit obligations:				
Discount rate	3.9 %	2.4 %	4.0 %	2.5 %
Rate of increase in compensation levels	3.6 %	3.0 %	3.0 %	3.0 %
Expected long-term rate of return on plan assets	4.6 %	4.2 %	—	—
Weighted average assumptions used to determine net benefit cost:				
Discount rate for benefit obligations	2.4 %	2.3 %	2.5 %	2.6 %
Rate for interest on benefit obligations	2.0 %	1.9 %	2.2 %	2.3 %
Discount rate for service cost	2.1 %	2.2 %	1.0 %	1.6 %
Rate for interest on service cost	2.0 %	2.1 %	1.0 %	1.6 %
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 %	—	—

Cargill, Incorporated and Subsidiaries

Note 23 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:

	Year Ended May 31,	
	2022	**2021**
Weighted average assumptions used to determine benefit obligations:		
Health care cost trend rate assumed	5.3 %	5.4 %
Ultimate health care cost trend rate	3.9 %	3.8 %
Year that the rate reaches the ultimate trend rate	2029	2029
Weighted average assumptions used to determine net postretirement cost:		
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	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, 2023, the Company estimates it will contribute $142 million to the domestic and foreign pension plans and $13 million to the postretirement plans.

Cargill, Incorporated and Subsidiaries

Note 23 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:

Year ending May 31	Pension Plans	Postretirement Plans
	(In millions)	
2023	$ 328	$ 13
2024	333	11
2025	347	11
2026	355	11
2027	370	10
Next five years (aggregate)	1,962	46

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 and the target by asset category are as follows:

	2022 Target	Plan assets as of May 31, 2022	2021 Target	Plan assets as of May 31, 2021
Asset Category:				
Equity securities	26 %	14 %	26 %	25 %
Debt securities	36 %	43 %	54 %	55 %
Real estate	2 %	5 %	2 %	4 %
Cash and cash equivalents	22 %	25 %	— %	1 %
Other assets	14 %	13 %	18 %	15 %
Total	100 %	100 %	100 %	100 %

Cargill, Incorporated and Subsidiaries

Note 23 Pension and Other Postretirement Benefits (cont.)

The fair values of the assets held by the defined benefit plans as of May 31, 2022, by asset category are as follows:

	Fair value measurements using inputs considered as			Fair value at May 31, 2022
	Level 1	Level 2	Level 3	
Asset Category:	(In millions)			
Equity securities [1]:				
U.S.	$ 29	$ —	$ —	$ 29
Non-U.S.	107	—	—	107
Debt securities [2]:				
Government bonds	536	—	—	536
Corporate bonds and other	15	698	—	713
Real estate [3]	—	—	2	2
Private equity [3]	—	—	74	74
Cash and cash equivalents	1,647	—	—	1,647
Other	15	(9)	93	99
Subtotal	2,349	689	169	3,207
Investments valued at net asset value [4]				3,681
Total	$ 2,349	$ 689	$ 169	$ 6,888

Cargill, Incorporated and Subsidiaries

Note 23 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:

	Fair value measurements using inputs considered as			Fair value at May 31, 2021
	Level 1	Level 2	Level 3	
Asset Category:		(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

[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 3. 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.

Cargill, Incorporated and Subsidiaries

Note 23 Pension and Other Postretirement Benefits (cont.)

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, 2022:

	Fair value at May 31, 2021	Realized/ unrealized gains (losses)	Net purchases, sales and settlements	Net transfers in and out of Level 3	Fair value at May 31, 2022
			(In millions)		
Real Estate	$ 26	$ —	$ (24)	$ —	$ 2
Private equity	10	—	64	—	74
Other	132	(39)	—	—	93
Total	$ 168	$ (39)	$ 40	$ —	$ 169

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	$ 122	$ (1)	$ —	$ 47	$ 168

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 $141 million and $129 million for the years ended May 31, 2022 and 2021, respectively.

Cargill, Incorporated and Subsidiaries

Note 24 Income Taxes

U.S. and foreign income tax expense is made up of the following components:

	Year Ended May 31,	
	2022	2021
	(In millions)	
United States:		
Current	$ 937	$ 571
Deferred	16	118
Foreign:		
Current	811	634
Deferred	299	113
Total	$ 2,063	$ 1,436

For the years ended May 31, 2022 and 2021, the effective tax rate is different from the statutory U.S. Federal income tax rate for the following reasons:

	Year Ended May 31,	
	2022	2021
U.S. statutory rate	21.0 %	21.0 %
Impact of foreign operations	1.5	4.1
Change in valuation allowance	3.3	(0.7)
State and local income taxes	1.2	0.8
Additional accruals	0.2	1.3
Special deductions and credits	(1.5)	(2.0)
Other	(1.5)	(1.2)
Effective tax rate	24.2 %	23.3 %

Cargill, Incorporated and Subsidiaries

Note 24 Income Taxes (cont.)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below:

	At May 31,			
	2022		2021	
	(In millions)			
Deferred tax liabilities:				
Depreciation and amortization	$	1,027	$	953
Other		1,985		1,577
Total deferred tax liabilities		3,012		2,530
Deferred tax assets:				
Accrued expenses and other		1,770		1,722
Tax loss carryforwards		1,844		1,768
Capital loss carryforwards		2		31
Tax credits		222		243
Total deferred tax assets		3,838		3,764
Valuation allowance		(1,449)		(1,266)
Total deferred tax assets		2,389		2,498
Net deferred tax liabilities	$	(623)	$	(32)

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, 2022 and 2021, were $79 million and $72 million, respectively, and with the majority included in Other liabilities (long term). For the years ended May 31, 2022 and 2021, the Company recognized an expense of $14 million and $18 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 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 audit of fiscal years ended May 31, 2017 through May 31, 2019 is in progress.

At May 31, 2022, the Company has net operating loss carryforwards, capital loss carryforwards and tax credits of approximately $7,803 million, $15 million and $222 million, respectively. Of the total loss carryforwards, $1,557 million expires in various years through 2041, and $6,261 million is available indefinitely. The majority of the tax credits are available indefinitely.

Cash paid for income taxes was $1,374 million and $1,419 million in the years ended May 31, 2022 and 2021, respectively.

Cargill, Incorporated and Subsidiaries

Note 25 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

Note 25 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, 2022.

	May 31, 2022		
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:		(In millions)	
Derivatives			
Commodity	$ 1,709	$ 5,922	$ 431
Foreign exchange	—	2,045	2
Freight	—	33	186
Interest rate	—	210	—
Other	—	11	—
Total derivatives	1,709	8,221	619
Cash and cash equivalents	15	—	—
Short-term investments			
Available for sale securities	—	54	—
Other	—	3	—
Trading securities			
Debt securities	1	295	20
Equity securities	175	—	5
Investments and advances			
Available for sale securities	—	—	92
Total assets	$ 1,900	$ 8,573	$ 736
Liabilities:			
Derivatives			
Commodity	$ 3,432	$ 3,064	$ 187
Foreign exchange	—	944	16
Freight	—	65	507
Interest rate	—	149	—
Other	—	6	—
Total derivatives	3,432	4,228	710
Trading securities sold, not yet			
Debt securities	—	16	—
Equity securities	67	—	—
Total liabilities	$ 3,499	$ 4,244	$ 710

Cargill, Incorporated and Subsidiaries

Note 25 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.

	May 31, 2021		
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:		(In millions)	
Derivatives			
Commodity	$ 1,653	$ 3,860	$ 496
Foreign exchange	—	828	9
Freight	—	292	157
Interest rate	—	184	—
Other	—	10	—
Total derivatives	1,653	5,174	662
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	$ 1,803	$ 5,633	$ 801
Liabilities:			
Derivatives			
Commodity	$ 1,948	$ 2,453	$ 124
Foreign exchange	—	886	2
Freight	—	360	452
Interest rate	—	194	—
Other	—	6	—
Total derivatives	1,948	3,899	578
Trading securities sold, not yet purchased			
Debt securities	—	91	—
Equity securities	58	—	—
Total liabilities	$ 2,006	$ 3,990	$ 578

Cargill, Incorporated and Subsidiaries

Note 25 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 sales and other revenues or 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 loss.

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.

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.

Cargill, Incorporated and Subsidiaries

Note 25 Fair Value Measurements (cont.)

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, 2022 and 2021, respectively.

	Derivatives (Net)			Trading securities	Investments and advances
	Commodity	Foreign exchange	Freight	Debt/Equity securities	Available for sale securities
			(In millions)		
Year Ended May 31, 2022					
Transfers into Level 3	$ 19	$ 6	$ —	$ —	$ —
Transfers out of Level 3	5	—	—	(16)	—
Purchases	47	—	—	286	9
Year Ended May 31, 2021					
Transfers into Level 3	$ (6)	$ 4	$ —	$ 8	$ —
Transfers out of Level 3	(5)	—	—	—	—
Purchases	27	—	—	17	13

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.

The following table sets forth the Company's assets that were accounted for at fair value on a nonrecurring basis due to impairments or lower of cost or fair value measurements as of May 31, 2022 and 2021.

	At May 31,	
	2022	2021
	(In millions)	
Other current assets:		
Loans held for sale	$ 49	$ —
Investment and advances	79	—
Intangibles	79	22
Owned property, plant and equipment	82	55
	$ 289	$ 77

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, 2022.

Cargill, Incorporated and Subsidiaries

Note 26 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 and metal commodities at its facilities. The Company also provides customers with risk management solutions for the aforementioned commodities. Agricultural, energy and metal 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

Note 26 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 $915 million and $442 million of pre-tax gains in AOCI related to net investment hedges at May 31, 2022 and 2021, respectively. For each of the years ended May 31, 2022 and 2021, gains of $11 million, from the change in fair value of derivative components excluded from hedge effectiveness testing, were recorded as interest expense.

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, 2022 and 2021, the total absolute notional volume associated with the Company's outstanding derivative instruments is summarized below:

	At May 31,	
Derivative Category	**2022**	**2021**
	(In millions)	
Interest rate	$ 7,508	$ 5,116
Foreign exchange	84,201	58,101
Commodity	106,528	94,420
Freight	6,267	4,928
Other	400	3,516

Cargill, Incorporated and Subsidiaries

Note 26 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.

Derivatives in the Consolidated Statements of Earnings

		Derivatives not designated as an accounting hedge	
		Year Ended May 31,	
Income location	**Type of derivative**	**2022**	**2021**
		(In millions)	
Sales and other revenues	Interest rate	$ 37	$ 58
	Foreign exchange	427	39
	Commodity	738	265
	Other	2	(14)
Expense location			
Cost of sales and other revenues	Foreign exchange	280	(142)
	Commodity	(1,650)	980
	Freight	(25)	(623)
Selling, general and administrative	Foreign exchange	(3)	(2)
Other expense, net	Foreign exchange	99	(28)

Cargill, Incorporated and Subsidiaries

Note 26 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,			
		2022		2021	
	Type of derivative	Derivatives not designated as an accounting hedge	Derivatives designated as an accounting hedge	Derivatives not designated as an accounting hedge	Derivatives designated as an accounting hedge
		(In millions)			
Asset location					
Accounts receivable, notes receivable and accrued income, net	Interest rate	$ 35	$ —	$ 16	$ —
	Foreign exchange	1,712	98	693	38
	Commodity	7,259	—	5,792	—
	Freight	194	—	396	—
	Other	7	—	6	—
Other assets (long	Interest rate	173	2	168	—
	Foreign exchange	91	146	68	38
	Commodity	803	—	217	—
	Freight	25	—	53	—
	Other	4	—	4	—
Liability location					
Accounts payable and accrued expenses	Interest rate	$ 149	$ —	$ 42	$ —
	Foreign exchange	922	38	762	42
	Commodity	6,683	—	4,521	—
	Freight	572	—	761	—
	Other	6	—	5	—
Other liabilities (long term)	Interest rate	—	—	152	—
	Foreign exchange	—	—	59	25
	Commodity	—	—	4	—
	Freight	—	—	51	—
	Other	—	—	1	—

Cargill, Incorporated and Subsidiaries

Note 26 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 Statements of Earnings meeting the offsetting guidance were immaterial as of May 31, 2022 and 2021.

	May 31, 2022		
Offsetting arrangements	**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	$ 9,305	$ 3,740	$ 5,565
Long-term derivatives	1,244	590	654
Margin deposits	3,231	1,720	1,511
Total assets	$ 13,780	$ 6,050	$ 7,730
Liabilities			
Short-term derivatives	$ 8,370	$ 4,703	$ 3,667
Margin deposits	1,541	1,347	194
Total liabilities	$ 9,911	$ 6,050	$ 3,861

[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

Note 26 Derivative Instruments and Hedging Activities (cont.)

	May 31, 2021		
Offsetting arrangements	**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	$ 9,538	$ 3,932	$ 5,606
Liabilities			
Short-term derivatives	$ 6,133	$ 3,219	$ 2,914
Long-term derivatives	292	230	62
Margin deposits	600	483	117
Total liabilities	$ 7,025	$ 3,932	$ 3,093

(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, 2022 and 2021, was $107 million and $99 million, respectively. At May 31, 2022 and 2021, the Company has posted no cash collateral 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, 2022 and 2021, the Company would be required to post up to an additional $107 million and $99 million, respectively, of collateral assets, which would be cash collateral to the counterparties.

Cargill, Incorporated and Subsidiaries

Note 27 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

Note 27 Leases (cont.)

The following tables sets forth the amounts relating to the Company's total lease cost and other information:

	Year Ended May 31, 2022	Year Ended May 31, 2021
Lease cost	(in millions)	
Operating lease cost	$ 1,171	$ 712
Finance lease cost:		
Amortization of right-of-use assets	88	14
Interest on lease obligations	6	3
Short-term lease cost	2,393	1,079
Variable lease cost	349	234
Total lease cost	$ 4,007	$ 2,042

Other information	Year Ended May 31, 2022	Year Ended May 31, 2021
Cash paid for amounts included in the measurement of:		
Operating lease liabilities	$ 1,211	$ 806
Financing lease liabilities	92	19
Right-of-use assets obtained in exchange for new:		
Operating lease liabilities	1,191	747
Financing lease liabilities	307	194
Weighted average remaining lease term:		
Operating lease liabilities	6 years	7 years
Financing lease liabilities	8 years	11 years
Weighted-average discount rate:		
Operating lease liabilities	2.0 %	1.8 %
Financing lease liabilities	2.0 %	2.6 %

Cargill, Incorporated and Subsidiaries

Note 27 Leases (cont.)

Maturities of operating and finance lease liabilities as of May 31, 2022, were as follows:

	Operating Leases	Financing Leases
Years ending May 31	(in millions)	
2023	$ 1,142	$ 87
2024	595	60
2025	352	52
2026	206	46
2027	117	30
Thereafter	417	139
Total lease payments	2,829	414
Less interest	169	34
Present value of lease liabilities	$ 2,660	$ 380

The Company has additional freight supply agreements for ocean vessels, that have not commenced as of May 31, 2022, of $256 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 7 years.

Supplemental balance sheet information for operating leases is as follows:

		At May 31,	
Operating leases	**Balance sheet location**	**2022**	**2021**
		(In millions)	
Assets			
Operating right-of-use assets	Other assets	$ 2,707	$ 2,301
Liabilities			
Current lease liabilities	Accounts payable, accrued expense and other	1,111	726
Non-current lease liabilities	Other liabilities	1,549	1,560

Cargill, Incorporated and Subsidiaries

Note 28 Net Earnings Per Share

The following is a reconciliation of basic net earnings per share to diluted net earnings per share:

	Year Ended May 31, 2022	Year Ended May 31, 2021
	(Shares in millions)	
Basic net earnings per share	$ 9.35	$ 6.88
Average shares outstanding – basic	715	717
Shares from assumed stock option exercises and issuance of stock grants	7	8
Adjusted average shares outstanding – diluted	722	725
Diluted net earnings per share	$ 9.26	$ 6.80

Note 29 Accumulated Other Comprehensive Loss

The following provides the components of accumulated other comprehensive loss:

	Foreign currency translation adjustments	Unrealized gain on securities	Unrealized gain on cash flow hedges	Pension & other post-retirement benefits liability adjustments	Accumulated other comprehensive loss
			(In millions)		
Balance at May 31, 2020	(1,821)	—	(38)	(1,848)	(3,707)
Current-period other comprehensive income	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)
Current-period other comprehensive income	(459)	1	95	665	302
Amounts reclassified to earnings	40	—	(14)	48	74
Tax effect	(122)	—	(16)	(196)	(334)
Balance at May 31, 2022	$ (1,563)	$ 3	$ 40	$ (865)	$ (2,385)

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

Note 29 Accumulated Other Comprehensive Loss (cont.)

The following provides the amounts reclassified to earnings from accumulated other comprehensive loss:

	Affected line item in the Consolidated Statements of Earnings	Year Ended May 31, 2022	2021
		(In millions)	
Foreign currency translation adjustments			
Sale/liquidation of foreign entities	Other expense, net	$ 40	$ 17
	Total	**$ 40**	**$ 17**
Unrealized gain (loss) on cash flow hedges			
Foreign exchange derivative contracts	Cost of sales and other revenues	$ (4)	$ 13
	Selling, general and administrative expenses	(5)	4
	Other expense, net	8	4
	Sales and other revenues	(14)	(1)
Interest rate derivative contracts	Interest on long-term debt	1	3
	Total	**$ (14)**	**$ 23**
Pension & other postretirement benefits liability adjustments			
Amortization of prior service costs	These items are included in the computation of net periodic pension cost. Refer to Note 23 Pension and Other Postretirement Benefits	$ (16)	$ (16)
Net actuarial loss		64	90
	Total	$ 48	$ 74

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 loss.

Cargill, Incorporated and Subsidiaries

Note 30 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. Further the Company has been, is currently and expects to be in the future, subject to inquires from federal, state or foreign governments and their departments and agencies.

The Company has established reserves for matters in which losses are probable and can be reasonably estimated. Cargill does not expect the outcome of these matters, net of established reserves, to have a material adverse effect on the Company's consolidated financial statements. However, due to their inherent uncertainty, there can be no assurance as to the ultimate outcome of current or future litigation, proceedings, investigations or claims and it is possible that a resolution of one or more such proceedings could result in judgments, awards, fines and penalties that could adversely affect our business or consolidated financial statements.

The Company and its subsidiaries are contingently liable for guaranteed obligations of third parties totaling $669 million, of which $384 million is outstanding at May 31, 2022. No liability has been recorded related to these guarantees as payment is not deemed probable.

Commitments

The Company and its subsidiaries have performance guarantees of $267 million and outstanding letters of credit issued by banks of $1,192 million for the purchase of commodities, margin deposit requirements, and other purposes at May 31, 2022.

The Company has approved capital expenditures aggregating $5,797 million at May 31, 2022, for the future purchase or construction of property, plant and equipment and for the acquisition of other businesses. This includes the U.S. poultry joint venture described in Note 6, *Formation of a U.S. Poultry Joint Venture*, which closed on July 22, 2022 and the agreement to acquire Equus UK Topco Ltd, a bio-based industrial business for $797 million which closed on June 30, 2022 as described in Note 32, *Subsequent Events*.

The Company has unfunded commitments to hedge funds of $174 million as of May 31, 2022. These commitments can be drawn by the funds on demand.

The Company has entered into a put option with the other shareholder of Teys, a nonconsolidated joint venture investment, and may be required to purchase an additional 50% ownership interest. The redemption value of the put option as of May 31, 2022 was $472 million, which is exercisable for 30 days after the Teys annual audited consolidated financial statements are made available to the Teys Board of Directors.

Cargill, Incorporated and Subsidiaries

Note 31 Ukraine and Russia Operations

In February 2022, Russian forces invaded Ukraine disrupting business operations in the region as well as global supply chains. Cargill has operations in both countries, which represent key international grain originating regions. The Company temporarily suspended operations in our Ukraine locations for the security of our employees but has continued to operate our essential food and feed facilities in Russia. In late March 2022, commercial and operational activities re-started in Ukraine including rail, truck, and barge exports. This activity is extremely limited and only occurs when and where it can be done safely. The Company is aware of one property in Ukraine that was damaged due to the conflict for which we have not been able to assess damages. We are not aware of other properties in Ukraine or Russia that have sustained damages, but we will continue to monitor.

As a result of the conflict, the Company reviewed the recoverability of its Ukrainian assets. For the year-ended May 31, 2022, the Company recorded reserves and lower-of-cost or market adjustments of $170 million on long-term and other receivables with local counterparties and the government. Additionally, $55 million of write-downs were recorded for commodity inventory located in Russian occupied territory that is damaged, stolen or at risk of spoilage due to the Company's inability to access the facilities and properly manage the inventory. Commodity inventories outside of this territory were valued based on estimated selling prices as of May 31, 2022 adjusted for freight costs to export through alternative ports outside of Ukraine. In May 2022, the Company evaluated its Ukrainian property, plant, and equipment for impairment based on information then available and a range of potential outcomes and concluded the value of the assets were likely recoverable. The recoverability tests were based on a number of significant estimates and assumptions including the likelihood and timing of a potential resolution to the conflict and physical condition of assets. We believe these estimates and assumptions are reasonable. However, subsequent changes in the estimates and assumptions used in our recoverability tests could result in an impairment of the Company's Ukrainian assets in the future.

The Company also evaluated its Russian assets for recoverability and concluded there were no impairments as of May 31, 2022.

Prolonged unrest, volatility in global commodity and financial markets, increased military actions, exports controls and sanctions could have a material adverse effect on our consolidated operating results, financial position, and cash flows. The conflict may further disrupt the Company's delivery of products, cause a shift of some or all of the Company's supply chain operations to other countries or result in damage to or expropriation of assets in these countries. During the years ended May 31, 2022 and 2021, sales and other revenues from our operations in Ukraine and Russia represented less than 2% of total sales, before elimination of intercompany accounts, and approximately 2% of the Company's consolidated net assets as of May 31, 2022 and 2021.

Cargill, Incorporated and Subsidiaries

Note 32 Subsequent Events

Cargill has evaluated subsequent events through July 27, 2022 which is the date these consolidated financial statements were available to be issued.

On June 30, 2022, Cargill acquired 100% of the voting shares of Equus UK Topco Ltd, a bio-based industrial business for $797 million.

On July 12, 2022, a dividend of $0.2275 per share was declared for the shareholders of record on August 30, 2022 for the common, ESOP, management and retiree classes of stock.

On July 13, 2022, Cargill repurchased $433 million of its common stock. The repurchased shares will be accounted for as treasury shares and recorded as a reduction in shareholder's equity.

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	08.03.2016	27.04.2016
Telefon	Deres referanse	Vår referanse
22078139	Einar Wathne	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 oppdretts-næringen. 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

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Fax
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of Cargill Norway Holding AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Cargill Norway Holding AS (the Company), which comprise the balance sheet as at 31 May 2022, 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 financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 May 2022, 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 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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

The Board of Directors (management) is responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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

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Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund

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 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 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.

Bergen, 22 December 2022
KPMG AS

Knut Olav Karlsen
State Authorised Public Accountant
(This document is signed electronically)

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Knut Olav Karlsen
Partner
På vegne av: KPMG AS
Serienummer: 9578-5993-4-2537194
IP: 46.15.xxx.xxx
2022-12-22 15:08:22 UTC

bank ID

Knut Olav Karlsen
Statsautorisert revisor
På vegne av: KPMG AS
Serienummer: 9578-5993-4-2537194
IP: 46.15.xxx.xxx
2022-12-22 15:08:22 UTC

bank ID

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