LDC.
Louis Dreyfus Company

# Financial Report and Audited Consolidated Financial Statements

2021


DARMAK S.R.L.
DARMAK S.R.L.

# Contents



Unless otherwise indicated, "Louis Dreyfus Company", "LDC", "Group", "Louis Dreyfus Company Group" and related terms such as "our","we", etc. used in this report refers to the Louis Dreyfus Company B.V. Group.

# LDC At A Glance

Approximately
17,000
employees

## Our Platforms

- Carbon Solutions
- Coffee
- Cotton
- Freight
- Global Markets
- Grains & Oilseeds
- Juice
- Rice
- Sugar


### Map Key

**Business Lines**

- Coffee
- Cotton
- Grains & Oilseeds
- Juice
- Plant Proteins
- Rice
- Sugar

**Assets**

- Farming
- Processing asset
- Logistic asset – storage
- Logistic asset – transport
- Under construction
- Tolling agreement, off-take contract, minority stake, land lease, facility lease

**Other**

- Office

## LDC in the Value Chain

We develop sustainable solutions to bring agricultural goods from where they are grown to our customers' doorstep. This involves a complex supply chain in which our people and partners play a vital role, ensuring a smooth journey for our products.

1

### Originate & Produce

Sharing our expertise with farmers and producers worldwide, be it through partnerships or our origination network.

2

### Process & Refine

Processing and refining the finest quality raw materials.


3

## Store & Transport

Efficiently managing movements across the value chain.

4

## Research & Merchandize

Relying on our market knowledge to ensure responsive supply across platforms and regions.

5

## Customize & Distribute

Supplying products to a range of customers, from multinationals to local customers and consumers.

# Message From Our Chairperson

**In 1851, our founder Léopold Louis-Dreyfus made his first sale of grains - the first step on a journey to help feed and clothe a growing global population sustainably. In 2021, 170 years later, LDC celebrated his vision to provide sustenance to a rapidly changing world - a vision that is alive and in practice to this day.**

Beside an anniversary landmark, 2021 was a year of several milestones. Not least, we opened a new chapter in our Group's history, with the completion of our partnership agreement with ADQ, whom we welcomed into our shareholder group with a shared vision for LDC's future. This step, combined with another year of very strong performance, reinforces our position to pursue strategic developments and plans, guided by a common goal: to shape a more sustainable future of food and agricultural production.

The importance of this goal, and of our mission as a company, was once again underlined in 2021 - and also moving into 2022 - as the ongoing pandemic and climate, geopolitical and other complex challenges drive the increasingly urgent need to shape more sustainable food, feed, fiber and ingredients supply chains - namely through decarbonization and more responsible agriculture, production and consumption, to name a few.

These actions, which we acknowledge as increasingly urgent and necessary, don't always take the same form or advance at the same pace everywhere and in every sector - but they all have in common the need for collaboration across stakeholder groups, ensuring that we identify shared solutions to common challenges with fair outcomes for all.

This principle of partnership is central to LDC's business model and underpins our strategic decisions, projects and initiatives. 2021 saw many instances of new partnerships forged, and others reinforced, as LDC advanced with its strategic plans - growing existing businesses, investing in new activities and product lines, and embracing innovative technologies and solutions for greater efficiency, safety, transparency and sustainable production and logistics – within the company and across the industry.

Collaboration is also central to our sustainability framework, which calls for engagement, excellence and inclusion in all our efforts - for example, in the establishment of a dedicated Carbon Solutions Platform and team in 2021, to drive and accelerate LDC's decarbonization efforts through engagement and collaboration with internal and external stakeholders, including climate experts and business partners.

LDC also continued its important work with the Louis Dreyfus Foundation and many other partners - customers, suppliers, peers, NGOs and others - to engage farming communities, whose resilience and subsistence is critical for global food security, in adopting more sustainable practices.

Looking ahead, we will continue to contend with existing as well as new challenges, some driving global shifts and disruptions. In this context, engagement and collaboration will remain crucial as we work closely with our many stakeholders to keep essential products flowing from where they are grown to where they are needed, while ensuring the security and welfare of all who work for and with us.

For this reason, I thank all our teams globally for the commitment and professionalism that make business continuity and success possible even in complex and rapidly changing circumstances, as well as all our partners around the world for their continued trust and collaboration with LDC, as we work together to shape a better future of food and agriculture.

Margarita Louis-Dreyfus
Chairperson

# Message From Our CEO

**In another year marked by the ongoing pandemic, freight shortages and port congestion, as well as climate challenges, LDC once again navigated a complex environment to mitigate risks, minimize business disruptions and deliver for customers, while making important strides in our strategic plans.**

### Solid Results

In a context of sustained volatility, fueled partly by pandemic-related concerns and disruptions, as well as unfavorable weather conditions affecting crop yields, we once again focused on our role to keep essential food and agricultural supply chains moving safely, reliably and responsibly, delivering strong financial and operating results thanks to LDC's market insight, risk management expertise, global network and agility in adapting to changing circumstances.

Both business segments contributed to our strong performance amid challenging market conditions, capitalizing on recovery from Covid-19 impacts in certain sectors owing to easing sanitary measures, securing profitable flows to meet demand and implementing successful hedging strategies. Our EBITDA rose 22.6% year on year, supported by growing Segment Operating Results which translated into an 82.5% increase in Net Income, Group Share.

In September 2021, we entered a new chapter in LDC's history as we completed our strategic partnership agreement with ADQ, a long-term investor with a shared vision for LDC's future. This put LDC in an even stronger position to accelerate strategic investments in line with our ambitious growth plans to become an increasingly integrated food, feed, fibers and ingredients company.

### Core Capabilities

In 2021 we continued to reinforce our core merchandizing capabilities, capacity and presence, both at origin and destination, as key drivers of profitability.

We developed our data science capabilities, enhanced systems and tools supporting commercial decisions, and continued to run global professional training programs. We also continued to develop and enhance our global asset network, adding storage capacity for rice and palm in Côte d'Ivoire, investing in capacity, efficiency and portfolio enhancements at several grains and oilseeds facilities in North America, advancing with northern export route developments in Brazil, and starting construction on an additional oilseeds crushing plant in China.

### Driving Diversification

Asia was the scene of new developments in our plans for greater vertical integration in existing value chains and diversification of our portfolio through value-added products. We signed agreements with partners to bring specialty coffees to a growing Japanese market, and to produce instant coffee in Vietnam for distribution across multiple regions. In China, we launched additional, high-end B2C edible oils to complement our existing portfolio, partnered with leading e-commerce channels in the country for their distribution, and also started operating our new facility producing high-end aquatic feeds in Tianjin.

We also made positive strides in the Americas. In Brazil, we invested in storage and packaging capacity enhancements for our *Kowalski* business, while in the US, we invested in packaged glycerin activities and canola oil and lecithin units at Claypool, Indiana, and established a dedicated team and R&D facility in California's San Francisco Bay Area, as the development engine for our new Plant Proteins business.

### Innovation Initiatives

We also continued to embrace innovations and technologies with the potential to help meet evolving customer and consumer expectations, drive operational efficiency and sourcing transparency, and shape more sustainable food and agricultural production.

Our focus on digitalization led to efficiency, security and transparency gains, for instance through remote assistance and maintenance at industrial facilities, as well as extended robotic process automation in several business areas and regions. *Covantis*, our joint initiative with industry peers to modernize global post-trade operations, also advanced significantly, with the launch of a transformational blockchain platform for the industry in early 2021, which has since seen a very positive adoption rate.

Meanwhile, as part of our commitment to help meet growing demand for healthy, affordable and sustainable diet options, our LDC Innovations corporate venture capital program continued to invest in early-stage companies leveraging technologies and innovations with the potential to transform the food and agricultural industries.

### Sustainability in the Spotlight

As mentioned by our Chairperson, the growing focus on finding solutions to increasingly urgent climate and other global challenges makes our company's purpose to create fair and sustainable value increasingly crucial to everything we do.

This includes supply chain transparency as basis for responsible sourcing decisions, and in 2021 we adopted new technologies and methodologies to facilitate supply chain traceability, supporting further advances in this area across several business lines, in particular for soy and palm. This work will be fundamental to our ability to fulfill our commitment to eliminate deforestation and conversion of native vegetation for agricultural purposes from our supply chains, announced in February 2022.

We also created a dedicated Carbon Solutions Platform in 2021, to accelerate our decarbonization journey, working in collaboration with all LDC business lines as well as external experts to set and pursue science-based targets for emissions reductions in our operations and value chains.

These efforts are reflected in the sectoral commitment signed at COP26 in 2021, for accelerated action on deforestation and emissions, to support the global drive toward a net zero economy.

Alongside these key strides, we stayed close to a stakeholder group that is vital to global food security and a key partner in delivering essential goods around the world: the farming community. Throughout the year, we continued to collaborate with the *Louis Dreyfus Foundation*, customers, peers, experts and other partners, to train and engage with farmers on sustainable solutions and practices that allow for improved yields and food security over the long-term.

**Facing Forward**

As the world emerges transformed from a pandemic context, new geopolitical tensions and macroeconomic shifts are having profound impacts around the world, and particularly in the agri-commodities sector. While we take the time to analyze and understand a complex market environment and rapidly evolving context, we remain true to the mission that our business partners worldwide rely on us to fulfill: keeping agricultural supply chains moving and bringing essential products from where they are grown to where they are needed.

Our agile mindset, shared purpose and clear vision have guided our steps over 170 years and continue to do so today as we pursue our strategic roadmap, always with the safety and wellbeing of all those who work for and with us as a top priority. As we continue to face up to regional and global challenges, and as we adapt to a 'new normal', I want to express my gratitude to our teams around the world, for the dedication and commitment they show in addressing unprecedented challenges to keep our operations running, our customers satisfied and our performance strong.

The progress we have made together in 2021 reinforces LDC's leading position as a key industry participant for the future, while helping to ensure that this future is built on foundations of both financial strength and a long-term perspective, for the benefit of current and future generations.

Michael Gelchie
Chief Executive Officer

# Financial Statements



# Financial Highlights

**For the year ended December 31, 2021**

Net sales:
## up 47.7% to US$49.6 billion
(US$33.6 billion for the year 2020)

Segment Operating Results[1]:
## up 17.6% to US$1,834 million
(US$1,559 million for the year 2020)

EBITDA[2]:
## up 22.6% to US$1,623 million
(US$1,324 million for the year 2020)

Income before tax:
## up 39.4% to US$864 million
(US$620 million for the year 2020)

[1] Gross margin plus share of profit (loss) in investments in associates and joint ventures
[2] Earnings Before Interests, Taxes and Depreciation & Amortization
[3] Beginning of period equity

Net Income, Group Share:
## up 82.5% to US$697 million
(US$382 million for the year 2020)

Return On Equity[3], Group Share:
## 14.3%
(8.0% for the year 2020)

Adjusted Leverage[4] Ratio:
## 0.9x
(1.8x as of December 31, 2020)

Adjusted Net Gearing[5]:
## 0.27
(0.48 as of December 31, 2020)

**Volumes[6]:**

up 4.5% year on year

**Total Assets:**

US$23.6 billion

(US$23.3 billion as of December 31, 2020)

**Adjusted Net Debt:**

US$1.5 billion

(US$2.4 billion as of December 31, 2020)

**Working Capital Usage:**

US$8.7 billion

(US$7.7 billion as of December 31, 2020)

**Liquidity Coverage[7]:**

2.2x current portion of debt

(1.8x as of December 31, 2020)

**Capital expenditure[8]:**

US$372 million

(US$306 million for the year 2020)

[4] Adjusted net debt to EBITDA
[5] Adjusted net debt to total stockholders' equity and non-controlling interests
[6] Volumes shipped to destination
[7] Cash and cash equivalents, other current financial assets at fair value, readily marketable inventories (RMIs) and undrawn committed bank lines
[8] Purchase of fixed assets and additional investments, net of cash acquired

# Message From Our CFO

**2021 laid the foundations for a new chapter in LDC's journey. We welcomed ADQ as a shareholder, reinforced our financial position and delivered outstanding operational performance in a challenging environment and volatile markets. Our 2021 results translated into the highest return on equity since 2013 and a strong balance sheet position which, combined with ample available liquidity, will support our activities and investments in the next growth phase for LDC.**

In 2021, both our segments contributed to an improved financial performance, delivering Segment Operating Results and EBITDA up 17.6% and 22.6% respectively, year on year. Value Chain Segment Operating Results improved by 18.7% year on year, owing particularly to strong demand for Grains & Oilseeds products, while Merchandizing Segment Operating Results rose 15.6%, driven by cotton demand recovery and new opportunities in sugar-based ethanol.

Thanks to our global presence at both origin and destination, and our edge in core merchandizing activities, LDC successfully mitigated risks and overcame challenges posed by weather events, freight shortages, port congestion and ongoing pandemic-related issues, running our businesses profitably and without compromise on supply chain continuity. Our customer-centric approach and rigorous risk management ensured LDC remains a trusted and reliable organization for all our stakeholders.

Our strong operational performance and cost-efficient financing, as well as the normalization of our effective tax rate, drove a 14.3% return on equity for the year 2021.

On September 10, 2021, the completion of the sale of an indirect 45% equity stake in LDC to Abu Dhabi-based ADQ was followed by the early and full repayment of a US$1,051 million long-term loan granted by LDC to its parent company, originally maturing in 2023. Combined with our strong performance in 2021, this contributed to significant deleveraging, with adjusted leverage ratio halved at 0.9x and adjusted net gearing down to 0.27 at December 31, 2021, while deploying additional working capital in pursuit of our growth plans.

In October 2021, *S&P Global Ratings* upgraded LDC's credit rating to 'BBB/A-2' with stable outlook, underlining LDC's solid operating and financial results in the first semester of 2021, and deepening the Group's access to short- and long-term debt capital markets. Our liquidity position as of December 31, 2021 remained strong with US$11.0 billion available liquidity, resulting in a coverage of 2.2x the current portion of debt.

Guided by our purpose to create fair and sustainable value, we continued to drive sustainability-linked finance models across our value chains. As of December 2021, we had included sustainability-linked mechanisms in all regional revolving credit facilities and raised a JPY10.0 billion private placement with a similar sustainability-linked mechanism in place.

At the end of 2021, LDC's group equity reached the highest level in our history at US$5.4 billion, thanks to outstanding operating performance over more than a year, owing to our teams' expertise and excellent delivery. A more robust LDC emerges from 2021, with a new shareholding structure, strong balance sheet and solid position to face upcoming challenges and deliver on our strategic ambitions.

Patrick Treuer
Chief Financial Officer

# Management Discussion & Analysis

**For the year ended December 31, 2021**

**Foreword**

The following discussion of the Group's operating results and financial position should be read in conjunction with the Group's consolidated financial statements as of, and for the years ended December 31, 2021 and December 31, 2020, prepared in accordance with International Financial Reporting Standards (IFRS).

The results presented include certain financial performance indicators, not defined by IFRS, that are used by LDC's management to assess the Group's financial performance. A definition based on the consolidated financial statements of each of these indicators can be found in the footnotes of the following discussion. The reconciliation of EBITDA and Adjusted Net Debt with the consolidated financial statements, as of and for the years ended December 31, 2021 and December 31, 2020, are provided as an appendix at the end of the following discussion.

In 2021, LDC created the Carbon Solutions Platform to drive the Group's decarbonization efforts and set science-based emissions reduction targets, supported by participation in carbon credits markets. This Platform was allocated to the Value Chain Segment, which includes the Grains & Oilseeds and Juice platforms, along with Freight and Global Markets. The Merchandizing Segment comprises the Coffee, Cotton, Rice and Sugar platforms.

Global market trends remained consistent throughout the year ended December 31, 2021. Volatility remained high, with continuing upward trends on prices for all the main products merchandized by the Group, fueled by uncertain crop size prospects due to weather conditions, logistics challenges and concerns arising from the ongoing pandemic at different stages in various areas of the globe. Demand remained resilient overall for the main products commercialized by the Group, with a strong recovery in cotton and bioenergy, while increasing freight rates weighed on demand for rice products. The foreign exchange market was marked by the slight appreciation of the main origination country currencies against the US Dollar during the first semester of the year, followed by a depreciation toward the end of the year, with the exception of the Argentine Peso, which steadily depreciated in 2021.

In this context, LDC focused on fulfilling its role as a leading global merchant and processor of agricultural goods, bridging supply and demand gaps across food and feed value chains, from farmers to end-consumers. The Group continued to take steps to ensure efficient and reliable operations for all stakeholders, minimizing disruptions at our facilities, while protecting our employees.

Uncertainty over potential global supply chain disruptions, with a container shortage and rising freight rates, as well as strong volatility in agri-commodities markets, required thorough risk management to meet commitments to stakeholders, while ensuring stable financial performance.

The Group maintained its reinforced risk management framework applied in 2020, continuing to hold both regular and ad hoc meetings to examine and mitigate risks and actively monitoring counterparty risks across all business lines in a high-price environment.

In its latest Sustainability Report published in June 2021, the Group set ambitious new sustainability targets for the years leading up to 2030. These targets underline our continued efforts toward increasingly sustainable business practices, including a commitment to measure scope 3 emissions as a basis to set science-based reduction targets from 2022 onward.

# Income Statement Analysis

As global trade uncertainty persisted, LDC leveraged its expertise and experience, diversified business portfolio, global presence and network to keep supply chains flowing efficiently, reliably and profitably.

Segment Operating Results amounted to US$1,834 million for the year ended December 31, 2021, up 17.6% from US$1,559 million for the year ended December 31, 2020, and EBITDA reached US$1,623 million, up 22.6% compared to the same period in 2020.

Income before tax for the year ended December 31, 2021 reached US$864 million, up 39.4% year on year, while net income Group Share landed at US$697 million, up 82.5% from US$382 million for the same period in 2020.

**Net Sales**

Net sales amounted to US$49.6 billion for the year ended December 31, 2021, up 47.7% compared to the same period in 2020, supported by higher prices and, to a lesser extent, higher volumes shipped by the Group, which were up 4.5% compared to 2020.

- The Value Chain Segment's net sales rose 56.8% year on year, mainly owing to higher prices of products merchandized by the Grains & Oilseeds and Juice platforms, which both shipped higher volumes of goods in 2021 than in 2020.
- The Merchandizing Segment's net sales increased by 27.8% year on year, supported by higher prices across all product lines in this segment, and higher volumes shipped by the Coffee and Cotton platforms. Volumes shipped by the Rice Platform remained stable, while the Sugar Platform's shipped volumes decreased slightly from high levels in 2020.

**Segment Operating Results**

Segment Operating Results increased to US$1,834 million for the year ended December 31, 2021, up from US$1,559 million in 2020. LDC leveraged its global footprint and market intelligence to capture profitable origination and sales opportunities, secure purchases and successfully managing risks to meet customer demand in an uncertain and complex global trade environment.

**Value Chain Segment**

Segment Operating Results amounted to US$1,191 million for the year ended December 31, 2021, compared to US$1,003 million over the same period in 2020.

The Grains & Oilseeds Platform delivered outstanding operating results in 2021. Volatility remained significant during the year, driven by uncertain crop size prospects, particularly in the Americas, and continued concerns over supply chain logistics challenges. Demand for soy and grain imports from China continued to grow during the year. Exports from the US remained strong despite smaller than expected corn and soybean crops, offering profitable origination opportunities in the country. The rise in origination volumes combined with global supply uncertainties allowed the Platform to generate strong margins through logistic assets in North America. Crushing activities significantly contributed to the Platform's performance thanks to strong margins, particularly in the US and Canada. Ethanol prices were bolstered by the rally in oil prices, as global demand for biofuels grew to support carbon emission reductions. In Brazil, rains during the harvest period and local inflation impacted logistic costs, weighing on origination margins. Our palm activities delivered strong results, while traceability to mill-level advanced to 95% of volumes sourced in 2021.

The Juice Platform's performance in 2021 improved year on year, supported by a better balance of sales volumes toward higher margin not-from-concentrate juice (NFC), despite the negative US$13 million impact from the impairment of remaining goodwill. Increased NFC production allowed the Group to meet increasing demand from China and the US, while the Platform also benefited from its fuel-efficient and low emissions fleet. Conversely, drought in Brazil weighed on yields at both citrus farms and processing plants, while increasing prices of inputs such as power and sugar cane bagasse heavily impacted processing costs. The Platform continued to drive financial performance improvements through operational enhancements and revenue diversification, and worked to contain the effects of low yields on environmental Key Performance Indicators, particularly water consumption and greenhouse gas emissions.

In 2021, the Freight Platform's operating results significantly outperformed 2020 owing to itinerary optimization and a 20% increase in volumes transported. Freight rates increased considerably throughout the year, as recovering demand from northern hemisphere economies and strong demand from China combined with record port congestions tightening the overall freight market. All vessel sizes contributed to record results as the Platform successfully navigated unprecedented volatility, relying on its proprietary analytical edge and innovative operational model to overcome logistics bottlenecks. Capesize and Handysize segments in particular performed well in a context of accrued growth in third party volumes, notably in fertilizers and steel in the Middle East and Far East. Broadened use of our chartered fleet, enhanced cross-ocean strategic geo-positioning, and further integration of decision-making tools for itinerary optimization and engine efficiency measurement, in collaboration with shipowners, contributed to the Platform's excellent results.

The Global Markets Platform provided profitable support to the Group through interest rate risk mitigation and foreign exchange risk management across all significant currencies in LDC's business, while keeping pace with the industry's constant evolution and needs.

Since its creation in September 2021, the Carbon Solutions Platform has launched a Group-wide project to set science-based emissions reduction targets for LDC, working with third-party climate experts and all of LDC's business lines, supported by participation in compliance and voluntary carbon credits markets.

**Merchandizing Segment**

Segment Operating Results reached US$643 million for the year ended December 31, 2021, compared to US$556 million for the same period in 2020.

The Cotton Platform significantly improved operating results in 2021, as global demand recovered following Covid-19 impacts in 2020, when some retailers and textile mills ceased operations in the context of global shutdowns. In 2021, demand for cotton surged as consumers returned to the marketplace, and retail and mill operations normalized. Strong origination margins across the globe, particularly from India, strong margins from our US warehousing business, combined with a successful hedging strategy, also contributed to the Platform's solid performance.

The Coffee Platform delivered a solid financial performance again in 2021, capturing continued sales growth opportunities owing largely to LDC's favorable market positioning and customer-centric, sustainability-focused approach, as well as high origination margins in all the main coffee-sourcing markets. Supply chain challenges in container freight and uncertain crop sizes, particularly for Brazilian Arabica due to a combination of crop cycle and unfavorable weather conditions, fueled market volatility and presented arbitrage opportunities during the year. The Platform continued to work toward sustainable solutions and commitments, rolling out a revised LDC Code of Conduct for coffee suppliers. 70% of coffee sourced by LDC in 2021 was supplied by partners who signed this code.

The Sugar Platform's geographic diversification and market share expansion strategy bore fruit in 2021, with improved operating results compared to 2020. The Platform's strong financial performance was boosted by its newly launched sugar-based ethanol activities, as global demand for biofuels grew worldwide and created new arbitrage opportunities. Our raw sugar commercial activities delivered strong results, particularly due to improved margins in China and enhanced origination margins in Brazil, combined with a successful hedging strategy in a volatile market impacted by uncertain crop sizes in the country.

In 2021, the Rice Platform further strengthened its presence in West Africa as a destination market and in India as an origination market, almost doubling volumes from the latter compared to 2020. The Platform once again delivered very strong operating results, only slightly below 2020's record. Despite limited arbitrage opportunities, the Platform achieved strong financial performance by entering into mutually beneficial strategic partnerships with long-term suppliers and customers. The rise in freight rates driven by container shortages and pandemic-related logistic constraints at origin weighed on rice demand and margins. The team successfully mitigated these impacts by extending its hedging strategy to freight, thus securing strong margins while ensuring supply chain continuity.

**Net Finance Costs**

Net finance costs[9] amounted to US$(230) million for the year ended December 31, 2021, compared to US$(233) million in 2020. Despite a higher share of long-term debt in its financing structure, the Group reduced its cost of funds through cost-efficient long-term debt raised in the second half of 2020 and in 2021, mainly on the back of its inaugural public rating by *S&P Global Ratings*, and a lower average London Inter-bank Offered Rate (LIBOR) compared to 2020. Interest income decreased by US$19 million, following the full repayment, in September 2021, of the US$1,051 million loan to *Louis Dreyfus Company Netherlands Holding B.V.* (LDCNH).

**Gain (Loss) on Investments and Sale of Fixed Assets**

For the year ended December 31, 2021, the Group recognized a US$8 million fair value profit related to investments under our corporate venture capital program. As a reminder, in the year ended December 31, 2020, the US$(65) million loss derived mainly from the Group's investment in Luckin Coffee.

**Income Before Tax**

Income before tax increased 39.4% year on year to US$864 million for the year ended December 31, 2021, compared to US$620 million for the same period in 2020.

**Taxes**

Taxes amounted to US$(167) million for the year ended December 31, 2021, resulting in a 19.3% effective tax rate, compared to 38.2% for the year ended December 31, 2020. The high effective tax rate in 2020 was driven by a US$(85) million negative functional currency impact, mainly attributable to the depreciation of the Brazilian Real. A more favorable geographical mix also contributed to the reduced effective tax rate in 2021.

**Net Income, Group Share**

Net income, Group Share, settled at US$697 million for the year ended December 31, 2021, up 82.5% from US$382 million for the same period in 2020. Return on equity rose from 8.0% in 2020 to 14.3% in 2021.

[9] Interest income, Interest expense and Other financial income and expense.

# Balance Sheet Analysis

### Non-Current Assets

As of December 31, 2021, non-current assets amounted to US$4,879 million, down from US$4,985 million as of December 31, 2020:

- Fixed assets landed at US$3,989 million, compared to US$3,777 million as of December 31, 2020, as right of use increased during the year 2021, driven by new long-term time charter contracts.
- Investments in associates and joint ventures increased from US$216 million as of December 31, 2020, to US$227 million as of December 31, 2021. The US$11 million increase is mainly attributable to an additional capital injection in *Terminal Exportador de Santos S.A.* in the first semester of 2021.
- Non-current financial assets decreased from US$554 million as of December 31, 2020, to US$299 million as of December 31, 2021. This US$255 million decrease is mainly attributable to the full reimbursement of the shareholder loan granted in 2018 by LDC to its parent company LDCNH.
- Deferred income tax assets fell to US$129 million as of December 31, 2021, from US$184 million as of December 31, 2020, mainly driven by taxable profits which could be applied against carry forward losses.
- Other non-current assets amounted to US$235 million as of December 31, 2021, down from US$254 million on December 31, 2020 thanks to the collection of tax credits, particularly in Brazil.

### Capital Expenditure and Divestment

Maintaining its highly selective investment policy, LDC invested US$372 million during the year ended December 31, 2021, supporting its strategic ambitions while securing solid cash flows and remaining prudent in its capital deployment, as a volatile environment and Covid-related uncertainty persisted. With the majority of capital expenditure remaining discretionary as per the Group's investment policy, LDC is well-positioned to adapt to and capture emerging opportunities as they arise.

Through its corporate venture capital program, LDC Innovations, the Group invested in *Comet Bio*, a specialty food ingredients developer and manufacturer, participated in a second funding round for *Motif FoodWorks*, thereby doubling the size of its investment in this company, and strengthening its existing participation in new protein and aqua funds.

The Group continued to invest in planned and custom maintenance and enhancements to ensure the continued operational performance and safety of its existing assets. LDC also moved forward with strategic long-term projects for the expansion of its logistics network, and with systems and process developments and improvements, particularly the roll-out of its new global back-office enterprise resource planning (ERP) system, and the deployment of an upgraded version of its existing front-office system, common to Grains & Oilseeds, Sugar and Rice.

#### Value Chain Segment

The Segment invested US$310 million over the year ended December 31, 2021, mostly to expand grains and oilseeds processing capacity and support our developments downstream.

In Brazil, the Grains & Oilseeds Platform continued to invest in its waterway fleet as part of the North Corridor project and made a sixth planned capital injection into our *Terminal Exportador de Santos S.A.* joint venture. In addition, the Group launched an investment program for its *Kowalski* plant in Rio Verde, Goiás State, to improve processing efficiency and flexibility, and increase storage and packaging capacity. The Platform also invested in the expansion of its plants in Claypool, Indiana, US, adding new lecithin and canola packaging units, and in Tianjin, China, with a new specialty oils production line to support our downstream ambitions in the country. The Group also invested to secure land for the construction of a food industrial park in the Port of Nansha, Guangzhou, in collaboration with Chinese partners.

During 2021, Juice Platform investments focused on industrial asset maintenance and continuous improvement, largely in Brazil, as well as operational safety enhancements.

#### Merchandizing Segment

Over the year ended December 31, 2021, platforms in the Segment invested US$62 million in industrial asset maintenance, mainly for its *Imperial Sugar* business in the US, as well as in expansion of rice and coffee warehousing assets in Côte d'Ivoire and Brazil respectively.

The Coffee Platform invested in a freeze-dried instant coffee plant in Vietnam through a joint venture with *Instanta Sp. z o.o.*, to address growing instant coffee demand.

### Working Capital Usage

Working Capital Usage (WCU) increased to US$8.7 billion as of December 31, 2021 from US$7.7 billion as of December 31, 2020. While Value Chain Segment platforms decreased their working capital needs as of December 31, 2021 compared to December 31, 2020, the increase in Merchandizing Segment working capital needs set the trend at Group level.

- All Value Chain Segment platforms contributed to the reduction in WCU, though Grains & Oilseeds drove the trend through a significant reduction in margin deposits.
- Merchandizing Segment working capital needs increased compared to 2020 year-end levels, with Cotton and Coffee setting the trend on the back of higher prices that translated into higher inventories values. Sugar and Rice also contributed to increased WCU due to respectively higher inventories in hand and increased receivables, recovering from a low point at the end of 2020.

Due to their highly liquid nature, certain agricultural inventories are treated as Readily Marketable Inventories (RMIs), which are readily convertible into cash due to widely available markets and international pricing mechanisms. LDC considers that trading inventories with a liquidity horizon of less than three months qualify as RMIs if they can be sold without discount. As of December 31, 2021, RMIs represented 94.2% of the Group's trading inventories, compared to 95.4% as of December 31, 2020.

### Financing

LDC's funding model is designed to support its long-term strategy. To preserve a balanced capital structure and match financial resources with funding requirements, the Group's key guidelines are that long-term debt is primarily dedicated to support long-term investments, while short-term debt is used to support ongoing business in financing its main working capital needs.

LDC's operations to originate, store, transform and deliver agricultural commodities throughout the world require sizeable amounts of capital and its funding model is flexible enough to allow the Group to adapt funding to volatile market conditions. To guarantee continued access to capital, LDC implemented a funding strategy based on the following pillars:

- Diversified sources of funds: 48% of long-term financing came from debt capital markets as of December 31, 2021;
- Increasing debt maturity profile: average maturity of non-current portion of long-term financing was 4.5 years as of December 31, 2021, up from 4.1 years as of December 31, 2020;
- Sizeable number of committed facilities: 43.2% of total Group facilities were committed, of which US$2.5 billion with maturities beyond one year remained undrawn as of December 31, 2021;
- US$3.4 billion facilities embedding sustainability-linked pricing mechanisms based on the reduction of environmental key performance indicators: $CO_2$ emissions (kg$CO_2$/MT), electricity & energy consumption (kWh/MT), water usage ($m^3$/MT) and solid waste sent to landfills (kg/MT); and
- the Group's public investment grade rating (BBB/A2 with a stable outlook) by *S&P Global Ratings.*

This last point allowed the Group to broaden its investor base and further enhance its access to liquidity, on both short-term European Commercial Paper and long-term Eurobond markets.

Accordingly, over the year ended December 31, 2021, the Group successfully issued a €500 million 7-year bond and increased the size of its Commercial Paper program from €1 billion to €1.5 billion. The latter adds further access to short-term liquidity to fund business needs, particularly in the context of fast-moving commodity markets and induced margin call fluctuations.

This highlights the Group's willingness to further diversify sources of funding, balanced more toward debt capital markets, including European Commercial Paper, and a longer-term maturity profile.

**Debt and Leverage**

As of December 31, 2021, long-term debt[10] stood at US$4.8 billion, up from US$3.9 billion as of December 31, 2020. This US$0.9 billion increase corresponds mainly to the €500 million 7-year bond issuance in April 2021 and US$0.3 billion increase in other long-term debt raised in 2021 (as detailed hereafter in the 'Financing Arrangements' section).

The issuance of two Eurobonds in November 2020 and April 2021, as well as the increased Samurai loan, reflect the Group's ability to maintain ample access to long-term liquidity, even in challenging market conditions. As a result, the Group landed with significant long-term debt versus non-current assets as of December 31, 2021.

Short-term debt[11] decreased from US$5.9 billion on December 31, 2020 to US$4.0 billion as of December 31, 2021, following the combined effect of increased long-term financing, the early repayment of the US$1,051 million loan granted to LDCNH B.V. and the reduction in cash and cash equivalents. The latter stood at US$0.7 billion as of December 31, 2021, compared to US$1.3 billion at the end of 2020.

In line with common practice in the agribusiness sector, short-term debt should be netted against RMIs, as those inventories can be considered as quasi-cash due to their highly liquid nature. Adjusted net debt reached US$1.5 billion as of December 31, 2021, with an adjusted leverage ratio of 0.9x, significantly below the 1.8x mark as of December 31, 2020. Adjusted net gearing stood at 0.27 as of December 31, 2021, compared to 0.48 as of December 31, 2020.

**Liquidity**

The Group prudently manages financial risks, ensuring sustained access to liquidity. As of December 31, 2021, the Group had US$3.5 billion of undrawn committed bank lines, of which US$2.5 billion with maturities beyond one year. Available liquidity, which comprises current financial assets, RMIs and undrawn committed bank lines, remained very strong throughout the period and stood at US$11.0 billion as of December 31, 2021, enabling the Group to cover 2.2x its short-term debt at this date.

In response to potential changes in working capital needs induced by Covid-19, the Group maintained its prudent approach to preserving available committed liquidity. Accordingly, the Group kept its six regional committed revolving credit facilities (RCFs) fully undrawn since early April 2020 and financed its activity through outstanding term loans, uncommitted bank lines and commercial paper.

**Financing Arrangements**

***Long-Term Financing***

In February 2021, the Group raised an additional €50 million on the back of a reverse inquiry following its existing €600 million 2.375% bond, issued in November 2020 and due in November 2025.

In April 2021, the Group issued a €500 million rated senior unsecured bond with a seven-year tenor and a coupon of 1.625%. The offer met with strong demand from more than 190 investors placing orders totaling over €1.5 billion. The bond is listed on the *Luxembourg Stock Exchange* regulated market.

In July 2021, *Louis Dreyfus Company Suisse S.A.* refinanced and increased, one year ahead of maturity, its JPY34.3 billion Samurai three-year loan with Japanese investors into a new JPY64.9 billion facility. The new loan is composed of a JPY54.9 billion Samurai three-year term tranche and a JPY10.0 billion five-year tranche. This term loan helps build long-term relationships with new partners, diversifying sources of funding and increasing the level of committed facilities. This term loan is guaranteed by *Louis Dreyfus Company B.V.*

In October 2021, *Louis Dreyfus Company B.V.* raised a five-year JPY10.0 billion private placement with a Japanese investor. This financing includes a sustainability-linked pricing mechanism through which the interest rate is linked to performance against the same environmental KPIs as the Group's RCFs, targeting reductions in $CO_2$ emissions, electricity and energy consumption, water usage and solid waste sent to landfill.

[10] Current and non-current portion of the long-term debt.
[11] Short-term debt plus financial advances from related parties, net of repurchase agreements.

***Revolving Credit Facilities***

The Group has six syndicated RCFs in three of its regional hubs (Singapore, Switzerland and US), as well as a bilateral one with the *European Bank for Reconstruction and Development*, for a total amount of US$3.4 billion as of December 31, 2021. The Group mitigates the risk of refinancing by maintaining geographical diversification and staggered maturity dates. To that end, each of its three regional hubs usually refinances one of its RCFs each year, one year ahead of maturity when market conditions are deemed favorable.

LDC's diversified funding approach proved resilient in the context of Covid-19 challenges. The Group benefited from its flexible funding setup, pending more stable conditions to refinance its US$600 million RCF in the US, maturing in 2021.

In May 2021, *Louis Dreyfus Company LLC* refinanced and increased its US$600 million RCF into a three-year US$650 million RCF maturing in May 2024. The loan includes a sustainability-linked pricing mechanism, like those already in place for the Group's other RCFs. The loan is guaranteed by *Louis Dreyfus Company B.V.*

In September 2021, *Louis Dreyfus Company Asia Pte. Ltd.* refinanced its US$671 million RCF into a three-year US$730 million facility maturing in September 2024. The loan is guaranteed by *Louis Dreyfus Company B.V.*

In December 2021, *Louis Dreyfus Company Suisse S.A.* refinanced and increased its two-year US$348 million RCF into a three-year US$445 million facility maturing in December 2024. The facilities are guaranteed by *Louis Dreyfus Company B.V.*

Consequently, as of December 31, 2021, out of US$3.4 billion of committed RCFs, US$2.5 billion were maturing above one year.

All of the Group's RCFs included a sustainability-linked pricing mechanism as of December 31,2021.

***EU Commercial Paper Program***

*Louis Dreyfus Company B.V.*'s rated EU Commercial Paper Program allows the Group to benefit from diversified access to short-term financing, with an outstanding amount of US$397 million as of December 31, 2021 (versus US$536 million as of December 31, 2020) across maturities ranging up to 12 months, with a peak at US$1,378 million as of June 30, 2021.

## Equity

Equity attributable to owners of the company increased from US$4,858 million as of December 31, 2020 to US$5,383 million as of December 31, 2021, with total equity of US$5,427 million at the same date, the highest level in the Group's history.

The US$525 million increase in equity attributable to owners of the company over the year ended December 31, 2021, mainly resulted from the US$697 million of net income, Group share for the period, as well as the payment of a US$191 million dividend.

## Risk

Identifying and quantifying risks is central to LDC's business model, and the Group has long been committed to developing appropriate organizational structures to mitigate and manage these risks.

As usual, the Group closely monitored its daily value-at-risk (VaR) and kept it significantly below 1% of its equity, with an average VaR usage of 0.42% during the year ended December 31, 2021, compared to 0.26% over the year ended December 31, 2020. The ratio increase was driven by higher prices and more volatile markets across our product lines.
VaR is only one of the risk metrics within LDC's wider risk management system.

## Subsequent Events

On February 9, 2022, LDC also committed to zero deforestation & native vegetation conversion in our supply chains by the end of 2025, consistently with our efforts toward decarbonization for a more sustainable business.

On March 15, 2022, the Group inaugurated an R&D facility in the San Francisco Bay Area, California, US, as part of the setup of a new Plant Proteins business to address growing demand for sustainable, affordable and high-quality plant-based proteins. This development serves the Group's strategic ambitions to diversify revenue through more value-added products.

In the context of the Russia-Ukraine conflict and related trade restrictions in the region, the Group is closely monitoring a complex and rapidly-evolving situation, with a focus on people safety and essential supply chain continuity.

Russia and Ukraine are key international grain origins and the persistence of the conflict and trade restrictions may have a material impact on the Group's operations locally. As of December 31, 2021, the Group held total assets of US$289 million and liabilities for US$216 million in Ukraine. In Russia, total assets and total liabilities amounted to US$57 million and US$18 million respectively, at the same date. In the year ended December 31, 2021, grains originated from these two countries represented less than 4% of Group net sales in dollar terms.
Under its policy to insure assets against political and war risks whenever possible, the Group mitigates a large share of its exposure in Ukraine and Russia.

This situation also adds uncertainty to the Taman project timeline, financial projections (which are highly dependent on business conditions in the area) and outcome of ongoing arbitration. As such, the Group cannot reliably assess the potential financial impacts on the project as of March 22, 2022.

### Reconciliation With the Consolidated Financial Statements

Unless otherwise stated in the 'Notes' column of the following tables, all figures can be found either in the 'Consolidated Income Statement', the 'Consolidated Balance Sheet' or the 'Consolidated Statement of Cash Flows'.

***EBITDA (Year ended December 31)***

| In US$m | Notes | 2021 | 2020 |
|---|---|---|---|
| **Income before tax** | | **864** | **620** |
| (-) Interest income | | (59) | (78) |
| (-) Interest expense | | 252 | 299 |
| (-) Other financial income and expense | | 37 | 12 |
| (+) Other (financial income related to commercial transactions) | 2.3 | (6) | 20 |
| (-) Depreciation and amortization | | 536 | 447 |
| (-) Gain (loss) on sale of consolidated companies | 2.4 | — | 1 |
| (-) Gain (loss) on sale of investments in associates and joint ventures | 2.4 | (1) | 2 |
| (-) Gain (loss) on sale of fixed assets | 2.4 | — | 1 |
| **= EBITDA** | | **1,623** | **1,324** |

***Adjusted Net Debt (as of)***

| In US$m | Note | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| (+) Long-term debt | | 4,036 | 3,690 |
| (+) Current portion of long-term debt | | 766 | 198 |
| (+) Short-term debt | | 3,922 | 5,765 |
| (+) Financial advances from related parties | | 209 | 154 |
| (-) Repurchase agreements | 5.3 | (167) | (6) |
| (-) Financial advances to related parties - current portion | | (5) | (804) |
| (-) Other financial assets at fair value through P&L | | (301) | (223) |
| (+) Marketable securities held for trading | 5.5 | 215 | 122 |
| (-) Cash and cash equivalents | | (696) | (1,296) |
| **= Net debt** | | **7,979** | **7,600** |
| (-) RMIs | 4.5 | (6,514) | (5,246) |
| **= Adjusted Net Debt** | | **1,465** | **2,354** |

# Independent Auditor's Report

**To the Managing Directors of *Louis Dreyfus Company B.V.***

**Opinion**

We have audited the accompanying consolidated financial statements of *Louis Dreyfus Company B.V.* and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including the significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of December 31, 2021, and of its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

**Basis for Opinion**

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw attention to Note 7.4 Subsequent events to the Consolidated Balance Sheet, which describes the potential impacts that the military conflict between Russia and Ukraine may have on the assets and liabilities owned/due by the Group in these two countries, and to Note 5.4 Non-Current Financial Assets to the consolidated financial statements, which describes the joint venture agreement for the development and construction of a deep-sea terminal in the Taman peninsula in southern Russia and the financial exposure for the Group. The Note 5.4 also discusses whether the loan and the equity investment might be impaired if the construction of the deep-sea terminal is not achieved or if the outcome of the arbitration is unfavorable, or if any other event in connection with the political or economic situation in Russia may occur.

Our opinion is not modified in respect of these matters.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

**Applicable Law**

This report is governed by, and construed in accordance with, French law. The Courts of France shall have exclusive jurisdiction in relation to any claim, difference or dispute which may arise out of or in connection with our engagement letter or this report. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

Paris-La Défense, France, March 22, 2022

Deloitte & Associés
François BUZY

# Consolidated Income Statement

**Year ended December 31**

| (in millions of US$) | Notes | 2021 | 2020 |
|---|---|---|---|
| Net sales | 2.2 | 49,569 | 33,564 |
| Cost of sales | | (47,734) | (32,012) |
| **Gross margin** | | **1,835** | **1,552** |
| Commercial and administrative expenses | | (742) | (638) |
| Interest income | 2.3 | 59 | 78 |
| Interest expense | 2.3 | (252) | (299) |
| Other financial income and expense | 2.3 | (37) | (12) |
| Share of profit (loss) in investments in associates and joint ventures | 3.3 | (1) | 7 |
| Gain (loss) on investments and sale of fixed assets | 2.4 | 2 | (65) |
| Other gains and losses | | — | (3) |
| **Income before tax** | | **864** | **620** |
| Income taxes | 2.5 | (167) | (237) |
| **Net income** | | **697** | **383** |
| Attributable to: | | | |
| **Owners of the company** | | **697** | **382** |
| Non-controlling interests | | — | 1 |

# Consolidated Statement of Comprehensive Income

**Year ended December 31**

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| **Net income** | **697** | **383** |
| | | |
| **Items reclassified from equity to net income during the year** | | |
| Cash flow and net investment hedges - change in fair value, gross | 33 | 115 |
| Related tax impact | (10) | (35) |
| Exchange differences recycled upon sale/liquidation of investments | — | 3 |
| Investments in associates and joint ventures - share of other comprehensive income | 1 | — |
| **Total** | **24** | **83** |
| | | |
| **Items that may be reclassified subsequently from equity to net income** | | |
| Cash flow and net investment hedges - change in fair value, gross | (20) | (183) |
| Related tax impact | 11 | 55 |
| Exchange differences arising on translation of foreign operations | (12) | 40 |
| Investments in associates and joint ventures - share of other comprehensive income | (2) | (5) |
| **Total** | **(23)** | **(93)** |
| | | |
| **Items that will not be reclassified subsequently from equity to net income** | | |
| Pensions, gross | 24 | (6) |
| Related tax impact | (6) | 3 |
| **Total** | **18** | **(3)** |
| | | |
| **Changes in other comprehensive income (OCI)** | **19** | **(13)** |
| | | |
| **Total comprehensive income** | **716** | **370** |
| Attributable to: | | |
| **Owners of the company** | **715** | **369** |
| Non-controlling interests | 1 | 1 |

# Consolidated Balance Sheet

**As of December 31**

| (in millions of US$) | Notes | 2021 | 2020 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 3.1 | 290 | 309 |
| Property, plant and equipment | 3.2 | 3,699 | 3,468 |
| Investments in associates and joint ventures | 3.3 | 227 | 216 |
| Non-current financial assets | 5.4 | 299 | 554 |
| Deferred income tax assets | 2.5 | 129 | 184 |
| Other non-current assets | 3.4 | 235 | 254 |
| **Total non-current assets** | | **4,879** | **4,985** |
| | | | |
| **Current assets** | | | |
| Inventories | 3.7 | 7,563 | 6,101 |
| Biological assets | 3.8 | 58 | 43 |
| Trade and other receivables | 3.9 | 5,794 | 4,256 |
| Derivative assets | 4.8 | 2,443 | 3,023 |
| Margin deposits | 4 | 1,524 | 2,117 |
| Current tax assets | | 47 | 52 |
| Financial advances to related parties | 7.3 | 5 | 804 |
| Other financial assets at fair value through profit and loss | 5.5 | 301 | 223 |
| Cash and cash equivalents | 5.6 | 696 | 1,296 |
| **Total current assets** | | **18,431** | **17,915** |
| Assets classified as held for sale | 1.4 | 316 | 353 |
| **Total assets** | | **23,626** | **23,253** |

# Consolidated Balance Sheet Continued

**As of December 31**

| (in millions of US$) | **Notes** | **2021** | 2020 |
|---|---|---|---|
| **Equity** | | | |
| Issued capital and share premium | | 1,587 | 1,587 |
| Retained earnings | | 3,940 | 3,409 |
| Other reserves | | (144) | (138) |
| ***Equity attributable to owners of the company*** | | ***5,383*** | ***4,858*** |
| *Equity attributable to non-controlling interests* | | *44* | *12* |
| **Total stockholders' equity and non-controlling interests** | 5.1 | **5,427** | **4,870** |
| | | | |
| **Non-current liabilities** | | | |
| Long-term debt | 5.2 | 4,036 | 3,690 |
| Retirement benefit obligations | 6.1 | 87 | 99 |
| Provisions | 3.6 | 74 | 69 |
| Deferred income tax liabilities | 2.5 | 151 | 170 |
| Other non-current liabilities | 3.5 | 136 | 95 |
| **Total non-current liabilities** | | **4,484** | **4,123** |
| | | | |
| **Current liabilities** | | | |
| Short-term debt | 5.3 | 3,922 | 5,765 |
| Current portion of long-term debt | 5.2 | 766 | 198 |
| Financial advances from related parties | 7.3 | 209 | 154 |
| Trade and other payables | 3.10 | 5,965 | 4,764 |
| Derivative liabilities | 4.8 | 2,640 | 3,198 |
| Provisions | 3.6 | 27 | 9 |
| Current tax liabilities | | 99 | 75 |
| **Total current liabilities** | | **13,628** | **14,163** |
| Liabilities associated with assets classified as held for sale | 1.4 | 87 | 97 |
| **Total liabilities** | | **18,199** | **18,383** |
| **Total equity and liabilities** | | **23,626** | **23,253** |

# Consolidated Statement of Cash Flows

**Year ended December 31**

| (in millions of US$) | **Notes** | **2021** | 2020 |
|---|---|---|---|
| Net income | | 697 | 383 |
| Adjustments for items not affecting cash | | | |
| Depreciation and amortization | | 536 | 447 |
| Biological assets' change in fair value | 3.8 | (8) | 1 |
| Income taxes | 2.5 | 167 | 237 |
| Net finance costs | | 250 | 242 |
| Other provisions, net | | 52 | 22 |
| Share of (profit) loss in investments in associates and joint ventures, net of dividends | 3.3 | 9 | 8 |
| (Gain) loss on investments and sale of fixed assets | 2.4 | (2) | 65 |
| Net expense arising from share-based payments | 6.2 | 9 | 32 |
| | | **1,710** | **1,437** |
| Changes in operating assets and liabilities | | | |
| Inventories and biological assets | | (1,489) | (952) |
| Derivatives | | (52) | 127 |
| Margin deposits net of margin deposit liabilities | | 472 | (1,072) |
| Trade and other receivables | | (1,645) | 460 |
| Trade and other payables | | 1,338 | (208) |
| Interests paid | | (312) | (334) |
| Interests received | | 120 | 99 |
| Income tax received (paid) | | (66) | (111) |
| **Net cash from (used in) operating activities** | | **76** | **(554)** |
| **Investing activities** | | | |
| Purchase of fixed assets | | (339) | (270) |
| Additional investments, net of cash acquired | | (33) | (36) |
| Change in short-term securities | | (5) | 115 |
| Proceeds from sale of fixed assets | | 12 | 3 |
| Proceeds from sale of investments, net | | 36 | 48 |
| Change in loans and advances made | | 6 | (1) |
| **Net cash from (used in) investing activities** | | **(323)** | **(141)** |
| **Financing activities** | | | |
| Net proceeds from (repayment of) short-term debt and related parties loans and advances | 5.3 | (909) | 1,776 |
| Proceeds from long-term financing | 5.2 | 1,215 | 856 |
| Repayment of long-term financing | 5.2 | (362) | (1,048) |
| Repayment of lease liabilities | 7.1 | (145) | (70) |
| Dividends paid to equity owners of the company | 5.1 | (191) | (302) |
| Increase in capital financed by non-controlling interests | | 30 | — |
| **Net cash from (used in) financing activities** | | **(362)** | **1,212** |
| Exchange difference on cash | | 7 | 23 |
| **Net increase (decrease) in cash and cash equivalents** | | **(602)** | **540** |
| Cash and cash equivalents, at beginning of the year | 5.6 | 1,296 | 750 |
| Change in cash and cash equivalents reclassified to held for sale assets | 1.4 | 2 | 6 |
| **Cash and cash equivalents, at year-end** | 5.6 | **696** | **1,296** |

# Consolidated Statement of Changes in Equity

**Year ended December 31**

| (in millions of US$) | **Notes** | Issued capital and share premium | Retained earnings | Other reserves | **Equity attributable to owners of the company** | Equity attributable to non-controlling interests | **Total equity** |
|---|---|---|---|---|---|---|---|
| **Balance as of December 31, 2019** | | **1,587** | **3,318** | **(119)** | **4,786** | **12** | **4,798** |
| Net income | | | 382 | | **382** | 1 | **383** |
| Other comprehensive income, net of tax | | | | (13) | **(13)** | — | **(13)** |
| **Total comprehensive income** | 5.1 | | **382** | **(13)** | **369** | **1** | **370** |
| Dividends | 5.1 | | (302) | | **(302)** | — | **(302)** |
| Deferred compensation plan, net of tax | 5.1 | | 11 | (6) | **5** | | **5** |
| Change in the list of consolidated companies | | | — | | **—** | (1) | **(1)** |
| **Balance as of December 31, 2020** | | **1,587** | **3,409** | **(138)** | **4,858** | **12** | **4,870** |
| Net income | | | 697 | | **697** | — | **697** |
| Other comprehensive income, net of tax | | | | 18 | **18** | 1 | **19** |
| **Total comprehensive income** | 5.1 | | **697** | **18** | **715** | **1** | **716** |
| Dividends | 5.1 | | (191) | | **(191)** | — | **(191)** |
| Deferred compensation plan, net of tax | 5.1 | | 24 | (24) | **—** | | **—** |
| Change in the list of consolidated companies | | | — | — | **—** | 31 | **31** |
| Others | | | 1 | — | **1** | — | **1** |
| **Balance as of December 31, 2021** | | **1,587** | **3,940** | **(144)** | **5,383** | **44** | **5,427** |

# Notes to the Consolidated Financial Statements

*Louis Dreyfus Company B.V.* ("LDC" or the "company") is a privately owned company incorporated in the Netherlands on December 28, 2004, registered at the *Chamber of Commerce* under registration number 24371219. The address of its registered office is Westblaak 92, 3012 KM Rotterdam, Netherlands. LDC is an indirect subsidiary of *Louis Dreyfus Holding B.V.* (LDH), a privately owned Dutch company controlled by the family foundation established by Robert Louis-Dreyfus.

As of December 31, 2011, LDC was a direct subsidiary of *Louis Dreyfus Company Holdings B.V.* (LDCH), a company incorporated in the Netherlands. Effective December 4, 2012, LDCH contributed all its shares and voting rights in LDC to the newly formed intermediate holding company *Louis Dreyfus Company Netherlands Holding B.V.* (LDCNH). On September 10, 2021, the sale of an indirect 45% equity stake in LDC to Abu Dhabi-based ADQ, one of the region's largest holding companies, was completed and triggered a legal reorganization. As of this date, LDC became a direct subsidiary of LDCH, which in turn is held by *Louis Dreyfus Company International Holding B.V.*, the new holding company indirectly owned at 45% by *Abu Dhabi Developmental Holding Company* and at 55% by LDH.

LDC and its subsidiaries (the "Group") is a global merchant and processor of agricultural goods, operating a significant network of assets around the world. The Group's activities span the entire value chain from farm to fork, across a broad range of business lines (platforms). Since its inception in 1851, the Group's portfolio has grown and now includes Grains & Oilseeds, Coffee, Cotton, Juice, Rice, Sugar, Freight, Global Markets and the newly created Carbon Solutions Platform.

In December 2013, LDC completed the issuance of an unrated senior bond for €500 million (7-year, 4% coupon) which was reimbursed in December 2020. In 2017, LDC completed the issuance of two unrated senior bonds: one in February for €400 million (5-year, 4% coupon) and one in June for US$300 million (6-year, 5.25% coupon). In November 2020, LDC completed the issuance of a BB+ rated senior bond for €600 million (5-year, 2.375% coupon) completed in February 2021 by an additional €50 million through a reverse inquiry. In April 2021, LDC completed the issuance of a BB+ rated senior bond for €500 million (7-year, 1.625% coupon). These bonds are listed on the *Luxembourg Stock Exchange* (refer to Note 5.2).

## 1. Accounting Policies and Consolidation Scope

### 1.1 Accounting Policies

The consolidated financial statements of LDC are prepared in US Dollars, which is the functional currency of the main subsidiaries of the Group.

The December 2021 consolidated financial statements of LDC (the "Financial Statements") were approved by the Board of Directors of LDC on March 22, 2022.

The Financial Statements were prepared in accordance with *International Financial Reporting Standards* (IFRS) adopted by the European Union as of December 31, 2021 and IFRS as issued by the *International Accounting Standards Board* (IASB). The Group has not adopted IAS 33 "Earnings per Share" since this standard is not mandatory for companies whose ordinary shares are not publicly traded.

Accounting policies used to prepare these Financial Statements are the same as those used to prepare the consolidated financial statements as of and for the year ended December 31, 2020, except for the adoption of new amendments, standards and interpretations as of January 1, 2021, as detailed below.

**New and Amended Accounting Standards and Interpretations Effective in 2021**

The following amendments applied starting from 2021 have had no effect on the balance sheet or performance of the Group:

- Amendments to IFRS 4 "Insurance contracts – deferral of IFRS 9".
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2", addressing the financial reporting implications following the replacement of an interest rate benchmark by an alternative benchmark rate, including the effect of changes to contractual cash flows or hedging relationships, along with the necessary disclosure requirements.
- Amendment to IFRS 16 "Leases: Covid-19-related Rent Concessions beyond June 30, 2021". The amendment extends the availability of the exemption from assessing whether a Covid-19-related rent concession is a lease modification by one year. The Group did not apply the exemption, as no significant rent concession related to Covid-19 was granted during the period.

The Group did not adopt any standard, interpretation or amendment that was issued but is not yet effective.

**New and Amended Accounting Standards and Interpretations Approved by the European Union Effective in Future Periods**

- Annual improvements to IFRSs 2018-2020, including:
  - Amendments to IFRS 9 "Financial Instruments"
  - Amendments to IFRS 16 "Leases"
  - Amendments to IAS 41 "Agriculture".
- Narrow-scope amendments to IFRS 3, IAS 16 and IAS 37.

The amendments above will come into effect as of January 1, 2022 and are not expected to have any impact on the Group's financial statements.

- IFRS 17 "Insurance Contracts" and related amendments. The standard and amendments will come into effect as of January 1, 2023 with early application permitted.
- Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies". The amendments will come into effect as of January 1, 2023 with early application permitted.
- Amendments to IAS 8 "Definition of Accounting Estimates". The amendments will come into effect as of January 1, 2023 with early application permitted.

**Accounting Standards and Interpretations Issued by the IASB but not yet Approved by the European Union**

The following standards and interpretations issued by the IASB are not yet approved by the European Union. Their potential impact is currently under review by the Group.

- Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The amendments will come into effect as of January 1, 2023 with early application permitted.
- Amendment to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The amendments will come into effect as of January 1, 2023 with early application permitted.
- Amendments to IFRS 17 "Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative information". The amendments will come into effect as of January 1, 2023.

## 1.2 Basis of Consolidation and Use of Estimates

**Basis of Consolidation**

In accordance with IFRS 10 "Consolidated Financial Statements", the Financial Statements include the financial statements of all entities that the Group controls directly or indirectly, regardless of the level of the Group's equity interest in the entity. An entity is controlled when the Group has power over the entity, exposure or rights to variable returns from its involvement with the entity, and the ability to affect those returns through its power over the entity. In determining whether control exists, potential voting rights must be taken into account if those rights are substantive - in other words they can be exercised on a timely basis when decisions about the relevant activities of the entity are to be taken. Commitments given by the Group to purchase non-controlling interests in Group-controlled companies are included in liabilities. Entities consolidated by the Group are referred to as ''subsidiaries''.

In accordance with IFRS 11 "Joint Arrangements", the Group classifies its joint arrangements (i.e. arrangements in which the Group exercises joint control with one or more other parties) either as a joint operation or a joint venture. The Group exercises joint control over a joint arrangement when decisions relating to the relevant activities of the arrangement require the unanimous consent of the Group and the other parties with whom control is shared. The Group exercises significant influence over an entity (referred to as "associates") when it has the power to participate in the financial and operating policy decisions of that entity but does not have the power to exercise control or joint control over those policies.

In accordance with IAS 28 "Investments in Associates and Joint Ventures", the equity method is used to account for joint ventures and associates. In the case of a joint operation, the Group recognizes the assets and liabilities of the operation in proportion to its rights and obligations relating to those assets and liabilities. Joint ventures are accounted for using the equity method.

All consolidated subsidiaries and companies carried at equity prepared their accounts as of December 31, 2021 in accordance with the accounting policies and methods applied by the Group.

Intercompany transactions and balances are eliminated in consolidation.

A change in the ownership interest in a subsidiary, without loss of control, is accounted for as an equity transaction. In the event that the Group loses control over a subsidiary, the Group:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any benefit or deficit in the income statement; and
- Reclassifies components previously recognized in other comprehensive income to the income statement or retained earnings, as appropriate.

### Use of Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Group engages in price risk management activities, principally for trading purposes. Activities for trading purposes are accounted for using the mark-to-market method. In the absence of quoted prices, market prices used to value these transactions reflect management's best estimate considering various factors including the closing exchange and over-the-counter quotations, parity differentials, time value and price volatility underlying the commitments. Values reflect the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date under current market conditions.

Goodwill is tested annually for impairment in accordance with the valuation methodology described below. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, which require the use of estimates.

Cash-generating units are defined at the lowest level of independent cash flows generated by the corresponding assets measured. Applying this methodology, the Group identified nine main independent cash-generating units corresponding to its commodity platforms. The value-in-use calculations are based on pre-tax cash flow projections set on business plans prepared by the management and approved by the Board of Directors, covering a five-year period and potentially an extrapolation of the cash flows beyond the five-year plan to cover a full life cycle, and a terminal value using a perpetual growth rate. The recoverable amount is the sum of the discounted cash flows and the discounted terminal residual value. The discount rate used is based on the weighted average cost of capital of the Group before tax.

Biological assets (except bearer plants) are carried at fair value, estimated using discounted expected future cash flows, less costs to sell. This calculation includes estimates of productivity, quality, market price, labor costs, and changes in interest rates. Market prices are derived from prices available on quoted active markets for products related to the biological assets valued. Biological assets are grouped by location to better integrate significant attributes like maturity, quality, labor cost need and yield, in the determination of their fair value. Comparisons are made on an ongoing basis to adjust estimates from past harvests and changes in market prices. Projections are made in US Dollars with a finite projection period, based on the remaining useful life of each group of biological assets identified.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies.

The Group uses estimates to determine the fair value of certain items such as non-current financial assets at fair value through profit and loss (refer to Note 5.4).

### Foreign Currencies

Financial statements of foreign operations are translated from the functional currency into US Dollars using exchange rates in effect at period end for assets and liabilities, and average exchange rates during the period for income, expenses and cash flows. However, for certain material transactions, a specific exchange rate is used when considered relevant. Related translation adjustments are reported as a separate component of equity. A proportionate share of translation adjustments relating to a foreign investment is recognized through the consolidated income statement when this investment is fully or partially sold.

When the functional currency of an entity is not the local currency, its local financial statements are first converted using historical exchange rates for non-monetary items such as non-trading inventories, properties and depreciation, and related translation adjustments are included in the current year's operations.

Exchange differences arising on monetary items that form an integral part of the net investment in foreign subsidiaries are recognized in other comprehensive income, under "Exchange differences arising on translation of foreign operations", for their net-of-tax amount.

Exchange differences on monetary items such as receivables and payables denominated in a foreign currency are recorded in the income for the year.

On a regular basis, the Group reviews the functional currencies used in measuring foreign operations to assess the impact of recent evolutions of its activities and the environment in which it operates.

### Consolidated Financial Statements

Income and expenses are analyzed by function in the consolidated income statement. Cost of sales includes depreciation and employment costs relating to processing plants and warehouses. It also includes net unrealized gain or loss on open purchase contracts and inventories of the commodity and freight trading activities, as well as the change in fair value of biological assets. Commercial and administrative expenses include the cost of traders and administrative employees, depreciation of office buildings and equipment, as well as expenses resulting from the fair value of shares and stock options granted to employees.

Assets and liabilities are presented separately between current and non-current. For each asset and liability, this classification is based on the expected recoverability or settlement date, respectively before or after 12 months from the balance sheet date.

Cash flows from operating activities are reported using the indirect method: net income is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

### 1.3 Change in the List of Consolidated Companies

On April 8, 2021, the Group completed its capital injection into a newly created entity *Guangzhou Fuling Food Technology Co., Ltd.,* for a total consideration of US$20 million representing 51% of shares. This entity will build and operate a food industrial park in the port of Nansha, Guangzhou, China. The governance rules established for *Guangzhou Fuling Food Technology Co., Ltd.* allow the Group to control, within the meaning of IFRS 10, the entity which is thus fully consolidated. Its equity is split between 51% attributable to owners of the company and 49% to non-controlling interests.

On June 11, 2021, the Group finalized the sale of *LDC (Shaanxi) Juices Co., Ltd.* to *Xi'an Chunguo Beverage Co.*, a private company based in Xi'an, Shaanxi, China. The selling price of this transaction amounted to CNY21 million (US$3 million equivalent). The transaction did not generate any material gain or loss on sale in 2021.

On August 7, 2020, the Group finalized the sale of its 67% share in *LDC (Fujian) Refined Sugar Co. Ltd.* to minority shareholder *Zhangzhou Baiyulan Refined Sugar Company*. The selling price of this transaction amounted to US$3 million. On November 24, 2020, the Group finalized the sale of its 100% share in *LDC (Bazhou) Feedstuff Protein Company Ltd.* to *Bazhou Yaosheng Concrete Co., Ltd.* The selling price of this transaction amounted to US$10 million. Neither transaction generated any material gain or loss on sale.

No other significant change in the list of consolidated companies occurred during the years ended December 31, 2021 and December 31, 2020.

### 1.4 Assets Classified as Held for Sale and Liabilities Associated With Held for Sale Assets and Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A non-current asset or disposal group that is to be abandoned is not reclassified as held for sale because its carrying amount will be recovered principally through continuing use.

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met, or it has been abandoned and such a component represents a separate major line of business.
Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as "Net income – discontinued operations" in the consolidated income statement for all periods presented. Net cash flows attributable to the operating, investing and financing activities of discontinued operations are also presented separately from other flows in the consolidated statement of cash flows.

During 2020, the Group entered into an exclusivity agreement to negotiate the sale of *Imperial Sugar Company* assets ("the Imperial transaction"), including notably its sugarcane refinery in Port Wentworth, Texas, US. As per IFRS 5 rules, the disposal group of assets was measured at the lower of its carrying amount and its fair value less costs to sell, which resulted in an initial US$32 million impairment (refer to Notes 3.1 and 3.2). The residual net book value has been classified as held for sale. As of December 31, 2021, an additional US$11 million impairment was recognized.
As of December 31, 2020, *Louis Dreyfus Company (Shaanxi) Juices Co. Ltd.* (juice processing plant in China) was also classified as held for sale. The transaction closed on June 11, 2021 (refer to Note 1.3).

Since June 30, 2020, the investment in associates *Riddoch Holdings Pty. Ltd.* (dairy processing plant in Australia) has been classified as held for sale (30% ownership). On January 15, 2021, the Group finalized the sale of its investment to minority shareholder *Midfield Penola Pty Ltd ATF the Midfield Penola Trust.*
Additionally, since December 31, 2020, the investment in joint venture *Luckin Roastery Technology (Xiamen) Co. Ltd.* (coffee roasting facility in China) has been classified as held for sale (40% ownership). In 2021, the Group finalized the sale of this investment to *Luckin Coffee (China) Company Limited* (30% sold on February 3, 2021 and 10% sold on April 12, 2021).

Assets classified as held for sale are summarized as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Imperial | 308 | 318 |
| Luckin Xiamen | — | 10 |
| Riddoch | — | 6 |
| Shaanxi | — | 4 |
| Others | 8 | 15 |
| **Total assets classified as held for sale** | **316** | **353** |

The condensed assets and liabilities with third parties of Imperial transaction net assets as of December 31, 2021 and December 31, 2020 are as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Property, plant and equipment | 148 | 175 |
| Other non-current assets | 9 | 12 |
| **Non-current assets** | **157** | **187** |
| Inventories | 102 | 86 |
| Other current assets | 49 | 45 |
| **Current assets** | **151** | **131** |
| **Total assets classified as held for sale** | **308** | **318** |
| Retirement benefit obligations | (24) | (46) |
| Other non-current liabilities | (2) | (2) |
| **Non-current liabilities** | **(26)** | **(48)** |
| Other current liabilities | (61) | (49) |
| **Current liabilities** | **(61)** | **(49)** |
| **Total liabilities associated with held for sale assets** | **(87)** | **(97)** |

During the years ended December 31, 2021 and December 31, 2020, the change in cash and cash equivalents held for sale is as follows:

| | **2021** | | 2020 | | | |
|---|---|---|---|---|---|---|
| (in millions of US$) | Imperial | **Total** | Imperial | Fujian | Bazhou | **Total** |
| **Cash and cash equivalents held for sale, at beginning of the year** | **2** | **2** | **—** | **7** | **1** | **8** |
| Change in cash and cash equivalents held for sale | (2) | **(2)** | 2 | (7) | (1) | **(6)** |
| of which: | | | | | | |
| *Cash sold* | — | **—** | — | *(3)* | — | ***(3)*** |
| *Reclassification to cash and cash equivalents* | *(2)* | ***(2)*** | *2* | *(4)* | *(1)* | ***(3)*** |
| **Cash and cash equivalents held for sale, at year-end** | **—** | **—** | **2** | **—** | **—** | **2** |

The Group finalized the sale of both *LDC (Fujian) Refined Sugar Co. Ltd.* (sugar refinery in China) and *LDC (Bazhou) Feedstuff Protein Company Ltd.* (oilseeds processing plant in China) during the second semester of 2020.

## 2. Segment Information and Income Statement

### 2.1 Segment Information

The Group operates its global business under two segments: Value Chain and Merchandizing.

Each reportable segment is responsible for the farming, origination, processing, refining, storage, transport and distribution of its products (where applicable).

The Value Chain Segment includes the Grains & Oilseeds and Juice platforms, along with Freight, Global Markets and Carbon Solutions, the latter three of which are key facilitators of all Group businesses. The Merchandizing Segment comprises the Coffee, Cotton, Rice and Sugar platforms.

The Group assesses the financial performance of its segments with reference to segment operating results, which correspond to net sales, less cost of sales (gross margin in the consolidated income statement) plus share of profit (loss) in investments in associates and joint ventures.

Inter-segment transactions, where applicable, are not material and generally performed at arm's length.

Segment information on the income statement for the years ended December 31, 2021 and December 31, 2020 is detailed as follows:

| | **2021** | | |
|---|---|---|---|
| (in millions of US$) | Value Chain | Merchandizing | **Total** |
| **Net sales** | **36,073** | **13,496** | **49,569** |
| Depreciation included in gross margin | (381) | (74) | **(455)** |
| Share of profit (loss) in investments in associates and joint ventures | (1) | — | **(1)** |
| **Segment operating results** | **1,191** | **643** | **1,834** |
| Commercial and administrative expenses | | | **(742)** |
| Net finance costs | | | **(230)** |
| Others | | | **2** |
| Income taxes | | | **(167)** |
| **Net income attributable to owners of the company** | | | **697** |

| | 2020 | | |
|---|---|---|---|
| (in millions of US$) | Value Chain | Merchandizing | **Total** |
| **Net sales** | **23,003** | **10,561** | **33,564** |
| Depreciation included in gross margin | (285) | (90) | **(375)** |
| Share of profit (loss) in investments in associates and joint ventures | 14 | (7) | **7** |
| **Segment operating results** | **1,003** | **556** | **1,559** |
| Commercial and administrative expenses | | | **(638)** |
| Net finance costs | | | **(233)** |
| Others | | | **(68)** |
| Income taxes | | | **(237)** |
| Non-controlling interests | | | **(1)** |
| **Net income attributable to owners of the company** | | | **382** |

Balance sheet segment information as of December 31, 2021 and December 31, 2020 is as follows:

| | 2021 | | |
|---|---|---|---|
| (in millions of US$) | Value Chain | Merchandizing | **Total** |
| Fixed assets (intangible assets and property, plant and equipment) | 3,660 | 329 | **3,989** |
| Investments in associates and joint ventures | 189 | 38 | **227** |
| Inventories | 3,089 | 4,474 | **7,563** |
| Biological assets | 58 | — | **58** |
| Trade and other receivables | 3,893 | 1,901 | **5,794** |
| Derivative assets | 1,394 | 1,049 | **2,443** |
| Margin deposits | 909 | 615 | **1,524** |
| Marketable securities held for trading | 215 | — | **215** |
| Assets classified as held for sale | — | 316 | **316** |
| **Segment assets** | **13,407** | **8,722** | **22,129** |
| Trade and other payables | (4,232) | (1,548) | **(5,780)** |
| Derivative liabilities | (1,597) | (1,043) | **(2,640)** |
| Repurchase agreements | (167) | — | **(167)** |
| Liabilities associated with assets classified as held for sale | — | (87) | **(87)** |
| **Segment liabilities** | **(5,996)** | **(2,678)** | **(8,674)** |
| Other assets | | | **1,497** |
| Other liabilities | | | **(9,525)** |
| **Total net assets** | **7,411** | **6,044** | **5,427** |
| | | | |
| **Capital expenditure** | **310** | **62** | **372** |

| | 2020 | | |
|---|---|---|---|
| (in millions of US$) | Value Chain | Merchandizing | **Total** |
| Fixed assets (intangible assets and property, plant and equipment) | 3,389 | 388 | **3,777** |
| Investments in associates and joint ventures | 168 | 48 | **216** |
| Inventories | 3,064 | 3,037 | **6,101** |
| Biological assets | 43 | — | **43** |
| Trade and other receivables | 2,681 | 1,575 | **4,256** |
| Derivative assets | 2,564 | 459 | **3,023** |
| Margin deposits | 1,781 | 336 | **2,117** |
| Marketable securities held for trading | 122 | — | **122** |
| Assets classified as held for sale | 12 | 341 | **353** |
| **Segment assets** | **13,824** | **6,184** | **20,008** |
| Trade and other payables | (2,978) | (1,694) | **(4,672)** |
| Derivative liabilities | (2,691) | (507) | **(3,198)** |
| Repurchase agreements | (6) | — | **(6)** |
| Liabilities associated with assets classified as held for sale | (1) | (96) | **(97)** |
| **Segment liabilities** | **(5,676)** | **(2,297)** | **(7,973)** |
| Other assets | | | **3,245** |
| Other liabilities | | | **(10,410)** |
| **Total net assets** | **8,148** | **3,887** | **4,870** |
| | | | |
| **Capital expenditure** | **266** | **40** | **306** |

Marketable securities held for trading are included in the line "Other financial assets at fair value through profit and loss" of the consolidated balance sheet (refer to Note 5.5). Repurchase agreements are included in the line "Short-term debt" (refer to Note 5.3). Capital expenditure corresponds to the sum of the "Purchase of fixed assets" and "Additional investments, net of cash acquired" lines of the consolidated statement of cash flows.

As of December 31, 2021, US$185 million of trade and other payables were not segmented (US$92 million as of December 31, 2020).

Net sales by geographical area, based on the country of incorporation of the counterparty, were broken down as follows for the years ended December 31, 2021 and December 31, 2020:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| North Asia | 10,809 | 7,555 |
| South & Southeast Asia | 11,445 | 7,332 |
| North Latin America | 1,645 | 1,285 |
| South & West Latin America | 3,379 | 2,216 |
| North America | 7,314 | 5,159 |
| Europe, Middle East & Africa | 14,977 | 10,017 |
| *Of which Europe & Black Sea* | *8,854* | *5,788* |
| *Of which Middle East & Africa* | *6,123* | *4,229* |
| **Net sales** | **49,569** | **33,564** |

Net sales to the Netherlands are not material.

The Group’s fixed assets were located in the following geographic regions as of December 31, 2021 and December 31, 2020:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| North Asia | 225 | 182 |
| South & Southeast Asia | 281 | 205 |
| North Latin America | 1,173 | 1,202 |
| South & West Latin America | 601 | 609 |
| North America | 1,018 | 1,018 |
| Europe, Middle East & Africa | 691 | 561 |
| **Fixed assets** | **3,989** | **3,777** |

Fixed assets in the Netherlands are not material.

## 2.2 Net Sales

Revenue is derived principally from the sale of commodities and consumable products, and commodity-related services such as freight, storage and other services rendered. Revenue is recognized when the performance obligations have been satisfied, which is once the control of goods and/or services has been transferred from the Group to the buyer.

Revenue related to the sale of commodities is recognized when the product is delivered to the destination specified by the customer, which is typically, depending on the incoterm, the vessel on which it is shipped, the destination port or identified premises and the buyer has gained control, being the ability to direct the use of and obtain substantially all of the remaining benefits from the assets.

Revenue is measured based on consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties.

In certain cases, the commodity sales price is determined on a provisional basis at the date of the sale, generally corresponding to the date of the bill of lading, as the final selling price is subject to movements in market prices up to the date of final pricing. Revenue on provisional sales price is recognized based on the estimated fair value of the total consideration receivable (by reference to forward market prices). The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognized as an adjustment to revenue.

"Net sales" include also the mark-to-market on physical forward sales contracts that do not meet the own use exemption.

When the Group enters into logistic arrangements with a third party in order to meet its logistic needs, the related sales and purchases are both presented in "Cost of sales". Similarly, arrangements with other trading companies, most commonly known in the commodity market as "paper transactions", are presented in "Cost of sales". When the Group agrees to offset a purchase and a sale contracts with a counterparty before delivery, also known as "wash out", the transactions are presented in "Cost of sales".

Revenue derived from time charters freight contracts is recognized over time as the barge or ocean-going vessel moves towards its destination. Storage and other commodity-related services are recognized over time as the service is rendered.

If the Group acts in the capacity as an agent rather than as the principal in a transaction, the margin only is recognized within "Net sales".

Net sales for the years ended December 31, 2021 and December 31, 2020 consist of the following:

| | **2021** | | | 2020 | | |
|---|---|---|---|---|---|---|
| (in millions of US$) | Value Chain | Merchandizing | **Total** | Value Chain | Merchandizing | **Total** |
| Sale of commodities and consumable products | 34,349 | 13,415 | **47,764** | 22,170 | 10,492 | **32,662** |
| Freight, storage and other services | 1,522 | 75 | **1,597** | 650 | 64 | **714** |
| Others | 202 | 6 | **208** | 183 | 5 | **188** |
| | **36,073** | **13,496** | **49,569** | **23,003** | **10,561** | **33,564** |

## 2.3 Net Finance Costs

Net finance costs for the years ended December 31, 2021 and December 31, 2020 are as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Interest income | 59 | 78 |
| Interest expense | (252) | (299) |
| Other financial income and expense | (37) | (12) |
| *Net finance costs on leases* | *(16)* | *(8)* |
| *Foreign exchange* | *146* | *(199)* |
| *Net gain (loss) on derivatives* | *(161)* | *175* |
| *Other (mainly related to commercial transactions)* | *(6)* | *20* |
| | **(230)** | **(233)** |

Net finance costs on leases include interest expense on leases for US$(19) million and foreign exchange on leases mainly related to lease contracts denominated in Brazilian Real for US$3 million for the year ended December 31, 2021 (respectively US$(17) million and US$9 million for the year ended December 31, 2020).

The "Foreign exchange" and "Net gain (loss) on derivatives" lines need to be read jointly. For the year ended December 31, 2021, foreign exchange is mainly attributable to Euro and Japanese Yen depreciation, impacting Euro-denominated bonds and Japanese Yen-denominated debt. For the year ended December 31, 2020, foreign exchange is mainly attributable to Brazilian Real depreciation and Euro appreciation, impacting Brazilian Real-denominated cash and Euro-denominated bonds. These impacts are offset in the "Net gain (loss) on derivatives" line due to the forex hedges and cross-currency swaps in place (refer to Note 4.8).

## 2.4 Gain (Loss) on Investments and Sale of Fixed Assets

Gain (loss) on investments and sale of fixed assets for the years ended December 31, 2021 and December 31, 2020 are as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Gain (loss) on sale of consolidated companies | — | (1) |
| Gain (loss) on sale of investments in associates and joint ventures | 1 | (2) |
| Gain (loss) on other financial assets at fair value through profit and loss | 1 | (61) |
| Gain (loss) on sale of fixed assets | — | (1) |
| | **2** | **(65)** |

**Gain (Loss) on Other Financial Assets at Fair Value Through Profit and Loss**

In 2021, the Group recognized a US$8 million fair value gain on the investments held by *LDC Food Innovation B.V.* partially offset by losses in other investments.
In 2020, the loss derived mainly from the *Luckin Coffee* investment, as the Group sold part of its *Luckin Coffee* shares during the first quarter of the year for a selling price of US$37 million, resulting in a US$(3) million loss in the period. An additional US$(59) million fair value loss was booked on the remaining shares, reflecting the decrease in *Luckin Coffee*'s share price during 2020. The Group also recognized a US$2 million fair value gain on the investments held by *LDC Food Innovation B.V.*

**Gain (Loss) on Sale of Fixed Assets**

In 2020, the US$(1) million loss related mainly to the sale of two Ukrainian silos.

### 2.5 Income Taxes

Income taxes consist of current and deferred income taxes. Current taxes represent income taxes expected to be payable based on enacted or substantively enacted tax rates at the period end applied to the expected current year taxable income, and any adjustment to income taxes payable in respect of previous years.
Current tax assets and current tax liabilities are offset when there is a legally enforceable right to offset the amounts and when the entity intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Generally, the entity will have a legally enforceable right to offset the amounts when they relate to income taxes levied by the same taxation authority which permits the entity to make or receive a single net payment.

Deferred taxes arise from temporary differences between the carrying amounts of certain assets and liabilities and their tax basis. The Group accounts for deferred income tax in accordance with the balance sheet liability method using the most recent established tax rates or substantively enacted income tax rates which are expected to be effective at the time of the reversal of the underlying temporary difference.
The Group recognizes future tax benefits to the extent that the realization of such benefits is probable. The carrying amount of deferred tax assets is reviewed at each balance sheet date.
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities.

Income taxes are recognized as an expense or income in the consolidated income statement, except when they relate to items that are recognized outside the consolidated income statement (whether in other comprehensive income or directly in equity) or when they arise from the initial accounting for a business combination.

The global tax exposure of the Group is subject to complexity and uncertainty which may lead to uncertain tax treatments and the corresponding recognition and measurement of current and deferred taxes. The judgements and estimates made to separately recognize and measure the effect of each uncertain tax treatment are re-assessed whenever circumstances change or when there is new information that affects those judgements. Global tax exposure is determined taking into account the uncertainty that the tax authority may not accept the Group's proposed treatment of tax positions.

Income taxes in the consolidated income statement for the years ended December 31, 2021 and December 31, 2020 are as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Current year income taxes | (150) | (158) |
| Adjustments with respect to prior year income taxes | (7) | (3) |
| **Current income taxes** | **(157)** | **(161)** |
| Current year deferred income taxes | 28 | (65) |
| Valuation allowance for deferred tax assets | (4) | (10) |
| Adjustments with respect to prior year deferred income taxes | (13) | 1 |
| Change in tax rate | (21) | (2) |
| **Deferred income taxes** | **(10)** | **(76)** |
| **Income taxes** | **(167)** | **(237)** |

The reported tax expense differs from the computed theoretical income tax provision using the Netherlands' income tax rate of 25% for the years ended December 31, 2021 and December 31, 2020 for the following reasons:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| **Theoretical income tax** | **(216)** | **(155)** |
| Differences in income tax rates | 85 | 28 |
| Effect of change in tax rate | (21) | (2) |
| Difference between local currency and functional currency | 34 | (85) |
| Change in valuation allowance for deferred tax assets | (4) | (10) |
| Permanent differences on share of profit (loss) in investments in associates and joint ventures | 4 | 4 |
| Adjustments on prior years | (20) | (2) |
| Other permanent differences | (29) | (15) |
| **Income taxes** | **(167)** | **(237)** |

The differences in income tax rates relate to subsidiaries taxed at different rates than the Netherlands' rate.

The effect of change in tax rate mainly relates to the increase in corporate tax rate in Argentina from 30% to 35%, enacted on June 16, 2021 and applicable starting January 1, 2021.

The difference between local currency and functional currency impact is booked in non-US entities whose functional currency is the US Dollar while being taxed based on their local respective currencies. In 2021, such impact mainly regarded Group entities in Argentina (mainly Brazil in 2020). As of December 31, 2021, this line includes US$(1) million which relate to revaluation in respect of movements in currency values of deferred tax assets and liabilities, excluding non-monetary balance sheet items (US$(62) million as of December 31, 2020).

The change in valuation allowance for deferred tax assets is mostly attributable to valuation allowances on carry forward losses in Brazil and Colombia partially offset by a reversal of valuation allowance in Switzerland in 2021. In 2020, the valuation allowance was mostly attributable to Brazil.

Consolidated deferred income tax assets (liabilities) as of December 31, 2021 and December 31, 2020 are as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Deferred income tax assets | 129 | 184 |
| Deferred income tax liabilities | (151) | (170) |
| **Deferred tax net** | **(22)** | **14** |

Changes in net deferred income tax assets (liabilities) for the years ended December 31, 2021 and December 31, 2020 are as follows:

| | **2021** | | | | |
|---|---|---|---|---|---|
| (in millions of US$) | **Opening balance** | Recognized in net income | Recognized in equity | Foreign currency translation adjustment | **Closing balance** |
| Net tax benefits from carry forward losses | **238** | (45) | — | (2) | **191** |
| *Tax benefits from carry forward losses* | ***339*** | *(59)* | — | *(4)* | ***276*** |
| *Valuation allowance on carry forward losses* | ***(101)*** | *14* | — | *2* | ***(85)*** |
| Unrealized exchange gains and losses | **142** | (1) | — | — | **141** |
| Non-monetary balance sheet items - difference between tax and functional currencies | **(263)** | 12 | — | — | **(251)** |
| Fixed assets (other temporary differences) | **(194)** | 22 | — | 1 | **(171)** |
| Other temporary differences | **93** | (18) | (5) | 1 | **71** |
| Valuation allowance for other deferred tax assets | **(2)** | (1) | — | — | **(3)** |
| **Deferred tax net** | **14** | **(31)** | **(5)** | **—** | **(22)** |

| (in millions of US$) | 2020 Opening balance | Recognized in net income | Recognized in equity | Foreign currency translation adjustment | Other | Closing balance |
|---|---|---|---|---|---|---|
| Net tax benefits from carry forward losses | **297** | (55) | — | 1 | (5) | **238** |
| *Tax benefits from carry forward losses* | ***393*** | *(50)* | — | *1* | *(5)* | ***339*** |
| *Valuation allowance on carry forward losses* | ***(96)*** | *(5)* | — | — | — | ***(101)*** |
| Unrealized exchange gains and losses | **122** | 20 | — | — | — | **142** |
| Non-monetary balance sheet items - difference between tax and functional currencies | **(210)** | (53) | — | — | — | **(263)** |
| Fixed assets (other temporary differences) | **(199)** | 7 | — | (2) | — | **(194)** |
| Other temporary differences | **54** | 16 | 23 | — | — | **93** |
| Valuation allowance for other deferred tax assets | **(2)** | — | — | — | — | **(2)** |
| **Deferred tax net** | **62** | **(65)** | **23** | **(1)** | **(5)** | **14** |

Recognized and unrecognized tax benefits from carry forward losses for the years ended December 31, 2021 and December 31, 2020 expire as follows:

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| (in millions of US$) | Recognized | Unrecognized | **Total** | Recognized | Unrecognized | **Total** |
| Losses expiring in less than 1 year | 1 | 3 | **4** | 1 | 3 | **4** |
| Losses expiring in 2-3 years | 29 | 5 | **34** | 7 | 8 | **15** |
| Losses expiring in 4-5 years | 27 | 13 | **40** | 55 | 33 | **88** |
| Losses expiring in more than 5 years | 67 | 25 | **92** | 96 | 19 | **115** |
| Losses which do not expire | 67 | 39 | **106** | 79 | 38 | **117** |
| **Tax benefits from carry forward losses** | **191** | **85** | **276** | **238** | **101** | **339** |

## 3. Operating Balance Sheet Items

### 3.1 Intangible Assets

**Goodwill**

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

For transactions concluded prior to December 31, 2009, goodwill was determined as the excess of cost of acquisition over the fair value of net assets acquired at date of purchase. When the Group acquired an additional interest in a company already controlled, the excess cost of acquisition over the historical value of net assets acquired was also recorded as goodwill.

For transactions concluded since January 1, 2010, goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, measured at fair value at acquisition date, and the amount recognized for non-controlling interests over the net identifiable assets acquired and liabilities assumed. For each business combination, the Group measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets.

When the difference between the cost of acquisition and the fair value of net assets acquired is negative it is immediately recognized through the consolidated income statement.

The fair values of assets and liabilities and the resulting goodwill are finalized within 12 months of the acquisition.

Goodwill is not amortized. Goodwill is tested for impairment, when circumstances indicate that the carrying value may be impaired, and at the minimum, annually. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognized.

At the time of impairment testing a cash-generating unit to which goodwill has been allocated, there may be an indication of an impairment of an asset within the unit containing the goodwill. In such circumstances, the entity tests such asset individually for impairment first, and recognizes any impairment loss for that asset before testing for impairment of the cash-generating unit containing the goodwill. Impairment of such goodwill is included in the “Cost of sales” line of the consolidated income statement.

Goodwill relating to the acquisition of shares in an equity investment is presented in the “Investments in associates and joint ventures” line of the consolidated balance sheet.

**Other Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Other intangible assets of the Group mainly include trademarks and customer relationships, licenses and internally generated software.

The useful life of acquired trademarks is assessed to be qualified as finite or indefinite. Trademarks with an indefinite useful life are not amortized but reviewed for impairment annually by comparing their recoverable amount with their carrying amount. The recoverable amount is determined using the royalty relief method.
Intangible assets with finite life are amortized over periods ranging from one to ten years.

Amortization and impairment are recorded in the consolidated income statement according to the nature of assets:

- “Cost of sales” line for industrial assets linked to production and farming;
- “Commercial and administrative expenses” line for assets linked to commercial and trading and to general and/or administrative activities.

As of December 31, 2021 and December 31, 2020, intangible assets consist of the following:

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| (in millions of US$) | Gross value | Accumulated amortization/ impairment | **Net value** | Gross value | Accumulated amortization/ impairment | **Net value** |
| Goodwill | 60 | (33) | **27** | 61 | (21) | **40** |
| Trademarks and customer relationships | 64 | (24) | **40** | 64 | (24) | **40** |
| Other intangible assets | 603 | (380) | **223** | 556 | (327) | **229** |
| | **727** | **(437)** | **290** | **681** | **(372)** | **309** |

As of December 31, 2021, the Group tested the value of goodwill allocated to its cash-generating units as described in Note 1.2, using a perpetual growth rate of 2% and an annual discount rate (weighted average cost of capital of the Group before tax) of 7,1%. A 1% increase in the discount rate and a 0.5% decrease in the perpetual growth rate would not, jointly, cause the recoverable amount of the cash-generating units to fall below their carrying value.

Changes in the net value of intangible assets for the years ended December 31, 2021 and December 31, 2020 are as follows:

| | | 2021 | | | | 2020 |
|---|---|---|---|---|---|---|
| (in millions of US$) | **Notes** | Goodwill | Trademarks and customer relationships | Other intangible assets | **Total** | **Total** |
| **Balance as of January 1** | | **40** | **40** | **229** | **309** | **303** |
| Acquisitions and additions | | — | — | 59 | **59** | **65** |
| Amortization | | — | — | (58) | **(58)** | **(53)** |
| Impairment losses | | (13) | — | — | **(13)** | **(3)** |
| Foreign currency translation adjustment | | — | — | (6) | **(6)** | **7** |
| Reclassification to held for sale assets | 1.4 | — | — | — | **—** | **(11)** |
| Other reclassifications | | — | — | (1) | **(1)** | **1** |
| **Closing balance** | | **27** | **40** | **223** | **290** | **309** |

### Acquisitions and Additions

During the years ended December 31, 2021 and December 31, 2020, acquisitions and additions mainly consisted of the ongoing upgrade of the Group's existing main front office system, alongside capital expenditure related to the new global back-office enterprise resource planning (ERP) system.

### Impairment Losses

Following the impairment test update as of June 30, 2021, Juice Platform goodwill was fully impaired for US$13 million.
As of December 31, 2020, the Group fully impaired the US$1 million goodwill related to *Louis Dreyfus Company (Shaanxi) Juices Co. Ltd.* following the decision to sell the entity. The Group also recognized a US$(2) million impairment on sugar trademarks that were part of the Imperial transaction (Sugar business).

### Foreign Currency Translation Adjustment

During the year ended December 31, 2021, the foreign currency translation adjustment is mainly related to the depreciation of the Euro against the US Dollar.
In 2020, the foreign currency translation adjustment was mainly related to the appreciation of the Euro against the US Dollar.

### Reclassification to Held for Sale Assets

As of December 31, 2020, the US$11 million residual value of intangible assets that were part of the Imperial transaction (Sugar business) was classified as held for sale (refer to Note 1.4).

## 3.2 Property, Plant and Equipment

**Property, Plant and Equipment (Except Bearer Plants)**

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, incurred during the construction period, are capitalized as part of the cost of that asset. When relevant, property, plant and equipment costs include initial estimate of decommissioning and site restoration costs.
Tangible assets under construction are capitalized as a separate component of property, plant and equipment. Upon completion, the cost of construction is transferred to the appropriate category.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recorded through the consolidated income statement during the financial period in which they are incurred.

**Depreciation and Impairment**

Depreciation of property, plant and equipment (except bearer plants) is calculated based on the carrying amount, net of residual value, principally using the straight-line method over the estimated useful lives of the assets. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use. Tangible assets under construction are not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Buildings: 15 to 40 years;
- Machinery and equipment: 5 to 25 years;
- Other tangible assets: 1 to 20 years.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of the asset shall be reduced to its recoverable amount. Such reduction is an impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but up to the limit of the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Depreciation and impairment are recorded in the consolidated income statement according to the nature of assets:

- “Cost of sales” line for industrial assets linked to production and farming;
- “Commercial and administrative expenses” line for assets linked to commercial and trading, and to general and/or administrative activities.

Gains or losses on disposal of an item of property, plant and equipment are recorded in the consolidated income statement under the specific line "Gain (loss) on investments and sale of fixed assets".

**Bearer Plants**

Orange trees are bearer plants recorded at cost less accumulated depreciation and accumulated impairment losses.

Borrowing costs that are directly attributable to the acquisition, construction or production of a bearer plant, incurred during the immature period, are capitalized as part of the cost of that asset.

The depreciation of bearer plants is based on the unit of production method over the estimated useful lives of the assets, since the management considers this is the method that best reflects the expected pattern of consumption of the future economic benefits embodied in the bearer plant. Orange groves are considered immature during the first three years. The useful life of mature orange trees is around 17 years.

As of December 31, 2021 and December 31, 2020, property, plant and equipment consist of the following:

| | | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|---|
| (in millions of US$) | **Notes** | Gross value | Accumulated depreciation | **Net value** | Gross value | Accumulated depreciation | **Net value** |
| Owned assets | | 5,609 | (2,509) | **3,100** | 5,414 | (2,275) | **3,139** |
| Right-of-use assets | 7.1 | 876 | (277) | **599** | 477 | (148) | **329** |
| | | **6,485** | **(2,786)** | **3,699** | **5,891** | **(2,423)** | **3,468** |

The following tables provide information on owned assets only.

As of December 31, 2021 and December 31, 2020, consolidated owned assets consist of the following:

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| (in millions of US$) | Gross value | Accumulated depreciation | **Net value** | Gross value | Accumulated depreciation | **Net value** |
| Land | 201 | (1) | **200** | 208 | — | **208** |
| Buildings | 2,062 | (818) | **1,244** | 2,032 | (720) | **1,312** |
| Machinery and equipment | 2,698 | (1,439) | **1,259** | 2,631 | (1,333) | **1,298** |
| Bearer plants | 212 | (90) | **122** | 210 | (71) | **139** |
| Other tangible assets | 212 | (161) | **51** | 199 | (151) | **48** |
| Tangible assets under construction | 224 | — | **224** | 134 | — | **134** |
| | **5,609** | **(2,509)** | **3,100** | **5,414** | **(2,275)** | **3,139** |

Changes in net value of property, plant and equipment for the years ended December 31, 2021 and December 31, 2020 are as follows:

| | | 2021 | | | | | | | 2020 |
|---|---|---|---|---|---|---|---|---|---|
| (in millions of US$) | **Notes** | Land | Buildings | Machinery and equipment | Bearer plants | Other tangible assets | Tangible assets under construction | **Total** | **Total** |
| **Balance as of January 1** | | **208** | **1,312** | **1,298** | **139** | **48** | **134** | **3,139** | **3,410** |
| Additions | | — | 4 | 10 | 2 | 8 | 219 | **243** | **204** |
| Disposals | 2.4 | (6) | (1) | (1) | — | — | — | **(8)** | **(4)** |
| Acquisitions through business combinations | | — | 3 | — | — | — | — | **3** | **—** |
| Depreciation | | — | (78) | (125) | (17) | (16) | — | **(236)** | **(257)** |
| Impairment losses | | (1) | (28) | (8) | (1) | — | — | **(38)** | **(49)** |
| Reversals of impairment losses | | — | 1 | — | — | — | — | **1** | **—** |
| Foreign currency translation adjustment | | — | (4) | (5) | — | — | — | **(9)** | **14** |
| Reclassification from (to) held for sale assets | 1.4 | (1) | 1 | — | — | — | — | **—** | **(178)** |
| Other reclassifications | | — | 34 | 90 | (1) | 11 | (129) | **5** | **(1)** |
| **Closing balance** | | **200** | **1,244** | **1,259** | **122** | **51** | **224** | **3,100** | **3,139** |

**Additions**

During the year ended December 31, 2021, the Group continued to invest in its lecithin plant and its packaging line for canola oil in Claypool, Indiana, US, and in its wider transshipment hub construction project in Brazil. The Group invested in the reengineering of its corn milling plant in Rio Verde, Goiás State, Brazil to enhance its production efficiency and flexibility, and in a new specialty oils production line in Tianjin, China. Additionally, the Group entered into a joint operation with *Instanta Sp. z o.o.* through a 49% stake in *ILD Coffee Holdings Pte. Ltd.*, an entity incorporated in Singapore which owns 100% *ILD Coffee Vietnam Co. Ltd.*, an entity incorporated in Vietnam. The joint operation will construct and operate a soluble coffee plant. The Group continued to invest in planned and custom maintenance and enhancements to ensure the continued operational performance and safety of its existing assets globally, across all businesses.

During the year ended December 31, 2020, the Group invested in more sustainable logistic assets for its orange juice business by adapting two new vessels for the transportation of not-from-concentrate and frozen concentrate orange juice. It continued to build soybean sheds and truck dumps and increase its boiler capacity in Claypool, Indiana, US, and to invest in its wider transshipment hub construction project in Brazil. The Group improved its existing assets, such as its sugar refining plant in Port Wentworth, Texas, US, its grains and oilseeds industrial sites in Argentina and in Tianjin, China, its elevators in the US, its orange juice processing plants in Brazil and its canola crushing plant in Yorkton, Saskatchewan, Canada.

**Disposals**

During the year ended December 31, 2020, the Group sold two Ukrainian silos.

**Impairment Losses**

During the year ended December 31, 2020, the Group recognized a US$(30) million impairment on its sugarcane refinery in Port Wentworth, Texas, US, that was part of the Imperial transaction (Sugar business) (refer to Note 1.4). Additionally, a US$(13) million impairment was recorded on assets in the Texas Gulf region as the Group signed a lease termination agreement on the elevators.

**Foreign Currency Translation Adjustment**

During the year ended December 31, 2021, the foreign currency translation adjustment is mainly related to the depreciation of the Euro against the US Dollar.
In 2020, the foreign currency translation adjustment was mainly related to the appreciation of the Euro and the Chinese Yuan against the US Dollar, partially offset by the depreciation of the Russian Ruble against the US Dollar.

**Reclassification to Held for Sale Assets**

As of December 31, 2020, the Group classified as held for sale its sugarcane refinery in Port Wentworth, Texas, US, which is part of the Imperial transaction (Sugar business) for a net book value of US$172 million (refer to Note 1.4).

## 3.3 Investments in Associates and Joint Ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Joint ventures are a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. The carrying amount of the investment is adjusted to recognize:

- Changes in the Group's share of net assets of the associate or joint venture since the acquisition date; and
- Impairment losses in the value of the investments, if any.

Any goodwill arising from purchases of interests in associates or joint ventures is included in their carrying amount.

Changes in investments in associates and joint ventures for the years ended December 31, 2021 and December 31, 2020 are as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| **Balance as of January 1** | **216** | **227** |
| Acquisitions and additional investments | 13 | 18 |
| Reclassification to held for sale assets | — | (16) |
| Share of profit (loss) | 5 | 9 |
| Impairment | (6) | (2) |
| Dividends | (8) | (15) |
| Change in other reserves | (1) | (5) |
| Reclassification | 8 | — |
| **Closing balance** | **227** | **216** |
| *Of which:* | | |
| *Investments in associates* | *16* | *13* |
| *Investments in joint ventures* | *211* | *203* |

**Acquisitions and Additional Investments**

In 2021, the Group made a US$9 million capital injection in the joint venture *TES - Terminal Exportador de Santos S.A.* (concession in Santos port terminal in São Paulo State, Brazil), in which a US$10 million capital injection was also made in 2020. Additionally, the Group made a US$1 million capital injection in the joint venture *Tianjin Rongchuan Feed Co., Ltd.* (aquatic feed facilities), in which a US$4 million capital injection was also made in 2020.
In 2020, the Group had contributed US$4 million (representing a 17% stake) for the creation of *Covantis S.A.,* a technology company focused on digitizing international trade, equally co-owned with *ADM*, *Bunge*, *Cargill*, *COFCO* and *Viterra*. In 2021, an additional investment of US$3 million was performed by the Group.

**Reclassification to Held for Sale Assets and Impairment**

In 2020, the Group reclassified to held for sale its investments in *Riddoch Holdings Pty. Ltd.* (dairy processing plant) for US$6 million and in *Luckin Roastery Technology (Xiamen) Co. Ltd.* (coffee roasting plant) for US$10 million, after recognizing a US$2 million impairment in the consolidated income statement. Both investments were sold in 2021 with a net gain on sale of investments of US$1 million (refer to Notes 1.4 and 2.4).

**Impairment**

In 2021, the impairment relates to South African joint ventures.

**Dividends**

In 2021, the Group received US$8 million as dividends from *Calyx Agro Ltd.*
In 2020, the Group received US$15 million as dividends, including US$8 million from *TEG - Terminal Exportador Do Guarujá Ltda.,* US$3 million from *Complejo Agro Industrial Angostura S.A.* and US$2 million from *Calyx Agro Ltd.*

**Change in Other Reserves**

In 2020, the change in other reserves was mainly due to cash flow hedges in Brazilian joint ventures and foreign currency translation adjustments related to the depreciation of the Brazilian Real.

Investments in associates and joint ventures are detailed as follows:

| Investment | Country | Activity | 2021 Ownership | 2021 Net value | 2020 Ownership | 2020 Net value |
|---|---|---|---|---|---|---|
| All Asian Countertrade Inc. | Philippines | Sugar merchandizing | 19 % | 8 | 19% | 8 |
| Covantis S.A. | Switzerland | Digitizing international trade technology | 17 % | 6 | 17% | 3 |
| ***Total main associates*** | | | | ***14*** | | ***11*** |
| Amaggi Louis Dreyfus Zen-Noh Grãos S.A. | Brazil | Grain and soy storage and processing | 33 % | 23 | 33% | 22 |
| Amaggi Louis Dreyfus Zen-Noh Terminais Portuários S.A. | Brazil | Logistic facilities | 33 % | 16 | 33% | 14 |
| Calyx Agro Ltd. | Cayman Islands | Land fund | 29 % | 3 | 29% | 7 |
| Cisagri Holland Cooperatief U.A.[1] | Netherlands | Logistic facilities | 10 % | 16 | 10% | 16 |
| Complejo Agro Industrial Angostura S.A. | Paraguay | Soy crushing plant and facilities | 33 % | 40 | 33% | 37 |
| Epko Oil Seed Crushing Pty. Ltd. | South Africa | Sunflower seed and maize germ crushing plant | 50 % | 7 | 50% | 8 |
| LDC - GB Terminais Portuários e Participações Ltda. | Brazil | Logistic facilities | 50 % | 3 | 50% | 4 |
| Namoi Cotton Alliance | Australia | Cotton packing and marketing | 49 % | 16 | 49% | 20 |
| Orient Rice Co. Ltd. | Vietnam | Rice procurement and processing | 33 % | 5 | 33% | 4 |
| TEG - Terminal Exportador Do Guarujá Ltda. | Brazil | Logistic facilities | 40 % | 27 | 40% | 27 |
| TES - Terminal Exportador De Santos S.A.[2] | Brazil | Logistic facilities | 60 % | 41 | 60% | 30 |
| Tianjin Rongchuan Feed Co. Ltd. | China | Aquatic feed facilities | 30 % | 10 | 30% | 9 |
| ***Total main joint ventures*** | | | | ***207*** | | ***198*** |
| ***Total main associates and joint ventures*** | | | | ***221*** | | ***209*** |
| Other associates | | | | 2 | | 2 |
| Other joint ventures | | | | 4 | | 5 |
| | | | | **227** | | **216** |

1. The Group’s percentage of control in Cisagri Holland Cooperatief U.A. (“Cisagri”) is 25% and the percentage of ownership is 10%.
2. The governance rules of TES - Terminal Exportador De Santos S.A. meet the definition of a joint control; this investment therefore qualifies as a joint venture.

Investments in associates and joint ventures include a goodwill of US$1 million as of December 31, 2021 and December 31, 2020.

Share of profit (loss) in investments in associates and joint ventures for the years ended December 31, 2021 and December 31, 2020 is as follows:

| **Income statement** (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Main associates and joint ventures | 8 | 9 |
| Others | (9) | (2) |
| **Share of profit (loss) in investments in associates and joint ventures** | **(1)** | **7** |

Others mainly relate to losses incurred in South African associates and joint ventures in 2021.

A summary of the aggregated financial information of the companies listed above is as follows as of and for the years ended December 31, 2021 and December 31, 2020:

| | 2021 | | | | |
|---|---|---|---|---|---|
| **Balance sheet** (in millions of US$) | **Main associates** | Logistic facilities | Others | **Main joint ventures** | **Total main associates and joint ventures** |
| Non-current assets | 36 | 607 | 292 | 899 | **935** |
| Current assets | 172 | 92 | 310 | 402 | **574** |
| **Total assets** | **208** | **699** | **602** | **1,301** | **1,509** |
| Non-current liabilities | — | 284 | 57 | 341 | **341** |
| Current liabilities | 132 | 59 | 252 | 311 | **443** |
| **Total liabilities** | **132** | **343** | **309** | **652** | **784** |
| **Net equity** | **76** | **356** | **293** | **649** | **725** |
| **Equity - owners of the company share** | **14** | **103** | **104** | **207** | **221** |

| | 2020 | | | | |
|---|---|---|---|---|---|
| **Balance sheet** (in millions of US$) | **Main associates** | Logistic facilities | Others | **Main joint ventures** | **Total main associates and joint ventures** |
| Non-current assets | 31 | 596 | 296 | 892 | **923** |
| Current assets | 167 | 84 | 697 | 781 | **948** |
| **Total assets** | **198** | **680** | **993** | **1,673** | **1,871** |
| Non-current liabilities | 3 | 279 | 56 | 335 | **338** |
| Current liabilities | 131 | 69 | 637 | 706 | **837** |
| **Total liabilities** | **134** | **348** | **693** | **1,041** | **1,175** |
| **Net equity** | **64** | **332** | **300** | **632** | **696** |
| **Equity - owners of the company share** | **11** | **91** | **107** | **198** | **209** |

| | 2021 | | | | |
|---|---|---|---|---|---|
| **Income statement** (in millions of US$) | **Main associates** | Logistic facilities | Others | **Main joint ventures** | **Total main associates and joint ventures** |
| Revenue | 210 | 85 | 1,507 | 1,592 | **1,802** |
| Net income | (4) | 12 | 16 | 28 | **24** |
| **Share of profit (loss) in investments in associates and joint ventures** | **(1)** | **5** | **4** | **9** | **8** |

| | 2020 | | | | |
|---|---|---|---|---|---|
| **Income statement** (in millions of US$) | **Main associates** | Logistic facilities | Others | **Main joint ventures** | **Total main associates and joint ventures** |
| Revenue | 318 | 88 | 1,059 | 1,147 | **1,465** |
| Net income | (11) | 20 | 12 | 32 | **21** |
| **Share of profit (loss) in investments in associates and joint ventures** | **(2)** | **9** | **2** | **11** | **9** |

### 3.4 Other Non-Current Assets

As of December 31, 2021 and December 31, 2020, other non-current assets consist of the following:

| (in millions of US$) | **2021** | **2020** |
|---|---|---|
| Tax credits | 207 | 240 |
| Long-term advances to suppliers | 24 | 9 |
| Others | 4 | 5 |
| | **235** | **254** |

Tax credits mainly include income tax and VAT credits in Brazil. The decrease in 2021 is mostly attributable to the refund of income tax credits.

### 3.5 Other Non-Current Liabilities

As of December 31, 2021 and December 31, 2020, other non-current liabilities consist of the following:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Debts associated to business combinations and put options | 62 | 60 |
| Others | 8 | 11 |
| **Non-current financial liabilities** | **70** | **71** |
| Staff and tax payables | 64 | 23 |
| Others | 2 | 1 |
| **Non-current non-financial liabilities** | **66** | **24** |
| **Other non-current liabilities** | **136** | **95** |

As of December 31, 2021 and December 31, 2020, the table does not include the US$1 million staff and tax payables that are part of the Imperial transaction (Sugar business), as they were reclassified to held for sale liabilities (refer to Note 1.4).

### 3.6 Provisions

Provisions are recognized when:

- The Group has a present obligation (legal or constructive) as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- A reliable estimate can be made.

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As of December 31, 2021 and December 31, 2020, provisions consist of the following:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Current provisions | 27 | 9 |
| Non-current provisions | 74 | 69 |
| | **101** | **78** |

Changes in provisions for the years ended December 31, 2021 and December 31, 2020 are as follows:

| (in millions of US$) | | | **2021** | | | 2020 |
|---|---|---|---|---|---|---|
| Provisions for: | Tax risks | Social risks | Litigations | Other | **Total** | **Total** |
| **Balance as of January 1** | **9** | **20** | **18** | **31** | **78** | **68** |
| Allowance | 3 | 5 | 12 | 22 | **42** | 30 |
| Reversal of used portion | — | (3) | (7) | — | **(10)** | (5) |
| Reversal of unused portion | — | (10) | (2) | — | **(12)** | (8) |
| Reclassification to held for sale liabilities | — | — | — | — | **—** | (10) |
| Others | — | 1 | — | 2 | **3** | 3 |
| **Closing balance** | **12** | **13** | **21** | **55** | **101** | **78** |

Tax and social provisions consist of various claims and lawsuits against the Group, primarily related to employment terminations, labor accidents and allegations of non-compliance with tax regulations mainly linked to VAT. These claims are subject to court decisions or tax interpretations within multiple jurisdictions and timing and amounts are uncertain. However the recognized provision reflects management's best estimate of the most likely outcome. Regarding certain legal claims in Brazil, the Group was required to establish escrow deposits which, as of December 31, 2021, amounted to US$32 million (US$34 million as of December 31, 2020) and are disclosed under the line "Deposits and Others" within non-current financial assets (refer to Note 5.4).

Provisions for litigations include contractual obligation for trade disputes with customers, suppliers and other counterparties.

As of December 31, 2021, other provisions include a US$29 million provision for decommissioning leased land (US$26 million as of December 31, 2020) and US$15 million for onerous contracts. In 2020, the Group recognized a US$10 million provision for onerous contracts, reclassified to held for sale liabilities as it was part of the Imperial transaction (Sugar business). As of December 31, 2021, this liability held for sale amounted to US$27 million (refer to Note 1.4).

## 3.7 Inventories

**Trading Inventories**

Trading inventories are valued at fair value less costs to sell. The "mark-to-market" valuation policy, which is accepted as a commodity industry practice, presents a fair reflection of the Group's trading activities. Changes in fair value are recognized in the consolidated income statement in "Cost of sales".

**Other Inventories**

Other inventories are valued at the lower of cost or net realizable value, especially for certain entities or businesses for which the trading model is not applicable. Cost of goods sold are presented in the line "Cost of sales" of the consolidated income statement.

As of December 31, 2021 and December 31, 2020, inventories consist of the following:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Trading inventories | 6,919 | 5,501 |
| Finished goods | 431 | 454 |
| Raw materials | 219 | 153 |
| **Inventories (gross value)** | **7,569** | **6,108** |
| Depreciation of non-trading inventories | (6) | (7) |
| **Inventories (net value)** | **7,563** | **6,101** |

The table does not include the raw materials and finished goods that are part of the Imperial transaction (Sugar business) amounting to US$102 million as of December 31, 2021 (US$86 million as of December 31, 2020), as they were reclassified to held for sale assets (refer to Note 1.4).

## 3.8 Biological Assets

Bearer plants are accounted for as property, plant and equipment, while the produce growing on the bearer plant is a biological asset. Biological assets are carried at fair value less estimated costs to sell, based on discounted expected future cash flows from these assets. Changes in fair value are recognized in the consolidated income statement in "Cost of sales".

The Group owns biological assets located in Brazil consisting of oranges growing until point of harvest. As of December 31, 2021 and December 31, 2020, the Group owns 38 mature orange groves, which generally sustain around 17 years of orange production.

Changes in biological assets for the years ended December 31, 2021 and December 31, 2020 are as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| **Balance as of January 1** | **43** | **54** |
| Acquisitions and capitalized expenditure | 54 | 53 |
| Decrease due to harvest | (47) | (63) |
| Change in fair value | 8 | (1) |
| **Closing balance** | **58** | **43** |

The valuation model used to determine the carrying value of biological assets was developed by an external valuation firm and is classified as Level 3 in the fair value hierarchy defined in Note 4.9.

Expected future cash flows are determined based on the expected volume yields in the number of boxes and the price for an orange box is derived from available market prices. This price is net of picking, handling and freight costs, among others, considered based on internal assumptions, to determine the net value less cost to sell. This amount is subsequently discounted to present value. The following assumptions have a significant impact on the valuation of the Group's biological assets:

| | **2021** | 2020 |
|---|---|---|
| Number of trees (in thousands) | 12,271 | 12,756 |
| Expected yields (in number of boxes) | 22,666 | 16,953 |
| Price of a box of oranges (in US$) | 5.95 | 5.88 |
| Discount rate | 6.03% | 5.63% |

Changes in assumptions would increase (decrease) the estimated fair value of the biological assets if:

- Expected yields in number of boxes were higher (lower);
- Estimated price of a box of oranges were higher (lower);
- Estimated costs for harvesting and transportation were lower (higher);
- The discount rate were lower (higher).

## 3.9 Trade and Other Receivables

"Trade receivables" are initially recognized at the transaction amount (unless a significant finance component is included) of the consideration receivable and carried at amortized cost, less provision for impairment. The Group applies IFRS 9's simplified approach to measure expected credit losses on trade receivables. This method allows the Group to recognize lifetime expected credit losses on receivables without the need to identify significant increases in credit risk. Expected credit losses are estimated by reference to past default experience and a credit rating, adjusted as appropriate for current and forecasted future economic conditions.

As of December 31, 2021 and December 31, 2020, trade and other receivables consist of the following:

| | **2021** | | | 2020 | | |
|---|---|---|---|---|---|---|
| (in millions of US$) | Gross value | Provision | **Net value** | Gross value | Provision | **Net value** |
| Trade receivables | 2,841 | (241) | **2,600** | 2,205 | (207) | **1,998** |
| Accrued receivables | 1,668 | — | **1,668** | 1,049 | — | **1,049** |
| Prepayments | 614 | (3) | **611** | 368 | (3) | **365** |
| Other receivables | 70 | (4) | **66** | 140 | (4) | **136** |
| **Financial assets at amortized cost** | **5,193** | **(248)** | **4,945** | **3,762** | **(214)** | **3,548** |
| Advances to suppliers | 255 | (13) | **242** | 275 | (7) | **268** |
| Staff and tax receivables | 521 | (23) | **498** | 402 | (14) | **388** |
| Prepaid expenses | 109 | — | **109** | 52 | — | **52** |
| **Non-financial assets** | **885** | **(36)** | **849** | **729** | **(21)** | **708** |
| **Trade and other receivables** | **6,078** | **(284)** | **5,794** | **4,491** | **(235)** | **4,256** |

The table does not include the following items, as they were reclassified to held for sale assets (refer to Note 1.4):

- Trade and other receivables amounting to US$45 million and the US$4 million prepaid expenses that are part of the Imperial transaction (Sugar business) as of December 31, 2021 (respectively US$40 million and US$3 million as of December 31, 2020);
- Staff and tax receivables amounting to US$1 million and the US$2 million prepaid expenses held by *Louis Dreyfus Company (Shaanxi) Juices Co. Ltd.* (Juice business) as of December 31, 2020.

Changes in the provision on trade and other receivables are as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| **Balance as of January 1** | **(235)** | **(157)** |
| Increase in provision | (96) | (87) |
| Receivables written off as uncollectable | 23 | 15 |
| Unused amount reversed | 30 | 21 |
| Reclassification from provision on derivative assets | (6) | (27) |
| **Closing balance** | **(284)** | **(235)** |

### Increase in Provision

During the year ended December 31, 2021, the increase in provision mainly corresponded to default risk on various customers for US$78 million (US$79 million as of December 31, 2020) for their estimated non-recoverable portions, provisions on advances to suppliers for US$6 million (US$2 million as of December 31, 2020) and to provisions on VAT for US$7 million (US$4 million as of December 31, 2020).

### Receivables Written Off as Uncollectable

During the year ended December 31, 2021, the amount of receivables written off corresponded to provisions for trade receivables (US$14 million during the year ended December 31, 2020).

### Unused Amount Reversed

The unused amount of provisions recovered during the year ended December 31, 2021 mainly consisted of provisions on trade receivables for US$27 million and to provisions on VAT for US$2 million (respectively US$12 million and US$9 million during the year ended December 31, 2020).

**Reclassification from Provision on Derivative Assets**

As of December 31, 2021, the US$6 million reclassification is related to contracts on cotton that were washed out during the period and invoiced to customers (US$27 million as of December 31, 2020). The corresponding provisions were maintained, as the risk of default remains.

The following table details the counterparty exposure broken down by past due date of receivables as of December 31, 2021 and December 31, 2020:

| | **2021** | | | 2020 | | |
|---|---|---|---|---|---|---|
| (in millions of US$) | Gross value | Provision | **Net value** | Gross value | Provision | **Net value** |
| Not due | 4,667 | (21) | **4,646** | 5,619 | (36) | **5,583** |
| Due since < 3 months | 778 | (10) | **768** | 386 | (7) | **379** |
| Due since 3-6 months | 63 | (11) | **52** | 43 | (19) | **24** |
| Due since 6 months-1 year | 128 | (80) | **48** | 96 | (53) | **43** |
| Due since > 1 year | 195 | (163) | **32** | 167 | (120) | **47** |
| **Closing balance** | **5,831** | **(285)** | **5,546** | **6,311** | **(235)** | **6,076** |
| *Including:* | | | | | | |
| *Trade receivables* | *2,841* | *(241)* | ***2,600*** | *2,205* | *(207)* | ***1,998*** |
| *Prepayments* | *614* | *(3)* | ***611*** | *368* | *(3)* | ***365*** |
| *Advances to suppliers* | *255* | *(13)* | ***242*** | *275* | *(7)* | ***268*** |
| *Staff and tax receivables* | *521* | *(23)* | ***498*** | *402* | *(14)* | ***388*** |
| *Other receivables* | *70* | *(4)* | ***66*** | *140* | *(4)* | ***136*** |
| *Margin deposits* | *1,524* | — | ***1,524*** | *2,117* | — | ***2,117*** |
| *Financial advances to related parties* | *6* | *(1)* | ***5*** | *804* | — | ***804*** |

### 3.10 Trade and Other Payables

As of December 31, 2021 and December 31, 2020, trade and other payables consist of the following:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Trade payables | 2,347 | 1,843 |
| Accrued payables | 2,558 | 1,965 |
| Prepayments received | 430 | 295 |
| Margin deposits | 44 | 172 |
| Payables on purchase of fixed assets and investments | 13 | 10 |
| Other payables | 60 | 137 |
| **Financial liabilities at amortized cost** | **5,452** | **4,422** |
| Advances received | 54 | 30 |
| Staff and tax payables | 397 | 264 |
| Deferred income | 62 | 48 |
| **Non-financial liabilities** | **513** | **342** |
| **Trade and other payables** | **5,965** | **4,764** |

As of December 31, 2021 and December 31, 2020, the table does not include the following items that are part of the Imperial transaction (Sugar business), as they were reclassified to held for sale liabilities (refer to Note 1.4):

- Trade and other financial payables amounting respectively to US$31 million and US$35 million;
- Staff and tax payables amounting to US$2 million as of both periods.

## 4. Financial Instruments and Risk Management

Financial instruments are subject to various risks, including market value fluctuations, foreign currency, counterparty credit and liquidity risks. In addition to managing market and foreign currency risk, the Group implemented a robust monitoring of counterparty credit and ensured the availability of sufficient cash in order to reduce its liquidity risk. At each financial period end, the Group has a policy of accruing its receivables and unrealized gains with counterparties deemed at risk.

### 4.1 Market Risk

Market risk is the risk that the fair value or future cash flows of assets and liabilities held by the Group including financial instruments, physical commodities, industrial and biological assets will fluctuate due to changes in market variables such as spot and forward commodity prices, price spreads, volatilities and foreign exchange rates.

The Group classifies exposures to market risk into either trading or non-trading activities. The Group manages market risk for trading activities by diversifying exposures, controlling position natures, sizes and maturities, performing stress testing, and monitoring risk limits under the supervision of the Market Risk function and the Macro Committee. Limits are established for the level of acceptable risk at corporate level and  allocated at platform and profit center levels. Compliance with the limits is reported daily to the management. Limits and their allocations are approved by the Board of Directors and reported to the Audit Committee at least on a quarterly basis.

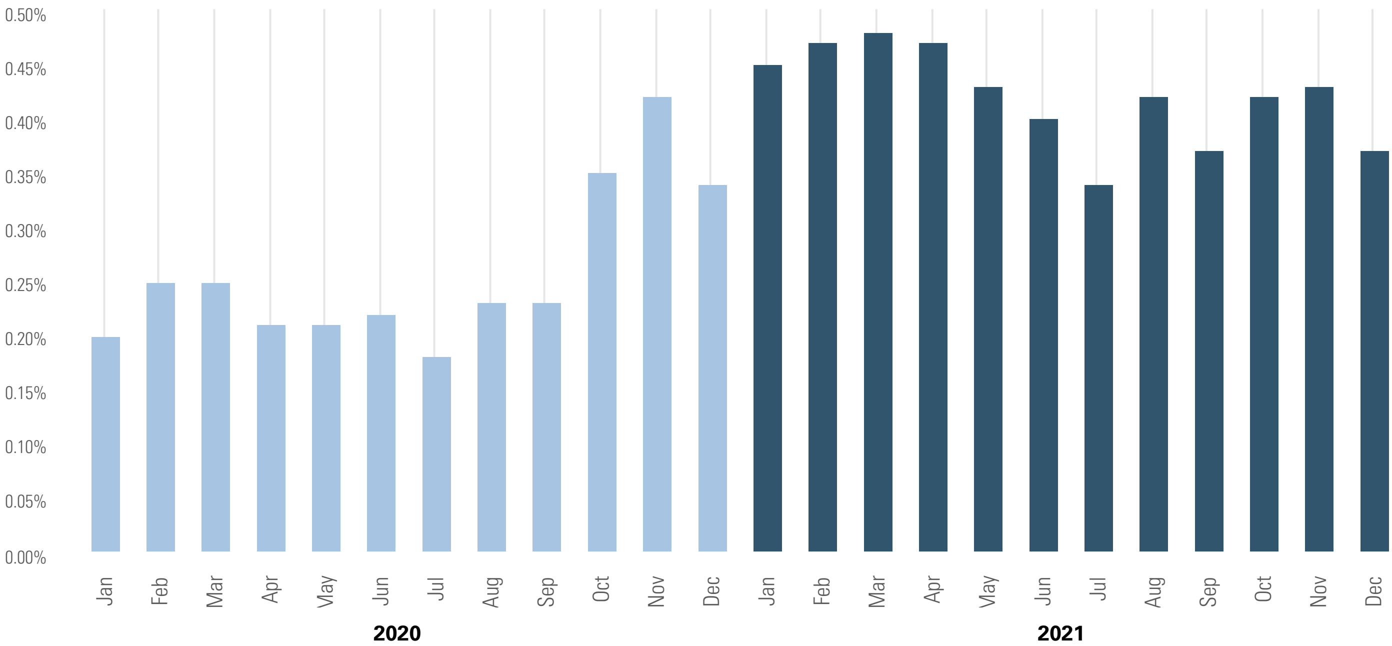
Limits are based on a daily measure of market risk exposure referred to as value at risk (VaR). The VaR that the Group measures is a model-based estimate grounded upon various assumptions such as the log-normality of price returns, and on conventions such as the use of exponentially weighted historical data in order to put more emphasis on the latest market information.

The VaR computed therefore represents an estimate, expressed at a statistical confidence level of 95%, of the potential loss that is not expected to be exceeded should the current market risk position remain unchanged for one day. The use of a 95% confidence level means that, within a one-day horizon, losses exceeding the VaR figure are not expected to occur statistically more than once every 20 trading days.

The VaR may be under- or over-estimated due to the assumptions placed on risk factors, and historical correlations and volatilities in market prices, and the probability of large market moves may be underestimated per the normal distribution and due also to significant market, weather, geopolitical or other events.

The monthly average of VaR as a percentage of Group equity corresponds to the average over a month of the VaR computed daily as a percentage of Group equity at the beginning of each quarter. It consists of the following:

**Average VaR as a Percentage of Group Equity**




During the years ended December 31, 2021 and December 31, 2020, the monthly average Group VaR for trading activities was less than 1% of Group equity. Annual average VaR for the Group reached 0.42% in 2021, compared to 0.26% in 2020. This increase is essentially attributable to significantly higher commodity prices in 2021 compared to 2020.

VaR is only one of the risk metrics within a wider risk management system applied within the Group.

## 4.2 Foreign Currency Risk

The Group operates on a global scale and is exposed to changes in foreign currency exchange for its monetary assets and liabilities arising from transactions in a currency different from the functional currency of each entity. Such transactions include capital expenditure, purchases linked to industrial operations, administrative expenditure and other operating payables or receivables in local currency, among others. The Group is also party to some financing arrangements in foreign currencies different from the functional currency of the borrowing entity.

The Group manages its exposure to foreign currency transactions by setting natural hedge structures and by entering into foreign exchange derivative contracts to hedge its exposure back to each entity's own functional currency (refer to Note 4.8).

As of December 31, 2021 and December 31, 2020, the net exposure to foreign currency transactions before hedge for current monetary items (excluding the current portion of long-term debt) represents (13)% and 4% of net equity position respectively, and is denominated in the following currencies:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Brazilian Real | (274) | 140 |
| Euro | 217 | 317 |
| Indian Rupee | (295) | (198) |
| US Dollar | 99 | (42) |
| Argentine Peso | (292) | (21) |
| Other currencies | (136) | 21 |
| **Net exposure** | **(681)** | **217** |

The Group is also exposed to currency translation risk from its investments in foreign operations, particularly in China and European countries.

### 4.3 Counterparty Risk

The Group trades diversified commodities and commodity-related products. Accordingly, a substantial portion of the Group's trade receivables is toward other commodity trading companies. Margin deposits generally consist of deposits with commodity exchanges and brokers which hold such deposits in a custodial capacity. The Group's counterparty risk exposure from derivative financial instruments is limited to the current fair value of contracts with a positive fair value.

Performance risk on an open contract measures the risk of non-performance by the counterparty and is composed of:

- The mark-to-market exposure to date (if any) reflecting the cost to the Group if the contract is not fulfilled and has to be replaced in the open market under prevailing market conditions; and
- The potential future mark-to-market exposure reflecting the fact that the market price can move from the day of exposure calculation to the delivery date/payment date versus the current market price.

The Group has implemented risk management procedures to monitor its exposures and to minimize counterparty risk. These procedures include initial credit and limit approvals, margin requirements, master netting arrangements, letters of credit and other guarantees.

### 4.4 Political and Country Risk

In its cross-border operations, the Group is exposed to country risk associated with a country's overall political, economic, financial, regulatory and commercial situations. The Group does not seek to retain country risk and it is the trade finance, insurance and credit risk departments' duty to seek solutions to mitigate political and country risk by transferring or covering them with major financial institutions or insurance companies.

### 4.5 Liquidity Risk

Liquidity risk arises in the general funding of the Group's commodity trading activities and in the management of positions. It includes both the risk of being unable to fund the Group's portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

Management of the liquidity profile is designed to ensure that the Group has access to the funds necessary to cover maturing liabilities. Sources of funds include interest-bearing and non-interest-bearing deposits, bank notes, trading account liabilities, repurchase agreements, long-term debt and borrowing arrangements.

The Group holds operating assets that are expected to generate cash inflows that will be available to meet cash outflows arising from operating liabilities. In the trading business, settling commodity contracts and liquidating trading inventories by exchanging the commodity for cash before the contractual maturity term is usual practice. Consequently, liquidity risk is measured by allocating liabilities to the earliest estimated period on which the counterparty can require repayment, and assets to the earliest estimated period on which the Group can realize in cash these assets without any significant discount from market value. This measurement takes into consideration the market depth and price sensitivity to significant transaction volumes. The inclusion of information on non-financial items is necessary to understand the Group's liquidity risk management, as liquidity is managed on a net asset and liability basis.

The table below summarizes the liquidity profile of the Group's operating assets and liabilities carrying amounts as of December 31, 2021 and December 31, 2020.

| | **2021** | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of US$) | Under 3 months | 3 to 6 months | Over 6 months | **Total** | Under 3 months | 3 to 6 months | Over 6 months | **Total** |
| Trading inventories | 6,514 | 404 | 1 | **6,919** | 5,246 | 254 | 1 | **5,501** |
| Derivative assets | 1,901 | 166 | 376 | **2,443** | 2,188 | 530 | 305 | **3,023** |
| Trade and other receivables | 5,207 | 430 | 157 | **5,794** | 3,621 | 428 | 207 | **4,256** |
| Derivative liabilities | (2,324) | (147) | (169) | **(2,640)** | (3,010) | (87) | (101) | **(3,198)** |
| Trade and other payables | (5,394) | (469) | (102) | **(5,965)** | (4,578) | (137) | (49) | **(4,764)** |
| **Total assets net of liabilities** | **5,904** | **384** | **263** | **6,551** | **3,467** | **988** | **363** | **4,818** |

The schedule below analyzes the Group's financial interests (excluding those related to lease liabilities under IFRS 16) that will be settled on future periods based on short-term debt (excluding repurchase agreements and bank overdrafts) and long-term financing as of December 31, 2021 and December 31, 2020. Such interests are grouped by maturity based on the contractual maturity date of the interests.

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Maturity < 1 year | 172 | 178 |
| Maturity 1-2 years | 108 | 110 |
| Maturity 2-3 years | 88 | 69 |
| Maturity 3-4 years | 73 | 52 |
| Maturity 4-5 years | 37 | 44 |
| Maturity > 5 years[1] | 59 | 34 |
| **Interests future cash outflows related to short-term debt and long-term financing existing at closing date** | **537** | **487** |
| *of which:* | | |
| Fixed rate | 475 | 376 |
| Floating rate | 62 | 111 |

1. Includes future interests on the €500 million, 7-year, rated senior bond issued in 2021, as well as future interests on a financial debt contracted in Brazil in 2018 and maturing up to 2035, and another contracted in the US in 2019 and maturing up to 2028.

## 4.6 Interest Rate Risk

As of December 31, 2021 and December 31, 2020, the allocation of Group financing between fixed and floating interest rates is as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Fixed rate | 5,177 | 4,362 |
| Floating rate | 3,019 | 5,004 |
| **Total short-term debt and long-term financing** | **8,196** | **9,366** |

*For further details, refer to Notes 5.2 and 5.3*

Short-term debt with initial contractual maturity below six months is considered as bearing a floating interest rate.

## 4.7 Categories of Financial Assets and Liabilities

Classification and measurement of financial assets depend on the business model and the instruments' contractual cash flow characteristics. Upon initial recognition, financial assets are carried at amortized cost, fair value through other comprehensive income (OCI), or fair value through profit and loss.

The main financial assets of the Group (excluding derivatives) are presented within the following consolidated balance sheet lines:

- Non-current financial assets
- Trade and other receivables
- Other financial assets at fair value through profit and loss
- Cash and cash equivalents

Financial liabilities are measured at amortized cost or fair value through profit and loss. The main financial liabilities of the Group (excluding derivatives) comprise long-term debt, short-term debt, financial advances from related parties and trade payables. All these financial liabilities are recorded at amortized cost using the effective interest method.

Financial assets and liabilities are recorded in the consolidated balance sheet as current if they mature within one year following the closing date of the financial statements and non-current if they mature after one year, apart from derivatives held for trading, which are all classified as current.

Derivatives are measured at fair value through profit and loss, except for those considered as hedging instruments in a cash flow hedge relationship, in which case the change in fair value is recognized in OCI.

Margin deposits consist of cash with brokers and exchanges to meet initial and variation margins requirements in respect of futures positions on commodities exchanges.

As of December 31, 2021, the different categories of financial assets and liabilities are as follows:

| (in millions of US$) | **Notes** | Assets at fair value through profit and loss | Derivatives at fair value through OCI - cash flow hedges | Assets at amortized cost | **Total** |
|---|---|---|---|---|---|
| Non-current financial assets | 5.4 | 224 | — | 75 | **299** |
| **Total non-current financial assets** | | **224** | **—** | **75** | **299** |
| Financial advances to related parties | 7.3 | — | — | 5 | **5** |
| Trade and other receivables | 3.9 | — | — | 4,945 | **4,945** |
| Derivative assets | 4.8 | 2,426 | 17 | — | **2,443** |
| Margin deposits | | — | — | 1,524 | **1,524** |
| Other financial assets at fair value through profit and loss | 5.5 | 301 | — | — | **301** |
| Cash and cash equivalents | 5.6 | 211 | — | 485 | **696** |
| **Total current financial assets** | | **2,938** | **17** | **6,959** | **9,914** |
| **Total financial assets** | | **3,162** | **17** | **7,034** | **10,213** |

| (in millions of US$) | **Notes** | Liabilities at fair value through profit and loss | Derivatives at fair value through OCI - cash flow hedges | Liabilities at amortized cost | **Total** |
|---|---|---|---|---|---|
| Long-term debt | 5.2 | — | — | 4,036 | **4,036** |
| Other non-current financial liabilities | 3.5 | — | — | 70 | **70** |
| **Total non-current financial liabilities** | | **—** | **—** | **4,106** | **4,106** |
| Short-term debt | 5.3 | — | — | 3,922 | **3,922** |
| Current portion of long-term debt | 5.2 | — | — | 766 | **766** |
| Financial advances from related parties | 7.3 | — | — | 209 | **209** |
| Trade and other payables (excluding margin deposit liabilities) | 3.10 | — | — | 5,408 | **5,408** |
| Margin deposit liabilities | 3.10 | — | — | 44 | **44** |
| Derivative liabilities | 4.8 | 2,480 | 160 | — | **2,640** |
| **Total current financial liabilities** | | **2,480** | **160** | **10,349** | **12,989** |
| **Total financial liabilities** | | **2,480** | **160** | **14,455** | **17,095** |

As of December 31, 2020, the different categories of financial assets and liabilities were as follows:

| (in millions of US$) | **Notes** | Assets at fair value through profit and loss | Derivatives at fair value through OCI - cash flow hedges | Assets at amortized cost | **Total** |
|---|---|---|---|---|---|
| Non-current financial assets | 5.4 | 196 | — | 358 | **554** |
| **Total non-current financial assets** | | **196** | **—** | **358** | **554** |
| Financial advances to related parties | 7.3 | — | — | 804 | **804** |
| Trade and other receivables | 3.9 | — | — | 3,548 | **3,548** |
| Derivative assets | 4.8 | 2,977 | 46 | — | **3,023** |
| Margin deposits | | — | — | 2,117 | **2,117** |
| Other financial assets at fair value through profit and loss | 5.5 | 223 | — | — | **223** |
| Cash and cash equivalents | 5.6 | 317 | — | 979 | **1,296** |
| **Total current financial assets** | | **3,517** | **46** | **7,448** | **11,011** |
| **Total financial assets** | | **3,713** | **46** | **7,806** | **11,565** |

| (in millions of US$) | **Notes** | Liabilities at fair value through profit and loss | Derivatives at fair value through OCI - cash flow hedges | Liabilities at amortized cost | **Total** |
|---|---|---|---|---|---|
| Long-term debt | 5.2 | — | — | 3,690 | **3,690** |
| Other non-current financial liabilities | 3.5 | — | — | 71 | **71** |
| **Total non-current financial liabilities** | | **—** | **—** | **3,761** | **3,761** |
| Short-term debt | 5.3 | — | — | 5,765 | **5,765** |
| Current portion of long-term debt | 5.2 | — | — | 198 | **198** |
| Financial advances from related parties | 7.3 | — | — | 154 | **154** |
| Trade and other payables (excluding margin deposit liabilities) | 3.10 | — | — | 4,250 | **4,250** |
| Margin deposit liabilities | 3.10 | — | — | 172 | **172** |
| Derivative liabilities | 4.8 | 3,137 | 61 | — | **3,198** |
| **Total current financial liabilities** | | **3,137** | **61** | **10,539** | **13,737** |
| **Total financial liabilities** | | **3,137** | **61** | **14,300** | **17,498** |

### 4.8 Classification of Derivative Financial Instruments

**Derivatives**

The Group uses futures and option contracts mostly to hedge trading inventories and open commitments in commodities and securities. Futures and option contracts are recognized at fair value, and the resulting unrealized gains and losses are recognized within the gross margin. Undelivered commodities purchase and sale commitments and swap/supply arrangements are recognized at fair value, and the resulting unrealized gain or loss is recognized within the gross margin. Foreign exchange hedge contracts are recognized at fair value, and the resulting unrealized gains and losses are recognized in the consolidated income statement in "Other financial income and expense" line for the foreign exchange exposure on funding and in "Cost of sales" line, for the foreign exchange gains and losses related to working capital.

**Hedge Accounting**

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk. These hedging instruments are classified either as fair value hedges, cash flow hedges, or net investments hedges in foreign operations.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge requirements:

- The hedging relationship must only concern eligible hedging instruments and hedged items;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedging relationship must meet hedge effectiveness requirements, particularly in respect of a hedging ratio.

The hedging relationship ends when it ceases to satisfy the above criteria. This includes situations in which the hedging instrument expires or is sold, terminated or exercised, or when the risk management objectives initially documented are no longer met. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The ineffective portion of a hedge, if any, is recognized in the consolidated income statement.

Only derivatives external to the Group, and internal derivatives that are matched with similar transactions external to the Group, qualify for hedge accounting.

**Fair Value Hedges**

Hedging instruments are classified as fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment. The change in fair value of the hedging instrument is recognized in the line of the consolidated income statement that is impacted by the underlying hedged item. The change in fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated income statement.

**Cash Flow Hedges**

Hedging instruments are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction or the foreign currency risk in an unrecognized firm commitment. The effective portion of the gain or loss on the hedging instrument is recognized directly in other reserves, while any ineffective portion is recognized immediately in the consolidated income statement. When hedged cash flows materialize, the amounts previously recognized in equity are either recycled to the consolidated income statement in the same way as for the hedged item, or treated as an adjustment to the value of the asset acquired.

**Net Investment Hedges**

Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognized directly in other reserves while any ineffective portion is recognized immediately in the consolidated income statement. The amounts previously recognized in equity are transferred to the consolidated income statement when the Group ceases to exercise control over the investment in foreign operations (either through a sale or a liquidation).

As of December 31, 2021 and December 31, 2020, derivative financial instruments are as follows:

| (in millions of US$) | **2021** Assets | **2021** Liabilities | 2020 Assets | 2020 Liabilities |
|---|---|---|---|---|
| Forward purchase and sale agreements | 1,810 | 1,425 | 2,294 | 1,453 |
| Forward foreign exchange contracts | 296 | 318 | 308 | 434 |
| Futures | 278 | 731 | 303 | 1,214 |
| Options | 66 | 6 | 100 | 35 |
| Swaps | — | — | 1 | 1 |
| Provision on derivative assets | (24) | — | (29) | — |
| **Derivatives at fair value through profit and loss** | **2,426** | **2,480** | **2,977** | **3,137** |
| Forward foreign exchange contracts | 9 | 25 | 24 | 14 |
| Swaps | 8 | 135 | 22 | 47 |
| **Derivatives at fair value through OCI - cash flow hedges** | **17** | **160** | **46** | **61** |
| **Total derivatives** | **2,443** | **2,640** | **3,023** | **3,198** |

In the normal course of operations, the Group enters into various derivative financial instruments involving future settlement. These transactions include futures, forward purchase and sale agreements, and option contracts that are executed either on regulated exchanges or in the over-the-counter (OTC) market.

Futures contracts are exchange-traded contractual commitments either to receive or deliver a standard amount or value of a commodity or financial instrument at a specified future date and price. Futures exchanges typically require the parties to provide as security "initial margins" and additional cash deposits for "variation margins", based upon market value fluctuations. OTC contracts, which may or may not require the payment of initial margins or variation margins, involve parties who have agreed to either exchange cash payments or deliver/receive the underlying commodity or financial instrument. Option contracts are contractual agreements that give the purchaser the right, but not the obligation, to purchase or sell a financial instrument or commodity at a predetermined price.

As of December 31, 2021, the Group recognized a provision on derivative assets of US$24 million on performance risk to offset unrealized gains on counterparties identified as being at risk. As of December 31, 2020, this provision was US$29 million.

Derivatives at Fair Value Through Other Comprehensive Income (OCI) - Cash Flow Hedges

Forward foreign exchange contracts mainly relate to the hedge of foreign currency risk of future capital expenditure, production costs and commercial and administrative expenses in Brazilian Reais, and to a lesser extent in Euros and Swiss Francs. The contracts also relate to the hedge of foreign currency risk of a long-term financing line (principal and interests) in Brazilian Reais.
As of December 31, 2021, contracts in Brazilian Reais represent a total US$433 million nominal value and are effective until 2035 with an average fixed exchange rate of 5.67 Brazilian Reais to the US Dollar (a total US$493 million nominal value effective until 2035 with an average fixed exchange rate of 5.20, as of December 31, 2020).

The Group enters into interest-rate swap contracts in North America to hedge against fluctuation in international interest rates (LIBOR) on the floating rate exposure of its debt. As of December 31, 2021, these operations represent a total US$1,200 million nominal value effective until 2026 with an average three-month LIBOR rate fixed at 1.58% per year (a total US$1,555 million nominal value effective until 2026 with an average three-month LIBOR rate fixed 1.66% per year, as of December 31, 2020).

The Group enters into cross-currency swap contracts in order to hedge the currency and interest exposure of the following main long-term financings:

- The Japanese Yen-denominated debt: as of December 31, 2021, these operations represent a total US$905 million nominal value effective until 2026 with an average JPY LIBOR rate fixed at 2.53% per year.
- The €500 million unrated senior bond issued in December 2013, the €650 million rated senior bond issued in November 2020 and February 2021, and the €500 million rated senior bond issued in April 2021. In December 2020, LDC repaid the €500 million unrated senior bond and settled the corresponding cross-currency swap representing a total repayment amount of US$677 million. Remaining cross-currency swaps are effective until 2025 and 2028.

The hedge on the exposure linked to future interest payments on these long-term financings is booked at fair value through OCI. The hedge on the exposure related to the principal and accrued interests is booked in profit and loss impacting "Other financial income and expense" in the consolidated income statement (refer to Note 2.3).

For the hedging relationships directly affected by the IBOR reform, LDC will apply the temporary exception in IFRS 9. In so doing, the Group assumes that the interest rate benchmark on which the hedged risk is based is not altered as a result of the reform, as it is expected that eventual changes in the loan (hedged item) will be followed by similar changes in the swap (hedging instrument), ensuring the economic relationship of the hedge.

### 4.9 Fair Value Hierarchy

The Group uses the following hierarchy to determine and disclose the fair value of assets and liabilities broken down by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: techniques that use inputs that have a significant effect on the recorded fair value that are based on observable, either directly or indirectly, market data; and
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2021 and December 31, 2020, the following table shows an analysis of financial assets and liabilities recorded at fair value by level of the fair value hierarchy:

| | **2021** | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of US$) | Level 1 | Level 2 | Level 3 | **Total** | Level 1 | Level 2 | Level 3 | **Total** |
| Trading inventories | — | 6,826 | 93 | **6,919** | 3 | 5,426 | 72 | **5,501** |
| Derivative assets | 316 | 2,110 | 17 | **2,443** | 253 | 2,739 | 31 | **3,023** |
| *Forward purchase and sale agreements* | — | *1,793* | *17* | ***1,810*** | — | *2,263* | *31* | ***2,294*** |
| *Forward foreign exchange contracts* | — | *305* | — | ***305*** | — | *332* | — | ***332*** |
| *Futures* | *257* | *21* | — | ***278*** | *179* | *124* | — | ***303*** |
| *Options* | *59* | *7* | — | ***66*** | *74* | *26* | — | ***100*** |
| *Swaps* | — | *8* | — | ***8*** | — | *23* | — | ***23*** |
| *Provision on derivative assets* | — | *(24)* | — | ***(24)*** | — | *(29)* | — | ***(29)*** |
| Other financial assets at fair value through profit and loss (current and non-current) | 237 | 60 | 228 | **525** | 140 | 68 | 211 | **419** |
| Cash equivalents | — | 211 | — | **211** | — | 317 | — | **317** |
| **Total assets** | **553** | **9,207** | **338** | **10,098** | **396** | **8,550** | **314** | **9,260** |
| Derivative liabilities | 731 | 1,898 | 11 | **2,640** | 1,231 | 1,962 | 5 | **3,198** |
| *Forward purchase and sale agreements* | — | *1,414* | *11* | ***1,425*** | — | *1,448* | *5* | ***1,453*** |
| *Forward foreign exchange contracts* | *1* | *342* | — | ***343*** | — | *448* | — | ***448*** |
| *Futures* | *729* | *2* | — | ***731*** | *1,214* | — | — | ***1,214*** |
| *Options* | *1* | *5* | — | ***6*** | *17* | *18* | — | ***35*** |
| *Swaps* | — | *135* | — | ***135*** | — | *48* | — | ***48*** |
| **Total liabilities** | **731** | **1,898** | **11** | **2,640** | **1,231** | **1,962** | **5** | **3,198** |

Trading inventories are valued at fair value based on observable prices (if and when available) such as commodity futures exchange quotations, broker or dealer quotations, or market transactions in either listed or OTC markets, and adjusted for differences in local markets and quality, since the exchange quoted price represents contracts with standardized terms for commodity, quantity, future delivery period, delivery location, and commodity quality or grade. When a substantial portion of observable inputs is used to estimate the fair value of the trading inventory, it is classified as Level 2. When unobservable inputs have a significant impact on the measurement of fair value, the trading inventory is classified as Level 3.

Fair value for the forward purchase and sale agreements is estimated based on exchange-quoted price adjusted for differences in local markets. These differences are generally determined using inputs from broker or dealer quotations or market transactions in either listed or OTC markets. When observable inputs are available for the full term of the contract, it is classified as Level 2. When unobservable inputs have a significant impact on the measurement of the fair value, the contract is classified as Level 3.

Other financial assets at fair value through profit and loss mainly include investments in equity instruments and bonds classified as Level 1 if they are listed, Level 2 if they are valued in the OTC market or adjusted based on observable market data and Level 3 if other valuation technique is used. They also include loans to commercial partners that do not meet SPPI (Solely Payments of Principal and Interests) requirements, classified as Level 3.

There was no transfer between levels during the year ended December 31, 2021.

## 4.10 Offsetting of Financial Assets and Liabilities

The Group enters into derivative transactions under *International Swaps and Derivatives Association* (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, such as when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

ISDA agreements do not meet the criteria for offsetting in the consolidated balance sheet; the Group does not have any currently legally enforceable right to offset recognized amounts, considering the right to offset is enforceable only on the occurrence of future events such as a default on bank loans or other credit events.

The following table sets out the carrying amounts of recognized financial instruments that are subject to the above agreements as of December 31, 2021:

| | Amounts set off in the balance sheet | | | Amounts not set off in the balance sheet | | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of US$) | Gross amount of financial assets | Gross amount of financial liabilities | **Net amount recognized in the balance sheet** | Under master netting agreements and margin deposit | Not under master netting agreements | **Total presented in the balance sheet** | Amounts under master agreements not set off in the balance sheet and margin deposit - theoretical set off adjustment | **Total net amount** |
| Derivative assets | 140 | (42) | **98** | 40 | 2,305 | **2,443** | 582 | **3,025** |
| Derivative liabilities | (434) | 934 | **500** | 17 | 2,123 | **2,640** | (762) | **1,878** |
| Margin deposit assets | | | | 1,524 | | **1,524** | (1,388) | **136** |
| Margin deposit liabilities | | | | 44 | | **44** | (44) | — |
| | **574** | **(976)** | **(402)** | **1,503** | **182** | **1,283** | **—** | **1,283** |

As of December 31, 2020, the offsetting of financial assets and liabilities was as follows:

| | Amounts set off in the balance sheet | | | Amounts not set off in the balance sheet | | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of US$) | Gross amount of financial assets | Gross amount of financial liabilities | **Net amount recognized in the balance sheet** | Under master netting agreements and margin deposit | Not under master netting agreements | **Total presented in the balance sheet** | Amounts under master agreements not set off in the balance sheet and margin deposit - theoretical set off adjustment | **Total net amount** |
| Derivative assets | 346 | (97) | **249** | 130 | 2,644 | **3,023** | 401 | **3,424** |
| Derivative liabilities | (1,121) | 2,222 | **1,101** | 130 | 1,967 | **3,198** | (1,306) | **1,892** |
| Margin deposit assets | | | | 2,117 | | **2,117** | (1,875) | **242** |
| Margin deposit liabilities | | | | 172 | | **172** | (168) | **4** |
| | **1,467** | **(2,319)** | **(852)** | **1,945** | **677** | **1,770** | **—** | **1,770** |

## 5. Equity and Financing

### 5.1 Equity

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Issued capital | 1 | 1 |
| Share premium | 1,586 | 1,586 |
| Retained earnings | 3,940 | 3,409 |
| Other reserves | (144) | (138) |
| **Equity attributable to owners of the company** | **5,383** | **4,858** |
| Non-controlling interests | 44 | 12 |
| **Total stockholders' equity and non-controlling interests** | **5,427** | **4,870** |

Stockholders' equity and non-controlling interests disclosed in the Financial Statements correspond to the equity used by management when assessing performance.

**Capital**

When managing capital, the Group's objectives are to safeguard its ability to continue as a going concern so that it can provide returns to shareholders, bring benefits to its other partners and optimize the structure of capital in order to reduce its cost.

As of December 31, 2021 and December 31, 2020, the capital of LDC is composed of 100,000,000 shares with a €0.01 nominal value each, that are issued and fully paid.

During the year ended December 31, 2021, LDC distributed US$191 million as dividends to LDCNH, corresponding to a dividend payment of US$1.91 per share. During the year ended December 31, 2020, LDC distributed US$302 million as dividends to LDCNH, corresponding to a dividend payment of US$3.02 per share.

**Other Reserves**

Other reserves as of December 31, 2021 and December 31, 2020 relate to:

| | **2021** | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of US$) | Pre-tax | Tax | Non-controlling share | **Owners of the company share** | Pre-tax | Tax | Non-controlling share | **Owners of the company share** |
| Other comprehensive income | (159) | 10 | (5) | **(144)** | (182) | 14 | (6) | **(162)** |
| Deferred compensation | — | — | — | **—** | 24 | — | — | **24** |
| **Other reserves** | **(159)** | **10** | **(5)** | **(144)** | **(158)** | **14** | **(6)** | **(138)** |

Deferred compensation reserves corresponded to the awards granted to the employees of subsidiaries that did not enter into a reimbursement agreement with LDCH. In 2021, deferred compensation reserves were reclassified to retained earnings following the termination of the equity participation plan in the context of the transaction with ADQ (refer to Note 6.2).

**Other Comprehensive Income (OCI)**

OCI is composed of cash flow and net investment hedges, pensions reserves and foreign currency translation adjustment as described below.

Cash flow and net investment hedges reserves correspond to the effective portion of the gain or loss on the hedging instrument as described in Note 4.8.

Pensions reserves correspond to the re-measurement gains and losses arising from defined benefit pension plans in accordance with IAS 19 Employee Benefits as described in Note 6.1.

Foreign currency translation adjustment are used to record exchange differences arising from the translation of the financial statements of the Group's foreign operations whose functional currencies are different from the US Dollar.

Changes in OCI for the years ended December 31, 2021 and December 31, 2020 are as follows:

| (in millions of US$) | Cash flow and net investment hedges | Pensions' reserves | Foreign currency translation adjustment | **Total** |
|---|---|---|---|---|
| **Balance as of January 1, 2021 - owners of the company share** | **(71)** | **14** | **(105)** | **(162)** |
| *of which:* | | | | |
| Pre-tax | (89) | 18 | (111) | **(182)** |
| Tax | 18 | (4) | — | **14** |
| Non-controlling share | — | — | (6) | **(6)** |
| Current year gains (losses) | (10) | 18 | (14) | **(6)** |
| Reclassification to profit and loss | 24 | — | — | **24** |
| **OCI for the year - owners of the company share** | **14** | **18** | **(14)** | **18** |
| *of which:* | | | | |
| Pre-tax | 12 | 24 | (13) | **23** |
| Tax | 2 | (6) | — | **(4)** |
| Non-controlling share | — | — | 1 | **1** |
| **Balance as of December 31, 2021 - owners of the company share** | **(57)** | **32** | **(119)** | **(144)** |
| *of which:* | | | | |
| Pre-tax | (77) | 42 | (124) | **(159)** |
| Tax | 20 | (10) | — | **10** |
| Non-controlling share | — | — | (5) | **(5)** |

| (in millions of US$) | Cash flow and net investment hedges | Fixed assets revaluation reserve | Pensions | Foreign currency translation adjustment | **Total** |
|---|---|---|---|---|---|
| **Balance as of January 1, 2020 - owners of the company share** | **(20)** | **6** | **17** | **(152)** | **(149)** |
| *of which:* | | | | | |
| Pre-tax | (18) | 7 | 24 | (158) | **(145)** |
| Tax | (2) | — | (7) | — | **(9)** |
| Non-controlling share | — | 1 | — | (6) | **(5)** |
| Current year gains (losses) | (132) | — | (3) | 39 | **(96)** |
| Reclassification to profit and loss | 81 | — | — | 2 | **83** |
| Others | — | (6) | — | 6 | **—** |
| **OCI for the year - owners of the company share** | **(51)** | **(6)** | **(3)** | **47** | **(13)** |
| *of which:* | | | | | |
| Pre-tax | (71) | (7) | (6) | 47 | **(37)** |
| Tax | 20 | — | 3 | — | **23** |
| Non-controlling share | — | (1) | — | — | **(1)** |
| **Balance as of December 31, 2020 - owners of the company share** | **(71)** | **—** | **14** | **(105)** | **(162)** |
| *of which:* | | | | | |
| Pre-tax | (89) | — | 18 | (111) | **(182)** |
| Tax | 18 | — | (4) | — | **14** |
| Non-controlling share | — | — | — | (6) | **(6)** |

## 5.2 Long-Term Debt

As of December 31, 2021 and December 31, 2020, long-term debt consists of the following:

| (in millions of US$) | Notes | 2021 | 2020 |
|---|---|---|---|
| Non-current portion of long-term financing | | 3,701 | 3,471 |
| Non-current portion of lease liabilities | 7.1 | 335 | 219 |
| **Non-current portion of long-term debt** | | **4,036** | **3,690** |
| Current portion of long-term financing | | 573 | 130 |
| Current portion of lease liabilities | 7.1 | 193 | 68 |
| **Current portion of long-term debt** | | **766** | **198** |
| **Total long-term debt** | | **4,802** | **3,888** |

The tables below only refer to long-term financing.

Long-term financing as of December 31, 2021 and December 31, 2020 is analyzed as follows:

| (in millions of US$) | 2021 | 2020 |
|---|---|---|
| Debt capital markets | 2,050 | 1,522 |
| Revolving credit facilities | 4 | 15 |
| Term loans from banks | 2,220 | 2,064 |
| **Total long-term financing** | **4,274** | **3,601** |

Maturity of long-term financing as of December 31, 2021 and December 31, 2020 is analyzed as follows:

| (in millions of US$) | 2021 | 2020 |
|---|---|---|
| Maturity 1-2 years[1] | 446 | 1,007 |
| Maturity 2-3 years | 645 | 520 |
| Maturity 3-4 years[2] | 1,045 | 264 |
| Maturity 4-5 years | 628 | 1,048 |
| Maturity > 5 years[3] | 937 | 632 |
| **Non-current portion of long-term financing** | **3,701** | **3,471** |
| **Current portion of long-term financing[4]** | **573** | **130** |
| **Total long-term financing** | **4,274** | **3,601** |
| *of which:* | | |
| Fixed rate | 3,541 | 2,807 |
| Floating rate | 733 | 794 |

1. As of December 31, 2021, this amount includes a US$300 million, 6-year, 5.25% coupon unrated senior bond listed on the *Luxembourg Stock Exchange* issued by LDC on June 13, 2017.
2. As of December 31, 2021, this amount includes a €650 million, 5-year, 2.38% coupon rated senior bond listed on the *Luxembourg Stock Exchange* issued by LDC on November 27, 2020 and on February 17, 2021 (swapped to US Dollars, refer to Note 4.8).
3. As of December 31, 2021, this amount includes a €500 million, 7-year, 1.63% coupon rated senior bond listed on the *Luxembourg Stock Exchange* issued by LDC on April 27, 2021 (swapped to US Dollars, refer to Note 4.8).
4. As of December 31, 2021, this amount includes a €400 million, 5-year, 4.00% coupon unrated senior bond listed on the *Luxembourg Stock Exchange* issued by LDC on February 7, 2017. This bond is partially used as a hedging instrument to hedge the net investments in the Group's Euro subsidiaries.

Certain portions of this financing, aggregating US$76 million as of December 31, 2021 and US$143 million as of December 31, 2020 are secured by mortgages on assets.

Certain senior debt and bank loans contain covenants that require maintenance of levels of working capital, net worth, debt to equity ratios, dividend restrictions and limit of indebtedness. As of December 31, 2021, the Group complied with all the covenants included in its loan agreements with banks.

As of December 31, 2021 and December 31, 2020, outstanding long-term financing after hedge is denominated in the following currencies:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| US Dollar | 3,600 | 3,055 |
| Euro | 673 | 545 |
| Other currencies | 1 | 1 |
| **Total long-term financing** | **4,274** | **3,601** |

The following is a comparative summary of outstanding long-term financing after hedge, current and non-current portions:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Bank loans, from 0.7% to 3.0%, over LIBOR due through 2022 | 34 | 37 |
| Bank loans, from 0.8% to 1.7%, over LIBOR due through 2023 | 48 | 68 |
| Bank loans, from 0.8% to 3.5%, over LIBOR due through 2027 | 390 | 586 |
| Bank loans, from 1.2% to 2.0%, over EURIBOR due through 2026 | 221 | 55 |
| Bank loans, from 3.1% to 5.0%, over TJLP due through 2035 | 40 | 47 |
| Other variable rates through 2022 | — | 1 |
| Fixed rate through 2028 | 3,541 | 2,807 |
| **Total long-term financing** | **4,274** | **3,601** |

As of December 31, 2021, the main difference between the fair value of long-term financing and its historical value amounts to US$85 million and relates to the listed senior bonds for which fair value is US$2,135 million compared to US$2,050 million net book value.

Changes in long-term financing for the years ended December 31, 2021 and December 31, 2020 are as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| **Balance as of January 1** | **3,601** | **3,599** |
| Proceeds from long-term financing | 1,215 | 856 |
| Repayment of long-term financing | (362) | (1,048) |
| Foreign exchange | (196) | 116 |
| Others | 16 | 78 |
| **Closing balance** | **4,274** | **3,601** |

## 5.3 Short-Term Debt

The Group finances most of its short-term requirements through bank loans, acceptances and commercial paper. The underlying agreements require certain companies to maintain minimum levels of net worth and to meet various liquidity tests.

As of December 31, 2021 and December 31, 2020, short-term debt consists of the following:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Bank loans | 3,074 | 5,085 |
| Commercial paper | 397 | 536 |
| Bank overdrafts | 284 | 138 |
| Repurchase agreements | 167 | 6 |
| **Total short-term debt** | **3,922** | **5,765** |
| *of which:* | | |
| Fixed rate | 1,636 | 1,555 |
| Floating rate | 2,286 | 4,210 |

The Group enters into repurchase agreements, which are arrangements involving the sale of securities at a specified price with an irrevocable commitment to repurchase the same or similar securities at a fixed price on a specified future date or with an open maturity.

As of December 31, 2021 and December 31, 2020, there is no significant difference between the historical value and fair value of short-term debt.

As of December 31, 2021 and December 31, 2020, outstanding short-term debt is denominated in the following currencies:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| US Dollar | 3,321 | 4,820 |
| Argentine Peso | 167 | — |
| Indonesian Rupiah | 135 | 124 |
| Euro | 113 | 79 |
| Chinese Yuan | 81 | 589 |
| Pakistani Rupee | 35 | 3 |
| Australian Dollar | 22 | 25 |
| Ukrainian Hryvnia | — | 72 |
| Other currencies | 48 | 53 |
| **Total short-term debt** | **3,922** | **5,765** |

Changes in short-term debt for the years ended December 31, 2021 and December 31, 2020 are as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| **Balance as of January 1** | **5,765** | **3,889** |
| Net proceeds from (repayment of) short-term debt | (1,844) | 1,795 |
| Foreign exchange | 1 | 17 |
| Reclassification to held for sale liabilities | — | 64 |
| **Closing balance** | **3,922** | **5,765** |

### Net Proceeds From (Repayment of) Short-Term Debt

This line included changes in repurchase agreements (US$162 million in 2021 and US$(32) million in 2020) which are reported as changes in derivatives in the consolidated statement of cash flows. This line excluded changes in related parties' advances (US$1,097 million in 2021 and US$(34) million in 2020) and US$(17) million of cash contribution made to a life insurance program in the US in 2020, which are reported as "Net proceeds from (repayments of) short-term debt and related parties' loans and advances" in the consolidated statement of cash flows. In 2021, the US$1,097 million changes in related parties's advances are linked to a large extent to the full repayment of the US$1,051 million loan to LDCNH following the closing of ADQ transaction (refer to notes 5.4 and 7.3).

### Reclassification to Held for Sale Liabilities

As of December 31, 2020, US$64 million of bank loans held by *LDC Fujian Refined Sugar Co. Ltd.* (Sugar business reclassified to held for sale liabilities as of December 31, 2019) were repaid (refer to Note 1.4).

## 5.4 Non-Current Financial Assets

Non-current financial assets mainly include:

- Non-current financial assets measured at amortized cost using the effective interest method such as long-term loans and deposits which meet SPPI (Solely Payments of Principal and Interests) test requirements under IFRS 9; and
- Investments in equity instruments not held for trading purposes that the Group intends to keep during more than 12 months after the closing date of the period and loans to commercial partners that do not meet the SPPI test requirements. Those investments and loans are measured at fair value through profit and loss. The Group did not elect for the irrevocable option to measure any investment in equity instruments at fair value through OCI with no recycling through the consolidated income statement.

As of December 31, 2021 and December 31, 2020, non-current financial assets consist of the following:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Non-current financial assets at amortized cost | 75 | 358 |
| *Long-term loans to related parties* | — | *260* |
| *Deposits and others* | *75* | *98* |
| Non-current financial assets at fair value through profit and loss | 224 | 196 |
| **Non-current financial assets** | **299** | **554** |

As of December 31, 2020, long-term loans to related parties mainly included the non-current part of the loan granted by LDC to LDCNH for US$251 million. On November 11, 2020, LDCH announced the signing of an agreement to sell an indirect 45% equity stake in *Louis Dreyfus Company B.V.* to Abu Dhabi-based ADQ, one of the region's largest holding companies. According to the Shareholders Agreement signed, a minimum of US$800 million of the proceeds should be used to partially reimburse the US$1,051 million loan to LDCNH at the transaction closing date. Consequently, US$800 million of the loan were classified as current assets in the line "Financial advances to related parties" as of December 31, 2020. The transaction closed on September 10, 2021, resulting in the full repayment of the loan originally maturing in 2023.

In 2012, LDC entered into a joint venture agreement for the development and construction of a deep-sea terminal for agricultural commodities in the Taman peninsula in southern Russia (the "Project"). The non-current financial assets at fair value through profit and loss include loans granted to the joint venture partner *Infragos Consortium B.V.,* whose rights and obligations have now been transferred to *Infracis Group Limited* ("IGL") (the "Loan"). As of December 31, 2021 and December 31, 2020, principal and accrued interests of the Loan total US$197 million and US$188 million, respectively.

The Group owns 10% of the shares of the Dutch joint venture vehicle (*Cisagri Holland Cooperatief U.A.*), which is booked under Investments in associates and joint ventures using the equity method. As of December 31, 2021 and December 31, 2020, it amounted to US$16 million (refer to Note 3.3). The Loan is repayable in cash or convertible into an additional 15% membership interests in the joint venture, and was due at the earlier of the terminal completion date or December 31, 2018.

As of March 22, 2022, the Loan has not been repaid and the membership interests have not been transferred to LDC.

The Project is significantly delayed, mainly because land re-zoning approval has not been obtained and there remains significant uncertainty on the completion of the Project.

LDC and IGL have brought claims against each other in arbitration proceedings with the *International Chamber of Commerce* in London. LDC and its legal advisors consider that this arbitration shall not interfere with the Project activities and that LDC has good prospects of success in the arbitration.

The Loan was valued using a discounted cash flow method of future cash flow from the Project, in case of successful completion of the Project, with a finite projection period. Projections rely on market assumptions prevailing at the closing date, which may be subject to further delays or evolution in the future. Material assumptions include construction costs and timing, elevation fees, elevated volume, inflation and foreign exchange. The pre-tax discount rate used reflects current market assessments of the time value of money and the risks specific to the project.

LDC's legal advisors have confirmed that LDC has a good argument in the arbitration that if the Project is not completed and is frustrated, the Loan and interests would be repayable in cash. However, despite the strength of LDC's argument, as with all arbitration/court proceedings, there remains an inevitable element of uncertainty over the conclusion of the arbitration proceedings and recovery of the Loan.

## 5.5 Other Financial Assets at Fair Value Through Profit and Loss

Other financial assets at fair value through profit and loss include short-term securities with an initial maturity greater than three months and bonds relating to the financial trading activity as well as other financial assets designated upon recognition at fair value through profit and loss. It also includes investments in non-consolidated equity instruments on which the Group does not exercise significant influence, joint control or control.

As of December 31, 2021 and December 31, 2020, other financial assets at fair value through profit and loss consist of the following:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Marketable securities held for trading | 215 | 122 |
| Short-term securities | 57 | 51 |
| Investments in equity instruments | 29 | 50 |
| | **301** | **223** |

Short-term securities include US$1 million of securities or cash deposits pledged as collaterals as of December 31, 2021 and December 31, 2020.

The decrease in investments in equity instruments is mostly attributable to the sale of remaining shares in *Luckin Coffee* in February 2021 (refer to Note 2.4).

## 5.6 Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less at the time of the acquisition. Treasury bills, money market funds, commercial paper, bank certificates of deposit and marketable securities having insignificant risk of change in value qualify under this definition. Short-term securities classified as "Cash equivalents" are recorded at fair value through profit and loss with changes in fair value recognized in the "Interest income" line of the consolidated income statement. Changes in bank overdrafts that form part of the financing activities are presented as an increase (decrease) in short-term debt in the consolidated statement of cash flows.

As of December 31, 2021 and December 31, 2020, cash and cash equivalents are as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Cash equivalents | 211 | 317 |
| Cash | 485 | 979 |
| | **696** | **1,296** |

As of December 31, 2020, the table does not include the US$2 million cash that is part of the Imperial transaction (Sugar business), as they were reclassified to held for sale assets (refer to Note 1.4).

Cash equivalents include US$19 million of securities pledged as collateral for exchange as of December 31, 2021 (US$17 million as of December 31, 2020).

As of December 31, 2021 and December 31, 2020, there is no material difference between the historical value and fair value of cash and cash equivalents.

# 6. Employees

## 6.1 Employee Benefits

**Short-Term Employee Benefits**

Short-term employee benefits include wages, salaries, social security contributions, compensated absences, profit-sharing and bonuses and are expected to be fully settled within 12 months after the end of the reporting period. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in the income statement as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

**Pensions and Post-Retirement Benefits**

Defined contribution plans are funded by contributions paid by employees and Group companies to the organizations responsible for managing the plans. The Group's obligations are limited to the payment of such contributions which include total social contributions incurred by the Group in order to secure for its employees the entitlement to defined contribution pension schemes. It covers contributions made compulsory by law as well as those resulting from supplementary collectively agreed, contractual and voluntary schemes.

Defined benefit plans consist of either funded or unfunded plans. Obligations under these plans are generally determined by independent actuaries using the projected unit credit method.

The Group measures and recognizes post-employment benefits in accordance with IAS 19:

- Contributions to defined contribution plans are recognized as an expense;
- Defined benefit plans are measured using actuarial valuations.

The Group uses the projected unit credit method as the actuarial method for measuring its post-employment benefit obligations, on the basis of the national or company-wide collective agreements effective within each entity.

Factors used in calculating the obligation include length of service, life expectancy, salary inflation, staff turnover and macroeconomic assumptions specific to countries in which the Group operates (such as inflation rate and discount rate).

Actuarial gains and losses relating to defined benefit plans (pensions and other post-employment benefits), arising from the effects of changes in actuarial assumptions and experience adjustments, are recognized net of deferred taxes in other comprehensive income.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of each plan.

If the value of plan assets exceeds the obligation under the plan, the net amount is recognized as a non-current asset. Overfunded plans are recognized as assets only if they represent future economic benefits that will be available to the Group through future refunds from the plan or reductions in future contributions to the plan.

**Other Long-Term Benefits**

The Group's net obligation in respect of long-term benefits, other than post-employment plans, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. They include mainly bonuses that are not expected to be settled wholly before 12 months after the end of the reporting period. They are recognized in the income statement as part of the commercial and administrative expenses. The corresponding debt is included within the lines "Other non-current liabilities" and "Trade and other payables" of the consolidated balance sheet, respectively for its non-current and current parts.

**Short-Term Employee Benefits**

In 2021, personnel expenses reached US$858 million (US$715 million in 2020).

**Defined Benefit Plans**

The Group maintains pension plans in various countries as prescribed by local laws and customs. The obligations of the Group to pay benefits upon retirement are provided for on an estimated annual basis. The estimates reflect assumptions as to future salary increases, employee turnover and mortality rates. The most significant retirement plans that require funding are in the United States of America (US).

As of December 31, 2021 and December 31, 2020, retirement benefit obligations are as follows:

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| (in millions of US$) | US | Other | Total | US | Other | Total |
| Long-term pension benefit | 36 | 22 | 58 | 45 | 23 | 68 |
| Post-retirement benefit | 18 | 11 | 29 | 19 | 12 | 31 |
| **Retirement benefit obligations** | **54** | **33** | **87** | **64** | **35** | **99** |
| **Net plan asset[1]** | **—** | **(2)** | **(2)** | **—** | **(1)** | **(1)** |

1. Reported in "Trade and other receivables".

As of December 31, 2021, this table does not include the US$19 million long-term pension benefit and the US$5 million other long-term employee benefits (respectively US$41 million and US$5 million as of December 31, 2020) that are part of the Imperial transaction (Sugar business), as they were reclassified to held for sale liabilities (refer to Note 1.4).

***US***

The Group has various defined benefit pension plans in the US covering substantially all employees, which provide benefits based on years of service and compensation during defined years of employment. The funding policy is to contribute amounts sufficient to meet the minimum funding requirements. The Group also has unfunded post-retirement plans in the US that cover substantially all salaried employees. These plans provide medical, dental and life insurance benefits.

Certain current and former employees of *Imperial Sugar Company* (ISC) are covered by retirement plans. Retirement benefits are primarily a function of years of service and the employee's compensation for a defined period of employment. In 2003, ISC froze the benefits under the salaried pension plan resulting in reductions in future pension obligations. ISC funds pension costs at an actuarially determined amount based on normal cost and the amortization of prior service costs, gains and losses over the remaining service periods. Additionally, ISC previously provided a supplemental non-qualified, unfunded pension plan for certain management members as well as a non-qualified retirement plan for former non-employee directors, which provided benefits based upon years of service as a director and the retainer in effect at the date of a director's retirement. Certain of ISC's employees who meet the applicable eligibility requirements are covered by benefit plans that provide post-retirement health care and life insurance benefits to employees.

As of December 31, 2021 and December 31, 2020, pension and post-retirement benefits liabilities recognized in the consolidated balance sheet are as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| (in millions of US$) | Pension benefit | Post-retirement benefit | Pension benefit | Post-retirement benefit |
| Present value of obligations | 377 | 18 | 401 | 19 |
| Fair value of plan assets | (322) | — | (315) | — |
| **Liability before reclassification to held for sale liabilities** | **55** | **18** | **86** | **19** |
| Reclassification to held for sale liabilities | (19) | — | (41) | — |
| **Liability in the balance sheet** | **36** | **18** | **45** | **19** |

Changes in the pension and post-retirement liabilities before reclassification to held for sale liabilities are as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| (in millions of US$) | Pension benefit | Post-retirement benefit | Pension benefit | Post-retirement benefit |
| **Balance as of January 1** | **86** | **19** | **88** | **20** |
| Net expense | 3 | — | 5 | — |
| Remeasurements | (25) | — | 5 | 1 |
| Contributions | (9) | (1) | (12) | (2) |
| **Closing balance** | **55** | **18** | **86** | **19** |

Changes in the present value of the obligation in respect of pension and post-retirement benefits and before reclassification to held for sale liabilities are as follows:

| (in millions of US$) | **2021** Pension benefit | **2021** Post-retirement benefit | 2020 Pension benefit | 2020 Post-retirement benefit |
|---|---|---|---|---|
| **Balance as of January 1** | **401** | **19** | **376** | **20** |
| Interest cost | 9 | — | 11 | — |
| Remeasurements | (13) | — | 34 | 1 |
| Contributions | (20) | (1) | (20) | (2) |
| **Closing balance** | **377** | **18** | **401** | **19** |

Changes in fair value of the plan assets before reclassification to held for sale liabilities are as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| **Balance as of January 1** | **(315)** | **(288)** |
| Interest income | (7) | (8) |
| Administrative expenses | 1 | 2 |
| Return on plan assets excluding interest income | (12) | (29) |
| Employer contributions | (9) | (12) |
| Benefit payments | 20 | 20 |
| **Closing balance** | **(322)** | **(315)** |

The amounts recognized in the consolidated income statement are as follows:

| (in millions of US$) | **2021** Pension benefit | 2020 Pension benefit |
|---|---|---|
| Administrative expenses | 1 | 2 |
| Net interest expense | 2 | 3 |
| **Total net expenses** | **3** | **5** |

Changes in other comprehensive income are as follows:

| (in millions of US$) | **2021** Pension benefit | **2021** Post-retirement benefit | 2020 Pension benefit | 2020 Post-retirement benefit |
|---|---|---|---|---|
| **Balance as of January 1** | **29** | **3** | **34** | **4** |
| Return on plan assets excluding interest income | 12 | — | 29 | — |
| Effect of change in financial assumptions | 14 | (1) | (35) | (1) |
| Other actuarial assumptions | (1) | 1 | 1 | — |
| **Closing balance** | **54** | **3** | **29** | **3** |

The plan assets are detailed as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Large US Equity | (73) | (100) |
| Small/Mid US Equity | (6) | (9) |
| International Equity | (16) | (19) |
| Bond | (227) | (187) |
| **Total plan assets** | **(322)** | **(315)** |

The discount rate is 2.62% as of December 31, 2021 (2.28% as of December 31, 2020).

***Other***

Other long-term pension benefit plans are mainly in the United Kingdom and Switzerland. Pension benefits liabilities recognized in the consolidated balance sheet are as follows as of December 31, 2021 and December 31, 2020:

| | **2021** | | 2020 | |
|---|---|---|---|---|
| (in millions of US$) | United Kingdom | Switzerland | United Kingdom | Switzerland |
| Present value of obligations | 92 | 63 | 87 | 59 |
| Fair value of plan assets | (81) | (57) | (77) | (51) |
| **Liability in the balance sheet** | **11** | **6** | **10** | **8** |

## 6.2 Share-Based Payment

Share plans and stock-option plans are measured at fair value, corresponding to the value of the benefit granted to the employee on the grant date. The transactions are recognized in the line “Commercial and administrative expenses” in the consolidated income statement on a graduated basis over the vesting period, with a corresponding increase in other reserves in equity when the plan is deemed an equity plan.

In December 2006, the terms of a stock-based compensation arrangement referred to as the Equity Participation Plan (EPP), which was sponsored by LDCH, became operational and the arrangement was fully implemented in December 2007 with the issuance of the first shares relating to the awards. The EPP provided for the grant of securities and options to purchase securities in LDCH (collectively "Awards") to certain employees of the Group. EPP awards granted to employees of the Group generally vested on a graduated basis over a four-year period. Additional awards were granted to employees during each first semester, with the corresponding securities and options to purchase securities to be issued during the second semester of the same calendar year.

The Group accounted for the EPP as an equity-settled plan: the fair value of awards granted, determined at attribution date, was recorded in the consolidated income statement ratably over the vesting period of the awards. The value of the awards granted was not revalued in subsequent periods.

The Group and LDCH entered into reimbursement agreements under which certain subsidiaries of the Group reimbursed LDCH for the awards attributed to their employees. Depending on the reimbursement agreement, the Group was liable for vested awards at attribution or fair value. Amounts due under these reimbursement agreements were recorded by the Group as a distribution of equity to LDCH. Accordingly, amounts payable under the reimbursement agreements gave rise to a reclassification from equity to liabilities up to the amount of stock compensation already recorded. Any excess of the amounts due under the reimbursement agreements over the attribution value of the awards was recorded as an additional debit to retained earnings. Certain reimbursement agreements provided for a payment anticipating the accounting vesting schedule and gave rise to a prepaid asset.

In the context of the transaction with ADQ, the EPP was terminated in September 2021. Consequently, the liability relating to reimbursement agreements (which amounted to US$91 million as of December 31, 2020) was fully reimbursed to LDCH.

In 2021, awards forfeited by employees represented US$1 million. During the 2021 transfer window period, LDCH purchased shares from employees corresponding to US$32 million in attribution value bringing the attribution value of outstanding EPP awards granted to employees to US$113 million at plan termination. EPP awards fully vested represented US$63 million and were paid to the employees; while the US$50 million unvested awards will be paid according to initial vesting dates until 2024.

As of December 31, 2020, the attribution value of outstanding EPP awards granted to employees was US$146 million, of which US$24 million corresponded to awards granted in 2020, while awards forfeited by employees during 2020 amounted to US$3 million. During the 2020 transfer window period, LDCH purchased shares from employees corresponding to US$59 million in attribution value.
As of December 31, 2020, EPP awards fully vested and unvested awards were respectively of US$65 million and US$81 million vesting ratably over periods ranging from three months to three years.

Until the termination date, compensation costs recognized in commercial and administrative expenses are of US$9 million in 2021 (US$32 million in 2020).

In 2021, a new deferred bonus program was implemented to replace the EPP. The program is a cash-based compensation arrangement which is accounted according to IAS 19 (refer to Note 6.1).

## 6.3 Number of Employees

The average number of employees for the years ended December 31, 2021 and December 31, 2020 is as follows:

| | **2021** | 2020 |
|---|---|---|
| Managers and traders | 1,654 | 1,585 |
| Supervisors | 1,428 | 1,385 |
| Employees | 4,139 | 4,058 |
| Workers | 7,189 | 7,326 |
| Seasonal workers | 2,654 | 2,708 |
| | **17,064** | **17,062** |

## 7. Leases and Other Information

### 7.1 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. The contract is a lease if it conveys the right to control the use of an identified asset for a period of time (lease term) in exchange for consideration, meaning the right to obtain substantially all economic benefits and the right to direct the use of such asset over the lease period.

The lease term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset. The term shall include both option to extend the lease or option to terminate the lease if the lessee is reasonably certain to exercise those options, considering business continuity among others. When determining the lease term, Management reviewed existing renewal and termination options taking into account economic factors.

**Lessor**

The Group acts as a sub-lessor only in short-term leases of vessels, which are classified as operating leases. The corresponding lease payments received are recognized as income in "Gross margin" over the lease term.

**Lessee**

As a lessee, the Group is mainly involved in leases of lands, warehouses, production lines, harvesting machinery, tractors, railcars, office spaces, vessels and cars.

At commencement date, the Group recognizes a right-of-use asset and a lease liability. In the consolidated balance sheet, the Group presents right-of-use assets in "Property, plant and equipment" and lease liabilities in "Long-term debt" for the non-current part and "Current portion of long-term debt" for the current one.

The **right-of-use asset** is initially measured at cost, which corresponds to the initial amount of the lease liability adjusted for (i) any lease payment made at or before commencement date, (ii) any initial direct costs incurred by the lessee, (iii) an estimate of any obligatory costs to be incurred in dismantling and/or restoring the underlying asset or its site as per the contractual terms of the lease and (iv) less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those used for the underlying asset (i.e. property, plant and equipment). In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for remeasurements of the lease liability. The depreciation cost is recognized either through the "Cost of sales" or the "Commercial and administrative expenses" lines of the consolidated income statement, depending on the nature of the lease.

The **lease liability** is initially measured at the present value of future lease payments at the commencement date, discounted using the implicit interest rate in the lease or the lessee's incremental borrowing rate (when the previous one is not easily determined). Generally, the Group uses its incremental borrowing rate as the discount rate. By simplification, the incremental borrowing rate is calculated for each monetary zone using the risk-free rate applicable in the zone, plus the Group's risk premium for the local currency.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments depending on an index or rate;
- Residual value guarantees;
- Exercise price of a purchase option and penalties due to early termination option (if expected to be exercised).

The lease liability is subsequently measured at amortized cost using the effective interest method. Its carrying amount is increased to reflect interest on the liability, reduced to reflect lease payments and remeasured to reflect reassessment or lease modification. The "Interest expense on leases" is recognized through the "Other financial income and expense" line of the consolidated income statement. The lease payments are reported in the line "Repayment of lease liabilities" of the consolidated statement of cash flows.

Some contracts contain both lease and non-lease components. The Group elects not to separate non-lease components from lease components except for vessel chartering contracts, for which the running costs are excluded from the lease in order to determine a bareboat equivalent lease component.

**Low value assets and short-term leases**

The Group does not recognize right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases of individually low-value assets. The lease payments associated with these leases are recorded as an expense on a straight-line basis over the lease term through the "Cost of sales" or the "Commercial and administrative expenses" lines of the consolidated income statement depending on the nature of the lease.

Right-of-use assets are included within property, plant and equipment. Changes in the net value of right-of-use assets for the years ended December 31, 2021 and December 31, 2020 are as follows:

| | | **2021** | | | | | | 2020 |
|---|---|---|---|---|---|---|---|---|
| (in millions of US$) | Notes | Land | Buildings and offices | Machinery and equipment | Vessels | Other tangible assets | **Total** | Total |
| **Balance as of January 1** | | **86** | **138** | **82** | **21** | **2** | **329** | **352** |
| New leases and additions | | 38 | 18 | 25 | 343 | 1 | **425** | 71 |
| Early terminations, disposals and decreases | | — | (1) | — | — | — | **(1)** | (15) |
| Depreciation | | (9) | (26) | (30) | (86) | (1) | **(152)** | (85) |
| Foreign currency translation adjustment | | 1 | (4) | 1 | — | — | **(2)** | 10 |
| Reclassification to held for sale assets | 1.4 | — | — | — | — | — | **—** | (4) |
| **Closing balance** | | **116** | **125** | **78** | **278** | **2** | **599** | **329** |

### New Leases and Additions

In 2021, new leases and additions include US$32 million right-of-use of land fully prepaid in Nansha, Guangzhou, China, US$3 million right-of-use of land fully prepaid in new joint operation in Vietnam (refer to Note 3.2), and US$343 million right-of-use of vessels including new long-term time charter contracts and remeasurement of some contracts resulting from a change in index.
In 2020, new leases and additions referred mainly to new long-term time charter contracts on vessels, new office spaces in Shanghai, China and Lyon, France, renewal of railcar contracts in the US, as well as an increase in maturity of agricultural partnerships in Brazil.

### Early Terminations, Disposals and Decreases

In 2020, there was a US$(4) million decrease in vessels related to the remeasurement of contracts resulting from a change in index. The remaining decrease for other assets classes was mainly due to early terminations, notably an elevator contract in Beaumont, Texas, US, or a reduction in the maturity of various individual contracts.

### Reclassification to Held for Sale Assets

As of December 31, 2020, the Group classified as held for sale the US$3 million right-of-use of machinery and equipment that are part of the Imperial transaction (Sugar business), and the US$1 million right-of-use of land located in Shaanxi, China, following the decision to sell the entity *Louis Dreyfus Company (Shaanxi) Juices Co. Ltd* (Juice business).

Lease liabilities are included within long-term debt and current portion of long-term debt.

Changes in lease liabilities for the years ended December 31, 2021 and December 31, 2020 are as follows:

| | **2021** | | | 2020 | | |
|---|---|---|---|---|---|---|
| (in millions of US$) | Non-current portion | Current portion | **Total** | Non-current portion | Current portion | **Total** |
| **Balance as of January 1** | **219** | **68** | **287** | **242** | **65** | **307** |
| New leases and additions | 165 | 225 | **390** | 38 | 33 | **71** |
| Payments | (1) | (144) | **(145)** | — | (70) | **(70)** |
| Early terminations, disposals and decreases | (1) | — | **(1)** | (6) | (9) | **(15)** |
| Reclassification | (44) | 44 | **—** | (52) | 52 | **—** |
| Reclassification to held for sale | — | — | **—** | (1) | (2) | **(3)** |
| Foreign exchange | (3) | — | **(3)** | (7) | (2) | **(9)** |
| Foreign currency translation adjustment | — | — | **—** | 5 | 1 | **6** |
| **Closing balance** | **335** | **193** | **528** | **219** | **68** | **287** |

As of December 31, 2021 and December 31, 2020, the maturity of non-current lease liabilities were as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Maturity 1-2 years | 121 | 44 |
| Maturity 2-3 years | 63 | 29 |
| Maturity 3-4 years | 37 | 23 |
| Maturity 4-5 years | 21 | 16 |
| Maturity > 5 years | 93 | 107 |
| **Non-current portion of lease liabilities** | **335** | **219** |

The amounts recognized in the consolidated income statement for the years ended December 31, 2021 and December 31, 2020 are as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Variable lease expenses | (11) | (6) |
| Short-term lease expenses | (776) | (193) |
| Low-value asset lease expenses | — | (1) |
| Income from sub-leasing | 340 | 59 |

The increase in short-term lease expenses and income from sub-leasing are related to freight activity due to increase in volumes and prices.

As of December 31, 2021, the total cash outflow for leases amounts to US$932 million (US$270 million as of December 31, 2020).

The Group committed to lease an oilseeds crushing plant in Zhangjiagang, China, for 10 years with an annual consideration of CNY49 million, following the commencement date expected by end of 2022.

## 7.2 Commitments and Contingencies

**Commitments**

Commodity contracts presented in commitments are purchase or sale contracts entered into and which continue to be held for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirements (including amount and timing of payments). Purchase contractual agreements are contracts to purchase goods or services, including sugar, orange boxes and fuel. Sale contractual agreements are contracts to sell goods, including sugar, hulls and glycerin, frozen concentrate or not-from-concentrate juice, juice by-products and apple juice.

Advance market commitments comprise bid and performance bonds in a tender. A bid bond ensures that on acceptance of a bid by the customer, the contractor will proceed with the contract and will replace the bid bond with a performance bond. A performance bond is issued to one party of a contract as a guarantee against the failure of the other party to meet obligations specified in the contract.

A letter of credit is a commitment issued by a bank on behalf of the Group to guarantee a payment that must be made to a third party as the result of an import/export transaction.

Capex commitment is the amount the Group has committed to spend on fixed assets in the future.

Guarantees and collaterals received aim at insuring advances to suppliers and trade receivables of the Group.

As of December 31, 2021 and December 31, 2020, the Group has commitments to purchase or sell non-trading commodities that consist of the following:

| | | 2021 | | | 2020 | |
|---|---|---|---|---|---|---|
| (in millions of US$) | Quantities' unit | Quantities | **Estimated amount** | Maturity | Quantities | Estimated amount |
| **Commitments to purchase** | | | | | | |
| Raw sugar | Ktons | 43 | **35** | 2022 | 145 | 89 |
| Orange boxes[1] | Million boxes | 54 | **259** | 2029 | 78 | 338 |
| Fuel | MMBtus[2] | 7 | **27** | 2024 | 5 | 15 |
| Other | Ktons | 2 | **4** | 2022 | — | — |
| | | | **325** | | | **442** |
| **Commitments to sell** | | | | | | |
| Refined sugar | Ktons | 265 | **254** | 2023 | 469 | 393 |
| Hulls and glycerin | Ktons | 51 | **58** | 2022 | 52 | 27 |
| Frozen concentrate orange juice | Ktons | 160 | **298** | 2023 | 192 | 278 |
| Not-from-concentrate citrus juice | Ktons | 419 | **213** | 2024 | 443 | 201 |
| Juice by-products | Ktons | 21 | **65** | 2023 | 22 | 48 |
| Apple juice | Ktons | 24 | **29** | 2022 | 17 | 21 |
| Other | Ktons | 10 | **4** | 2022 | — | — |
| | | **950** | **921** | | **1,195** | **968** |

1. Of which US$124 million may fall in the following year.
2. Million British thermal units.

In addition, the Group has the following commitments:

| | 2021 | 2020 |
|---|---|---|
| (in millions of US$) | **Estimated amount** | Estimated amount |
| **Commitments given** | | |
| Letters of credit | 98 | 697 |
| Bid and performance bonds | 139 | 109 |
| Capex commitments | 82 | 81 |
| Guarantees given | 182 | 123 |
| Other commitments | 46 | 18 |
| | **547** | **1,028** |
| **Commitments received** | | |
| Guarantees and collaterals received | 385 | 396 |
| | **385** | **396** |

Capex commitments are mainly related to investments in export terminals.

**Contingencies**

Audits from local tax authorities are carried out regularly and may dispute positions taken by the Group, in particular those regarding the allocation of income among various tax jurisdictions, value added taxes or export taxes. In accordance with its accounting policies, the Group may decide to record provisions when tax-related risks are considered probable to generate a payment to tax authorities.

During past years, *LDC Argentina S.A.* received several tax assessments challenging transfer prices used to price exports for different years between 2005 and 2012. As of December 31, 2021, these tax assessments amounted to US$39 million, compared to US$43 million as of December 31, 2020. *LDC Argentina S.A.* could receive additional tax notifications for subsequent years.

In addition, *LDC Argentina S.A.* has received several tax assessments challenging certain custom duties related to Paraguayan soybean imports totalling US$81 million for the years from 2007 to 2009. Other large exporters and processors of cereal grains and other agricultural commodities have received similar tax assessments in this country.

As of December 31, 2021, *LDC Argentina S.A.* has reviewed the evaluation of all its tax positions. Based on Argentine tax law as well as advice from its legal counsel, *LDC Argentina S.A.* still considers that its tax positions are suitable but cannot predict the ultimate outcome of these ongoing or future examinations.

*Louis Dreyfus Company LLC* (LDC LLC) and certain of its affiliates (including LDC) were named as defendants in a consolidated action in US federal court in New York, alleging manipulation and artificial inflation of the ICE Cotton No. 2 futures contracts for May 2011 and July 2011 in violation of the US Commodity Exchange Act and antitrust laws. The defendants have filed an answer denying the claims in the action. The court denied defendants' motions for summary judgment on the claims in the class action, as well as the major part of defendants' motions to exclude the testimony of certain of the plaintiffs' experts. The court has granted the plaintiffs' motion for class certification. No trial date has been scheduled in the case. This matter is in pre-trial proceedings and the company cannot predict its ultimate outcome.

LDC LLC and one of its subsidiaries were named as defendants in lawsuits pending in various US state and federal courts arising out of Syngenta A.G. and its affiliates' (Syngenta) marketing and distribution of genetically modified corn seed (containing the MIR 162 trait) in the US. The LDC companies and other grain companies were named as defendants in numerous individual and purported class action suits filed by farmers and other parties in several US state and federal courts beginning in the fourth quarter of 2015, alleging that the LDC companies and other grain companies were negligent in failing, among other things, to screen for genetically modified corn. Those actions (other than the action filed in federal and state courts in Illinois) were consolidated for pre-trial proceedings in a multidistrict litigation (MDL) proceeding in federal court. In 2016 and 2017, the MDL court and the federal and state courts in Illinois granted motions to dismiss the claims against the LDC companies and the other grain companies in all cases where LDC companies were named as defendants. Although named as a defendant in the above-described cases, LDC was only required to respond to the complaint in one of the cases and was dismissed on the same grounds as LDC LLC.

In December 2018, approximately 170 new cases were filed in Illinois state court by farmers and other parties naming LDC LLC, one of its subsidiaries and LDC, as defendants and making similar allegations as in the cases described above. In January 2020, these cases against the LDC defendants were dismissed. Plaintiffs in the Illinois state court cases have appealed the dismissal of those cases to the Illinois appellate court which has heard oral argument of the appeal, and that appeal is pending decision by the court.

There are various claims and ongoing regulatory investigations asserted against and by the Group that, in the opinion of counsel, based on a review of the present stages of such claims in the aggregate, should not have a material effect on the Group's financial position or future operating results.

### 7.3 Related Parties Transactions

Transactions with related parties for the years ended December 31, 2021 and December 31, 2020 are reflected as follows:

| **Income statement** (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Sales[1] | 137 | 69 |
| Cost of goods sold[1] | (634) | (697) |
| Finance costs, net[1] | 40 | 58 |

As of December 31, 2021 and December 31, 2020, outstanding balances with related parties are as follows:

| **Balance sheet** (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Non-current financial assets at amortized cost | — | 260 |
| Financial advances to related parties | 5 | 804 |
| Trade and other receivables[1] | 13 | 68 |
| Derivatives[1] | 23 | 134 |
| **Total assets** | **41** | **1,266** |
| Financial advances from related parties | 209 | 154 |
| Trade and other payables[1] | 32 | 172 |
| Derivatives[1] | 3 | 2 |
| **Total liabilities** | **244** | **328** |

1. Mainly correspond to transactions with associates and joint ventures and/or with Biosev S.A. (a Brazilian company, indirect subsidiary of LDCH until August 10, 2021).

As of December 31, 2020, the US$1,051 million loan granted by LDC to LDCNH is reported for US$251 million in the line "Non-current financial assets at amortized cost" and for US$800 million in the line "Financial advances to related parties", as this amount was reclassified to current assets following the signature of an agreement to sell an indirect 45% equity stake in *Louis Dreyfus Company B.V.* to ADQ (refer to Note 5.4). The transaction closed on September 10, 2021, resulting in the full repayment of the loan originally maturing in 2023.

As of December 31, 2020, Financial advances from related parties comprised financing from LDCH of US$153 million, including a liability of US$91 million relating to reimbursement agreements. As of December 31, 2021, the debt was fully repaid following the closing of the transaction with ADQ and the termination of the employee participation plan (refer to Note 6.2). As of December 31, 2021, "Financial advances from related parties" comprises shareholder loan for US$206 million.

Key management personnel compensation during the years ended December 31, 2021 and December 31, 2020 was as follows:

| (in millions of US$) | **2021** | 2020 |
|---|---|---|
| Short-term benefits | 27 | 16 |
| Post-employment benefits | 1 | 1 |
| Share-based payments - amount of vested shares | 3 | 11 |
| Other long-term benefits | 17 | — |
| | **48** | **28** |

## 7.4 Subsequent Events

In the context of the Russia-Ukraine conflict and related trade restrictions in the region, the Group is closely monitoring a complex and rapidly-evolving situation, with a focus on people safety and essential supply chain continuity.

Russia and Ukraine are key international grain origins and the persistence of the conflict and trade restrictions may have a material impact on the Group's operations locally. As of December 31, 2021, the Group held total assets of US$289 million and liabilities for US$216 million in Ukraine. In Russia, total assets and total liabilities amounted to US$57 million and US$18 million respectively, at the same date. In the year ended December 31, 2021, grains originated from these two countries represented less than 4% of Group net sales in dollar terms.

Under its policy to insure assets against political and war risks whenever possible, the Group mitigates a large share of its exposure in Ukraine and Russia.

This situation also adds uncertainty to the Taman project timeline, financial projections (which are highly dependent on business conditions in the area) and outcome of ongoing arbitration (refer to Note 5.4). As such, the Group cannot reliably assess the potential financial impacts on the project as of March 22, 2022.

### 7.5 List of Main Subsidiaries

As of December 31, 2021 and December 31, 2020, the main consolidated subsidiaries of LDC are the following:

| | | **2021** | | 2020 | |
|---|---|---|---|---|---|
| Company | Country | % of control | % of ownership | % of control | % of ownership |
| LDC Argentina S.A. | Argentina | 100.00 | 100.00 | 100.00 | 100.00 |
| LDC Enterprises Australia Pty. Ltd. | Australia | 100.00 | 100.00 | 100.00 | 100.00 |
| Ilomar Holding N.V. | Belgium | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Brasil S.A. | Brazil | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Sucos S.A. | Brazil | 100.00 | 100.00 | 100.00 | 100.00 |
| Macrofértil - Indústria e Comércio de Fertilizantes S.A.[1] | Brazil | — | — | 100.00 | 100.00 |
| Louis Dreyfus Company Canada ULC | Canada | 100.00 | 100.00 | 100.00 | 100.00 |
| Dongguan LDC Feed Protein Company Ltd. | China | 100.00 | 100.00 | 100.00 | 100.00 |
| LDC (China) Trading Company Ltd. | China | 100.00 | 100.00 | 100.00 | 100.00 |
| LDC (Tianjin) Food Technology Limited Liability Company | China | 100.00 | 100.00 | 100.00 | 100.00 |
| LDC (Tianjin) International Business Company Ltd. | China | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus (Shanghai) Co. Ltd. | China | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus (Zhangjiagang) Feed Protein Company Ltd. | China | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Colombia S.A.S. | Colombia | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Distribution France S.A.S. | France | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Wittenberg GmbH | Germany | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company India Pvt. Ltd. | India | 100.00 | 100.00 | 100.00 | 100.00 |
| PT LDC East Indonesia | Indonesia | 100.00 | 100.00 | 100.00 | 100.00 |
| PT LDC Indonesia | Indonesia | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Mexico S.A. de C.V. | Mexico | 100.00 | 100.00 | 100.00 | 100.00 |
| LDC Food Innovation B.V. | Netherlands | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Finance B.V. | Netherlands | 100.00 | 100.00 | — | — |
| Louis Dreyfus Company Juices B.V. | Netherlands | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Logistics Holland B.V. | Netherlands | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Sugar B.V. | Netherlands | 100.00 | 100.00 | 100.00 | 100.00 |
| LDC Paraguay S.A. | Paraguay | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Polska SP. z.o.o. | Poland | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Senegal | Senegal | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Asia Pte. Ltd. | Singapore | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Freight Asia Pte. Ltd. | Singapore | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Africa Pty. Ltd. | South Africa | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company España S.A. | Spain | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Juices Suisse S.A. | Switzerland | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Suisse S.A. | Switzerland | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Ukraine Ltd. | Ukraine | 100.00 | 100.00 | 100.00 | 100.00 |
| LDC Trading & Service Co. S.A. | Uruguay | 100.00 | 100.00 | 100.00 | 100.00 |
| Imperial Sugar Company | US | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Agricultural Industries LLC | US | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Claypool Holdings LLC | US | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Cotton LLC | US | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Ethanol Merchandising LLC | US | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Grains Merchandising LLC | US | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Grand Junction LLC | US | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company LLC | US | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Oilseeds Merchandising LLC[2] | US | — | — | 100.00 | 100.00 |
| Louis Dreyfus Company Port Allen Elevator LLC | US | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company River Elevators LLC | US | 100.00 | 100.00 | 100.00 | 100.00 |
| Louis Dreyfus Company Trading LP | US | 100.00 | 100.00 | 100.00 | 100.00 |
| Term Commodities Inc. | US | 100.00 | 100.00 | 100.00 | 100.00 |

1. *Macrofértil - Indústria e Comércio de Fertilizantes S.A.* was merged into *Louis Dreyfus Company Brasil S.A.* in 2021.
2. *Louis Dreyfus Company Oilseeds Merchandising LLC* was merged into *Louis Dreyfus Company Grains Merchandising LLC* in 2021.

# Corporate Governance

## Supervisory Board

Louis Dreyfus Company International Holding B.V.

**Margarita Louis-Dreyfus** Non-Executive Chairperson

**Gil Adotevi**
**Mohamed Hassan Alsuwaidi**
**Victor Balli**
**Michel Demaré**
**Mehdi El Glaoui**
**Andreas Jacobs**
**Marcos de Quadros**
**Kaj-Erik Relander**

## Supervisory Board Committees

### Audit Committee

**Victor Balli** Chairperson
**Michel Demaré**
**Marcos de Quadros**

### Strategy Committee

**Michel Demaré** Chairperson
**Gil Adotevi**
**Andreas Jacobs**
**Margarita Louis-Dreyfus**
**Kaj-Erik Relander**

### Compensation, Nomination and Governance Committee

**Mehdi El Glaoui** Chairperson
**Gil Adotevi**
**Margarita Louis-Dreyfus**

## Managing Board

Louis Dreyfus Company International Holding B.V.

**Hamad Al Shehhi**
**Maurice Kreft**
**Johannes Schol**

Louis Dreyfus Company B.V.

**Michael Gelchie**
**Johannes Schol**

# Executive Group

**Michael Gelchie**
Chief Executive Officer

**Guy-Laurent Arpino**
Chief Information Officer

**Keir Ashton**
Group General Counsel

**Juan José Blanchard**
Chief Operating Officer
Head, Juice Platform
Head, Latin America
Chairman of the Board, Calyx Agro Ltd.

**Enrico Biancheri**
Head, Sugar Platform

**Tim Bourgois**
Global Trading Manager, Cotton Platform

**Miguel Catella**
Head, Global Markets

**Ben Clarkson**
Head, Coffee Platform

**Thomas Couteaudier**
Chief Strategy Officer
Head, Innovation & Downstream

**Jean-Marc Foucher**
Executive Chairman
of the Board of Ilomar Holding

**Nyame de Groot**
Head, Carbon Solutions Platform

**Tim Harry**
Global Head, Business Development

**Sebastien Landerretche**
Head, Freight Platform

**Guy de Montulé**
Head, Rice Platform

**Joe Nicosia**
Trading Operations Officer
Head, Cotton Platform

**Murilo Parada**
Head, North Latin America Region

**André Roth**
Head, Grains & Oilseeds Platform
Chairman, North Latin America Region

**Jessica Teo**
Chief Human Resources Officer

**Patrick Treuer**
Chief Financial Officer

**James Zhou**
Chief Commercial Officer
Head, Asia Region

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