



**MHP SE**

**(LSE: MHPC)**

**Coupon Payment Information**

**18 March 2022**

*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR") and the retained UK law version of MAR pursuant to the Market Abuse (Amendment) (EU Exit) Regulations 2019 (SE 2019/310) ("UK MAR").*

On 24th February 2022, Russian forces commenced a military invasion of Ukraine (the "Invasion") resulting in a full-scale war across the Ukrainian state. Russian forces have broadly disregarded civilian lives and opened fire on various residential neighborhoods, hospitals and schools. Many Ukrainian cities have been destroyed as a consequence of continuous missile and artillery strikes resulting in thousands of deaths and injuries, including among civilians.

Focused on continuity and sustainability of its business and the preservation of value for all stakeholders, the Company has concentrated on two key areas: the safety of its employees and the food security of the country by prioritizing a continuous supply of food to the population of Ukraine. The safety and security of employees is vital to the Company and, to date, MHP has undertaken necessary and available steps to support employees in these difficult times.

As a result of the invasion, the Company has experienced a number of significant disruptions and operational issues within its business, including, but not limited to:

1. Production and Sales
  - a. While MHP continues commercial poultry sales in Ukraine, its export sales have ceased due to port closure. Export deliveries via alternative routes, including by roads, are highly problematic due to logistical issues caused by infrastructure damage. In addition, domestic deliveries in some regions had been and continued to be significantly disrupted due to active hostilities. As a result of the current situation, the Company's production facilities have been running at lower-than-normal utilization to satisfy domestic consumption. This has led to declining sales volumes and resulted in forgone revenues and losses for the Company. Although it is impossible to predict the development of the war, the Company plans to undertake all necessary efforts to return to full-scale production as soon as practically possible.
  - b. The Company has been experiencing significant supply chain disruptions due to logistical challenges, including the supply of vitamins and minerals for production of feed, plant protection materials, diesel and other inputs.
2. Continuous humanitarian efforts
  - a. The Company has been providing humanitarian aid (mainly through food supply) to the population of Ukraine (including, but not limited to, hospitals and orphanages) since the beginning of the war, despite logistical challenges across all regions of Ukraine. To support its efforts, the Company has been working directly or in cooperation with

volunteers. Since the Invasion began, MHP has provided over 6,000 tonnes of poultry products pro bono.

3. Destroyed stocks and limited access to stocks in certain territories as of the date of the announcement
  - a. As of 18 March 2022, the Company's poultry production facilities have not suffered any physical damage due to the Invasion.
  - b. Although currently the Company is able to continue operations on the majority of its land bank, because up to 15,000 hectares (approximately 4% of the aggregate land bank of the Company) in the Sumy and Kyiv region are temporarily inaccessible to the Company, MHP's sowing campaign cannot be conducted in those regions according to schedule.
  - c. A stock of poultry products worth US\$ 8.5 million was destroyed by a Russian missile strike on a rented warehouse in the Kyiv region on 12 March 2022. In addition, the Company estimates that approximately US\$ 20 million of its poultry products are at risk in facilities located in temporarily inaccessible territories in southern Ukraine and the Kyiv region, to which the Company has limited access.

The above operational disruptions will continue to have an impact on MHP's financial position and results of operations. For example, MHP is preparing for its 2022 sowing campaign which has associated working capital requirements. Realization of the sowing campaign will be crucial for the continuity of the business. The success of the harvest is also expected to contribute to food security in Ukraine and internationally. While, under normal conditions, the sowing campaign is predominantly financed through the Company's working capital facilities, the vast majority of the Company's existing facilities are not available (including US\$ 154 million) due to liquidity constraints in the Ukrainian banking system.

Lastly, since February 24 the National Bank of Ukraine (NBU) imposed currency controls restrictions prohibiting cross-border payments out of Ukraine, save for certain limited exemptions (such as, among others, own operations of Ukrainian banks and payments of the Government of Ukraine). The cross-border payments which do not fall under the exceptions can be made only based on individual permits to be issued by the NBU at request of the Cabinet of Ministers of Ukraine, individual ministries or other state authorities of Ukraine. The resolution is silent about any further details on the procedure (e.g., timing, documents to be filed etc.) for the issuance of such individual permits. Currently, in practice such individual permits have not been issued to private legal entities.

As a consequence of the current situation, and in order to preserve cash, MHP announces today that, at this time, the Company is not planning to pay its upcoming coupon under the US\$350 million 6.25% notes that is scheduled for 19 March 2022 and is exploring various options with respect to it. MHP will be approaching its noteholders as soon as practically possible to agree a mutually acceptable solution with the goal of preserving its balance sheet strength for the key sowing season.

Dr John Rich, Executive Chairman of MHP SE, said today:

"As an organization, following strong corporate governance guidelines, the Board believes that it has fulfilled as best as possible all responsibilities to combined stakeholders with a strong focus on meeting the humanitarian crisis in Ukraine. The Company is the largest food producer still operating in Ukraine, which is under constant military attack by Russian forces. As a Board, we are united in our focus on meeting the needs of the Ukrainian people and our customers in the face of a humanitarian catastrophe whilst reorienting the Company's strategy to war-time conditions.

Against this background, the Company needs to consider the financial impacts of the War and as a consequence it will be approaching bondholders shortly in order to begin discussions to seek a path where all stakeholders can be supported in the short to medium term while optimizing liquidity to sustain the Company in the long term.

The Board believes that there is a collective responsibility to find equitable solutions for issues arising from this crisis, the likes of which Europe hasn't encountered for over 80 years and the Board will be approaching these conversations in that spirit."

**If you #standwithUkraine it will help us to stop the war**

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**About MHP**

MHP is the leading producer of poultry products not only in Ukraine, but also in the Balkans (Perutnina Ptuj Group).

Ukraine: MHP has the greatest market share (over 30% of poultry consumption) and highest brand recognition for its products. MHP owns and operates each of the key stages of chicken production processes, from feed grains and fodder production to egg hatching and grow out to processing, marketing, distribution and sales (including through MHP's franchise outlets). Complete vertical integration practically eliminates MHP's exposure to raw material price fluctuations since its grain production exceeds internal consumption requirements, allowing the Company to be an important participant in the international commodity trade. In addition to cost efficiency, vertical integration also enables MHP to maintain strict biosecurity and to control the quality of its inputs and the resulting quality and consistency of its products all the way to the point of sale. To support its sales, MHP maintains a distribution network consisting of nine distribution and logistical centres within major Ukrainian cities. MHP uses its own truck fleet to distribute its products, reducing overall transportation costs and delivery times.

MHP also has a leading grain cultivation business growing corn, soya and sunflower to support the vertical integration of its chicken production and increasingly other grains, such as wheat and rape, for sale to third parties. MHP leases agricultural land located primarily in the highly fertile black soil regions of Ukraine.

The Balkans: Perutnina Ptuj (PP) is a leading poultry and meat-processing producer in the Balkans, with production sites in four Balkan countries: Slovenia, Croatia, Serbia, Bosnia and Herzegovina. PP owns distribution companies in Austria, Macedonia and Romania and supplies products to fifteen countries in Europe. PP is vertically integrated across all states of chicken meat production - feed, hatching eggs production and hatching, breeding, slaughtering, sausage production and further poultry processing.

MHP trades on the London Stock Exchange under the ticker symbol MHPC.

### **Forward-Looking Statements**

This announcement may contain “forward looking statements,” as that term is defined by the U.S. federal securities laws, relating to the Company’s business, financial condition and results of operations. You can find many of these statements by looking for words such as “may,” “will,” “expect,” “anticipate,” “believe,” “estimate,” “foresee,” “intend,” “plan,” “continue” or the negatives of these terms or variations of them and similar words used in this announcement.

By their nature, forward looking statements are subject to numerous assumptions, risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. The Company cautions readers not to place undue reliance on the statements, which speak only as of the date of this announcement.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Company or persons acting on the Company’s behalf may issue. The Company undertakes no obligation to review or confirm analysts’ expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this announcement. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control in particular in relation to the Russian invasion of Ukraine, that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

All future written and verbal forward-looking statements attributable to the Company or any person acting on the Company’s behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or how they may affect us. Readers are cautioned not to place undue reliance on the forward-looking statements. Except to the extent required by law, none of the Company, nor any of its agents, employees or advisors intends or has any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this announcement.