17 June 2022, Limassol, Cyprus

MHP SE

Unaudited Financial Results for the First Quarter ended 31 March 2022

MHP SE (LSE:MHPC), the parent company of a leading international agro-industrial group with headquarters in Ukraine, today announces its unaudited results for the first quarter ended 31 March 2022. Hereinafter, MHP SE and its subsidiaries are referred to as "MHP", "the Company" or "the Group".

WAR IN UKRAINE - UPDATE

The general business environment in Ukraine is little changed since the last update provided on 24 May 2022. The Company's Ukrainian business continues to operate at around 85% poultry capacity utilization.

Exports of chicken meat and vegetable oils continue to be challenging as the Black Sea ports remain blocked and alternative routes open to MHP are longer and significantly more complex; bottlenecks include numerous subcontractors along the way to EU ports, complex logistics due to differing railway gauges and long queues at the border.

The Group's facilities, infrastructure and produce (chicken meat, vegetable oils and grains) in Ukraine have generally not suffered any significant damage except for the destruction of a leased storage facility reported previously (with loss of US$6 million of MHP chicken meat) and suspended operations of Ukrainian Bacon in the Donetsk region.

Since 24 February 2022, the Group has suffered losses as a result of the war in Ukraine following the Russian invasion. War-related expenses for the three-month period ended 31 March 2022 were US$ 25 million, of which community support donations were 53%, write-off of inventories and biological assets 33% and other war-related expenses 14%.

Since the beginning of the war, 1,600 of the Company's employees were mobilized to the Armed Forces of Ukraine or joined the Territorial Defense Forces; however, the Company has been able to re-balance its resources and does not face difficulties in operations as of today.

OPERATIONAL HIGHLIGHTS

- MHP poultry production volumes in Q1 2022 were 175,644 tonnes, up 5% year-on-year (Q1 2021:166,623 tonnes). Poultry production volumes of the European Operating Segment (PP) were up 16% at 28,550 tonnes (Q1 2021: 24,662 tonnes).
- The average price of MHP chicken meat increased by 29% to US$ 1.84 per kg (Q1 2021: US$ 1.43 per kg) (excluding VAT). The average price of chicken meat produced by PP increased by 14% to EUR 2.83 per kg (Q1 2021: EUR 2.48 per kg).
- Chicken meat exports increased by 9% to 89,340 tonnes (Q1 2021: 82,260 tonnes), with significant sales prior to the invasion on 24 February.

FINANCIAL HIGHLIGHTS

- Strong results in Q1 2022 were driven by strong operational and financial performance in January and February 2022 (the pre-war period).
- Revenue of US$ 553 million increased by 24% year-on-year (Q1 2021: US$ 447 million).
- Export revenue, up 42% to US$ 308 million, comprised 56% of total revenue (Q1 2021: US$ 217 million, 49% of total revenue).
- Adjusted EBITDA (net of IFRS 16) decreased to US$ 46 million, after incurring US$ 25 million of war-related expenses, from US$ 57 million; adjusted EBITDA margin (net of IFRS 16) decreased to 8% from 13%.
- Net loss is US$ 122 million, compared to gain of US$ 1 million for Q1 2021, including US$ 95 million of non- cash foreign exchange translation loss in Q1 2022 compared to a foreign exchange gain of US$ 20 million in Q1 2021. Net loss before foreign exchange differences for Q1 2022 was US$ 27 million compared to US$ 19 million loss for Q1 2021.

FINANCIAL OVERVIEW

(in mln. US$, unless indicated otherwise)	Q1 2022	Q1 2021	*% change[1)]*
Revenue	**553**	**447**	**24%**
IAS 41 standard losses	(53)	(21)	152%
Gross profit	**92**	**66**	**39%**
Gross profit margin	*17%*	*15%*	*2pps*
War-related expenses	(25)	-	100%
Operating profit	**12**	**16**	**-25%**
Operating profit margin	*2%*	*4%*	*-2 pps*
Adjusted EBITDA	**53**	**63**	**-16%**
Adjusted EBITDA margin	*10%*	*14%*	*-4 pps*
Adjusted EBITDA *(net of IFRS 16)*	**46**	**57**	**-19%**
Adjusted EBITDA margin (net of IFRS 16)	8%	13%	-5 pps
Net loss before foreign exchange differences	**(27)**	**(19)**	**42%**
Net loss margin before forex (loss)/gain	*-5%*	*-4%*	*-1 pps*
Foreign exchange (loss)/gain	(95)	20	121%
Net (loss)/profit	**(122)**	**1**	**101%**
Net (loss) profit margin	*-22%*	*0%*	*-22 pps*

[1)] pps – percentage points

Average official FX rate for Q1: UAH/US$ 28.5545 in 2022 and UAH/US$ 27.9694 in 2021.

DIVIDEND

In view of the current uncertainties in Ukraine, and the resulting need to conserve cash to support continuing operations, the Board has decided to recommend to shareholders that no final dividend should be declared for 2021.

OUTLOOK

As reported in our 24 May Operational Update, since the beginning of the Russian war in Ukraine the Company has been facing complex challenges and disruptions which caused utilisation of poultry production capacity to be reduced to 80-85% in Ukraine. In addition, due to port closures, exports of poultry and vegetable oils were severely impacted. The Company has subsequently had some success in developing alternative routes to resume exports, although the necessary logistics are complex, costly and of limited capacity. In the Ukrainian domestic market, the Company's efforts have focused on improving poultry sales through optimization of logistics and sales channels.

In the second quarter, we have been able to complete our Spring sowing campaign on schedule and early growing conditions have been good.

We cannot predict how the war will develop in the coming months. Prices of poultry and vegetable oils are likely to remain high at least into 2023 reflecting ongoing global supply constraints but substantial incremental costs are involved in challenging and costly logistic arrangements and because of global inflation pressures.

Taking into account current working environment and uncertainties it brings, as of today it is quite challenging to predict how the financial and operational results for the year of 2022 will look like.

DIAL-IN DETAILS

MHP's management will host a conference call for investors and analysts followed by Q&A on the day of the results.

The dial-in details are:

Time:	14.00 London / 16.00 Kyiv / 09.00 New York
Title:	Financial results for Q1 2022
UK:	+44 203 984 9844
Ukraine:	+380 89 324 0624
USA:	+1 718 866 4614
PIN code:	645982

In order to follow the presentation together with the management, please use the following link:
https://mm.closir.com/slides?id=645982

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SEGMENT PERFORMANCE

Poultry and Related Operations Segment

	Q1 2022	Q1 2021[1]	% change y/y[2]	4Q 2021	% change q/q[1]
Poultry					
Sales volume, third parties tonnes	159,024	155,002	3%	180,028	-12%
Export sales volume, tonnes	89,340	82,260	9%	104,841	*-15%*
Domestic sales volume, tonnes	66,809	71,450	-6%	70,767	*-6%*
Portion of export sales, %	*56%*	*53%*	*3 pps*	58%	*-2 pps*
Average price per 1 kg net of VAT, USD	**1.84**	**1.43**	**29%**	**1.77**	**4%**
Average price per 1 kg net of VAT, UAH (Ukraine)	*45.62*	*41.23*	*11%*	*46.76*	*-2%*
Average price per 1 kg net of VAT, USD (Ukraine)	*1.60*	*1.47*	*9%*	*1.75*	*-9%*
Average price per 1 kg net of VAT, USD (export)	*2.01*	*1.38*	*46%*	*1.77*	*14%*
Sunflower oil					
Sales volume, third parties tonnes	32,981	55,958	-41%	79,480	-59%
Soybeans oil					
Sales volume, third parties tonnes	10,335	11,146	-7%	9,622	7%

[1] Total poultry sales include domestic sales, export sales and sales of culinary products; data for Q1 2021 has been adjusted accordingly to this approach
[2] pps – percentage points

Chicken meat

Domestic sales decreased by 6% mainly due to lowered sales of fresh chicken as a result of the logistical challenges and lower demand in Ukraine due to the effects of the war. In Q1 2022, export sale volumes increased by 9% y/y to 89,340 tonnes, mainly driven by high sales volumes during January and February 2022 (pre-war period) with substantially decreased sales in March 2022 due the war effect (insignificant export sales volumes from Ukraine, mainly sales from storages outside of Ukraine).

Poultry export prices increased by 46% y/y mainly driven by strong prices of breast and fillet in Europe and MENA as well as of quarters and small chicken in the MENA region. Export price increased by 14% q/q as a result of products mix change.

As a result of significant increase in grain and protein products prices as well as a substantial price increase of utilities (mainly gas), market price of chicken in Ukraine began to increase starting from H2 2021. In Q1 2022 poultry prices on the domestic market in USD terms remain stable q/q.

Vegetable oil

In Q1 2022, sunflower oil sales volume constituted 32,981 tonnes, which is 41% lower y/y mainly as a result of a decrease in production of oil driven by a decreased share of sunflower cake in fodder (change in recipe). This was compounded by the additional significant decrease in production of oil in March 2022 and the logistics challenges (port closure) in Ukraine because of the war. In Q1 2022 MHP's sales of soybean oil decreased by 7% y/y to 10,335 tonnes adversely affected by the decreased production of oil in March 2022 and the logistics challenges because of the war in Ukraine. An increase of soybean oil sales by 7% q/q was mainly due to the soya cake share increase in fodder recipe.

Financial result and trends

(in mln. US$, unless indicated otherwise)	Q1 2022	Q1 2021	*% change y/y[1)]*	4Q 2021	*% change q/q[1)]*
Revenue	**379**	**315**	**20%**	**467**	**-19%**
- Poultry and other	*322*	*248*	*30%*	*276*	*17%*
- Vegetable oil	*57*	*67*	*-15%*	*191*	*-70%*
IAS 41 standard gain	10	1	900%	7	30%
Gross profit	**65**	**33**	**97%**	**66**	**-2%**
Gross margin	*17%*	*10%*	*7 pps*	*14%*	*3 pps*
War-related expenses	(21)	-	100%	-	100%
Adjusted EBITDA	**35**	**32**	**9%**	**57**	**-39%**
Adjusted EBITDA margin	*9%*	*10%*	*-1 pps*	*12%*	*-3 pps*
Adjusted EBITDA per 1 kg (net of IAS 41)	*0.16*	*0.20*	*-20%*	*0.28*	*-43%*

[1)] pps – percentage points

The revenue has increased by 20% y/y as a result of an increase in poultry and vegetable oils prices on export market which was offset by a decrease in sales volume of sunflower oil. Decrease of revenue by 19% q/q was mainly attributable to substantial decrease in sales volume of vegetable oil due to the effects of the war.

IAS 41 standard gain in Q1 2022 amounted to US$ 10 million mainly as a result of product mix change and an increase in chicken meat price.

Gross profit of the poultry and related operations segment for Q1 2022 increased by 97% y/y to US$ 65 million mainly driven by exceptionally low results in Q1 2021 due to poultry cost increase in Q1 2021 which was only partially compensated by a gradual increase in meat prices as well as by the adverse impact of avian influenza in Ukraine during Q1 2021 which led to a temporary ban on exports from Ukraine to the EU.

In Q1 2022, adjusted EBITDA has increased by 9%, in lower rate compared to gross profit mainly as a result of war-related expenses (donations, damages, write-offs and other).

Grain Growing Segment

(in mln. US unless indicated otherwise)	Q1 2022	Q1 2021	*% change*
Revenue	**35**	**9**	**289%**
IAS 41 standard loss	(65)	(22)	195%
Gross profit	**(2)**	**4**	**200%**
War-related expenses	(1)	-	100%
Adjusted EBITDA	9	19	-53%
Adjusted EBITDA (net of IFRS 16)	**2**	**13**	**-85%**

Grain growing segment's revenue amounted to US$ 35 million compared to US$ 9 million in Q1 2021. The increase was mainly attributable to the higher amount of crops in stock designated for sale as of 31 December 2021, compared to stock for sale as of 31 December 2020 mainly as a result of higher yields in 2021.

In Q1 2022, adjusted EBITDA has decreased by 53%, mainly as a result of lower margin earned from grain trading caused by lower export contract prices in Q1 2022 compared to Q4 2021. The additional adverse effect was caused by IAS 41 revaluation of crops in fields due to higher projected costs to be incurred till the harvesting time in 2022.

As MHP announced recently, despite significant challenges with export logistics, the Company is not substantially changing crop rotation as its first priority is to produce crops for fodder production. Production in excess of this requirement will be exported.

Meat processing and other agricultural operations

Meat processing products	Q1 2022	Q1 2021	% change y/y	4Q 2021	% change q/q
Sales volume, third parties tonnes	6,015	7,607	-21%	8,507	-29%
Price per 1 kg net VAT, UAH	87.65	75.59	16%	88.29	-1%

Sales volume of meat processing products decreased by 21% y/y to 6,015 tonnes driven by war-related challenges, namely disrupted deliveries of raw materials and challenging logistics. The average processed meat price increased by 16% year-over-year to UAH 87.65 per kg in Q1 2022, mainly in line with poultry price increase.

Convenience food	Q1 2022	Q1 2021	% change y/y	4Q 2021	% change q/q
Sales volume, third parties tonnes	3,989	4,180	-5%	4,750	-16%
Price per 1 kg net VAT, UAH	53.55	43.03	24%	52.58	2%

Financial result and trends

(in mln. US$, except margin data)	Q1 2022	Q1 2021	% change y/y[1]	4Q 2021	% change q/q[1]
Revenue	**36**	**36**	**0%**	**49**	**-27%**
- Meat processing and convenience food	*28*	*27*	*4%*	*40*	*-30%*
- Other[2]	*8*	*9*	*-11%*	*9*	*-11%*
IAS 41 standard losses	-	-	0%	(4)	100%
Gross profit	**3**	**5**	**-40%**	**-**	**100%**
Gross margin	*8%*	*14%*	*-6 pps*	*0%*	*8 pps*
War-related expenses	(3)	-	100%	-	100%
Adjusted EBITDA	**(1)**	**4**	**-125%**	**(1)**	**0%**
Adjusted EBITDA margin	*-3%*	*11%*	*-14 pps*	*-2%*	*-1 pps*

[1] pps – percentage points;
[2] includes milk, cattle and feed grains.

European Operating Segment (PP)

Poultry	Q1 2022	Q1 2021	% change y/y	4Q 2021	% change q/q
Sales volume, third parties tonnes	17,744	16,042	11%	17,924	-1%
Price per 1 kg net VAT, EUR	2.83	2.48	14%	2.70	5%

Poultry sales of the European Operating Segment increased by 11% y/y to 17,744 tonnes driven by an increased production of chicken meat following expansion at facilities in Croatia and Serbia.

Meat processing products[1]	Q1 2022	Q1 2021	% change y/y	4Q 2021	% change q/q
Sales volume, third parties tonnes	9,917	9,148	8%	10,321	-4%
Price per 1 kg net VAT, EUR	2.91	2.71	7%	2.83	3%

[1] includes sausages and convenience foods

Financial result and trends

(in mln. US$, except margin data)	Q1 2022	Q1 2021	% change y/y[1]	4Q 2021	% change q/q[1]
Revenue	**103**	**87**	**18%**	**100**	**3%**
IAS 41 standard gains	2	-	100%	2	0%
Gross profit	**27**	**24**	**13%**	**21**	**29%**
Gross margin	*26%*	*28%*	*-2 pps*	*21%*	*5 pps*
Adjusted EBITDA	**15**	**12**	**25%**	**13**	**15%**
Adjusted EBITDA margin	*15%*	*14%*	*1 pps*	*13%*	*2 pps*
Adjusted EBITDA *(net of IFRS 16)*	**14**	**12**	**17%**	**13**	**8%**
Adjusted EBITDA margin (net of IFRS 16)	*14%*	*14%*	*0 pps*	*13%*	*1 pps*

[1] pps – percentage points.

Growth in the European Operating Segment's revenue and EBITDA is mainly driven by the increase in poultry sales volume and price.

Current Group Cash Flow

(in mln. US$)	Q1 2022	Q1 2021
Cash from operations	**121**	**65**
Change in working capital	(67)	(101)
Net Cash from operating activities	**54**	**(36)**
Cash used in investing activities	**(38)**	**(14)**
Including:		
CAPEX[1]	(34)	(23)
Cash from financing activities	**22**	**(25)**
Total change in cash[2]	**38**	**(75)**

[1]Calculated as cash used for Purchases of property, plant and equipment plus cash used for purchases of other non-current assets

[2]Calculated as Net Cash from operating activities plus Cash used in investing activities plus Cash used in financing activities

Use of funds in working capital is mostly related to investment in inventories, primarily attributable to grain growing entities in respect of forthcoming spring sowing campaign (seeds, fertilizers, plant protection products, fuel etc.).

In Q1 2022 total CAPEX amounted to US$ 34 million mainly related to modernization projects, new products development and the maintenance and improvement of Perutnina Ptuj production facilities.

Debt Structure and Liquidity

(in mln. US$)	31 March 2022	31 December 2021	31 March 2021
Total Debt[1] [2]	**1,516**	**1,505**	**1,455**
LT Debt[1]	1,499	1,489	1,437
ST Debt [1]	141	126	33
Trade credit facilities[2]	(124)	(110)	(15)
Cash and bank deposits	(308)	(275)	(140)
Net Debt[1]	**1,208**	**1,230**	**1,315**
LTM Adjusted EBITDA[1]	637	648	307
Net Debt / LTM Adjusted EBITDA[1]	*1.90*	*1.90*	*4.28*

[1] Net of IFRS 16 adjustments: as if any lease that would have been treated as an operating lease under IAS 17 as was in effect before the 1 January 2019, is treated as an operating lease for purposes of this calculation. In accordance with covenants in MHP's bond and loan agreements, these data exclude the effects of IFRS 16 on accounting for operating leases.

[2] Indebtedness under trade credit facilities that is required to be repaid within 12 months of drawdown should be excluded for purposes of this calculation

As of 31 March 2022, the share of long-term debt in the total outstanding debt remained unchanged and amounted to 99% of total debt. The weighted average interest rate was around 7%.

As of 31 March 2022, MHP's cash and cash equivalents amounted to US$ 308 million. Net debt decreased to US$ 1,208 million, compared to US$ 1,230 million as at 31 December 2021.

The Net Debt / LTM adjusted EBITDA (net of IFRS 16) ratio was 1.90 as of 31 March 2022, lower than the limit of 3.0 defined in the Eurobond agreement.

As a hedge for currency risks, revenue from the exports of grain, sunflower and soybean oil, sunflower husks, and chicken meat are denominated in US Dollars and Euros, are more than sufficient to cover debt service expenses. Export revenue for Q1 2022 amounted to US$ 308 million or 56% of total revenue (US$ 217 million or 49% of total sales in Q1 2021).

Notes to Editors:

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 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 centers 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 press release might contain forward-looking statements that refer to future events or forecast financial indicators for MHP SE. Such statements do not guarantee that these are actions to be taken by MHP SE. in the future, and estimates can be inaccurate and uncertain. Actual final indicators and results can considerably differ from those declared in any forward-looking statements. MHP SE does not intend to change these statements to reflect actual results.

MHP SE AND ITS SUBSIDIARIES

Interim condensed consolidated Financial Statements

As of and for the three-month period ended 31 March 2022

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STATEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

In accordance with Article 10 of the Transparency Requirements (Securities for Trading on Regulated Market) Law 190(I)/2007 ("Law"), as amended, we the members of the Board of Directors of MHP SE confirm that to the best of our knowledge:

(a) The interim condensed consolidated financial statements for the period from 1 January 2022 to 31 March 2022 that are presented on pages 5 to 27:

i. were prepared in accordance with the International Financial Reporting Standards and in accordance with the provisions of Article 10 (4) of the Law, and

ii. give a true and fair view of the assets and liabilities, the financial position and the profits of MHP SE and the businesses that are included in the interim condensed consolidated financial statements as a whole, and

(b) the interim management report gives a fair review of the information required under Article 10 (6) of the Law.

16 June 2022

Members of the Board of Directors:

Chief Executive Officer	Yuriy Kosyuk
Chief Financial Officer	Viktoria Kapelyushnaya
Director	John Grant
Director	John Clifford Rich
Director	Philip J Wilkinson
Director	Andriy Bulakh
Director	Christakis Taoushanis

MANAGEMENT REPORT

Key financial highlights

During the three-month period ended 31 March 2022 consolidated revenue increased to USD 553,328 thousand, compared to USD 447,009 thousand for the three-month period ended 31 March 2021. Export sales for the three-month period ended 31 March 2022 constituted 56% of total revenue and amounted to USD 307,603 thousand, compared to USD 216,524 thousand, 49% of total revenue for the three-month period ended 31 March 2021.

Gross profit increased by 40% and amounted to USD 92,253 thousand for the three-month period ended 31 March 2021 compared to USD 65,821 thousand for the three-month period ended 31 March 2021. The increase was driven mainly by higher gross profit in the poultry and related operations segment due to increase in both volume and selling price.

Operating profit decreased by 27% to USD 11,675 thousand for the three-month period ended 31 March 2022 compared to USD 15,997 thousand for the three-month period ended 31 March 2021, mainly as a result of write-offs of inventories and donations to communities in Ukraine as a result of Russian invasion.

Loss for the three-month period ended 31 March 2022 amounted to USD 122,310 thousand, compared to profit of USD 872 thousand for the three-month period ended 31 March 2021. The decline is mainly due to depreciation of Ukrainian Hryvnia against US Dollar and EURO, which resulted in foreign exchange loss of USD 95,323 thousand for the three-month period ended 31 March 2022 compared to gain of USD 19,896 thousand for the three-month period ended 31 March 2021.

Dividends

The Directors have decided not to declare a final dividend for the 2021 financial year.

Risks and uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Group's performance over the remaining nine months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2021. A detailed explanation of the risks, and how the Group seeks to mitigate the risks, can be found on pages 156 to 159 of the annual report which is available at mhp.com.cy.

Russian invasion

On February 24, 2022, Russian forces began a military invasion of Ukraine resulting in a full-scale war across the Ukrainian State (the "War"). Focused on continuity and sustainability of its business and the preservation of value for all stakeholders, the Group 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.

As a result of the War, MHP has experienced a number of significant disruptions and operational issues within its business, which are described in detail in Note 15 Subsequent Events and Note 2 Basis of preparation and accounting policies.

Management believes that the Group has adequate resources to continue in operational existence for the foreseeable future. However, due to the currently unpredictable effects of the ongoing War on the significant assumptions underlying management forecasts, Management concludes that a material uncertainty exists, which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

16 June 2022

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the three-month period ended 31 March 2022
(in thousands of US dollars, unless otherwise indicated)

Continuing operations	*Notes*	*Three-month period ended 31 March 2022*	*Three-month period ended 31 March 2021*
Revenue	*3*	553,328	447,009
Net change in fair value of biological assets and agricultural produce	*3*	(52,977)	(21,004)
Cost of sales		(408,098)	(360,184)
Gross profit	*4*	92,253	65,821
Selling, general and administrative expenses		(54,273)	(48,194)
Other operating income		1,841	1,375
Other operating expenses	*12*	(28,146)	(3,005)
Operating profit		11,675	15,997
Finance income		1,168	3,123
Finance costs	*9, 10*	(37,410)	(34,936)
Foreign exchange (loss)/gain , net	*4, 14*	(95,323)	19,896
Other expenses		(3)	(127)
(Loss)/Profit before tax	*4*	(119,893)	3,953
Income tax expense		(2,417)	(3,081)
(Loss)/Profit for the period		(122,310)	872

The accompanying notes on the pages 12 to 27 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the three-month period ended 31 March 2022
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Three-month period ended 31 March 2022*	*Three-month period ended 31 March 2021*
Other comprehensive loss			
Items that may be reclassified to profit or loss:			
Cumulative translation difference		(93,526)	(13,222)
Other comprehensive loss for the period		(93,526)	(13,222)
Total comprehensive loss for the period		(215,836)	(12,350)
(Loss)/Profit attributable to:			
Equity holders of the Parent		(121,248)	1,472
Non-controlling interests		(1,062)	(600)
		(122,310)	872
Total comprehensive loss attributable to:			
Equity holders of the Parent		(212,904)	(6,346)
Non-controlling interests		(2,932)	(6,004)
		(215,836)	(12,350)
(Loss)/Earnings per share from continuing and discontinued operations			
Basic and diluted (loss)/earnings per share (USD per share)		(1.13)	0.01
(Loss)/Earnings per share from continuing operations			
Basic and diluted earnings/(loss) per share (USD per share)		(1.13)	0.01

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 12 to 27 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of 31 March 2022
(in thousands of US dollars, unless otherwise indicated)

	Notes	*31 March 2022*	*31 December 2021*
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	1,815,129	1,939,607
Right-of-use asset		251,050	277,288
Intangible assets		93,005	97,791
Goodwill		65,051	66,382
Non-current biological assets		26,594	27,138
Non-current financial assets		27,307	28,764
Long-term bank deposits		9,733	9,904
Deferred tax assets		2,678	1,966
		2,290,547	2,448,840
Current assets			
Inventories	*7*	424,328	367,219
Biological assets		230,182	215,459
Agricultural produce	*7*	370,238	511,267
Prepayments		61,772	44,572
Other current financial assets		18,569	16,156
Taxes recoverable and prepaid		80,728	68,151
Trade accounts receivable		129,980	156,878
Cash and cash equivalents		307,693	275,237
		1,623,490	1,654,939
TOTAL ASSETS		3,914,037	4,103,779
EQUITY AND LIABILITIES			
Equity			
Share capital	*8*	284,505	284,505
Treasury shares		(44,593)	(44,593)
Additional paid-in capital		174,022	174,022
Revaluation reserve		743,376	811,684
Retained earnings		1,504,344	1,557,284
Translation reserve		(1,110,170)	(1,018,514)
Equity attributable to equity holders of the Parent		1,551,484	1,764,388
Non-controlling interests		24,447	29,800
Total equity		1,575,931	1,794,188
Non-current liabilities			
Bank borrowings	*9*	112,737	103,604
Bonds issued	*10*	1,378,427	1,376,820
Lease liabilities		192,099	204,139
Deferred income	*5*	41,470	44,593
Deferred tax liabilities		41,856	44,704
Other non-current liabilities		6,164	6,468
		1,772,753	1,780,328
Current liabilities			
Trade accounts payable		179,437	174,242
Other current financial liabilities		95,942	93,289
Advances received		39,886	41,983
Bank borrowings	*9*	136,639	121,458
Interest payable	*9,10*	45,758	21,180
Lease liabilities		67,691	77,111
		565,353	529,263
TOTAL LIABILITIES		2,338,106	2,309,591
TOTAL EQUITY AND LIABILITIES		3,914,037	4,103,779

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 12 to 27 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three-month period ended 31 March 2022
(in thousands of US dollars, unless otherwise indicated)

	Attributable to equity holders of the Parent								
	Share capital	Treasury shares	Additional paid-in capital	Revaluation reserve	Retained earnings	Translation reserve	Total	Non-controlling interests	Total equity
Balance as of 1 January 2022	284,505	(44,593)	174,022	811,684	1,557,284	(1,018,514)	1,764,388	29,800	1,794,188
Profit for the period	-	-	-	-	(121,248)	-	(121,248)	(1,062)	(122,310)
Other comprehensive loss	-	-	-	-	-	(91,656)	(91,656)	(1,870)	(93,526)
Total comprehensive (loss)/income for the period	-	-	-	-	(121,248)	(91,656)	(212,904)	(2,932)	(215,836)
Transfer from revaluation reserve to retained earnings	-	-	-	(13,601)	13,601	-	-	-	-
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(2,421)	(2,421)
Translation differences on revaluation reserve	-	-	-	(54,707)	54,707	-	-	-	-
Balance as of 31 March 2022	284,505	(44,593)	174,022	743,376	1,504,344	(1,110,170)	1,551,484	24,447	1,575,931

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 12 to 27 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three-month period ended 31 March 2021
(in thousands of US dollars, unless otherwise indicated)

	Attributable to equity holders of the Parent								
	Share capital	*Treasury shares*	*Additional paid-in capital*	*Revaluation reserve*	*Retained earnings*	*Translation reserve*	*Total*	*Non-controlling interests*	*Total equity*
Balance as of 1 January 2021	284,505	(44,593)	174,022	648,982	1,195,143	(1,020,229)	1,237,830	16,373	1,254,203
Profit/(Loss) for the period	-	-	-	-	1,472	-	1,472	(600)	872
Other comprehensive loss	-	-	-	-	-	(7,818)	(7,818)	(5,404)	(13,222)
Total comprehensive profit/(loss) for the period	-	-	-	-	1,472	(7,818)	(6,346)	(6,004)	(12,350)
Transfer from revaluation reserve to retained earnings	-	-	-	(24,780)	24,780	-	-	-	-
Translation differences on revaluation reserve	-	-	-	12,557	(12,557)	-	-	-	-
Balance as of 31 March 2021	284,505	(44,593)	174,022	636,759	1,208,838	(1,028,047)	1,231,484	10,369	1,241,853

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 12 to 27 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three-month period ended 31 March 2022
(in thousands of US dollars, unless otherwise indicated)

	Notes	Three-month period ended 31 March 2022	Three-month period ended 31 March 2021
Operating activities			
(Loss)/Profit before tax		(119,893)	3,953
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization expense	3	41,490	47,499
Net change in fair value of biological assets and agricultural produce	3	52,977	21,004
Change in allowance for irrecoverable amounts and direct write-offs		26,817	94
Loss on disposal of property, plant and equipment and other non-current assets		362	876
Finance income		(1,168)	(3,123)
Finance costs		37,410	34,936
Released deferred income		(391)	(407)
Non-operating foreign exchange loss/(gain), net		95,323	(19,896)
Operating cash flows before movements in working capital		132,927	84,936
Working capital adjustments			
Change in inventories	7	(93,744)	(130,249)
Change in biological assets		(27,560)	(8,701)
Change in agricultural produce	7	27,444	29,206
Change in prepayments made		(20,025)	(2,401)
Change in other financial current assets		313	(4,071)
Change in taxes recoverable and prepaid		(17,728)	(16,312)
Change in trade accounts receivable		18,721	8,030
Change in advances received		919	708
Change in other financial current liabilities		6,343	(7,180)
Change in trade accounts payable		38,272	29,913
Cash generated by operations		65,882	(16,121)
Interest received		576	2,024
Interest paid		(11,208)	(20,529)
Income taxes paid		(1,440)	(1,875)
Net cash flows from operating activities		53,810	(36,501)
Investing activities			
Purchases of property, plant and equipment	6	(31,382)	(20,177)
Purchases of other non-current assets		(1,606)	(548)
Purchases of other intangible assets		(1,354)	(1,815)
Proceeds from disposals of property, plant and equipment		295	620
Purchases of non-current biological assets		(1,374)	(242)
Prepayments and capitalized initial direct costs under lease contracts		(1,500)	(997)
Investments in short-term deposits		(371)	(1,569)
Withdrawals of short-term deposits		-	454
Loans provided to/(repaid by) employees, net		(250)	128
Loans and finance aid provided to related parties		(317)	(1,008)
Loans and finance aid repaid by related parties		-	11,000
Net cash flows used in investing activities		(37,859)	(14,123)
Financing activities			
Proceeds from bank borrowings		79,210	15,000
Repayment of bank borrowings		(52,864)	(29,022)
Repayment of lease liabilities		(4,049)	(5,375)
Dividends paid by subsidiaries to non-controlling shareholders		(140)	(5,234)
Net cash flows from financing activities		22,157	(24,631)
Net decrease in cash and cash equivalents		38,108	(75,255)
Net foreign exchange difference		(5,652)	(1,880)
Cash and cash equivalents at 1 January		275,237	217,579
Cash and cash equivalents at 31 March		307,693	140,444

The accompanying notes on the pages 12 to 27 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*
for the three-month period ended 31 March 2022
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Three-month period ended 31 March 2022*	*Three-month period ended 31 March 2021*
Non-cash transactions			
Non-cash repayments of lease liabilities		700	659

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 12 to 27 form an integral part of these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2022
(in thousands of US dollars, unless otherwise indicated)

1. Corporate information

MHP SE (the "Parent" or "MHP SE"), a limited liability company (Societas Europaea) registered under the laws of Cyprus, was formed on 30 May 2006. Hereinafter, MHP SE and its subsidiaries are referred to as the "MHP SE Group" or the "Group". The registered address of MHP SE is 16-18 Zinas Kanther Street, Agia Triada, 3035 Limassol, Cyprus. The MHP SE shares are listed on the London Stock Exchange ("LSE") in the form of global depositary receipts ("GDRs").

The controlling shareholder of MHP SE is Mr. Yuriy Kosyuk ("Principal Shareholder"), who owns 100% of the shares of WTI Trading Limited ("WTI"), which is the immediate majority shareholder of MHP SE, which in turn directly owns of 59,7% of the total outstanding share capital of MHP SE.

The principal business activities of the Group are poultry and related operations, grain growing, as well as meat processing and other agricultural operations. The Group's poultry and related operations integrate all functions related to the production of chicken, including hatching, fodder manufacturing, raising chickens to marketable age ("grow-out"), processing and marketing of branded chilled products and include the production and sale of chicken products, vegetable oil and mixed fodder. Grain growing comprises the production and sale of grains. Meat processing and other agricultural operations comprise the production and sale of cooked meat, sausages, convenience food products, milk and feed grains. As at 31 March 2022 the Group employed 29,978 people (31 December 2021: 30,890 people).

The primary subsidiaries, the principal activities of the companies forming the Group and the Parent's effective ownership interest as of 31 March 2022 and 31 December 2021 were as follows:

Name	*Country of registration*	*Year established/ acquired*	*Principal activities*	*31 March 2021*	*31 December 2020*
MHP Lux S.A.	Luxembourg	2018	Finance Company	100.0%	100.0%
MHP	Ukraine	1998	Management, marketing and sales	99.9%	99.9%
Myronivsky Plant of Manufacturing Feeds and Groats	Ukraine	1998	Fodder and vegetable oil production	88.5%	88.5%
Vinnytska Ptakhofabryka	Ukraine	2011	Chicken farm	100.0%	100.0%
Peremoga Nova	Ukraine	1999	Breeder farm	99.9%	99.9%
Oril-Leader	Ukraine	2003	Chicken farm	99.9%	99.9%
Myronivska Pticefabrika	Ukraine	2004	Chicken farm	99.9%	99.9%
Starynska Ptakhofabryka	Ukraine	2003	Breeder farm	100.0%	100.0%
Zernoprodukt MHP	Ukraine	2005	Grain cultivation	99.9%	99.9%
Katerinopilskiy Elevator	Ukraine	2005	Fodder production and grain storage, vegetable oil production	99.9%	99.9%
SPF Urozhay	Ukraine	2006	Grain cultivation	99.9%	99.9%
Agrofort	Ukraine	2006	Grain cultivation	99.9%	99.9%
MHP-Urozhayna Krayina	Ukraine	2010	Grain cultivation	99.9%	99.9%
Ukrainian Bacon	Ukraine	2008	Meat processing	79.9%	79.9%
MHP-AgroKryazh	Ukraine	2013	Grain cultivation	51.0%	51.0%
MHP-Agro-S	Ukraine	2013	Grain cultivation	51.0%	51.0%
Zakhid-Agro MHP	Ukraine	2015	Grain cultivation	100.0%	100.0%
Perutnina Ptuj d.d.	Slovenia	2019	Poultry production	100.0%	100.0%
MHP Food Trading	United Arab Emirates	2016	Trading in vegetable oil and poultry meat	100.0%	100.0%
MHP B.V.	Netherlands	2014	Trading in poultry meat	100.0%	100.0%
MHP Trade B.V.	Netherlands	2018	Trading in poultry meat	100.0%	100.0%
MHP Saudi Arabia Traiding	Saudi Arabia	2018	Trading in poultry meat	75.0%	75.0%
MHP Food UK Limited	UK	2021	Trading in poultry meat	100.0%	100.0%

The Group's primary operational facilities are located in different regions of Ukraine as well as in Southeast Europe, including Slovenia, Serbia, Croatia and Bosnia and Herzegovina (represented by Perutnina Ptuj d.d. together with its subsidiaries).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2022

(in thousands of US dollars, unless otherwise indicated)

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2022 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been condensed or omitted. However, such information reflects all adjustments (consisting of normal recurring adjustments), which are, in the opinion of the Group management, necessary to fairly state the results of interim periods. Interim results are not necessarily indicative of the results to be expected for the full year.

The 31 December 2021 statement of financial position was derived from the audited consolidated financial statements, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

Going concern

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

- the Group’s poultry production facilities have not suffered any physical damage;
- certain inventories and biological assets were damaged and written-off. Moreover, substantial amount of assets was provided as humanitarian aid to the population of Ukraine; for details please refer to Note 12 Contingencies and contractual commitments;
- MHP continues commercial poultry sales in Ukraine almost at the pre-War level, despite domestic deliveries in some regions having been and continuing to be significantly disrupted due to active hostilities;
- export sales reduced significantly due to closure of all Ukrainian seaports. Only certain roads and railways are now available for export;
- due to restricted sales, MHP decreased poultry capacity utilization to 80-85%;
- the Group’s European operations at Perutnina Ptuj have not been affected in any way by events in Ukraine as they are fully independent and self-sufficient from an operational and supply chain perspective, and continue to produce at full capacity;
- most of the Group’s existing undrawn financing facilities are not available (including USD 52 million) due to liquidity constraints in the Ukrainian banking system.

In response to these matters, the Group has taken the following actions:

- optimized utilization of production facilities to meet domestic demand and part of export orders; the Group is maintaining the level of inventories necessary to allow it to return to normal production capacity as soon as practically possible;
- delivering exports via alternative routes, including by road and rail, although this is problematic due to logistical issues caused by infrastructure damage and low capacity of these routes;
- the spring sowing campaign has already been finished; the Group had sufficient seeds, fertilisers, fuel, pesticides and other inputs required for the sowing season, as well as the necessary vehicles, agricultural machinery and human resources. In total, the Group now plans to harvest around 345 thousand hectares of its Ukrainian landbank (spring and winter crops) in 2022;

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2022

(in thousands of US dollars, unless otherwise indicated)

2. Basis of preparation and accounting policies *(continued)*

Going concern *(continued)*

- selling, general and administrative and other operating expenses, as well as CAPEX, have been reduced to the minimum required to meet the primary needs of the Group's core business;
- to preserve cash for operational priorities, on 30 March 2022 the Group received consent from holders of its Eurobonds to postpone the semi-annual interest payments due in Spring 2022 on each of its 2024, 2026 and 2029 Notes for a period up to 270 days;
- in response to non-availability of undrawn bank financing facilities, and to protect working capital requirements, the Group has already requested its bank lenders to agree to a general postponement of debt servicing in the current environment for a period of up to 270 days on conditions referred in Note 10;
- the Directors have decided not to declare a final dividend for the 2021 financial year.

Management have prepared and reviewed with the Directors updated financial forecasts, including cash flow projections, for the twelve months from the date of approval of these financial statements, taking into consideration most likely and possible downside scenarios for the ongoing business impacts of the War.

These forecasts were based on the following key assumptions:

- further development of the War and the military invasion of Ukraine will enable utilization of at least 60% of MHP's poultry production facilities;
- ability to run harvesting campaign on at least 290 thousand hectares of the Company's land bank;
- all of the Group's assets remain safe and in good condition;
- remaining logistic routes (rail and road) will continue to be available;
- MHP will be able to procure sufficient levels of vitamins and minerals for production of feed as well as the required volume of plant protection materials, fuel and other inputs for grain growing;
- MHP will be able to successfully complete postponement of debt servicing with its bank lenders referred above.

These forecasts indicate that, taking account of reasonably possible downsides, the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have therefore concluded that it is appropriate to apply the going concern basis of accounting in preparing these interim condensed consolidated financial statements. However, due to the currently unpredictable effects of the ongoing War on the significant assumptions underlying management forecasts, Management concludes that a material uncertainty exists, which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

Adoption of new and revised International Financial Reporting Standards

The adoption of the new or revised Standards did not have any effect on the financial position or performance of the Group and did not result in any changes to the Group's accounting policies and the amounts reported in the interim condensed consolidated financial statements of the Group.

Functional and presentation currencies

The functional currency of Ukrainian companies of the Group is the Ukrainian Hryvnia ("UAH"); the functional currency of the Cyprus and Luxembourg companies of the Group is the US Dollar ("USD"); the functional currency of the European companies of the Group is the Euro ("EUR"); the functional currency of the United Arab Emirates companies is the Dirham ("AED"). Transactions in currencies other than the functional currency of the entities concerned are treated as transactions in foreign currencies. Such transactions are initially recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the reporting

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2022
(in thousands of US dollars, unless otherwise indicated)

2. Basis of preparation and accounting policies *(continued)*

Functional and presentation currencies *(continued)*

date. All realized and unrealized gains and losses arising on exchange differences are recognised in the consolidated statement of profit or loss and other comprehensive income for the period.

These consolidated financial statements are presented in US Dollars ("USD"), which is the Group's presentation currency.

The results and financial position of the Group are translated into the presentation currency using the following procedures:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate as of the reporting date of that statement of financial position;
- Income and expenses for each consolidated statement of profit or loss are translated at exchange rates at the dates of the transactions;
- Exchange differences arising on translation for consolidation are recognised in other comprehensive income and presented as a separate component of equity. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss;
- All equity items, except for the revaluation reserve, are translated at the historical exchange rate. The revaluation reserve is translated at the closing rate as of the date of the statement of financial position.

For practical reasons, the Group translates items of income and expenses for each period presented in the financial statements using the quarterly average exchange rates, if such translations reasonably approximate the results translated at exchange rates prevailing at the dates of the transactions.

The following exchange rates were used:

Currency	*Closing rate as of 31 March 2022*	*Average for three months ended 31 March 2022*	*Closing rate as of 31 December 2021*	*Average for three months ended 31 March 2021*
UAH/USD	29.2549	28.5545	27.2782	27.9694
UAH/EUR	32.5856	32.2788	30.9226	33.7569
USD/EUR	1.1139	1.1304	1.1336	1.2069

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

Seasonality of operations

Poultry and related operations, Europe operating segment and Meat processing and other agricultural operations are not significantly exposed to seasonal fluctuations.

Grain growing segment, due to seasonality and implications of IAS 41, in the first half of the year mainly reflects sales of carried forward agricultural produce and the effect of biological assets revaluation, while during the second half of the year it reflects sales of crops and the effect of revaluation of agricultural produce harvested during the year. Also, grain growing segment has seasonal requirements for working capital increase from November to May, due to the sowing campaign.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2022
(in thousands of US dollars, unless otherwise indicated)

3. Segment information

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 31 March 2022:

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*Europe operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	378,675	35,158	36,130	103,365	553,328	-	553,328
Sales between business segments	16,136	117,509	133,732	-	267,377	(267,377)	-
Total revenue	394,811	152,667	169,862	103,365	820,705	(267,377)	553,328
Segment result	15,470	(5,652)	(2,846)	9,447	16,419	-	16,419
Unallocated corporate expenses							(4,744)
Other expenses, net [1)]							(131,568)
Loss before tax from continuing operations							(119,893)
Other information:							
Depreciation and amortization expense [2)]	19,646	14,584	1,859	5,193	41,282	-	41,282
Net change in fair value of biological assets and agricultural produce	10,020	(65,393)	(76)	2,472	(52,977)	-	(52,977)

[1)] Includes finance income, finance costs, foreign exchange loss (net) and other expenses (net).

[2)] Depreciation and amortization for the three-month period ended 31 March 2022 does not include unallocated depreciation and amortization in the amount of USD 208 thousand.

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 31 March 2021:

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*Europe operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	315,343	8,936	36,027	86,703	447,009	-	447,009
Sales between business segments	9,594	72,310	73	-	81,977	(81,977)	-
Total revenue	324,937	81,246	36,100	86,703	528,986	(81,977)	447,009
Segment result	8,581	1,530	1,870	7,981	19,962	-	19,962
Unallocated corporate expenses							(3,965)
Other expenses, net [1)]							(12,044)
Profit before tax from continuing operations							3,953
Other information:							
Depreciation and amortization expense [2)]	23,520	17,554	1,500	4,388	46,962	-	46,962
Net change in fair value of biological assets and agricultural produce	793	(22,416)	274	345	(21,004)	-	(21,004)

[1)] Includes finance income, finance costs, foreign exchange gain (net) and other expenses (net).

[2)] Depreciation and amortization for the three-month period ended 31 March 2021 does not include unallocated depreciation and amortization in the amount of USD 537 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2022
(in thousands of US dollars, unless otherwise indicated)

4. Profit for the period

The Group's gross profit for the three-month period ended 31 March 2022 increased compared to the three-month period ended 31 March 2021 and amounted to USD 92,253 thousand and USD 65,821 thousand, respectively. The increase was driven mainly by higher gross profit in the poultry and related operations segment due to increase in both volume and selling price.

Loss for the three-month period ended 31 March 2022 amounted to USD 122,310 thousand, compared to profit of USD 872 thousand for the three-month period ended 31 March 2021. The decline is mainly due to depreciation of Ukrainian Hryvnia against US Dollar and EURO, which resulted in foreign exchange loss of USD 95,323 thousand for the three-month period ended 31 March 2022 compared to gain of USD 19,896 thousand for the three-month period ended 31 March 2021. Unrealized foreign exchange loss for the three-month period ended 31 March 2022 was mostly attributable to bonds and bank borrowings denominated in foreign currencies due to UAH depreciation against USD and EUR.

5. Deferred income

During the three-month periods ended 31 March 2022 and 2021, the Group received government compensations in accordance with EU farming subsidies policy and other compensations in accordance with the EU national programs of employment, assigned contributions for employees, and refunds of excise duties in amount of USD 1,988 thousand and USD 1,909 thousand respectively.

6. Property, plant and equipment

During the three-month period ended 31 March 2022, the Group's additions to property, plant and equipment amounted to USD 30,187 thousand (three-month period ended 31 March 2021: USD 20,177 thousand) mainly related to modernization projects, new products development and the maintenance and improvement of Perutnina Ptuj production facilities.

There were no significant disposals of property, plant and equipment during the three-month period ended 31 March 2022.

Remaining part of the movement mainly relates to translation difference into the presentation currency.

7. Inventories and agricultural produce

An increase in inventory balance as of 31 March 2022 compared to 31 December 2021 is mainly attributable to costs incurred by grain growing entities in respect of forthcoming spring sowing campaign.

A decrease of agricultural produce for three-month period ended 31 March 2022 was mainly as a result of internal consumption of corn, wheat, soybeans and sunflower.

8. Shareholders' equity

As of 31 March 2022 and 31 December 2021 the authorized, issued and fully paid share capital of MHP SE comprised the following number of shares:

	31 March 2022	*31 December 2021*
Number of shares issued and fully paid	110,770,000	110,770,000
Number of shares outstanding	107,038,208	107,038,208

The authorized share capital as of 31 March 2021 and 31 December 2021 was EUR 221,540 thousand represented by 110,770,000 shares with par value of EUR 2 each.

All shares have equal voting rights and rights to receive dividends, which are payable at the discretion of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2022
(in thousands of US dollars, unless otherwise indicated)

9. Bank borrowings

The following table summarizes bank borrowings and credit lines outstanding as of 31 March 2022 and 31 December 2021:

		2022		2021	
	Currency	*WAIR 1)*	*USD' 000*	*WAIR 1)*	*USD' 000*
Non-current					
	EUR	EURIBOR2) + 1.38%	112,737	EURIBOR2) + 1.23%	103,604
			112,737		103,604
Current					
	USD	2.04%	123,238	SOFR3) + 2.20%	10,550
	EUR	EURIBOR2) + 1.72%	842	2.00%	99,536
Current portion of long-term bank borrowings	EUR	EURIBOR2) + 1.38%	12,559	EURIBOR2) + 1.23%	11,372
			136,639		121,458
Total bank borrowings			**249,376**		**225,062**

1) WAIR represents the weighted average interest rate on outstanding borrowings;
2) According to the terms of certain agreements, if market EURIBOR becomes negative, it shall be deemed to be zero for calculation of interest expense;
3) The Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

The Group's borrowings are drawn from various banks as term loans, credit line facilities and overdrafts. Repayment terms of principal amounts of bank borrowings vary from monthly repayment to repayment on maturity depending on the agreement reached with each bank. Interest on borrowings drawn with foreign banks is payable mostly semi-annually.

As of 31 March 2022 and 31 December 2021, all of the Group's bank term loans and credit lines bear floating and fixed interest rates.

Bank borrowings and credit lines outstanding as of 31 March 2022 and 31 December 2021 were repayable as follows:

	31 March 2022	*31 December 2021*
Within one year	136,639	121,458
In the second year	15,926	13,233
In the third to fifth year inclusive	83,183	76,456
After five years	13,628	13,915
	249,376	**225,062**

As of 31 March 2022, the Group had undrawn facilities of USD 117,614 thousand (31 December 2021: USD 255,970 thousand), whereof USD 52,416 thousand currently are unavailable for use. These undrawn facilities expire during the period until September 2028.

The Group, as well as particular subsidiaries of the Group, have to comply with the following maintenance covenants imposed by the banks providing the loans: EBITDA to interest expenses ratio, current ratio and liabilities to equity ratio. Separately, there are negative covenants in respect of restricted payments, including dividends, capital expenditures, additional indebtedness and restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates in case of excess of Net Debt to EBITDA ratio. The Group subsidiaries are also required to obtain approval from lenders regarding property, plant and equipment to be used as collateral. During the three-month period ended 31 March 2022 and year ended 31 December 2021 the Group has complied with all covenants imposed by banks providing the borrowings.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2022

(in thousands of US dollars, unless otherwise indicated)

9. Bank borrowings *(continued)*

The Group's bank borrowings are jointly and severally guaranteed by MHP, Myronivsky Plant of Manufacturing Feeds and Groats, Oril-Leader, Peremoga Nova, Starynska Ptakhofabryka, Zernoproduct MHP, Katerinopilskiy Elevator, Agrofort, SPF Urozhay, MHP SE, Scylla Capital Limited, Myronivska Pticefabrika, Ptakhofabryka Snyatynska Nova, Vinnytska Ptakhofabryka, Zakhid-Agro MHP, MHP-Urozhayna Krayina, Raftan Holding Limited. But the bank borrowings of Perutnina Ptuj - Pipo d.o.o., Perutnina Ptuj d.o.o., Perutnina Ptuj - Topiko d.o.o. are guaranteed by Perutnina Ptuj.

As of 31 March 2022, the Group had borrowings of USD 90,064 thousand that were secured by property, plant and equipment with a carrying amount of USD 106,481 thousand (31 December 2021: USD 75,084 thousand and USD 91,931 thousand respectively).

As of 31 March 2022, the Group had borrowings of USD 30,550 thousand that were secured by agricultural produce with a carrying amount of USD 38,188 thousand (31 December 2021: USD 30,550 thousand and USD 38,188 thousand respectively).

As of 31 March 2022, the deposit with carrying amount of USD 2,510 thousand (31 December 2021: USD 2,555 thousand) was restricted as collateral to secure bank borrowings.

As of 31 March 2022 and 31 December 2021, interest payable on bank borrowings was USD 268 thousand and USD 423 thousand, respectively.

10. Bonds issued

Bonds issued and outstanding as of 31 March 2022 and 31 December 2021 were as follows:

	Carrying amount		*Nominal amount*	
	31 March 2022	*31 December 2021*	*31 March 2022*	*31 December 2021*
7.75% Senior Notes due in 2024	491,799	490,851	500,000	500,000
6.95% Senior Notes due in 2026	538,947	538,346	550,000	550,000
6.25% Senior Notes due in 2029	347,681	347,623	350,000	350,000
Unamortized debt issuance cost	-	-	(21,573)	(23,180)
Total bonds issued	**1,378,427**	**1,376,820**	**1,378,427**	**1,376,820**

As of 31 March 2022 and 31 December 2021 amount of accrued interest on bonds issued was USD 45,490 thousand and USD 20,757 thousand, respectively.

6.25% Senior Notes

On 19 September 2019, MHP Lux S.A., a public company with limited liability (société anonyme) incorporated in 2018 under the laws of the Grand Duchy of Luxembourg, issued USD 350,000 thousand 6.25% Senior Notes due in 2029 at par value. The funds received were used to satisfy and discharge the 8.25% Senior Notes due in April 2020, for debt refinancing and for general corporate purposes.

All expenses associated with the placement of the 6,25% Senior Notes amounted to USD 2,888 thousand and were capitalized.

The Senior Notes are jointly and severally guaranteed on a senior basis by MHP SE, PrJSC "Oril – Leader", PrJSC "Myronivska Pticefabrika", "SPF "Urozhay" LLC, "Starynska Ptakhofabryka" ALLC, "Vinnytska Ptakhofabryka" LLC, "Peremoga Nova" SE, "Katerinopolskiy Elevator" LLC, PrJSC "MHP", PrJSC "Zernoprodukt MHP" and PrJSC "Agrofort".

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2021

(in thousands of US dollars, unless otherwise indicated)

10. Bonds issued *(continued)*

6.25% Senior Notes *(continued)*

Interest on the Senior Notes is payable semi-annually in arrears in March and September. These Senior Notes are subject to certain restrictive covenants including, but not limited to, limitations on the incurrence of additional indebtedness in excess of Net Debt to EBITDA ratio as defined by the indenture, restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates. If the Group fails to comply with the covenants imposed, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may, upon written notice to the Group, declare all outstanding Senior Notes to be due and payable immediately. If a change of control occurs, the Group shall make an offer to each holder of the Senior Notes to purchase such Senior Notes at a purchase price in cash in an amount equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

6.95% Senior Notes

On 3 April 2018, MHP Lux S.A. issued USD 550,000 thousand 6.95% Senior Notes due in 2026 at par value. Out of the total issue amount USD 416,183 thousand were designated for redemption and exchange of the existing 8.25% Senior Notes due in 2020.

The part of expenses, connected with placement of the 6,95% Senior Notes amounted to USD 11,564 thousand were capitalized, including USD 10,413 thousands related to the exchange. All other related expenses in the amount of USD 32,915 thousand were expensed as incurred.

As a result of a non-substantial modification, the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate was recognised as a gain in the amount of USD 4,733 thousand at the date of modification in the consolidated profit or loss.

The Senior Notes are jointly and severally guaranteed on a senior basis by MHP SE, PrJSC “MHP”, PJSC “Myronivsky Plant of Manufacturing Feeds and Groats”, PrJSC “Zernoprodukt MHP”, PrJSC “Agrofort”, PrJSC “Oril-Leader”, PrJSC “Myronivska Pticefabrika”, “SPF “Urozhay” LLC, “Starynska Ptakhofabryka” ALLC, “Vinnytska Ptakhofabryka” LLC, “Peremoga Nova” SE, “Katerinopolskiy Elevator” LLC, Scylla Capital Limited.

Interest on the Senior Notes is payable semi-annually in arrears in April and October. These Senior Notes are subject to certain restrictive covenants including, but not limited to, limitations on the incurrence of additional indebtedness in excess of Net Debt to EBITDA ratio as defined by the indenture, restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates. If the Group fails to comply with the covenants imposed, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may, upon written notice to the Group, declare all outstanding Senior Notes to be due and payable immediately. If a change of control occurs, the Group shall make an offer to each holder of the Senior Notes to purchase such Senior Notes at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

7.75% Senior Notes

On 10 May 2017, MHP SE issued USD 500,000 thousand 7.75% Senior Notes due in 2024 at par value. Out of the total issue the amount of USD 245,200 thousand were designated for redemption and exchange of existing 8.25% Senior Notes due in 2020.

The carrying amount of the Senior Notes was adjusted on transition to IFRS 9. Under IFRS 9, as a result of a non-substantial modification, the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate should be recognised as a gain at the date of modification. The difference between the carrying amount of the Senior Notes under IAS 39 and IFRS 9 was recognised in opening retained earnings in the amount of USD 7,566 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2021

(in thousands of US dollars, unless otherwise indicated)

10. Bonds issued *(continued)*

7.75% Senior Notes *(continued)*

The Senior Notes are jointly and severally guaranteed on a senior basis by PrJSC "MHP", PJSC "Myronivsky Plant of Manufacturing Feeds and Groats", PrJSC "Zernoprodukt MHP", PrJSC "Agrofort", PrJSC "Oril-Leader", PrJSC "Myronivska Pticefabrika", "SPF "Urozhay" LLC, "Starynska Ptakhofabryka" ALLC, Vinnytska Ptakhofabryka LLC, SE "Peremoga Nova", "Katerinopolskiy Elevator" LLC, Scylla Capital Limited.

Interest on the Senior Notes is payable semi-annually in arrears in May and November. These Senior Notes are subject to certain restrictive covenants including, but not limited to, limitations on the incurrence of additional indebtedness in excess of Net Debt to EBITDA ratio as defined by the indenture, restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates. If the Group fails to comply with the covenants imposed, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may, upon written notice to the Group, declare all outstanding Senior Notes to be due and payable immediately.

If a change of control occurs, the Group shall make an offer to each holder of the Senior Notes to purchase such Senior Notes at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

Covenants

Certain restrictions under the indebtedness agreements (e.g. incurrence of additional indebtedness, restricted payments, dividends payment) are dependent on the leverage ratio of the Group. Once the leverage ratio exceeds 3.0 to 1, it is not permitted for the Group to make certain restricted payments, declare dividends exceeding USD 30 million in any financial year, incur additional debt except that is defined as a Permitted Debt. According to the indebtedness agreement, the consolidated leverage ratio is tested on the date of incurrence of additional indebtedness or restricted payment and after giving pro forma effect to such incurrence or restricted payment as if it had been incurred or done at the beginning of the most recent four consecutive fiscal quarters for which financial statements are publicly available (or are made available). The Group has tested all the transactions occurred prior to publication of these financial statements and has complied with all the covenants defined by indebtedness agreement during the reporting periods ended 31 March 2022 and 31 December 2021.

As at 31 March 2022 the leverage ratio of the Group is 1.90 to 1 (31 December 2021: 1.90 to 1), lower than the defined limit 3.0 to 1. The Group believes that since, as at the interim reporting date, it improved the leverage ratio and met the covenants imposed, the aforementioned restrictions are no longer applicable to the Group as from 9 September 2021, the date of publication of reviewed interim condensed consolidated financial statements for the three and six months ended 30 June 2021.

Consent solicitation

On 30 March 2022, the Group received consent from the Holders to postpone the semi-annual interest payments on each of the 2024 Notes, the 2026 Notes and the 2029 Notes scheduled for Spring 2022 for a period up to 270 days (the "Support Period"). The unpaid interest payments will continue accruing during the Support Period.

As defined by the Consent Solicitation Memorandum, the Group will undertake the following restrictions during the Support Period:

- the Company and its Restricted Subsidiaries shall not be able to incur Indebtedness pursuant to the ratio-based permission for the Incurrence of Indebtedness;
- the "general basket" for the incurrence of Permitted Debt shall be reduced to U.S.$10 million in aggregate principal amount;
- the Company and its Restricted Subsidiaries will be prohibited from incurring new Liens on existing Indebtedness for borrowed money, other than Permitted Refinancing Indebtedness relating to existing secured Indebtedness;
- the Company and its Restricted Subsidiaries will be prohibited from making Restricted Payments other than payments constituting Permitted Investments;
- the Permitted Investments "general basket" shall not be available;

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2021

(in thousands of US dollars, unless otherwise indicated)

10. Bonds issued *(continued)*

Consent solicitation *(continued)*

- the threshold at which an Affiliate Transaction must be approved by a majority of the disinterested members of the Board of Directors shall be reduced to U.S.$1 million;
- the Group is committed to paying no more than U.S.$12.5 million in the aggregate in satisfaction of any debt service payments in respect of any Indebtedness of the Group, excluding any interest payment in respect of any of the 2024 Notes, the 2026 Notes during the Support Period;
- within 25 days of each calendar month end, the Company will provide a trading update detailing operational data relating to the Group's business segments.

11. Related party balances and transactions

For the purposes of these financial statements, parties are considered to be related if one party controls, is controlled by, or is under common control with the other party, or exercises significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms and conditions as transactions between unrelated parties.

Transactions with related parties under common control

The Group, in the ordinary course of business, enters into transactions with related parties that are companies under common control of the Principal Shareholder of the Group (Note 1) for the purchase and sale of goods and services and in relation to the provision of financing arrangements. Terms and conditions of sales to related parties are determined based on arrangements specific to each contract or transaction. The terms of the payables and receivables related to trading activities of the Group do not vary significantly from the terms of similar transactions with third parties.

Transactions with related parties during the three-month periods ended 31 March 2022 and 31 March 2021 were as follows:

	2022	*2021*
Loans and finance aid provided to related parties	317	1,008
Loans and finance aid repaid by related parties	-	11,000
Interest charged on loans and financial aid repaid	-	1,121
Interest charged on loans and finance aid provided	-	1,338
Purchases from related parties	2	2
Key management personnel of the Group:		
Loans repaid	176	177

The balances owed to and due from related parties were as follows as of 31 March 2022 and 31 December 2021:

	2022	*2021*
Loans and finance aid receivable	2,770	2,971
Less: expected credit losses	(2,390)	(2,521)
	380	450
Loans to key management personnel	4,281	4,774
Less: expected credit losses	(368)	(397)
	3,913	4 377
Trade accounts receivable	105	113
Payables due to related parties	23	25

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2021

(in thousands of US dollars, unless otherwise indicated)

11. Related party balances and transactions *(continued)*

Related party loans and finance aid receivable

On 21 January 2020, the Board approved a loan facility of up to USD 80,000 thousand to the company's principal shareholder, WTI Trading Limited ("WTI") to meet WTI's general liquidity requirements and other corporate purposes for a maximum of three years. As of 31 December 2021, loan has been fully repaid to the Group by WTI.

The Group's Directors believe that the loans were issued at arm's length terms and for fair market value, that they were in the best interests and for the commercial benefit of the Group and did not violate the terms of the Senior Notes (Note 11).

For other loans and finance aid receivable, credit risk increased to the point where it is considered credit-impaired. The expected credit loss for such loans amounted to USD 2,343 thousand and USD 2,482 thousand as at 31 March 2022 and 31 December 2021 respectively.

Compensation of key management personnel

Total compensation of the Group's key management personnel included primarily in selling, general and administrative expenses in the Consolidated Statements of Profit and Loss and Other Comprehensive Income amounted to USD 2,426 thousand and USD 2,573 thousand for the periods ended 31 March 2022 and 2021, respectively. Compensation of key management personnel consists of contractual salary and performance bonuses.

12. Contingencies and contractual commitments

Operating environment

On 24 February 2022, Russian forces commenced a military invasion of Ukraine resulting in a full-scale war across the Ukrainian State. The ongoing military attack has led, and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. Sea ports and airports are closed and have been damaged, and many roads and bridges have been damaged or destroyed, further crippling transportation and logistics.

The situation remains highly fluid and the outlook is subject to extraordinary uncertainty. The economic consequences are already very serious.

The government has implemented appropriate emergency measures to stabilize markets and the economy, but the country faces large fiscal and external financing gaps. Ukrainian authorities have continued to service their external debt obligations and the country's payment system remains operational, with banks open and mostly liquid. Most Ukrainian companies are still paying taxes.

International organizations (IMF, EBRD, EU, World Bank), along with individual countries and charities, have provided Ukraine with financing, donations and material support. In total, international support has reached more than USD 15 billion.

In view of the large-scale armed assault in Ukraine by Russian forces, the National Bank of Ukraine ('NBU') decided to postpone a decision on the discount rate, leaving it unchanged at 10% and, when the war started, moved to a fixed exchange rate of UAH 29.25 to the US Dollar. The NBU has also said that once the economy and financial system return to operation, it will revert to the traditional format of inflation targeting with a floating exchange rate.

The Ukrainian government has introduced export licensing of key foodstuffs including wheat, corn, poultry meat, and sunflower oil.

As of 15 March 2022, the Verkhovna Rada of Ukraine approved a set of taxation amendments to support Ukrainian businesses under war conditions. The law establishes a special economic regime during the period of martial law. The key innovation is that all companies with annual turnover of up to UAH 10 bln may now stop paying VAT and corporate profit tax (CPT), switching to a 2% turnover tax. Physically lost goods are not subject to VAT. Reimbursement of VAT for exporters is frozen. For car fuel, excise tax is zeroed and VAT rate is decreased from 20% to 7%. Also, support of the national war effort is relieved from taxation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2022
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12. Contingencies and contractual commitments *(continued)*

Operating environment *(continued)*

Ukraine's economy is expected to contract by 10% to 30% in 2022 as a result of Russia's invasion, but the outlook could worsen sharply if the conflict lasts longer.

Since 24 February 2022, the Group has suffered significant losses as a result of the continuous war in Ukraine, caused by full-scale Russian invasion. The Group considers that following expenses incrurred during three-month periods ended 31 March 2022 directly related to the war:

	2022	*2021*
Community support donations	13,403	-
Write-off of inventories and biological assets	8,334	-
Expected credit losses of trade accounts receivable	2,005	-
Other war-related expenses	1,439	-
	25,181	-

These expenses are presented within other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

Taxation and legal issues

Ukrainian tax authorities are increasingly directing their attention to the business community as a result of the overall Ukrainian economic environment. The local and national tax environment is constantly changing and subject to inconsistent application, interpretation and enforcement. Non-compliance with Ukrainian laws and regulations can lead to the imposition of severe penalties and fines. Future tax examinations could raise issues or assessments which are contrary to the Group companies' tax filings. Such assessments could include taxes, penalties and fines, and these amounts could be material. While the Group believes it has complied with local tax legislation, new significant changes to the tax legislation may be introduced in the near future.

Management believes that the Group has been in compliance with all requirements of effective tax legislation.

The Group exports vegetable oil, chicken meat and related products, and performs intercompany transactions, which may potentially be in the scope of the Ukrainian transfer pricing ("TP") regulations. The Group has submitted the controlled transaction report for the years ended 31 December 2019 and 31 December 2020 within the required deadlines.

As of 31 March 2022, the Group's management assessed its possible exposure to tax risks for a total amount of USD 5,161 thousand related to corporate income tax (31 December 2021: USD 5,658 thousand). No provision was recognised relating to such possible tax exposure.

As of 31 March 2022, companies of the Group were engaged in ongoing litigation with tax authorities for the amount of USD 68,385 thousand (31 December 2021: USD 73,147 thousand), including USD 57,087 thousand (31 December 2021: USD 59,670 thousand) of litigations with the tax authorities related to disallowance of certain amounts of VAT refunds and deductible expenses claimed by the Group. Of this amount, USD 45,751 thousand as of 31 March 2022 (31 December 2021: USD 48,912 thousand) relates to cases where court hearings have taken place and where the court in either the first or second instance has already ruled in favour of the Group. Management believes that, based on the past history of court resolutions of similar lawsuits by the Group, it is unlikely that a significant settlement will arise out of such lawsuits and, therefore, no respective provision is required in the Group's financial statements as of the reporting date.

Contractual commitments on purchase of property, plant and equipment

During the three-month period ended 31 March 2022, the companies of the Group entered into a number of contracts with foreign suppliers for the purchase of property, plant and equipment for the development of agricultural operations. As of 31 March 2022, purchase commitments on such contracts were primarily related to modernization projects, new products development and the maintenance and improvement of Perutnina Ptuj production facilities and amounted to USD 31,724 thousand (31 December 2021: USD 30,952 thousand).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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13. Fair value of financial instruments

Fair value disclosures in respect of financial instruments are made in accordance with the requirements of IFRS 7 “Financial Instruments: Disclosure” and IFRS 13 “Fair value measurement”. Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm’s length transaction, other than in forced or liquidation sale. As no readily available market exists for a large part of the Group’s financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

The fair value is estimated to be the same as the carrying value for cash and cash equivalents, short-term bank deposits, trade accounts receivables, other current assets and trade accounts payable due to the short-term nature of the financial instruments.

Set out below is the comparison by category of carrying amounts and fair values of all the Group’s financial instruments, excluding those discussed above, that are carried in the consolidated statement of financial position:

	Carrying amount		*Fair value*	
	31 March 2022	*31 December 2021*	*31 March 2022*	*31 December 2021*
Financial liabilities				
Bank borrowings *(Note 10)*	249,644	225,485	249,624	225,574
Senior Notes due in 2024, 2026, 2029 *(Note 11)*	1,423,917	1,397,577	659,910	1,389,024

The carrying amount of Bank borrowings and Senior Notes issued includes interest payable at each of the respective dates.

The fair value of bank borrowings was estimated by discounting the expected future cash outflows by a market rate of interest for bank borrowings 1.8% (31 December 2021: 1.8%), and is within Level 2 of the fair value hierarchy.

The fair value of Senior Notes was estimated based on market quotations and is within Level 1 of the fair value hierarchy.

In determining fair value of financial instruments, the impact of potential climate-related matters, including legislation, climate change, and company climate objectives which may affect the fair value measurement of financial assets and liabilities has been considered. At present, the impact of climate-related matters is not material to the Group’s financial statements.

14. Risk management policy

During the three-month period ended 31 March 2022 there were no material changes to the objectives, policies and process for credit risk, capital risk, liquidity risk, currency risk, interest rate risk, livestock diseases risk and commodity price and procurement risk managing.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies.

The Group does not use any derivatives to manage foreign currency risk exposure, Group management sets limits on the level of exposure to foreign currency fluctuations.

The carrying amounts of the Group’s foreign currency denominated monetary assets and liabilities as of 31 March 2022 and 31 December 2021 were as follows:

	31 March 2022		*31 December 2021*	
	USD	*EUR*	*USD*	*EUR*
Total assets	180,230	36,755	140,705	41,883
Total liabilities	1,552,668	52,301	1,513,825	42,395

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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14. Risk management policy *(continued)*

Currency risk *(continued)*

The table below illustrates the Group's sensitivity to a change in the exchange rate of the Ukrainian Hryvnia against the US Dollar and EUR. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for possible change in foreign currency rates.

	Change in foreign currency exchange rates	*Effect on profit before tax*
2022		
Increase in USD exchange rate	15%	(205,866)
Increase in EUR exchange rate	15%	(2,332)
Decrease in USD exchange rate	15%	205,866
Decrease in EUR exchange rate	15%	2,332
2021		
Increase in USD exchange rate	15%	(205,968)
Increase in EUR exchange rate	15%	(77)
Decrease in USD exchange rate	15%	205,968
Decrease in EUR exchange rate	15%	77

During the three-month period ended 31 March 2022, the Ukrainian Hryvnia depreciated against the EUR by 5.1% and against the USD by 6.8% (three-month period ended 31 March 2021: appreciated against the EUR and USD by 6.2% and 1.4% respectively). As a result, during the three-month period ended 31 March 2022 the Group recognized net foreign exchange loss in the amount of USD 95,323 thousand (three-month period ended 31 March 2021: foreign exchange gain in the amount of USD 19,896 thousand) in the consolidated statement of profit or loss and other comprehensive income.

15. Subsequent events

The situation in Ukraine continues to be severe as a result of Russian Federation full-scale military invasion of Ukraine.

After more than a month of fighting, in April Russian forces failed to take or surround Kyiv, and were forced to withdraw from northern Ukraine, abandoning their immediate efforts to topple Ukraine's government. As a result, certain areas in Kyiv, Kharkiv, Chernihiv, Sumy and Mykolaiv regions were liberated from Russian invaders.

Despite this, Russia launched a renewed invasion across a front extending from Kharkiv to Donetsk and Luhansk, with simultaneous missile attacks again directed at the major cities of Ukraine. As of now intense fighting continues in eastern Ukraine, especially in Luhansk and Donetsk regions, while airstrikes and missile attacks are reported almost daily in several regions across the country.

Due to this, the Group continues to experience a number of significant disruptions and operational issues within its business, including, but not limited to:

Production and Sales

While MHP continues commercial poultry sales in Ukraine, export sales have significantly reduced due to the closure of Ukrainian seaport infrastructure. MHP is evaluating remaining options to carry out export deliveries via alternative routes, including by road and rail, although this is also problematic due to logistical issues caused by infrastructure damage and low capacity. In addition, domestic deliveries in some regions have been and continue to be significantly disrupted due to active hostilities.

There have been 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. Nonetheless, having received substantial support from global agricultural companies, the Group's production facilities are now able to run at close-to-normal utilization, with production directed primarily to satisfy domestic needs with the balance to partially meet export orders. The Group is taking all actions necessary to enable a return to full-scale production as soon as practically possible.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2022

(in thousands of US dollars, unless otherwise indicated)

15. Subsequent events *(continued)*

Also, due to the continuing military activities and further escalation of the situation in the Donetsk region, MHP has decided to temporarily suspend operations of “Ukrainian Bacon" (a meat-processing operation with 34,000 tonnes annual capacity located in the Donetsk region). The Group has asked its employees (over 1,900 people) and their families to move to safer regions of Ukraine. Some employees were redeployed to other Group production facilities.

Group is working actively on the commissioning of similar production sites at MHP facilities in order to continue production. However, such commissioning will require additional time and resources.

Continuous humanitarian efforts

The Group, working with volunteers, has been providing humanitarian aid (mainly through food supply) to the population of Ukraine since the beginning of the war, despite logistical challenges. Since the invasion began, MHP has provided over 12,000 tonnes of poultry products pro bono.

Condition of assets

As of 16 June 2022, the Group’s poultry production facilities have not suffered any damage.

The Group has successfully finished its 2022 sowing campaign on all territory of its land bank.

Impact on financial position and results of operations

The duration and impact of the war in Ukraine remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Group for future periods.

16. Authorization of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors of MHP SE on 16 June 2022.