16 November 2022, Limassol, Cyprus

MHP SE

Financial Results for the Third Quarter and Nine Months ended 30 September 2022

MHP SE (LSE:MHPC), the parent company of a leading international food & agrotech group with headquarters in Ukraine, today announces its unaudited results for the third quarter ended 30 September 2022. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

WAR IN UKRAINE – UPDATE

Since the last update (September 2022) the war in Ukraine has escalated. Since October, the Kremlin has been conducting massive missile strikes on the territory of Ukraine, fiercely attacking the county’s energy infrastructure. This has led to the complete destruction of around 40% of Ukraine’s energy infrastructure. Although the recent recovery of Kherson has been encouraging, the overall situation remains highly fluid and the outlook is subject to extraordinary uncertainty.

MHP faced complex challenges and disruptions to operations in the middle of October, when a number of the country’s electricity generation stations were hit by missile attacks. Operations at some MHP facilities had to shut down for a short period of time after these missile hits. As of today, MHP is again operating close to full capacity, using a combination of state grids, electricity generated at MHP’s biogas stations and diesel generators. However, events have shown that the situation can deteriorate seriously, quickly and without notice.

Frequent and prolonged disruptions in electricity supply continue to have a severe detrimental effect both on business operations and the lives of all employees based in Ukraine. Management is taking every possible step to ease the impact of the disruptions.

The UN-brokered grain deal remains in place, despite some challenging discussions which took place at the end of October. Agricultural companies continue to export from Ukraine animal feed, grain and vegetable oils to a number of African, MENA and EU countries. So far, according to the UN’s Black Sea Grain Initiative’s (BSGI) joint coordination center, 10.1 million tonnes of agricultural produce have been shipped on 482 vessels.

The Group has incurred substantial war-related costs since the Russian invasion on 24 February. For the period ended 30 September 2022 these amounted to almost US$ 45 million, including community support donations, write-off of inventories and biological assets, and other war-related expenses. Working with volunteers, the Group has provided humanitarian aid, including the free supply of 13,000 tonnes of poultry products to the population of Ukraine since the beginning of the war.

MHP Team would like to thank the Defense Forces of Ukraine, which, since February 2022, have de-occupied a total of 52.5% of the territories captured by the Russian Federation - almost 78,000 square kilometers.

OPERATIONAL HIGHLIGHTS

Q3 2022

- Poultry production volume in Ukraine was down 13% at 169,448 tonnes (Q3 2021: 194,199 tonnes). Poultry production volumes of the European Operating Segment (Perutnina Ptuj, or PP) increased by 11% to 33,084 tonnes (Q3 2021: 29,812 tonnes).
- MHP average chicken meat price increased by 12% to US$ 2.00 per kg (Q3 2021: US$ 1.79 per kg) excluding VAT. The average price of chicken meat produced by PP increased by 26% to EUR 3.34 per kg (Q3 2021: EUR 2.65 per kg).

- Chicken meat exports from Ukraine declined by 9% to 99,250 tonnes (Q3 2021 - 108,963 tonnes).

9M 2022

- Poultry production volume in Ukraine decreased by 7% to 515,488 tonnes (9M 2021: 551,729 tonnes). Poultry production volumes of PP increased by 11% to 92,892 tonnes (9M 2021: 83,930 tonnes).
- MHP average chicken meat price increased by 20% y/y to US$ 1.97 per kg (9M 2021: US$ 1.64 per kg) excluding VAT. The average price of poultry meat produced by PP increased by 25% to EUR 3.19 per kg (9M 2021: EUR 2.56 per kg).
- Chicken meat exports from Ukraine declined by 14% to 257,250 tonnes (9M 2021: 300,278 tonnes).

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FINANCIAL HIGHLIGHTS

Q3 2022

- Revenue of US$ 727 million, increased by 10% y/y (Q3 2021: US$ 658 million).
- Export revenue of US$ 470 million, 65% of total revenue (Q3 2021: US$ 341 million, 52% of total revenue).
- Operating profit of US$ 100 million, decreased by 37% y/y; operating margin decreased to 14% (Q3 2021: 24%).
- Adjusted EBITDA (net of IFRS 16) decreased to US$ 121 million from US$ 186 million; adjusted EBITDA margin (net of IFRS 16) decreased to 17% from 28%.
- Net loss amounted to US$ 181 million, compared to a profit of US$ 145 million in Q3 2021, primarily reflecting US$ 275 million of non-cash foreign exchange translation loss in Q3 2022 compared to gain of US$ 24 million in Q3 2021.

9M 2022

- Revenue increased to US$ 1,876 million, up by 14% y/y (9M 2021: US$ 1,647 million).
- Export revenue increased to US$ 1,110 million, 32% higher y/y, representing 59% of total revenue (9M 2021: US$ 843 million, 51% of total revenue).
- Operating profit decreased to US$ 176 million, down by 57% y/y (9M 2021: US$ 413 million) and operating margin decreased from 25% to 9%.
- Adjusted EBITDA (net of IFRS 16) decreased by 47% to US$ 275 million (9M 2021: US$ 519 million); adjusted EBITDA margin (net of IFRS 16) decreased from 32% to 15%.
- Net loss amounted to US$ 269 million, compared to a profit of US$ 377 million in 9M 2021, primarily reflecting a US$ 367 million non-cash foreign exchange loss in 9M 2022 compared with a US$ 75 million foreign exchange gain in 9M 2021.

FINANCIAL OVERVIEW

(in mln. US$, unless indicated otherwise)	**Q3 2022**	**Q3 2021**	*% change¹⁾*	**9M 2022**	**9M 2021**	*% change¹⁾*
Revenue	**727**	**658**	**10%**	**1,876**	**1,647**	**14%**
IAS 41 standard losses	(26)	51	-151%	(119)	176	-168%
Gross profit	**158**	**215**	**-27%**	**398**	**573**	**-31%**
Gross profit margin	*22%*	*33%*	*-11 pps*	*21%*	*35%*	*-14 pps*
War-related expenses	(7)	-	100%	(45)	-	100%
Operating profit	**100**	**158**	**-37%**	**176**	**413**	**-57%**
Operating profit margin	*14%*	*24%*	*-10 pps*	*9%*	*25%*	*-16 pps*
Adjusted EBITDA	**136**	**208**	**-35%**	**304**	**552**	**-45%**
Adjusted EBITDA margin	*19%*	*32%*	*-13 pps*	*16%*	*34%*	*-18 pps*
Adjusted EBITDA *(net of IFRS 16)*	**121**	**186**	**-35%**	**275**	**519**	**-47%**
Adjusted EBITDA margin (net of IFRS 16)	17%	28%	*-11 pps*	*15%*	*32%*	*-17 pps*

Net profit /(loss)	**(181)**	**145**	**-225%**	**(269)**	**377**	**-171%**
Net profit/(loss) margin	*-25%*	*22%*	*-47 pps*	*-14%*	*23%*	*-37 pps*

[1)] pps – percentage points

Average official FX rate for Q3: UAH/US$ 34.98 in 2022 and UAH/US$ 26.91 in 2021.
Average official FX rate for 9M 2022 UAH/US$ 30.95 and for 9M 2021 UAH/US$ 27.49.

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 Q3 and H3 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

	Q3 2022	Q3 2021[1]	% change y/y[2]	Q2 2022	% change q/q[1]	9M 2022	9M 2021	% change[1]
Poultry								
Sales volume, third parties tonnes	**177,387**	**185,364**	**-4%**	**140,549**	**26%**	**477,068**	**521,538**	**-9%**
Export sales volume, tonnes	*99,250*	*108,963*	*-9%*	*68,552*	*45%*	*257,250*	*300,278*	*-14%*
Domestic sales volume, tonnes	*78,137*	*76,401*	*2%*	*71,997*	*9%*	*219,818*	*221,260*	*-1%*
Portion of export sales, %	*56%*	*59%*	*-3 pps*	*49%*	*7 pps*	*54%*	*58%*	*-4 pps*
Average price per 1 kg net of VAT, USD	**2.00**	**1.79**	**12%**	**2.03**	**-1%**	**1.97**	**1.64**	**20%**
Average price per 1 kg net of VAT, UAH (Ukraine)	*47.30*	*48.73*	*-3%*	*41.77*	*13%*	*44.97*	*45.16*	*0%*
Average price per 1 kg net of VAT, USD (Ukraine)	*1.35*	*1.81*	*-25%*	*1.43*	*-6%*	*1.45*	*1.64*	*-12%*
Average price per 1 kg net of VAT, USD (export)	*2.49*	*1.77*	*41%*	*2.63*	*-5%*	*2.38*	*1.63*	*46%*
Sunflower oil								
Sales volume, third parties tonnes	95,436	36,620	161%	48,495	97%	176,912	127,760	38%
Soybeans oil								
Sales volume, third parties tonnes	7,716	12,571	-39%	9,191	-16%	27,263	35,587	-23%

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

Chicken meat

The total volume of chicken meat sold to third parties in 9M 2022 decreased by 9% to 477,068 tonnes (9M 2021: 521,538 tonnes) mainly as a result of logistical challenges for export sales and lower demand in Ukraine due to the effects of the war.

Poultry export prices in Q3 2022 increased by 41% y/y, while decreased by 5% q/q, mainly driven by product mix optimization as well as by substantial international price increases across all markets (particularly fillet prices in the EU and MENA and small bird prices in the MENA region).

Driven by war-related news and challenges as well as seasonality, in Q2 2022, poultry prices increased significantly. Towards the end of Q3 2022, as a result of a change in the economic environment in the EU and UK and increased competition in the MENA region, export price trends have changed to negative. Poultry prices across all export markets (MENA, EU and CIS) from September 2022 started to go down sharply, with current prices being substantially lower than in Q3 2022. Moreover, MHP has been facing a triple increase in its logistic costs y/y since March 2022, while our competitors from worldwide have experienced considerably lower logistics cost increases.

In Q3 2022 poultry prices on the domestic market in USD terms decreased by 25% y/y, and by 6% q/q, predominantly driven by significant depreciation of currency. In UAH terms, in Q3 2022, poultry prices remained stable y/y. However, prices increased by 13% q/q driven mainly by increased share of fresh chicken meat sales compared with Q2 2022.

Vegetable oil

In Q3 2022, sunflower oil sales volume amounted to 95,436 tonnes, up 161% y/y. In 9M 2022 MHP's sales of sunflower oil increased by 38% compared to 9M 2021 to 176,912 tonnes, mainly driven by an increase in production of sunflower cake (change in the recipe), which was substantially lower in Q3 2021 (when the fodder recipe was based more on soyabean cake) as well as a positive change (higher ships' turnover) in logistics.

Sales of soybean oil amounted to 7,716 tonnes in Q3 2022, 39% lower y/y, and 27,263 tonnes in 9M 2022, 23% lower y/y, mainly as a result of lower production volume of soyabean cake required for the fodder recipe substituted by sunflower cake (since Q2 2022) and challenges associated with export logistics because of the war in Ukraine.

Financial result and trends

(in mln. US$, unless indicated otherwise)	**Q3 2022**	**Q3 2021**	*% change y/y[1]*	**Q2 2022**	*% change q/q[1]*	**9M 2022**	**9M 2021**	*% change[1]*
Revenue	**541**	**433**	**25%**	**430**	**26%**	**1,350**	**1,140**	**18%**
- Poultry and other	*392*	*366*	*7%*	*330*	*19%*	*1,043*	*948*	*10%*
- Vegetable oil	*149*	*67*	*122%*	*100*	*49%*	*307*	*192*	*60%*
IAS 41 standard gain	9	(11)	-182%	9	0%	24	7	243%
Gross profit	**105**	**76**	**38%**	**87**	**21%**	**252**	**219**	**15%**
Gross margin	*19%*	*18%*	*1 pps*	*20%*	*-1 pps*	*19%*	*19%*	*0 pps*
War-related expenses	(4)	-	100%	(10)	-64%	(35)	-	100%
Adjusted EBITDA	**84**	**70**	**20%**	**68**	**24%**	**184**	**210**	**-12%**
Adjusted EBITDA margin	*16%*	*16%*	*0 pps*	*16%*	*0 pps*	*14%*	*18%*	*-4 pps*
Adjusted EBITDA per 1 kg (net of IAS 41)	*0.42*	*0.44*	*-5%*	*0.42*	*0%*	*0.34*	*0.39*	*-13%*

[1] pps – percentage points

In 9M 2022, revenue increased by 18% y/y as a result of price increase on export markets which was offset by lower sales volume of meat. An increase of revenue by 26% q/q was primary attributable to a substantial increase in sales volume of vegetable oil due to change in fodder recipe.

IAS 41 standard gain in Q3 2022 amounted to US$ 9 million mainly as a result of an increase in quantity of chicken meat held on stock abroad.

Gross profit in 9M 2022 increased by 15% y/y to US$ 252 million. The increase was mainly driven by increase in price of chicken meat and higher sales volume of sunflower oil.

In 9M 2022, adjusted EBITDA decreased by 12%, mainly as a result of war-related expenses (including donations, damages and assets write-offs).

Grain growing operations

In 2022 the Company expects to harvest around 345,000 hectares of land.

As of today, MHP's harvesting campaign of sunflower is almost complete, corn harvesting is 60% complete and soya harvesting is around 85% complete.

Sowing campaign of winter crops is almost 90% complete on around 74,300 ha of land (around 55% of land is under winter wheat, around 45% of land is under winter rapeseed).

Crops current yields are as follows:

	2022[1)]		2021[3)]	
	MHP's average	*Ukraine's average*	*MHP's average*	*Ukraine's average*
	tonnes per hectare		*tonnes per hectare*	
Corn	7.6	5.5	10.0	8.0
Wheat	5.5 [2)]	4.1	5.9	4.6
Sunflower	2.9	2.2	3.2	2.5
Rapeseed	3.8 [2)]	2.9	3.3	3.0
Soya	2.6	2.4	2.5	2.7

1) Ukraine – bunker weight, MHP: corn, sunflower, soya – bunker weight.

2) MHP: wheat, rapeseed – net yields.

3) MHP and Ukraine – net yields.

Financial result and trends

(in mln. US unless indicated otherwise)	9M 2022	9M 2021	*% change*
Revenue	**86**	**79**	**9%**
IAS 41 standard loss	(147)	165	-189%
Gross profit	**44**	**252**	**-83%**
War-related expenses	(2)	-	100%
Adjusted EBITDA	77	292	-74%
Adjusted EBITDA (net of IFRS 16)	**50**	**261**	***-81%***

Grain growing segment's revenue in 9M 2022 amounted to US$ 86 million compared to US$ 79 million in 9M 2021. The increase was mainly attributable to the higher volume 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.

IAS 41 standard loss in 9M 2022 amounted to US$ 147 million compared to a gain of US$ 165 million in 9M 2021. The loss represents the net change in the effect of revaluation of agricultural produce (sunflower, corn, wheat and soya) as well as a fall in revaluation of crops in fields due to lower expected yields and prices from spring crops.

Meat processing and other agricultural operations segment

Meat processing products	**Q3 2022**	**Q3 2021**	*% change y/y*	**Q2 2022**	*% change q/q*	**9M 2022**	**9M 2021**	% change
Sales volume, third parties tonnes	3,108	9,378	-67%	2,289	36%	11,412	25,447	-55%
Price per 1 kg net VAT, UAH	106.27	83.37	27%	88.34	20%	92.86	80.02	16%

Sales volume of meat processing products decreased by 55% y/y to 11,412 tonnes in 9M 2022 driven by war-related challenges that resulted in temporary suspension of production facilities of the "Ukrainian Bacon" in the Donetsk region and subsequent partial redeployment of its operations in Central Ukraine. The average price increased by 16% y/y to UAH 92.86 per kg in 9M 2022, driven mainly by an increase in raw material price (poultry meat).

Convenience food	**Q3 2022**	**Q3 2021**	*% change y/y*	**Q2 2022**	*% change q/q*	**9M 2022**	**9M 2021**	% change
Sales volume, third parties tonnes	5,442	5,442	0%	3,421	59%	12,831	14,107	-9%
Price per 1 kg net VAT, UAH	61.91	47.58	30%	58.94	5%	58.52	47.29	24%

Sales volumes of convenience food in 9M 2022 decreased by 9% to 12,831 tonnes, mainly driven by significant disruptions in HoReCa (both KFC and McDonalds had to cease operations in Ukraine because of the war). The average price in 9M 2022 increased by 24% to UAH 58.52 per kg (excluding VAT) mainly driven by raw material price increase as well as focus on more marginal products sales increase.

Financial result and trends

(in mln. US$, except margin data)	**Q3 2022**	**Q3 2021**	*% change y/y[1)]*	**Q2 2022**	*% change q/q[1)]*	**9M 2022**	**9M 2021**	% change
Revenue	**32**	**49**	**-35%**	**27**	**19%**	**95**	**126**	**-25%**
- Meat processing and convenience food	*24*	*41*	*-41%*	*20*	*20%*	*72*	*102*	*-29%*
- Other[2)]	*8*	*8*	*0%*	*7*	*14%*	*23*	*24*	*-4%*
IAS 41 standard losses	-	-	100%	-	0%	1	3	-67%
Gross profit	**5**	**3**	**67%**	**2**	**150%**	**11**	**16**	**-31%**
Gross margin	*16%*	*6%*	*10 pps*	*7%*	*9 pps*	*12%*	*13%*	*-1 pps*
War-related expenses	-	-	100%	(1)	-100%	(4)	-	100%
Adjusted EBITDA	**4**	**1**	**300%**	**-**	**-**	**4**	**11**	**-64%**
Adjusted EBITDA margin	*13%*	*2%*	*11 pps*	*0%*	*13 pps*	*4%*	*9%*	*-5 pps*

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

The segment's revenue in 9M 2022 decreased by 25% to US$ 95 million. Adjusted EBITDA in 9M 2022 was US$ 4 million compared to US$ 11 million in 9M 2021 mainly due to the effects of the war and significant disruptions in demand for HoReCa segment.

European operating segment (PP)

Poultry	**Q3 2022**	**Q3 2021**	*% change y/y*	**Q2 2022**	*% change q/q*	**9M 2022**	**9M 2021**	% change
Sales volume, third parties tonnes	21,263	19,367	10%	19,619	8%	58,626	54,917	7%
Price per 1 kg net VAT, EUR	3.34	2.65	26%	3.36	-1%	3.19	2.56	25%

In Q3 2022, poultry sales of the European operating segment increased by 10% y/y to 21,263 tonnes, while increasing by 8% compared with Q2. This was driven by an increased production of chicken meat following expansion of facilities in Croatia and Serbia. Average price increased by 26% in Q3 2022 to EUR 3.34 (Q3 2021: EUR 2.65).

Meat processing products[1)]	**Q3 2022**	**Q3 2021**	*% change y/y*	**Q2 2022**	*% change q/q*	**9M 2022**	**9M 2021**	% change
Sales volume, third parties tonnes	11,960	11,030	8%	10,238	17%	32,116	30,046	7%
Price per 1 kg net VAT, EUR	3.11	2.76	13%	3.12	0%	3.05	2.76	11%

[1)] includes sausages and convenience foods

Meat processing product sales were up by 8% y/y to 11,960 tonnes in Q3 2022 (Q3 2021: 11,030 tonnes), at the same time increased by 17% compared with Q2. Average price in Q3 2022 increased by 13% to EUR 3.11.

Financial result and trends

(in mln. US$, except margin data)	**Q3 2022**	**Q3 2021**	*% change y/y[1)]*	**Q2 2022**	*% change q/q[1)]*	**9M 2022**	**9M 2021**	% change
Revenue	**121**	**110**	**10%**	**120**	**1%**	**345**	**301**	**15%**
IAS 41 standard gains	(1)	-	-100%	3	-133%	4	2	100%
Gross profit	**29**	**31**	**-6%**	**35**	**-17%**	**91**	**86**	**6%**
Gross margin	*24%*	*28%*	*-4 pps*	29%	-5 pps	*26%*	*29%*	*-3 pps*
Adjusted EBITDA	**21**	**19**	**11%**	**22**	**-5%**	**58**	**52**	**12%**
Adjusted EBITDA margin	*17%*	*17%*	*0 pps*	18%	-1 pps	*17%*	*17%*	*0 pps*
Adjusted EBITDA *(net of IFRS 16)*	**20**	**18**	**11%**	**22**	**-9%**	**56**	**50**	**12%**

(in mln. US$, except margin data)	Q3 2022	Q3 2021	% change y/y[1)]	Q2 2022	% change q/q[1)]	9M 2022	9M 2021	% change
Adjusted EBITDA margin (net of IFRS 16)	*17%*	*16%*	*1 pps*	18%	-1 pps	*16%*	*17%*	*-1 pps*

[1)] pps – percentage points.

European operating segment's revenue in 9M 2022 increased by 15% to US$ 345 million (9M 2021: US$ 301 million), mainly as a result of the increase in poultry sales volume and price.

Adjusted EBITDA (net of IFRS 16) amounted to US$ 56 million for 9M 2022 compared with US$ 50 million for 9M 2021. Adjusted EBITDA margin (net of IFRS 16) remains almost on the same level at 16%.

Current Group cash flow

(in mln. US$)	**Q3 2022**	**Q3 2021**	**9M 2022**	**9M 2021**
Cash from operations	**124**	**128**	**378**	**278**
Change in working capital	(2)	81	(248)	(20)
Net Cash from operating activities	**122**	**209**	**130**	**258**
Cash used in investing activities	**(52)**	**(41)**	**(125)**	**(96)**
Including:				
CAPEX[1)]	(43)	(38)	(106)	(92)
Cash from financing activities	**21**	**(44)**	**43**	**(96)**
Total change in cash[2)]	**91**	**124**	**48**	**66**

[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

Cash obtained from operations in 9M 2022 was mainly invested in working capital, mostly related to:

- An increase in trade accounts receivable for sunflower oil due to longer settlement periods as a result of increased delivery periods;
- An increase of VAT receivables;
- A fall in trade accounts payable for plant protection products and seeds and an increase in advances made for fuel to be used in the forthcoming harvesting and sowing campaigns;
- Higher amounts of chicken meat as at the end of 9M 2022 designated for sale and;
- An increase in investments in biological assets during the crop sowing campaign, due to higher cost per ha comparing to previous year;
- Higher investments in energy supplies and fertilizers as well as higher amount of sunflower oil in inventories as at the end reporting period.

Due to unfavorable weather conditions that led to a shift of the harvesting campaign, MHP made lower investments in sunflower seeds as of 30 September 2022 compared to the same period last year. This will result in more substantial investment requirements in sunflower seeds in Q4 2022.

In 9M 2022 total CAPEX amounted to US$ 106 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$)	30 September 2022	31 December 2021	30 September 2021
Total Debt[1) 2)]	**1,503**	**1,505**	**1,451**
LT Debt[1)]	1,480	1,489	1,431
ST Debt [1)]	167	126	20
Trade credit facilities[2)]	(145)	(110)	-
Cash and bank deposits	(317)	(275)	(287)
Net Debt[1)]	**1,186**	**1,230**	**1,164**
LTM Adjusted EBITDA[1)]	404	648	558
Net Debt / LTM Adjusted EBITDA[1)]	*2.94*	*1.90*	*2.09*

[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 30 September 2022, the share of long-term debt in the total outstanding debt remained unchanged at 98%. The weighted average interest rate is unchanged at around 7%.

As of 30 September 2022, MHP's cash and cash equivalents amounted to US$ 317 million. Net debt decreased to US$ 1,186 million, compared to US$ 1,230 million as at 31 December 2021, but was almost unchanged compared to US$ 1,164 as at 30 September 2021.

The Net Debt / LTM adjusted EBITDA (net of IFRS 16) ratio was 2.94 as of 30 September 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, which are denominated in US Dollars and Euros, are more than sufficient to cover debt service expenses. Export revenue for 9M 2022 amounted to US$ 1,110 million or 59% of total revenue (US$ 843 million or 51% of total sales in 9M 2021).

Outlook

Although the recent recovery of Kherson has been encouraging, the overall situation in Ukraine remains highly fluid and the outlook continues to be subject to extraordinary uncertainty. Nonetheless, MHP has been successful in maintaining operations at close to full capacity and, barring unexpected developments, expects to be able to continue to do so.As far as normal trading is concerned, prices in several export markets (including the Middle East and EU) have softened substantially, and are expected to remain weak, due to excess supply and increased competition. The significant incremental costs incurred in recent months due to global inflationary pressures as well as increased logistics costs are expected to continue into 2023.

Grain and vegetable oil prices are likely to remain stable and high at least into 2023, reflecting ongoing global supply constraints, compounded by the ongoing effects of the war in Ukraine.

Following the strong support demonstrated in March 2022 by holders of our Eurobonds and our bankers, the Group expects to pay in full and on time all bond coupons deferred from March-May 2022.

Notes to Editors:

About MHP

MHP SE is the parent company of a leading international food & agrotech group with headquarters in Ukraine and also in the Balkans (Perutnina Ptuj Group).

Ukraine: MHP has the greatest market share and the 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). Vertical integration reduces MHP's dependence on suppliers and its exposure to increases in raw material prices. In addition to cost efficiency, vertical integration also allows MHP to maintain strict biosecurity and to control the quality of its inputs and the resulting quality and consistency of its products through to the point of sale. To support its sales, MHP maintains a distribution network consisting of 9 distribution and logistical centers, within major Ukrainian cities. MHP uses its trucks for the distribution of its products, which Management believes reduces overall transportation costs and delivery times.
MHP also has a leading grain cultivation business growing corn 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 is a leading poultry and meat-processing producer in the Balkans, has production assets in four Balkan countries: Slovenia, Croatia, Serbia, Bosnia and Herzegovina; owns distribution companies in Austria, Macedonia and Romania and supply products to 15 countries in Europe. Perutnina Ptuj is a vertically integrated company across all states of chicken meat production - feed, hatching eggs production and hatching, breeding, slaughtering, sausages and further poultry processing production.
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 nine-month period ended 30 September 2022

CONTENTS

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 30 September 2022 that are presented on pages 6 to 34:

i. were prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union 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.

15 November 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 nine-month period ended 30 September 2022 consolidated revenue increased by 14% to USD 1,876,118 thousand, compared to USD 1,646,586 thousand for the nine-month period ended 30 September 2021. Export sales for the nine-month period ended 30 September 2022 constituted 59% of total revenue at USD 1,109,912 thousand, compared to USD 842,948 thousand, and 51% of total revenue for the nine-month period ended 30 September 2021. The increase in revenue was mainly attributable to higher price and quantity of sunflower oil exported as a result of change in fodder recipe, as well as an increase in chicken export prices partly offset by a fall volumes adversely effected by difficult and disrupted logistics caused by the War from 24 February 2022.

Gross profit decreased by 30% to USD 398,478 thousand for the nine-month period ended 30 September 2022 compared to USD 572,991 thousand for the nine-month period ended 30 September 2021. The decrease was driven mainly by lower gross profit of the grain growing segment due to higher costs of production and lower grain prices, which resulted in a lower valuation of biological assets.

Operating profit decreased by 57% to USD 175,550 thousand for the nine-month period ended 30 September 2022 compared to USD 412,927 thousand for the nine-month period ended 30 September 2021, mainly as a result of the reduction in gross profit and a significant increase in write-offs of inventories and biological assets, impairment of property, plant and equipment and other war-related expenses such as donations to Ukrainian communities affected by the Russian invasion (Note 14).

Having regard to the activities of the Group, management believes that the above measures are frequently used by investors, analysts and stakeholders to evaluate the efficiency of the Group's operations. For further information on the above measures, please refer to page 9 of the interim condensed consolidated financial statements for the nine-month period ended 30 September 2022.

Dividends

In view of the uncertainties created by the Russian invasion, the Directors have decided not to declare a final dividend for the 2021 financial year. No interim dividend has been declared for the nine-month period ended 30 September 2022.

At the annual general meeting held on 28 April 2021, the Shareholders of MHP SE approved payment of an annual dividend from profits of 2020 of USD 0.2803 per share, equivalent to USD 30,000 thousand. As at 30 September 2021 dividends were fully paid to shareholders.

Risks and uncertainties

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"). Since that time, focused on the continuity and sustainability of its business and the preservation of value for all stakeholders, the Group has concentrated on two key priorities: the safety of its employees and the food security Ukraine by prioritizing a continuous supply of food to the population.

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 2 Basis of preparation and accounting policies and Note 14 Operating environment.

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 has concluded that a material uncertainty exists, which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, on its ability to realize its assets and discharge its liabilities in the normal course of business.

***Risks and uncertainties** (continued)*

Other 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 three months of the financial year and could cause actual results to differ materially from expected and historical results. Apart from the War, 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.

15 November 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 nine-month period ended 30 September 2022
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Nine-month period ended 30 September* 2022	2021	*Three-month period ended 30 September* 2022	2021
Revenue	*4, 5*	1,876,118	1,646,586	727,377	658,011
Net change in fair value of biological assets and agricultural produce	*4*	(119,034)	176,279	(26,485)	50,953
Cost of sales		(1,358,606)	(1,249,874)	(543,189)	(494,058)
Gross profit	*6*	398,478	572,991	157,703	214,906
Selling, general and administrative expenses		(170,867)	(159,734)	(57,979)	(54,338)
Other operating income		13,084	10,169	6,879	2,856
Other operating expenses	*14*	(54,031)	(10,499)	(6,761)	(5,578)
Loss on impairment of property, plant and equipment	*7*	(11,114)	-	-	-
Operating profit	*6*	175,550	412,927	99,842	157,846
Finance income		3,557	8,409	1,381	2,102
Finance costs	*11, 12*	(116,896)	(109,347)	(38,051)	(37,581)
Foreign exchange (loss)/gain, net		(366,748)	74,680	(274,556)	24,177
(Loss)/Profit before tax		(304,537)	386,669	(211,384)	146,544
Income tax benefit/ (expenses)		35,263	(9,822)	30,629	(2,003)
(Loss)/Profit for the period from continuing operations	*6*	(269,274)	376,847	(180,755)	144,541
Discontinued operations					
Profit for the year from discontinued operations		-	179	-	-
(Loss)/Profit for the period		(269,274)	377,026	(180,755)	144,541

The accompanying notes on the pages 16 to 37 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(continued)*
for the nine-month period ended 30 September 2022
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Nine-month period ended 30 September* 2022	2021	*Three-month period ended 30 September* 2022	2021
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Decrease in revaluation reserve as a result of impairment of property, plant and equipment	7	(9,489)	(3,944)	-	161
Deferred tax on decrease in revaluation reserve as a result of impairment of property, plant and equipment		1,708	-	-	-
Deferred tax charged directly to revaluation reserve	2	(81,317)	-	-	-
Items that may be reclassified to profit or loss:					
Cumulative translation difference on retranslation to group's presentation currency		(355,258)	45,508	(243,876)	20,048
Other comprehensive (loss)/income for the period		(444,356)	41,564	(243,876)	20,209
Total comprehensive (loss)/income for the period		(713,630)	418,590	(424,631)	164,750
(Loss)/Profit attributable to:					
Equity holders of the Parent		(257,867)	360,463	(174,406)	134,886
Non-controlling interests		(11,407)	16,563	(6,349)	9,655
		(269,274)	377,026	(180,755)	144,541
Total comprehensive (loss)/income attributable to:					
Equity holders of the Parent		(694,468)	403,067	(414,106)	154,893
Non-controlling interests		(19,162)	15,523	(10,525)	9,857
		(713,630)	418,590	(424,631)	164,750
(Loss)/Earnings per share from continuing and discontinued operations					
Basic and diluted (loss)/earnings per share (USD per share)		(2.41)	3.37	(1.63)	1.26
(Loss)/Earnings per share from continuing operations					
Basic and diluted (loss)/earnings per share (USD per share)		(2.41)	3.37	(1.63)	1.26

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 13 to 34 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of 30 September 2022

(in thousands of US dollars, unless otherwise indicated)

	Notes	*30 September 2022*	*31 December 2021*
ASSETS			
Non-current assets			
Property, plant and equipment	*7*	1,471,163	1,939,607
Right-of-use asset		224,081	277,288
Intangible assets		75,078	97,791
Goodwill		56,537	66,382
Non-current biological assets		23,470	27,138
Non-current financial assets		16,517	28,764
Long-term bank deposits		2,633	9,904
Deferred tax assets		2,348	1,966
		1,871,827	2,448,840
Current assets			
Inventories		254,698	367,219
Biological assets	*9*	294,416	215,459
Agricultural produce	*8*	255,569	511,267
Prepayments		39,804	44,572
Other current financial assets		26,837	16,156
Taxes recoverable and prepaid		71,056	68,151
Trade accounts receivable		191,730	156,878
Cash and cash equivalents		316,895	275,237
		1,451,005	1,654,939
TOTAL ASSETS		3,322,832	4,103,779
EQUITY AND LIABILITIES			
Equity			
Share capital	*10*	284,505	284,505
Treasury shares		(44,593)	(44,593)
Additional paid-in capital		174,022	174,022
Revaluation reserve		506,422	811,684
Retained earnings		1,517,544	1,557,284
Translation reserve		(1,367,980)	(1,018,514)
Equity attributable to equity holders of the Parent		1,069,920	1,764,388
Non-controlling interests		8,275	29,800
Total equity		1,078,195	1,794,188
Non-current liabilities			
Bank borrowings	*11*	91,768	103,604
Bonds issued	*12*	1,381,508	1,376,820
Lease liabilities	*17*	172,435	204,139
Deferred income		33,876	44,593
Deferred tax liabilities	*2*	54,149	44,704
Other non-current liabilities		5,350	6,468
		1,739,086	1,780,328
Current liabilities			
Trade accounts payable		104,919	162,641
Other current financial liabilities		60,967	93,289
Contract liabilities		42,464	53,584
Bank borrowings	*11*	163,383	121,458
Interest payable	*11,12*	67,019	21,180
Lease liabilities	*17*	66,799	77,111
		505,551	529,263
TOTAL LIABILITIES		2,244,637	2,309,591
TOTAL EQUITY AND LIABILITIES		3,322,832	4,103,779

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 13 to 34 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine-month period ended 30 September 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
Loss for the period	-	-	-	-	(257,867)	-	(257,867)	(11,407)	(269,274)
Other comprehensive loss	-	-	-	(87,135)	-	(349,466)	(436,601)	(7,755)	(444,356)
Total comprehensive loss for the period	-	-	-	(87,135)	(257,867)	(349,466)	(694,468)	(19,162)	(713,630)
Transfer from revaluation reserve to retained earnings	-	-	-	(38,719)	38,719	-	-	-	-
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(2,363)	(2,363)
Translation differences on revaluation reserve	-	-	-	(179,408)	179,408	-	-	-	-
Balance as of 30 September 2022	284,505	(44,593)	174,022	506,422	1,517,544	(1,367,980)	1,069,920	8,275	1,078,195

On behalf of the Board:

Chief Executive Officer Yuriy Kosyuk

Chief Financial Officer Viktoria Kapelyushnaya

The accompanying notes on the pages 13 to 34 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine-month period ended 30 September 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 for the period	-	-	-	-	360,463	-	360,463	16,563	377,026
Other comprehensive profit	-	-	-	(2,337)	-	44,941	42,604	(1,040)	41,564
Total comprehensive profit for the period	-	-	-	(2,337)	360,463	44,941	403,067	15,523	418,590
Transfer from revaluation reserve to retained earnings	-	-	-	(52,198)	52,198	-	-	-	-
Dividends declared by the Parent *(Note 18)*	-	-	-	-	(30,000)	-	(30,000)	-	(30,000)
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(9,072)	(9,072)
Non-controlling interests arising in a business combination	-	-	-	-	-	-	-	888	888
Translation differences on revaluation reserve	-	-	-	39,595	(39,595)	-	-	-	-
Balance as of 30 September 2021	284,505	(44,593)	174,022	634,042	1,538,209	(975,288)	1,610,897	23,712	1,634,609

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 13 to 34 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine-month period ended 30 September 2022
(in thousands of US dollars, unless otherwise indicated)

	Notes	Nine-month period ended 30 September 2022	Nine-month period ended 30 September 2021
Operating activities			
(Loss)/Profit before tax		(304,537)	386,669
Profit before tax from discontinued operations		-	179
Non-cash adjustments to reconcile profit or loss before tax to net cash flows			
Depreciation and amortization expense	4	117,743	136,259
Loss on impairment of property, plant and equipment	7, 14	11,114	-
Net change in fair value of biological assets and agricultural produce	4	119,034	(176,279)
Change in allowance for expected credit losses and direct write-offs		17,370	(400)
Loss on disposal of property, plant and equipment and other non-current assets		931	725
Finance income		(3,557)	(8,409)
Finance costs	11, 12	116,896	109,347
Released deferred income		(875)	1,806
Non-operating foreign exchange loss/(gain), net		366,748	(74,680)
Operating cash flows before movements in working capital		440,867	375,217
Working capital adjustments			
Change in inventories		(4,678)	65,069
Change in biological assets		(150,478)	(121,468)
Change in agricultural produce		38,457	40,836
Change in prepayments made		(16,273)	(20,077)
Change in other current assets		(2,548)	(1,566)
Change in taxes recoverable and prepaid		(24,911)	3,309
Change in trade accounts receivable		(74,638)	(40,154)
Change in contract liabilities		2,683	34,713
Change in other current liabilities		(15,657)	(32,823)
Change in trade accounts payable		(412)	51,799
Cash generated by operations		192,412	354,855
Interest received		1,369	5,802
Interest paid		(56,993)	(94,991)
Income taxes paid		(6,690)	(7,585)
Net cash flows from operating activities		130,098	258,081
Investing activities			
Purchases of property, plant and equipment	7	(105,795)	(85,137)
Purchases of other non-current assets		(556)	(4,196)
Purchase of intangible assets		(3,492)	(2,332)
Proceeds from disposals of property, plant and equipment		2,788	5,209
Proceeds from disposals of subsidiary	3	-	671
Purchases of non-current biological assets		(2,773)	(1,201)
Acquisition of subsidiaries, net of cash acquired	3	-	(1,840)
Government grants received		1,039	-
Prepayments and capitalized initial direct costs under lease contracts		(10,866)	(4,856)
Investments in short-term deposits		(9,483)	(10,304)
Withdrawals of short-term deposits		4,030	442
Loans repaid by employees, net		620	(136)
Loans provided to related parties	13	(294)	(3,683)
Loans repaid by related parties	13	-	11,000
Net cash flows used in investing activities		(124,782)	(96,363)
Financing activities			
Proceeds from bank borrowings		161,594	79,533
Repayment of bank borrowings		(109,409)	(116,962)
Repayment of lease liabilities		(7,190)	(19,787)
Consent payment		(1,222)	-
Dividends paid	18	-	(30,000)
Dividends paid by subsidiaries to non-controlling shareholders		(392)	(8,398)
Net cash flows received from/(used in) financing activities		43,381	(95,614)

The accompanying notes on the pages 16 to 37 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*
for the nine-month period ended 30 September 2022
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Nine-month period ended 30 September 2022*	*Nine-month period ended 30 September 2021*
Net decrease in cash and cash equivalents		48,697	66,104
Net foreign exchange difference on cash and cash equivalents		(7,039)	2,976
Cash and cash equivalents at 1 January		275,237	217,579
Cash and cash equivalents at 30 September		316,895	286,659
Non-cash transactions			
Non-cash repayments of lease liabilities		6,905	6,000

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the nine-month period ended 30 September 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 30 September 2022 the Group employed 31,246 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 30 September 2022 and 31 December 2021 were as follows:

Name	*Country of registration*	*Year established/ acquired*	*Principal activities*	*30 September 2022*	*31 December 2021*
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 Trading	Saudi Arabia	2018	Trading in poultry meat	75.0%	75.0%
MHP Food UK Limited	United Kingdom	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 nine-month period ended 30 September 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 nine-month period ended 30 September 2022 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union.

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. The Group has analyzed the observable impact of the War on its business as described below, 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 14 Operating environment;
- 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;
- During first half of 2022, export sales reduced significantly due to closure of all Ukrainian seaports. Only certain roads and railways were available for export. However, beginning from 22 July, the date of signing of grain agreement between UN, Ukraine, Russia and Turkey, the large-scale demining of Ukraine’s ports was performed and movement of cargo ships carrying grain in the Black Sea was allowed. As a result of this, more than 10 million tonnes of corn, rapeseeds, wheat, sunflower oil and other grains were exported from Ukraine. The initiative is expected to be prolonged automatically on 19 November, if no party objects;
- due to lower sales, MHP has slightly decreased poultry production comparing to pre-war level, but as at 30 September 2022 has already returned to normal capacity utilization;
- Operations of “Ukrainian Bacon" (a meat-processing operation with 34,000 tonnes annual capacity located in the Donetsk region) were temporarily suspended due to continuing military attacks and further escalation of the situation in the Donetsk region;
- 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;
- part of the Group’s existing USD 42 million undrawn financing facilities are not available 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;
- established alternative export routes, including by road and rail, although this is problematic due to logistical issues caused by infrastructure damage and low capacity of these routes;

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

Going concern *(continued)*

- The Group has asked its employees (over 1,900 people) of “Ukrainian Bacon" and their families to move to safer regions of Ukraine. Some employees were redeployed to other Group production facilities. Production has been partly redeployed on the production sites in central Ukraine. Full commissioning of all production will require additional time and resources;
- the harvesting campaign is in progress, and the Group has already harvested 35% of planned 345 thousand hectares of its Ukrainian landbank (spring and winter crops) in 2022. The Group is now performing a sowing of winter crops, mainly wheat and rapeseeds. MHP has sufficient seeds, fertilizers, fuel, pesticides and other inputs required for mentioned sowing and harvesting campaigns, as well as the necessary vehicles, agricultural machinery and human resources;
- 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 (Note 12);
- to comply with consent solicitation restrictions, the Group has agreed general postponement of debt servicing under the loan agreements with the bank lenders, where the payments were initially scheduled during the 270-days support period as mentioned above. As at 30 September 2022, Management already signed legally binding agreements for relevant bank loans with the total amount of USD 136 million, where principal payments were rescheduled to February 2023 (Note 11);
- the Directors have decided not to declare a final dividend for the 2021 financial year and interim dividends for nine-month period ended 30 September 2022.

Management have prepared adjusted 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:

- the impact of the War on business will continue for the next 12 months;
- further development of War and a military invasion of Ukraine will not severely affect the Group's assets and will enable the Group to have 85% utilization of poultry production facilities;
- 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;
- The Group will be able to run the sowing and harvesting campaign on its entire landbank.

These forecasts indicate that, 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.

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

Adoption of new and revised International Financial Reporting Standards

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 consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The following standards were adopted by the Group on 1 January 2022:

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework
- Annual Improvements to IFRS Standards 2018–2020

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.

Standards and interpretations in issue, but not effective

At the date of authorization of these interim condensed consolidated financial statements, the following Standards and Interpretations, as well as amendments to the Standards were in issue but not yet effective:

Standards and Interpretations	*Effective for annual period beginning on or after*
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) [1]	1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) [1)]	1 January 2023
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020) [1)]	1 January 2023
Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) [1)]	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively)	1 January 2023
Amendments to IFRS 17 *Insurance contracts*: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)	1 January 2023

[1)] *Standards have been already endorsed for use in the European Union*

For these Standards and Interpretations management anticipates that their adoption will not have a material effect on the consolidated financial statements of the Group in future periods.

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"); the functional currency of the UK companies is the British Pound ("GBP"). 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 date. All realized and unrealized gains and losses arising

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

Functional and presentation currencies *(continued)*

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 and other comprehensive income are translated at exchange rates at the dates of the transactions;
- The 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 30 September 2022*	*Average for nine months ended 30 September 2022*	*Average for three months ended 30 September 2022*	*Closing rate as of 31 December 2021*	*Average for nine months ended 30 September 2021*	*Average for three months ended 30 September 2021*
UAH/USD	36.5686	30.9529	34.9787	27.2782	27.4866	26.9110
UAH/EUR	35.5611	32.8978	35.1843	30.9226	32.9022	31.7388
USD/EUR	0.9724	1.0628	1.0059	1.1336	1.1970	1.1794

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, European 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.

Change in income tax status of certain Group's subsidiaries

Starting from 1 January 2022, the change in tax status of poultry producers has become effective as the respective amendments to the Ukrainian Tax Code came into force. As a result, starting from 1 January 2022, profits of the agricultural producers engaged in rearing chickens, chicken meat and eggs production, are subjected to regular 18% income tax. Until 31 December 2021, profits of the chicken and egg producers were non-taxable as these entities had exempt status for corporate income tax purpose and were subject to the fixed agricultural tax, similar to other agribusinesses.

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

Change in income tax status of certain Group's subsidiaries *(continued)*

Management has applied significant judgment to consider that the new tax law effected a change in tax status for the Group`s subsidiaries rather than a change in tax law or tax rates, and given that there is no specific guidance in IAS 12 Income tax for when to account for a change in tax status, significant judgment was applied in considering the timing of deferred tax recognition. As the above has caused a change to the tax status, for certain subsidiaries of the Group, from non-tax payer to tax payer by becoming income taxpayers from 1 January 2022, the Group has recognized deferred tax liabilities in the amount of USD 81,317 thousand as of this date. These deferred tax liabilities of the Group`s poultry farms arise on temporary tax differences from property, plant and equipment measured using the revaluation model. Accordingly, the resulting deferred tax liability at 1 January 2022 were recognized through other comprehensive income and presented in a separate line as Deferred tax charged directly to revaluation reserve.

3. Changes in the group structure

Discontinued operation

During the nine-month period ended 30 September 2021, the Group disposed of the assets of its subsidiary Dobropilskyi GPP PrJSC, which was located in Ukraine and carried out grain storage operations, and was previously presented within Poultry and Related Operations Segment. The net assets as of the date of disposal amounted to USD 620 thousand. Before sale the property plant and equipment included in the net assets disposed were impaired by USD 4,105 thousand. Impairment was recognized as a decrease in revaluation reserve related to those property, plant and equipment. The total cash consideration amounted to USD 671 thousand, which was received during this reporting period.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

Acquisitions

On 1 June 2021, the Group acquired a 51% share in the company Lubnym`yaso LLC, a Ukrainian meat production plant, whose main economic activity is the production and sale of beef meat under the trade-mark Scott Smeat. As of the date of acquisition, the net assets of the acquired meat production plant amounted to USD 1,800 thousand. Purchase consideration of the acquired share amounted to USD 1,840 thousand and was paid in cash. Goodwill in the amount of USD 921 thousand is attributable to the expectation that this acquisition will support strategic transformation to a culinary company through launch of additional products.

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4. Segment information

The Group's business is managed on a worldwide basis, but operates manufacturing facilities and sales offices primarily in Ukraine and Europe.

Reportable segments are presented in a manner consistent with the internal reporting to the Group's chief operating decision maker ("CODM").

Segment information is analyzed on the basis of the types of goods supplied by the Group's operating divisions. The Group's reportable segments under IFRS 8 are as follows:

Poultry and related operations segment:	• sales of chicken meat • sales of vegetable oil and related products • culinary products and other poultry related sales
Grain growing operations segment:	• sales of grain
Meat processing and other agricultural operations segment:	• sales of meat processing products and other meat • other agricultural operations (milk, feed grains and other)
European operating segment:	• sales of meat processing and chicken meat products in Southeast Europe

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2 Basis of preparation and accounting policies. Sales between segments are carried out at market prices. The segment result represents operating profit under IFRS before unallocated corporate expenses and loss on impairment of property, plant and equipment. Unallocated corporate expenses include management remuneration, representative expenses, and expenses incurred in respect of the maintenance of office premises. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

European Operating Segment primarily includes sales of chicken meat and meat processing products, produced in the facilities of Perutnina Ptuj. However, the CODM manages this as a single segment, on the basis that each of research, development, manufacture, distribution and selling of chicken meat and meat processing products requires single marketing strategies, centralized budgeting process and centralized management of production operations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine-month period ended 30 September 2022

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4. Segment information *(continued)*

The following table presents revenue and profit information regarding the Group's operating segments for the nine-month period ended 30 September 2022:

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	1,349,913	86,348	94,756	345,101	1,876,118	-	1,876,118
Sales between business segments	33,736	268,488	246	-	302,470	(302,470)	-
Total revenue	1,383,649	354,836	95,002	345,101	2,178,588	(302,470)	1,876,118
Segment results	127,839	34,541	771	42,607	205,758	-	205,758
Unallocated corporate expenses							(19,094)
Loss on impairment of property, plant and equipment	-	-	(11,114)	-	(11,114)	-	(11,114)
Other expenses, net [1)]							(480,087)
Loss before tax from continuing operations							(304,537)
Other information:							
Depreciation and amortization expense [2)]	55,751	42,803	3,166	14,901	116,621	-	116,621
Net change in fair value of biological assets and agricultural produce	23,557	(147,197)	1,106	3,500	(119,034)	-	(119,034)

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

[2)] Depreciation and amortization for the nine-month period ended 30 September 2022 does not include unallocated depreciation and amortization in the amount of USD 1,122 thousand.

The following table presents revenue and profit information regarding the Group's operating segments for the nine-month period ended 30 September 2021:

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	1,140,327	79,245	126,158	300,856	1,646,586	-	1,646,586
Sales between business segments	33,532	134,539	267	-	168,338	(168,338)	-
Total revenue	1,173,859	213,784	126,425	300,856	1,814,924	(168,338)	1,646,586
Segment results	139,107	245,855	6,795	39,058	430,815	-	430,815
Unallocated corporate expenses							(17,888)
Other expenses, net [1)]							(29,258)
Profit before tax from continuing operations							386,669
Other information:							
Depreciation and amortization expense [2)]	71,343	45,932	4,685	13,258	135,218	-	135,218
Net change in fair value of biological assets and agricultural produce	7,010	164,812	2,774	1,683	176,279	-	176,279

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

[2)] Depreciation and amortization for the nine-month period ended 30 September 2021 does not include unallocated depreciation and amortization in the amount of USD 1,041 thousand.

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4. Segment information *(continued)*

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 30 September 2022:

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	541,174	33,072	31,563	121,568	727,377	-	727,377
Sales between business segments	8,721	73,484	96	-	82,301	(82,301)	-
Total revenue	549,895	106,556	31,659	121,568	809,678	(82,301)	727,377
Segment results	67,074	16,028	3,038	15,926	102,066	-	102,066
Unallocated corporate expenses							(2,224)
Other expenses, net [1]							(311,226)
Profit before tax from continuing operations							(211,384)
Other information:							
Depreciation and amortization expense [2]	16,845	13,367	728	4,584	35,524	-	35,524
Net change in fair value of biological assets and agricultural produce	8,625	(33,858)	246	(1,497)	(26,484)	-	(26,484)

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

[2] Depreciation and amortization for the three-month period ended 30 September 2022 does not include unallocated depreciation and amortization in the amount of USD 335 thousand.

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 30 September 2021:

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	432,975	66,756	48,536	109,744	658,011	-	658,011
Sales between business segments	13,487	14,935	119	-	28,541	(28,541)	-
Total revenue	446,462	81,691	48,655	109,744	686,552	(28,541)	658,011
Segment results	46,144	103,646	(169)	15,139	164,760	-	164,760
Unallocated corporate expenses							(6,914)
Other expenses, net [1]							(11,302)
Profit before tax from continuing operations							146,544
Other information:							
Depreciation and amortization expense [2]	24,181	17,131	1,321	4,175	46,808	-	46,808
Net change in fair value of biological assets and agricultural produce	(11,416)	62,658	(208)	(81)	50,953	-	50,953

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

[2] Depreciation and amortization for the three-month period ended 30 September 2021 does not include unallocated depreciation and amortization in the amount of USD 385 thousand.

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4. Segment information *(continued)*

Non-current assets based on the geographic location of the manufacturing facilities were as follows as of 30 September 2022 and 31 December 2021:

	2022	*2021*
Ukraine	1,590,615	2,148,821
Europe	255,246	257,967
MENA	4,468	1,418
	1,850,329	2,408,206

[1] Non-current assets excluding deferred tax assets and non-current financial assets.

5. Revenue

Revenue from the contracts with customers for the nine-month and three-month periods ended 30 September 2022 and 2021 was as follows:

	Nine-month period ended 30 September		*Three-month period ended 30 September*	
	2022	*2021*	*2022*	*2021*
Poultry and related operations segment				
Chicken meat	968,914	891,990	361,496	345,523
Vegetable oil and related products	314,567	195,383	153,225	68,099
Other poultry related sales	66,432	52,955	26,453	19,353
	1,349,913	1,140,328	541,174	432,975
Grain growing operations segment				
Grain	86,348	79,245	33,072	66,756
	86,348	79,245	33,072	66,756
Meat processing and other agricultural operations segment				
Other meat	71,903	101,860	24,241	40,563
Other agricultural sales	22,853	24,298	7,322	7,973
	94,756	126,158	31,563	48,536
European operating segment				
Chicken meat	229,872	196,567	84,918	76,835
Other meat	90,466	80,036	28,792	23,858
Other agricultural sales	24,763	24,252	7,858	9,051
	345,101	300,855	121,568	109,744
	1,876,118	1,646,586	727,377	658,011

The geographic structure of revenue for the nine-month and three-month periods ended 30 September 2022 and 2021 was as follows:

	Nine-month period ended 30 September		*Three-month period ended 30 September*	
	2022	*2021*	*2022*	*2021*
Export	1,109,912	842,948	469,775	341,384
Domestic	766,206	803,638	257,602	316,627
	1,876,118	1,646,586	727,377	658,011

6. Profit for the period

The Group’s gross profit for the nine-month period ended 30 September 2022 decreased compared to the nine-month period ended 30 September 2021 to USD 398,478 thousand (30 September 2021: USD 572,991 thousand). The decrease was driven mainly by lower gross profit of the grain growing segment due to higher costs of production and lower grain prices, which resulted in a lower valuation of biological assets.

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6. Profit for the period *(continued)*

Operating profit decreased by 57% to USD 175,550 thousand for the nine-month period ended 30 September 2022 compared to USD 412,927 thousand for the nine-month period ended 30 September 2021, mainly as a result of the reduction in gross profit, a significant increase in write-offs of inventories and biological assets in the amount of USD 9,833 thousand, impairment of property, plant and equipment in the amount of USD 11,114 thousand and donations to Ukrainian communities in amount of USD 17,484 thousand affected by the Russian invasion (as described in Note 14).

Loss from continuing operations for the nine-month period ended 30 September 2022 amounted to USD 269,274 thousand, compared to a profit of USD 376,847 thousand for the nine-month period ended 30 September 2021. This was mainly due to the lower operating profit as well as depreciation of Ukrainian Hryvnia against the US Dollar and Euro, which resulted in a foreign exchange loss of USD 366,748 thousand for the nine-month period ended 30 September 2022 compared to gain of USD 74,680 thousand for the nine-month period ended 30 September 2021.

7. Property, plant and equipment

During the nine-month period ended 30 September 2022, the Group's additions to property, plant and equipment amounted to USD 102,380 thousand (nine-month period ended 30 September 2021: USD 85,137 thousand) mainly related to modernization projects, development of new products and the maintenance and improvement of Perutnina Ptuj production facilities as well as construction of production facilities in KSA.

There were no significant disposals of property, plant and equipment during the nine-month periods ended 30 September 2022 and 30 September 2021.

During the nine-month period ended 30 September 2022, the Group identified indicators of impairment of property, plant and equipment of its subsidiary "Ukrainian Bacon", which was located in Donetsk region. As a result, as at 30 September 2022, the Group has recognized an impairment loss of USD 20,603 thousand in respect of property, plant and equipment, which were not relocated to the safer areas, of which USD 11,114 thousand was recorded as Loss on impairment of property, plant and equipment within profits or loss and USD 9,489 thousand as Decrease in revaluation reserve within other comprehensive income.

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

8. Agricultural produce

A decrease of agricultural produce balances for nine-month period ended 30 September 2022 was mainly as a result of internal consumption of corn, sunflower, wheat and soya, partly offset by harvesting of rapeseeds and winter wheat.

9. Biological assets

The increase in current biological assets as compared to 31 December 2021 is primarily related to crops in fields balance. The increase in crops in fields balance mainly relates to spring crops seeded in the first half of 2022 classified as biological assets.

10. Share capital

As of 30 September 2022 and 31 December 2021 the authorized, issued and fully paid share capital of MHP SE comprised the following number of shares:

	30 September 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 30 September 2022 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
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11. Bank borrowings

The following table summarizes bank borrowings and credit lines outstanding as of 30 September 2022 and 31 December 2021:

		30 September 2022		31 December 2021	
	Currency	*WAIR [1]*	*USD' 000*	*WAIR [1]*	*USD' 000*
Non-current					
	EUR	EURIBOR[2] + 2.31%	91,768	EURIBOR[2] + 1.23%	103,604
			91,768		103,604
Current					
	USD	SOFR[3] + 2.20%	10,550	SOFR[3] + 2.20%	10,550
	USD	4.32%	57,088	2.00%	99,536
	EUR	EURIBOR[2] + 2.30%	23,339		-
	EUR	3.52%	52,649		-
	UAH	UIRD[4] + 5.0%	1,641		-
Current portion of long-term bank borrowings	EUR	EURIBOR[2] + 2.31%	18,116	EURIBOR[2] + 1.23%	11,372
			163,383		121,458
Total bank borrowings			**255,151**		**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 for respective interest period, 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

4) Ukrainian Index of Retail Deposit Rates (UIRD) - indicative rate calculated based on nominal rates on time deposits of individuals in hryvnia for a period of 12 months with interest paid upon the expiration of the deposit agreement

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 30 September 2022 and 31 December 2021, the Group's bank term loans and credit lines bear floating and fixed interest rates.

Bank borrowings and credit lines outstanding as of 30 September 2022 and 31 December 2021 were repayable as follows:

	30 September 2022	*31 December 2021*
Within one year	163,383	121,458
In the second year	18,368	13,233
In the third to fifth year inclusive	73,400	76,456
After five years	-	13,915
	255,151	**225,062**

As of 30 September 2022, the Group had undrawn facilities of USD 99,134 thousand (31 December 2021: USD 255,970 thousand), whereof USD 57,322 thousand currently are available 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: Net Debt to EBITDA ratio, 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's subsidiaries are also required to obtain approval from lenders regarding property, plant and equipment to be used as collateral. During the nine-month period ended 30 September 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 nine-month period ended 30 September 2022

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11. 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 30 September 2022, the Group had borrowings of USD 79,866 thousand that were secured by property, plant and equipment with a carrying amount of USD 91,365 thousand (31 December 2021: USD 75,084 thousand and USD 91,931 thousand respectively).

As of 30 September 2022, the Group had borrowings of USD 29,390 thousand that were secured by agricultural produce with a carrying amount of USD 34,627 thousand (31 December 2021: borrowings of USD 30,550 thousand were secured by agricultural produce with carrying amount of USD 38,188 thousand).

As of 30 September 2022, a deposit with carrying amount of USD 3,254 thousand (31 December 2021: USD 2,555 thousand) was restricted as collateral to secure bank borrowings.

As of 30 September 2022 and 31 December 2021, interest payable on bank borrowings was USD 544 thousand and USD 423 thousand, respectively.

Prolongation of bank borrowings

During the nine-month period ended 30 September 2022, the Group agreed with its bank lenders a general postponement of debt servicing in respect of bank borrowings in the total amount of US$ 136 million. This agreement was made in order to comply with the restrictions on debt servicing as established by the consent solicitation (as described in Note 12). In particular – during the 270-day support period from 30 March 2022 the Group is committed to pay not more than USD 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 and the 2029 Notes and the repayment of Indebtedness with the net proceeds of Permitted Refinancing Indebtedness. During the nine-month period ended 30 September 2022, Management signed legally-binding agreements for the above-mentioned bank borrowings. According to these agreements, principal payments were rescheduled to February 2023.

12. Bonds issued

Bonds issued and outstanding as of 30 September 2022 and 31 December 2021 were as follows:

	Carrying amount		*Nominal amount*	
	30 September 2022	*31 December 2021*	*30 September 2022*	*31 December 2021*
7.75% Senior Notes due in 2024	493,581	490,851	500,000	500,000
6.95% Senior Notes due in 2026	540,127	538,346	550,000	550,000
6.25% Senior Notes due in 2029	347,800	347,623	350,000	350,000
Unamortized debt issuance cost	-	-	(18,492)	(23,180)
Total bonds issued	**1,381,508**	**1,376,820**	**1,381,508**	**1,376,820**

As of 30 September 2022 and 31 December 2021, the amount of interest payable on bonds issued was USD 66,475 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.

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".

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(in thousands of US dollars, unless otherwise indicated)

12. 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 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 100% 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 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine-month period ended 30 September 2022

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12. Bonds issued *(continued)*

Covenants

Certain restrictions under the indebtedness agreements (for example: incurrence of additional indebtedness; restricted payments; dividends payments) 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 30 September 2022 and 31 December 2021.

As at 30 September 2022, the leverage ratio of the Group was 2.94 to 1 (31 December 2021: 1.90 to 1), lower than the defined limit 3.0 to 1.

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 a result, the Group postponed bonds` interest payments for total amount of USD 49,425 thousand, which were initially due during 30 March 2022 and until 30 June 2022.

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 USD 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;
- 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 USD 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.

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13. 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 affected 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 nine-month periods ended 30 September 2022 and 30 September 2021 were as follows:

	2022	*2021*
Loans and finance aid provided to related parties	319	3,683
Loans and finance aid repaid by related parties	-	11,000
Interest charged on loans and finance aid provided	-	3,890
Interest on loans and financial aid repaid	-	4,418
Purchases from related parties	412	-
Sales of goods and services	16	-
		391
Key management personnel of the Group:		
Loans provided	527	631
Loans repaid	830	576

The balances owed to and due from related parties were as follows as of 30 September 2022 and 31 December 2021:

	30 September 2022	*31 December 2021*
Loans and finance aid receivable	2,219	2,971
Less: expected credit losses	(1,922)	(2,521)
	297	450
Loans to key management personnel	3,319	4,774
Less: expected credit losses	(281)	(397)
	3,038	4 377
Trade accounts receivable	90	113
Payables due to related parties	20	25

Loans and finance aid receivable

For 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 1,885 thousand and USD 2,482 thousand as of 30 September 2022 and 31 December 2021 respectively.

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

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 13,278 thousand and USD 15,853 thousand for the nine-month periods ended 30 September 2022 and 2021, respectively. Compensation of key management personnel consists of contractual salary and performance bonuses.

14. 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. As a result, Ukraine's GDP falling by 37,2% in Q2 2022 (compared to Q2 2021) according to the flash estimate of the State Statistics Service of Ukraine (SSSU), which is proved to be better than the forecast published in July 2022. Economic activity started to recover in April, and businesses and households have gradually adapted to the new conditions. This was also due to the liberation of northern regions and a decrease in the number of regions affected by active hostilities. According to The National Bank of Ukraine's (hereafter "NBU") most recent forecast, real GDP is expected to fall by nearly 31.5% for the whole of 2022, but the outlook could worsen sharply if the conflict lasts longer. A large negative contribution to real GDP change came from agriculture – due to both this year's lower yields and considerably smaller sown areas.

The War caused a disruption of supply chains, a decrease in supply of some goods, higher business costs, physical destruction of production facilities and infrastructure (in the energy sector in particular), and temporary occupation of some territories. Persistently high energy prices and record-high inflation in partner countries also fueled price pressures in Ukraine. Inflation expectations of businesses and households increased markedly. This was reflected in deteriorated maturity structure of bank deposits and higher spending on some durable goods, primarily imported goods. As a result, the consumer inflation has been growing rapidly over recent months, reaching 24.6% in September, and core inflation exceeded 20%.

After months of Russia's blockade of Ukrainian sea ports, the "Grain agreement" was signed by Ukraine, UN, Turkey and Russia on 22 July 2022, that allowed the movement of cargo ships carrying grain in the Black Sea. The document spells out a complex regime that establishes safe channels through the Black Sea and inspections in Turkey. As of November 2022 10 million tonnes of agriculture produce have been already exported through the "grain corridor". According to current forecasts, Ukraine can export approximately 1 million tonnes of grain weekly.

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

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, are providing Ukraine with financing, donations and material support. Official financing has already exceeded 22 billion USD since the start of the full-scale invasion (the main part was received in Q3 2022 – USD 9.4 billion).

After several months of retaining the discount rate unchanged at 10%, the National Bank of Ukraine decided to increase it to 25% from June 2022. The updated forecast envisages maintaining it unchanged at least until Q2 2024. The exchange rate remained fixed at UAH 29.25 to the US Dollar until 21 July, when it was increased to 36.57 by the NBU. The NBU has said that, once the economy and financial system return to normal operation, it will revert to the traditional format of inflation targeting with a floating exchange rate.

In Q1 2022 the Government has imposed export licensing of key foodstuffs including wheat, corn, poultry meat, and sunflower oil. The export licensing for corn and sunflower oil was cancelled later in Q1 2022, and wheat in Q3 2022.

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14. Operating environment (continued)

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 the following expenses incurred during the nine-month period ended 30 September 2022 to be directly related to the war:

	2022
Loss on impairment of property, plant and equipment	11,114
Community support donations[1)]	17,484
Write-off of inventories and biological assets[1)]	9,833
Salary to mobilized employees[2)]	9,094
Expected credit losses of trade accounts receivable[1)]	5,535
Other war-related expenses[1)]	3,033
Total amount *recognized in profit or loss*	**56,093**
Decrease in revaluation reserve	9,489
	65,582

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

2) These expenses are presented within cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss and other comprehensive income

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.

15. Contingencies and contractual commitments

Taxation and legal matters

Ukrainian tax authorities are increasingly directing their attention to the business community. 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 submitted the controlled transaction report for the years ended 31 December 2019 and 31 December 2020 within the required deadlines.

As of 30 September 2022, the Group's management assessed its possible exposure to tax risks to be a total amount of USD 4,428 thousand related to corporate income tax (31 December 2021: USD 5,535 thousand). No provision was recognised relating to such possible tax exposure.

As of 30 September 2022, companies of the Group were engaged in ongoing litigation with tax authorities for the amount of USD 25,781 thousand (31 December 2021: USD 73,147 thousand), including USD 17,145 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. Out of this amount, USD 19,391 thousand as of 30 September 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 favor 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. In addition, the Group maintains disputes with tax authorities in the amount USD 91 thousand, which had not been brought to Court as of 30 September 2022.

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15. Contingencies and contractual commitments *(continued)*

Contractual commitments on purchase of property, plant and equipment

During the nine-month period ended 30 September 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 30 September 2022, purchase commitments on such contracts were primarily related to modernization projects, development of new products and the maintenance and improvement of Perutnina Ptuj production facilities and amounted to USD 26,225 thousand (31 December 2021: USD 30,952 thousand).

16. 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*	
	30 September 2022	*31 December 2021*	*30 September 2022*	*31 December 2021*
Financial liabilities				
Bank borrowings *(Note 11)*	255,695	225,485	256,967	225,574
Senior Notes due in 2024, 2026, 2029 *(Note 12)*	1,447,983	1,397,577	721,700	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 of 2.6% (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.

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17. Risk management policy

During the nine-month period ended 30 September 2022 there were no changes to objectives, policies and processes for credit risk, capital risk, interest rate risk, livestock diseases risk and commodity price and procurement risk managing.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they are due. The Group's liquidity position is carefully monitored and managed. The Group has in place a detailed budgeting and cash forecasting process to help ensure that it has adequate cash available to meet its payment obligations.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities using the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows as of 30 September 2022 and 31 December 2021. The amounts in the table may not be equal to the statement of financial position carrying amounts since the table includes all cash outflows on an undiscounted basis.

	Carrying amount	*Contractual Amounts*	*Less than 1 year*	*From 2nd to 5th year*	*After 5th year*
30 September 2022					
Bank borrowings	255,695	254,573	166,350	88,223	-
Bonds issued	1,447,983	1,835,585	150,910	1,290,925	393,750
Lease liabilities	239,234	447,882	66,983	194,309	186,590
Trade accounts payable	104,919	104,919	104,919	-	-
Contract liabilities	9,203	9,203	9,203	-	-
Other current financial liabilities	60,967	60,967	60,967	-	-
Total	2,118,001	2,713,129	559,332	1,573,457	580,340
31 December 2021					
Bank borrowings	225,485	229,766	123,615	92,188	13,963
Bonds issued	1,397,577	1,843,888	98,850	1,329,413	415,625
Lease liabilities	281,250	529,678	77,954	233,731	217,993
Trade accounts payable	162,641	162,641	162,641	-	-
Contract liabilities	11,601	11,601	11,601	-	-
Other current financial liabilities	93,289	93,290	93,290	-	-
Total	2,171,843	2,870,864	567,951	1,655,332	647,581

As of 30 September 2022 part of the Group's existing undrawn financing facilities in certain banks in amount of USD 42 million are not available, however this fact has not influenced overall liquidity of the Group.

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 30 September 2022 and 31 December 2021 were as follows:

	30 September 2022		*31 December 2021*	
	USD	*EUR*	*USD*	*EUR*
Total assets	144,567	122,702	140,705	41,883
Total liabilities	1,520,487	127,276	1,513,825	42,395

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17. Risk management policy *(continued)*

Currency risk *(continued)*

The table below details the Group's sensitivity to strengthening/(weakening) of the UAH against USD and EUR. This sensitivity range represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period 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	40%	(550,368)
Increase in EUR exchange rate	40%	(1,830)
Decrease in USD exchange rate	10%	137,592
Decrease in EUR exchange rate	10%	457
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 nine-month period ended 30 September 2022, the Ukrainian Hryvnia depreciated against the EUR and USD by 13.0% and 25.4% (nine-month period ended 30 September 2021: appreciated against the EUR and USD by 7.5% and 4.0 % respectively). As a result, during the nine-month period ended 30 September 2022 the Group recognized a net foreign exchange loss in the amount of USD 366,748 thousand (nine-month period ended 30 September 2021: foreign exchange gain in the amount of USD 74,680 thousand) in the interim condensed consolidated statement of profit or loss and other comprehensive income.

18. Dividends

In view of the uncertainties created by the Russian invasion, the Directors have decided not to declare a final dividend for the 2021 financial year. No interim dividend has been declared for the nine-month period ended 30 September 2022.

At the annual general meeting held on 28 April 2021, the Shareholders of MHP SE approved payment of an annual dividend from profits of 2020 of USD 0.2803 per share, equivalent to USD 30,000 thousand. As at 30 September 2021 dividends were fully paid to shareholders.

19. Subsequent events

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

Condition of assets

As of 15 November 2022, the Group's poultry production facilities have not suffered any damage.

As of today, MHP's harvesting campaign of sunflower is almost complete, corn harvesting is 60% complete and soya harvesting is around 85% complete. Sowing campaign of winter crops is almost 90% complete on around 74,300 ha of land (around 55% of land is under winter wheat, around 45% of land is under winter rapeseed).

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19. Subsequent events *(continued)*

Russian attacks on energy infrastructure

Since October, the Kremlin has been conducting massive missile strikes on the territory of Ukraine, fiercely attacking the county's energy infrastructure. This has led to the complete destruction of around 40% of Ukraine's energy infrastructure. The situation remains highly fluid and the outlook is subject to extraordinary uncertainty.

MHP faced complex challenges and disruptions to operations in the middle of October, when a number of the country's electricity generation stations were hit by missile attacks. Operations at some MHP facilities did not work for a short period of time after the missiles' hits. As of today, MHP continues to operate close to full capacity, using both state grids, electricity generated at MHP's biogas stations and diesel generators. However, events have shown that the situation can deteriorate seriously, quickly and without notice.

Impact on financial position and results of operations

As 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 the consequences, or their impact on the financial position and results of the Group for future periods.

20. 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 15 November 2022.