MHP SE

Parent’s Separate

Financial Statements

31 December 2022

Contents

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	John Grant (appointed 27 December 2017) Viktoria Kapelyushnaya (appointed 27 December 2017) Yuriy Kosyuk (appointed 27 December 2017) Andriy Bulakh (appointed 28 December 2021) John Clifford Rich (appointed 27 December 2017) Christakis Taoushanis (appointed 26 August 2018) Philip J Wilkinson (appointed 24 March 2020) Oscar Chemerinski (appointed 7 March 2023)
Company Secretary:	Confitrust Limited
Independent Auditors:	Ernst & Young Cyprus Limited
Registered office:	16-18 Zinas Kanther Street Ayia Triada 3035 Limassol Cyprus

MANAGEMENT REPORT

The Board of Directors presents its report and audited separate financial statements of MHP SE (“the Company”) for the year ended 31 December 2022.

Incorporation

The Company is registered under the laws of Cyprus, was formed in Luxembourg on 30 May 2006 under the name MHP S.A. It was converted from a public limited liability company ("Société anonyme") into a European company ("Societas Europaea") with effect from 7 August 2017.

On 27 December 2017, the Company transferred its registered office (the “Seat Transfer”) under the provisions of the Cyprus Companies Law, Cap. 113, from 5, rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg, to 16-18 Zinas Kanther Street, Ayia Triada, 3035 Limassol, Cyprus.

Principal activity

The principal activities of the Company, which are unchanged from last year, are holding of participations in any form in foreign companies, acquisition by purchase, subscription, and exchange of stock, bonds, debentures, deposits and provision of finance to group companies as well as consultancy services. The principal business activities of the Company and its subsidiaries (the “Group”) are mainly in Ukraine and Europe and are in poultry and related operations, grain growing, as well as other agricultural operations (meat processing and meat products ready for consumption).

Review of current position, future developments and significant risks

In 2022, the Company realized a total comprehensive income for the year of US$ 23,257,586 compared to a total comprehensive income of US$128,843,775 in 2021. The financial position of the Company as presented in the financial statements is a net asset position of US$ 487,819,619 (2021: US$ 464,562,033) and net current asset position of US$ 111,807,275 * (2021: in a net current asset US$43,997,716). Furthermore, out of the total current liabilities of the Company as at 31 December 2022 of US$ 85,345,407 and amount of US$ 55,753,146 related to amount due to related parties (Note 23.5 to the separate financial statements). The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Management has considered the Company’s cash flow forecasts for the foreseeable future, which take into account the current and expected economic situation in Ukraine (Note 4 and 26 to the separate financial statements), the Company’s financial position, available borrowing facilities and loan covenant compliance.

Despite the single material uncertainty relating to the war in Ukraine, management is continuing taking actions to minimise the impact on the Company and its subsidiaries and believes that application of the going concern assumption for the preparation of these parent separate financial statements is appropriate (Note 4 to the separate financial statements).

There were no changes during the financial year in the nature of the operations of the Company.

The Company is exposed to market risk, credit risk and liquidity risk. The Company’s senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks.

The principal financial risks and uncertainties faced by the Company are disclosed in Note 3 to the separate financial statements.

* Current assets less current liabilities

MANAGEMENT REPORT (continued)

Results and Dividends

The Company's results for the year are set on page 12.

No dividends have been approved during 2022 by the Board of Directors of the Company (US$2021: 60,005,616).

Significant events after the reporting date

Any significant events that occurred after the reporting date are described in Note 26 to the separate financial statements.

Branches

During the year ended 31 December 2022 the Company did not operate any branches.

Share capital

As of 31 December 2022 and 31 December 2021, the authorised share capital of the Company was EUR 221,540,000 divided into 110,770,000 ordinary shares, each having a nominal value of EUR 2 each. The authorised share capital of the Company is fully issued and all the shares are fully paid up.

As at 31 December 2022 and 31 December 2021, the Company has a direct holding of treasury shares(ordinary shares, represented by an equal amount of global depositary receipts “GDRs”) in the amount of 3,731,792 shares .The amount of 3,564,568 shares were held directly by the Company and 167,244 shares were held by the Company’s subsidiary PrJSC MHP.

There were no changes in the share capital of the Company during the year ended 31 December 2022.

Significant shareholders and related party transactions

Significant shareholders and related party transactions are disclosed in Note 23 to the separate financial statements.

Board of Directors

The members of the Company’s Board of Directors as at 31 December 2022and at the date of this report are presented on page1.Oscar Chemerinski was appointed on 7 March 2023.
There were no other changes and up to the date of this report. More information on the Board of Directors is stated in the Governance section of the Annual Report.

Key management personnel compensation is disclosed in Note 23 to the separate financial statements .

Independent auditors

The Independent Auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting of the Company.

MANAGEMENT REPORT (continued)

Other Information

Other information that is relevant to the Management Report, and which is incorporated within the Group's 2022 Annual Report which can be obtained from https://mhp.com.cy/ can be located in the Annual Report as follows:

- Business review
- Future developments
- Risk management
- Corporate Governance Report
- Interests of Directors in the Company's shares
- Non-financial issues

On behalf of the Directors as authorised by the Board of Directors:

Yuriy Kosyuk	John Grant	Viktoria Kapelyushnaya	John Clifford Rich
Director	Director	Director	Director
Andriy Bulakh	Christakis Taoushanis	Philip J Wilkinson	Oscar Chemerinski
Director	Director	Director	Director

Board of Directors' responsibility statement

The Board of Directors is responsible for the preparation of the separate financial statements that give a true and fair view of the financial position of MHP SE (the "Company") as of 31 December 2022 and of the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In preparing the separate financial statements, the Board of Directors is responsible for:

- properly selecting consistently and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in the International Financial Reporting Standards ("IFRS") are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- making an assessment of the Company's ability to continue as a going concern.

The Board of Directors, within its competencies, is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls over financial reporting, throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Company, and which enable them to ensure that the consolidated financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

In accordance with DTR4.1 on Annual Financial Reporting, providing for the disclosure and transparency requirements for issuers whose transferable securities are admitted to trading on a UK Recognised Investment Exchange, we, the members of the Board of Directors, responsible for the preparation of the annual parent separate financial statements of MHP SE for year ended 31 December 2022, hereby declare that to the best of our knowledge:

(a) the parent separate financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company taken as a whole; and

(b) the management report includes a fair review of the development and performance of the business and the position of the Company taken as a whole, together with a description of the principal risks and uncertainties it faces.

The separate financial statements of the Company as of and for the year ended 31 December 2022 were authorized for issue by the Board of Directors on 11 April 2023.

On behalf of the Board:

Yuriy Kosyuk Director	John Grant Director	Viktoria Kapelyushnaya Director	John Clifford Rich Director
Andriy Bulakh Director	Christakis Taoushanis Director	Philip J Wilkinson Director	Oscar Chemerinski Director

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Ernst & Young Cyprus Ltd
Jean Nouvel Tower
6 Stasinou Avenue
P.O. Box 21656
1511 Nicosia, Cyprus

Tel: +357 2220 9999
Fax: +357 2220 9998
ey.com

Independent Auditor's Report

To the Members of MHP SE

Report on the Audit of the Parent Separate Financial Statements

Opinion

We have audited the parent separate financial statements of MHP SE (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We remained independent of the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 to the parent separate financial statements, which indicates that since 24 February 2022 the Company's Ukrainian subsidiaries operations are negatively affected by the ongoing military invasion of Ukraine, with the magnitude of further developments or the timing of their cessation being uncertain. These conditions, along with other matters as set forth in Notes 4 and 24 indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent separate financial statements of the current period. *In addition to the matter described in the Material Uncertainty Related to Going Concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.* These matters were addressed in the context of our audit of the parent separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying parent separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses in respect of loans receivable and financial guarantees issued	
As at 31 December 2022, the Company had loans receivable from its subsidiaries with a gross carrying amount of **US$664,341,164.** IFRS 9 "Financial instruments", requires to recognize an allowance using the forward-looking expected credit loss (ECL) approach. The Company has performed an assessment of ECL in accordance with IFRS 9 requirements. The Company has also issued financial guarantees for loans taken out by its subsidiaries and recognized allowance for financial guarantees issued in the amount of expected credit losses. As at 31 December 2022, financial guarantees recognized in the parent separate financial statements were **US$3,674,063**, out of which **US$ 2,669,389** related to non-current financial guarantees and **US$ 1,004,674** to current financial guarantees.	We have considered the Company's accounting policy in respect to expected credit loss on loans receivable and financial guarantees issued. We have assessed the ECL model developed by management against the requirements of IFRS 9. We have tested ECL model inputs on a sample basis and assessed their source data. We have assessed key assumptions and judgements, such as those used to calculate the probability of default and loss given default by comparing to probability-weighted macroeconomic scenarios. We have also analyzed macro-economic forward-looking factors, including particular country credit risks to assess probability of default rates used to determine expected credit losses. We checked mathematical accuracy of the calculations. We analyzed financial position of debtors and subsequent cash receipts.

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We consider the allowance for ECL on loans receivable and financial guarantees issued as a matter of most significance in our audit since the calculation of allowance for ECL is subject to significant judgement and involves assumptions and estimates to be made by management in relation to such parameters as loss given default and probability of default, which are based on extensive analysis and statistical methods. Disclosures in respect of impairment loss on loans receivable and financial guarantees issued are included in **Note 3.2** "Credit risk" and **Note 4** "Critical accounting estimates and judgements" to the separate financial statements.	We also considered whether credit risk related to these financial instruments increased from the date of their initial recognition and analyzed the criteria used to allocate loans issued and financial guarantees to Stages 1, 2 or 3 in accordance with IFRS 9. We have assessed related disclosures provided in the separate financial statements.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises information included in the Management Report of the parent separate financial statements and Group's 2022 Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the parent separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the parent separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the parent separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Financial Statements

The Board of Directors is responsible for the preparation of parent separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent separate financial statements.

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

- Identify and assess the risks of material misstatement of the parent separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

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- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent separate financial statements, including the disclosures, and whether the parent separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the parent separate financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.

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Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022.

The engagement partner on the audit resulting in this independent auditor's report is Andreas Avraamides.

Andreas Avraamides
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 11 April 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2022

	Note	2022 US$	2021 US$
Interest revenue	**23.1**	44,936,473	43,183,096
Dividend revenue	**10,23.1**	38,250,602	140,019,032
		83,187,075	**183,202,128**
Administrative expenses	**5**	(5,319,832)	(2,404,863)
Expected credit losses	**3.2,12**	(9,973,792)	(943,093)
Loss on change in fair value of financial assets at fair value through profit or loss	**16**	(358,881)	-
Other operating income on investments	**10**	925,565	-
Other operating expenses		(154,137)	-
Operating profit		**68,305,998**	**179,854,172**
Finance costs	**6**	(45,258,407)	(45,193,516)
Other income	**7**	843,121	1,538,537
Profit before tax		**23,890,712**	**136,199,193**
Income tax expenses	**8**	(633,126)	(7,355,418)
Net profit for the year		**23,257,586**	**128,843,775**
Other comprehensive income		**-**	-
Total comprehensive income for the year		**23,257,586**	**128,843,775**

The notes on pages 16 to 51 from integral of these financial statements

STATEMENT OF FINANCIAL POSITION
as of 31 December 2022

	Note	2022 US$	2021 US$
Non-current assets			
Investments in subsidiaries	**10**	407,727,249	407,794,080
Investments in associates	**11**	1,251,571	1,251,571
Property, plant and equipment	**17**	30,519	36,405
Loans receivable	**12**	512,088,255	519,001,992
Other financial assets at amortized cost	**15**	-	2,552,525
		921,097,594	**930,636,573**
Current assets			
Loans receivable	**12**	152,252,909	57,792,250
Financial assets at fair value through profit and loss	**16**	1,421,119	1,780,000
Other receivables	**13**	1,068,108	188,756
Other financial assets measured at amortized cost	**15**	2,403,780	-
Cash at bank	**14**	38,300,312	31,880,136
		195,446,228	**91,641,142**
Total assets		**1,116,543,822**	**1,022,277,715**
EQUITY AND LIABILITIES			
Equity			
Share capital	**18**	284,505,000	284,505,000
Additional paid-in capital	**18**	118,133,404	118,133,404
Treasury shares	**18**	(42,594,759)	(42,594,759)
Retained earnings		339,888,812	316,631,226
Other reserves	**18**	10,843,145	10,843,145
Merger reserve	**18**	(222,955,983)	(222,955,983)
Total Equity		**487,819,619**	**464,562,033**
Non-current liabilities			
Bonds issued	**19**	494,415,861	490,850,961
Loans payable	**20**	48,000,000	19,221,295
Financial guarantees	**22**	2,669,389	-
		545,085,250	**510,072,256**
Current liabilities			
Loans payable	**20**	52,182,125	37,849,365
Interest payable	**21**	29,094,437	6,622,605
Financial guarantees	**22**	1,004,674	614,002
Other payables and accruals		1,357,717	2,557,454
		83,638,953	**47,643,426**
Total liabilities		**628,724,203**	**557,715,682**
Total equity and liabilities		**1,116,543,822**	**1,022,277,715**

On 11 April 2023, the Board of Directors of MHP SE authorized these financial statements for issue.

On behalf of the Board of Directors

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The notes on pages 16 to 51 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Share capital US$	Additional paid-in capital US$	Treasury shares US$	Other reserve US$	Merger reserve US$	Retained earnings US$	Total US$
Balance at 1 January 2021	**284,505,000**	**118,133,404**	**-**	**10,843,145**	**-**	**247,793,067**	**661,274,616**
Net profit for the year	-	-	-	-	-	128,843,775	128,843,775
Other comprehensive income for the year	-	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	-	-	-	-	-	**128,843,775**	**128,843,775**
Result of merger with subsidiaries (Note 18)	-	-	(42,594,759)	-	(222,955,983)	-	(265,550,742)
Dividends (Note 9)	-	-	-	-	-	(60,005,616)	(60,005,616)
Balance at 31 December 2021/1 January 2022	**284,505,000**	**118,133,404**	**(42,594,759)**	**10,843,145**	**(222,955,983)**	**316,631,226**	**464,562,033**
Net profit for the year	-	-	-	-	-	23,257,586	23,257,586
Other comprehensive income for the year	-	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	-	-	-	-	-	**23,257,586**	**23,257,586**
Balance at 31 December 2022	**284,505,000**	**118,133,404**	**(42,594,759)**	**10,843,145**	**(222,955,983)**	**339,888,812**	**487,819,619**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at the rate of 17% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents and domiciled. From 1 March 2019, the deemed dividend distribution is subject to a 1,70% contribution to the General Healthcare System, increased to 2,65% from 1 March 2020, with the exception of April 2020 until June 2020 when the 1,70% rate was applicable. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 16 to 51 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	Note	2022 US$	2021 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**23,890,713**	**136,199,193**
Adjustments for:			
Foreign exchange (gain)/loss	**6**	(916,106)	1,173,592
Expected credit losses	**3.2,12**	9,973,792	943,093
Loss on change in fair value of financial assets at fair value through profit or loss	**16**	358,881	-
Interest revenue	**23.1**	(44,936,473)	(43,183,096)
Interest expense and other finance costs	**6**	46,174,514	44,019,924
Other operating income on investments	**10**	(925,565)	-
Dividend revenue	**10,23.1**	(38,250,602)	(140,019,032)
Depreciation		6,077	8,103
Operating cash flows before working capital changes		**(4,624,769)**	**(858,223)**
(Increase)/decrease in other receivables		(1,302,606)	933,876
(Decrease)/increase in other payables and accruals		(1,399,365)	1,005,171
Cash from operations		**(7,326,740)**	**1,080,824**
Dividends received		37,184,002	130,546,704
Interest received		-	41,759,283
Income tax paid		(61,706)	-
Interest paid		(19,517,977)	(39,752,955)
Net cash generated from operating activities		**10,277,579**	**133,633,856**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(4,970)	(607)
Loans granted		(49,946,355)	(50,000,000)
Repayments of loans granted		-	7,988,857
Distribution of assets paid in cash as result of liquidation of subsidiaries		1,007,365	-
Net cash used in investing activities		**(48,943,960)**	**(42,011,750)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans proceeds		156,518,565	43,199,952
Loans repaid		(111,432,008)	(45,953,909)
Dividends paid		-	(60,005,619)
Net cash from/(used in) financing activities		**45,086,557**	**(62,759,576)**
Net increase in cash and cash equivalents		6,420,176	28,862,530
Cash and cash equivalents transferred as a result of the merger	**18**	-	2,026,040
Cash and cash equivalents at the beginning of the year		31,880,136	991,566
Cash and cash equivalents at the end of the year	**14**	**38,300,312**	**31,880,136**

Non-cash transactions are disclosed in notes:10; 11; 12; 16; 18 .

The notes on pages 16 to 51 form an integral part of these financial statements

1. Incorporation and principal activities

Country of incorporation

MHP SE ("the Company"), a limited liability company (Societas Europaea (SE)) registered under the laws of Cyprus, was formed in Luxembourg on 30 May 2006 under the name MHP S.A.. It was converted from a public limited liability company ("société anonyme") into a European company ("Societas Europaea") with effect from 7 August 2017.

On 27 December 2017, the Company transferred its registered office (the "Seat Transfer") from 5, rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg, to 16-18 Zinas Kanther Street, Ayia Triada, 3035 Limassol, Cyprus. The Seat Transfer was made pursuant to the provisions of the SE European Regulation and provisions of the laws of Cyprus and was registered in the Cyprus Companies Registry for SE companies under number SE 27. As of the date of transfer the Company has adopted a new Memorandum and Articles of Association in compliance with the laws applicable to SE companies and with the Cyprus Companies Law Cap.113.

The Company holds shares in subsidiaries (hereinafter, MHP SE and its subsidiaries are referred to as the "MHP SE Group" or the "Group") registered and operating mainly in Ukraine and Europe which is disclosed in the note 10 of the Financial Statements. The Company's shares are listed on the London Stock Exchange ("LSE") in the form of global depositary receipts ("GDRs").

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

Reorganization through merger

On 19 April 2021 the Company' subsidiaries Raftan Holding Limited, Eledem Investments Limited and Hemiak investments Limited were merged into the Company pursuant to the Order of the District Court of Limassol. According to the Merger Agreement dated 18 March 2021, the total assets and liabilities of Raftan Holding Limited, Eledem Investments Limited and Hemiak investments Limited are reflected in the books of the Company for accounting and taxation purposes at the values as of 1 January 2021. Raftan Holding Limited, Eledem Investments Limited and Hemiak investments Limited were dissolved without a liquidation in accordance with Cyprus law. The accounting effect of the reorganization is presented in the Note 18.

As a result of the merger, the Company acquired the shares in the following investments:

Name	*Country of registration*	*Principal activities*	*%*
Starynska Ptahofabryka	Ukraine	Breeder farm	100.00
Urozhay NVF	Ukraine	Grain cultivation	95.00
MHP East Europe s.r.o	Slovakia	Provision of finance to related companies	99.99
MHP PJSC	Ukraine	Management, marketing and sales	95.36
MHP Trading FZE	United Arab Emirates	Trading in sunflower oil, grains and poultry meat	100.00
Scylla Capital Limited	British Virgin islands	Trading activity	100.00
Vinnytska Poultry Farm	Ukraine	Chicken farm	100.00
MHP Saudi Arabia Trading Company	Saudi Arabia	Wholesale of agricultural products	75.00
MHP Food Trading LLC	Emirate of Dubai	Trading I poultry meat	100.00
MHP EU Gmbh	Germany	Production and trading in poultry meat	100.00
Nile Food Distribution LLC	Egypt	Trading in poultry meat	100.00
Podillya-Kolodno	Ukraine	Framing asset holding and operating entity	50.81
Perutnina PTUJ	Slovenia	Poultry brreding, feed production, poultry and meat products retail and services	100.00
Agrofort	Ukraine	Grain cultivation	13.85
LK Ukraine Group LLC	Ukraine	Framing asset holding and operating entity	47.93
Zakhid Agro MHP	Ukraine	Grain cultivation	0.26

1. Incorporation and principal activities(Cont'd)

Principal activities and nature of operations of the Company and the Group

The principal activities of the Company are holding of participations in any form in foreign companies, acquisition by purchase, subscription, and exchange of stock, bonds, debentures, deposits and provision of finance to group companies as well as consultancy services.The principal business activities of the Group are in Ukraine and Europe are in poultry and related operations, grain growing, as well as other agricultural operations (meat processing and meat products ready for consumption).

2. Significant accounting policies

Basis of preparation

These financial statements have been prepared on the assumption that the Company is a going concern (Note 4) and will continue in operation for the foreseeable future.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

These separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

The Company has also prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113 and the consolidated financial statements can be obtained from https://mhp.com.cy/. Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements for the year ended 31 December 2022 in order to obtain a proper understanding of the financial position, performance and cash flows of the Company and the Group.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

The Company applied for the first-time certain standards and amendments which are effective for annual periods beginning on or after 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- The following standards were adopted by the Company on 1 January 2022:
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37;
- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases;
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time
- adopter;
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities;
- IAS 41 Agriculture – Taxation in fair value measurements.

2. Significant accounting policies (Cont'd)

Adoption of new and revised IFRSs (Cont'd)

- ***Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37***

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the financial statements of the Company as there were no onerous contracts within the scope of these amendments during the reporting period.

- ***Property, Plant and Equipment: Amendments to IAS 16***

The amendment prohibit a company from deducting from the cost of property, plant and equipment any proceeds from the sale of items produced while bringing the asset to the location and condition necessary for it be capable of operating in the manner intended by management. Instead, a company recognizes such sales proceeds and related cost in profit or loss.

These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

- ***IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first time adopter***

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of the Company as it is not a first-time adopter.

- ***IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities***

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

This amendment had no impact on the financial statements of the Company.

- ***IAS 41 Agriculture – Taxation in fair value measurements***

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

This amendment had no impact on the financial statements of the Company.

2. Significant accounting policies (Cont'd)

Adoption of new and revised IFRSs (Cont'd)

Standards and Interpretations in issue but not effective

At the date of authorization of these 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*
A IFRS 17 Insurance Contracts[1)]	1 January 2023
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)	1 January 2023
IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)	1 January 2023
IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)	1 January 2023
IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)	1 January 2024
IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments have not yet been endorsed by the EU

[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 Company in future periods.

Investments in subsidiary companies

Subsidiaries are undertakings over which the Company has control and achieved when the Company:

- has power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that that there are changes to one or more of the three elements of control listed above.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Investments in associates

An associate is an entity over which the investor has significant influence, but not control, generally holds, directly or indirectly (eg through subsidiaries), between 20% and 50% of the voting power of the investee.

Investments in associates are measured at cost less impairment. Investments in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

2. Significant accounting policies (Cont'd)

Property, plant and equipment

All property, plant and equipment are accounted at historical cost less accumulated depreciation.

The historical cost of an item of property, plant and equipment comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by the management of the Company; (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, (d) the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period; and (e) for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.

Depreciation of property, plant and equipment is charged so as to write off the depreciable amount over the useful life of an asset and is calculated using a straight line method. Useful lives of property, plant and equipment are as follows:

- Furniture and fittings 10 years
- Computers 4 years
- Renovations 3 years

Depreciable amount is the cost of an item of property, plant and equipment, or revalued amount, less its residual value. The residual value is the estimated amount that the Company would currently obtain from disposal of the item of property, plant and equipment, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

The residual value, the useful lives and depreciation method are reviewed at each financial year-end. The effect of any changes from previous estimates is accounted for prospectively as a change in an accounting estimate.

The gain or loss arising on sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized within profit or loss in the statement of comprehensive income.

Revenue recognition

Revenue comprises interest received on loans granted and dividends received as well as revenue earned from providing consultancy and administrative services. Revenues earned by the Company are recognised on the following bases:

(i) Dividend revenue

Dividend revenue is recognized when the right to receive payment is established.

(ii) Interest Revenue

Interest revenue is recognized using the effective interest rate method in IFRS 9.

(iii) Consultancy and administrative services

The Company earns income from consultancy and administrative services it provided to its customers. Revenue is measured based on the consideration to which the Company expects to be entitled in exchange of providing services. The Company recognises revenue at a point in time upon satisfaction of a service provided or at the end of the contract period for a service provided over time. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to a customer.

2. Significant accounting policies (Cont'd)

Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in Administrative expenses in accordance with their nature. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US$), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Dividends

Proposed dividends are recognised as a liability in the financial statements in the period in which they are approved by the shareholders. Any interim dividends approved for distribution by the Board of Directors are recognised within equity in the period in which the decision is made.

Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the obligation can be reliably estimated.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities of the Company are represented by loans granted, cash and cash equivalents, other receivables, financial assets measured at fair value through profit or loss, other financial assets measured at amortized costs, corporate bonds issued, loans payable and other payables. The accounting policies for initial recognition and subsequent measurement of financial instruments are disclosed in the respective accounting policies set out below in this Note.

Financial assets and financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2. Significant accounting policies (Cont'd)

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost (this category is the most relevant to the Group):

-the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

-the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at Fair value through other comprehensive income (FVTOCI):

-the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

-the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at Fair value through profit or loss (FVTPL).

(i)Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest revenue over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest revenue is recognised using the effective interest rate method for debt instruments measured subsequently at amortised cost. For financial assets interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

For financial assets that have subsequently become credit-impaired, interest revenue is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest revenue is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest revenue is recognised in profit or loss and separately presented in the statement of comprehensive income as "Interest revenue" line item.

2. Significant accounting policies (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on loans receivable, dividends receivable, cash and equivalents and other financial assets, as well as on the issued financial guarantee contracts.

ECLs are estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount based on 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Both lifetime ECL and 12-months ECL are calculated on either an individual basis or a collective basis, depending on the nature of particular financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Company calculates ECL for loans receivable based on three probability-weighted scenarios (2021:two probability-weighted scenarios) to measure the expected cash shortfalls, discounted at an approximation to the effective interest (EIR).

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of default (PD) constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- The Loss given default (LGD) is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

2. Significant accounting policies (Cont'd)

Financial instruments (Cont'd)

<u>Financial assets (Cont'd)</u>

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes economic situation of countries and the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

Low credit risk financial instruments

Despite the foregoing, Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,

(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations

Default definition

The Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of profit or loss.

2. Significant accounting policies (Cont'd)

Financial instruments (Cont'd)

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and are measured subsequently at amortised cost using the effective interest method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss.

Financial guarantees

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise from cash at bank.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to relalise the assets and settle the liabilities simultaneously.

Share capital

Ordinary shares are classified as equity.

2. Significant accounting policies (Cont'd)

Treasury shares

Treasury shares are GDRs which were bought back by the Company reducing the number of outstanding shares on the open market. Repurchased GDRs are classified as treasury shares under a separate reserve within equity. When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from treasury shares reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within other reserves.

Treasury shares acquired as a result of the merger with subsidiaries are recognized at historical cost, at which they have been repurchased from the free-float market. Difference between historical cost and carrying cost in the books of merging subsidiary is recognized in the merger reserve.

Merger reserve

For accounting of the merger of the subsidiaries the Company considers whether the legal merger is in substance the redemption of shares in the subsidiary, in exchange for the underlying assets of the subsidiary. If such case, giving up the shares for the underlying assets is essentially a change in perspective of the parent of its investment, from an 'indirect equity interest' to a 'direct equity interest'. Hence, the values recognised in the financial statements become the cost of these assets for the parent. The acquired assets (including investments in subsidiaries, associates, or joint ventures held by the merged subsidiary) and assumed liabilities are recognised at the carrying amounts in the financial statements of the subsidiary as of the date of the legal merger.

Based on the nature of transferred assets and liabilities, the difference between the amounts assigned to the assets and liabilities in the parent's separate financial statements after the legal merger and the carrying amount of the investment in the merged subsidiary before the legal merger is recognised directly in equity as merger reserve.

The financial position and results of operations of the merged subsidiaries are reflected in the separate financial statements only from the date on which the merger occurred.

3. Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk and, currency risk and arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

The Company's interest rate risk arises from loans granted to and loans received from its subsidiary and indirect subsidiary companies. All loans are in fixed rates and the Company is not exposed to cash flow interest rate risk.

3.2 Credit risk

The Company's exposure to credit risk for each class of financial instruments subject to the expected credit loss model is set out below:

3.2 Credit risk (Cont'd)

Loans receivable and other receivables

The Company assesses, on an individual basis, its exposure to credit risk arising from loans and other receivables. This assessment takes into account, amongst others, the period the loan receivable or other receivable balance is past due (in days), expectations around changes in business, financial or economic conditions as well as expectations around the performance of the counterparty.

The following table contains an analysis of the credit risk exposure for loans receivable and other receivables by reference to the Company's internal credit risk rating grades. The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets:

		Gross carrying amount					
Internal credit risk rating grade	Company definition of category	**Loans receivable**		**Other receivables**		**Financial guarantees***	
		2022	**2021**	**2022**	**2021**	**2022**	**2021**
		US$	**US$**	**US$**	**US$**	**US$**	**US$**
Performing	Stage 1 – Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	-	547,492,461	1,068,108	188,756	-	34,018,742
Under-performing	Stage 2 – Counterparties for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	686,381,789	-	-	-	1,100,807,050	-

**** granted amount***

The gross carrying amounts, as per above, represent the Company's maximum exposure to credit risk on these assets as at 31 December 2021, without taking account of any collateral held. The Company does not hold any collateral as security for any loans receivable or other receivable balances.

The Company continuously monitors all assets subject to expected credit losses. The Company reassesses whether there has been a significant increase in credit risk, since the initial recognition of the financial instruments, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The change in operating environment in Ukraine due to the war and significant downgrade in credit ratings of Ukraine, where the Group operates, have been taken into consideration for the reassessment of staging as at 31 December 2022, and as such the loans issued and financial guarantees moved from Stage 1 to Stage 2 in 2022**.**

for the year ended 31 December 2022

3. Financial risk factors (Cont'd)

3.2 Credit risk (Cont'd)

Reconciliation of loans receivable

	Loans Receivable 2022 US$	Loans Receivable 2021 US$
As of 1 January	576,794,242	533,773,343
Loans granted, net	49,946,355	42,011,143
Transfer as a result of merger (Note 18)	-	404,571,959
Interest revenue	44,936,473	43,183,096
Interest received	-	(41,759,283)
Overseas tax suffered at source	(422,175)	(467,234)
Expected credit losses	(6,913,731)	(1,407,776)
Eliminated through merger (Note 18)	-	(403,111,005)
As of 31 December	**664,341,164**	**576,794,243**

Expected credit losses

The Company determines the 12 months expected credit loss of non-current loan receivables based on different scenarios of probability of default and expected credit loss applicable to each of the material underlying balances. The movement in expected credit loss allowance for loan receivables classified at amortised cost is detailed below:

	2022 US$	2021 US$
Opening balance as at 1 January	15,126,894	13,719,118
Transfer as result of the merger	-	318,036
Charged	6,913,731	1,089,740
At 31 December	**22,040,625**	**15,126,894**

The estimated expected credit loss allowance on other receivable balances as at 31 December 2021 and 31 December 2022 was not material.

The Company continuously monitors all assets subject to expected credit losses. The Company reassesses whether there has been a significant increase in credit risk (as described in Note 3.2 above), since the initial recognition of the financial instruments, by considering the change in the risk of default occurring over the remaining life of the financial instrument in order assess whether 12 month expected credit losses should be applied or life-time expected credit losses.

The expected credit losses allowance on loans issued as the year ended 31 December 2022 related to Stage 2 instruments and as at 31 December 2021 to Stage 1 (as described in Note 3.2 above).

3. Financial risk factors (Cont'd)

3.2 Credit risk (Cont'd)

Cash and cash equivalents

The Company assesses, on an individual basis, its exposure to credit risk arising from cash at bank based on ratings from external credit rating institutions and internal reviews, if external ratings are not available.

The estimated expected credit loss allowance on cash and cash equivalents as at 31 December 2021 and 31 December 2022, based on the general approach of IFRS 9, was immaterial. All cash and cash equivalents were performing (Stage 1) as at 31 December 2021 and 31 December 2022.

In accordance with the international rating agency of Moody's, credit ratings of the banks with which the Company had the accounts opened as of 31 December 2022 and 2021 were as follows:

	2022	2021
	US$	US$
International banks with A ratings	38,280,572	31,784,388
International banks with B ratings	19,740	95,748
	38,300,312	**31,880,136**

Financial guarantees

IFRS 9 Financial instruments requires that financial guarantees are initially recognized at fair value and subsequently measured as the "higher of":

- Expected credit loss allowance
- The amount initially recognized less any cumulative amount of income/amortization recognized.

The estimated provision represents expected credit loss allowance.

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable.

The Company has issued financial guarantees on the borrowings of its subsidiaries and quoted bonds issued by its subsidiaries (Note 19 and Note 22). As a result, the Company is exposed to credit risk arising from potential risk of default of the Company's subsidiaries on their external debt.
During the year ended 31 December 2022, the Company's subsidiaries agreed with its bank lenders a general postponement of debt servicing in respect of several bank borrowings. This agreement was made in order to comply with the restrictions on debt servicing as established by the consent solicitation obtained from the bondholders. In particular – during the 270-day support period for semi-annual interest payments on 2024 Notes, the 2026 Notes and the 2029 Notes agreed on 30 March 2022 the Group is committed to pay not more than US$ 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 year ended 31 December 2022, Management signed legally -binding agreements for the above-mentioned bank borrowings.

As of 31 December 2022 and 31 December 2021, none of the Company's subsidiaries had defaulted on or breached any covenants on their borrowings/bonds, , however the deferral of the repayment was negotiated with the lender as described above due to the war in Ukraine.

The following table presents the estimated provision as at 31 December 2022 and 31 December 2021 for free of charge financial guarantees issued by the Company for unsecured or under-pledged obligations of its subsidiaries in accordance with loan agreements with financial institutions and quoted bonds issued by subsidiaries (Note 23).

3. Financial risk factors (Cont'd)

3.2 Credit risk (Cont'd)

	2022	2021
	US$	US$
Opening balance as at 1 January	614,002	760,650
Charged/(Reversed) during the period	3,060,061	(146,648)
At 31 December	**3,674,063**	**614,002**

The expected credit losses allowance on financial guarantee instruments as the year ended 31 December 2022 related to Stage 2 instruments and as at 31 December 2021 to Stage 1 (as described in Note 3.2 above).

<u>Financial assets and fair value through profit or loss</u>

The maximum exposure to the credit risk of the financial assets at fair value through profit is represented by the carrying amount (Note 16).

3.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables provide a summary of the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

2022	Average effective interest rate	Less than 1 year or on demand	Between 2-5 years or on demand	After 5 years	Contractual amount	Carrying amount
		US$	US$	US$	US$	US$
Bonds issued	7.77%	(65,613,302)	(558,125,000)	-	(623,738,302)	(520,152,992)
Loans payable, including interest payments	2.52%	(20,731,791)	(91,968,327)	-	(112,700,118)	(103,539,431)
Financial guarantees (i)	-	(235,671,578)	(668,084,768)	(477,239,583)	(1,380,995,929)	(1,100,807,050)
Loans receivable, including interest	7.09%	153,180,189	594,844,107	-	748,024,296	664,341,164
		(168,836,482)	**(723,333,988)**	**(477,239,583)**	**(1,369,410,053)**	**(1,060,158,309)**

3. Financial risk factors (Cont'd)

3.3 Liquidity risk (Cont'd)

2021	Average effective interest rate	Less than 1 year or on demand US$	Between 2-5 years or on demand US$	After 5 years US$	Contractual amount US$	Carrying amount US$
Bonds issued	7.77%	(44,131,956)	(558,125,000)	-	(602,256,956)	(496,232,917)
Loans payable, including interest payments	2.17%	(39,771,966)	(19,835,578)	-	(59,607,544)	(58,311,309)
Financial guarantees (i)	-	(111,394,401)	(24,395,800)	-	(135,790,201)	(134,235,629)
Loans receivable, including interest	7.53%	8,756,139	688,263,811	-	697,019,950	576,794,242
		(186,542,184)	**85,907,433**	**-**	**(100,634,751)**	**(111,985,613)**

(i) No cash outflows may be required if the guarantee would not called.

3.4 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The following table demonstrate the sensitivity to a reasonably possible change in EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in foreign currency exchange rates	***Effect on profit before tax***
2022		
Increase in EUR exchange rate	+5%	885,820
Decrease in EUR exchange rate	(5%)	(885,820)
2021		
Increase in EUR exchange rate	+5%	(863,764)
Decrease in EUR exchange rate	(5%)	863,764

3.5 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization between debt and equity.

3. Financial risk factors (Cont'd)

3.5 Capital risk management (Cont'd)

The Company's net debt as of 31 December 2022 and 2021 was as follows:

	2022	2021
	US$	US$
Loans payable	103,539,431	58,311,309
Bonds issued	520,152,992	496,232,917
Total debt	**623,692,423**	**554,544,226**
Less:		
Cash and cash equivalents	(38,300,312)	(31,880,136)
Net debt	**585,392,111**	**522,664,090**
Operating profit	**68,305,998**	**179,854,173**
Net debt to operating profit	**8.57**	**2.91**

3.6 Fair value

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 - the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Due to their short-term nature, the fair value is estimated to approximate the carrying value for the following categories of financial instruments: cash and cash equivalents, other receivables and other payables.

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

	Carrying amount		Fair value	
	2022	2021	2022	2021
	US$	US$	US$	US$
Financial assets				
Loans receivable	664,341,164	576,794,242	657,994,196	565,079,990
Restricted cash	2,403,780	2,552,525	2,245,249	2,226,946
Financial liabilities				
Loans due to related parties	(103,539,431)	(58,311,309)	(92,689,738)	(55,365,978)
Bonds	(520,152,992)	(496,232,917)	(254,840,000)	(511,330,000)

The carrying amount of loans receivable, loans payable and bonds includes interest accrued at each of the respective dates.

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

The fair value of loans receivable and loans payable was estimated by discounting the expected future cash outflows by a market rate of interest: 7.06% and 4,76% respectively (2021:7.06% and 5,19% and is within Level 2 of the fair value hierarchy.

3. Financial risk factors (Cont'd)

3.7 Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

Changes in liabilities arising from financing activities

	Loans payable US$	Bonds issued US$	Total US$
As of 1 January 2022	57,070,661	490,850,961	547,921,622
Cash flow from proceeds, net	45,086,557	-	45,086,557
Non-cash movements	(1,066,600)	-	(1,066,600)
Finance costs	2,265,837	43,295,075	45,560,912
Reclassification to accrued interest payable	(2,265,837)	(39,730,175)	(41,996,012)
Foreign exchange movements	(908,493)	-	(908,493)
As of 31 December 2022	**100,182,125**	**494,415,861**	**594,597,986**

The cash flows from bank loans, loans from related parties and Bonds make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

	Loans payable US$	Bonds issued US$	Total US$
As of 1 January 2021	59,758,750	487,480,259	547,239,009
Cash flow from proceeds / (repayments), net	(2,753,957)	-	(2,753,957)
Non-cash movements	-	-	-
Transfer as a result of the merger	2,000,000	-	2,000,000
Finance costs	1,742,624	42,120,706	43,863,330
Reclassification to accrued interest payable	(1,742,624)	(38,750,004)	(40,492,628)
Foreign exchange movements	(1,934,132)	-	(1,934,132)
As of 31 December 2021	**57,070,661**	**490,850,961**	**547,921,622**

The cash flows from bank loans, loans from related parties and Bonds make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Going concern

As the Company is serving as the parent company to a number of subsidiaries (hereinafter Company and its subsidiaries referred to as the "Group"), while preparing the financial statements and relevant disclosures the Company assesses it operating environment as well as that of its subsidiaries to assess going concern. Given that the Group carries business activities in Ukraine and in Europe (Note 10 Investments in subsidiaries), where the production facilities of the Group are located, the Russian invasion of Ukraine since 24 February 2022 has negative impact on the Group`s operations. As a result of the Russian invasion, the Group has experienced a number of significant disruptions and operational issues within its business which described in detail in Note 24 Operating environment of the Group and Company. The Group incurred net loss of USD 221,533 thousand in 2022.The Company and the Group have 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 24 Operating environment of Group and Company;
- 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 the United Nations, 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 partially renewed. This allowed the Group to facilitate optimization of certain export sales of vegetable oils and grain;
- due to lower sales, MHP has slightly decreased poultry production comparing to pre-war level, but as at 31 December 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;
- during the 4Q 2022, there were severe power outages in Ukraine caused by Russia's attacks on Ukrainian power generation and distribution infrastructure. These outages caused temporary instability of oilseed processing, poultry and silo operations;
- 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;
- for the period after the Russian invasion of Ukraine 1,800 employees joined Ukrainian military forces and territorial defence;
- as a result of disruptions described above, the Group's ability to service debt was limited, and negotiations with creditors regarding postponement of debts repayment were held;

4. Critical accounting estimates and judgements (Cont'd)

Going concern (Cont'd)

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

- optimized utilization of production facilities to meet domestic demand and export orders; and has been maintaining the normal level of inventories during the year. As a result of these actions, as well as relative stabilization of economic and political situation in the Ukraine, the Group has returned to normal production capacity;
- established alternative export routes, including by road and rail, to address the logistical issues caused by the war and optimized transport costs in the existing circumstance;
- 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, and is planned to be finished till the end of 2023;
- to mitigate the impact of power outages on its business, the Group equipped its key assets with diesel generators as well as continued to operate two biogas facilities to produce electricity, industrial steam and heating;
- MHP has accumulated sufficient seeds, fertilizers, fuel, pesticides and other inputs required for 2022 sowing and harvesting campaigns, as well as the necessary vehicles, agricultural machinery and human resources. As a result, the harvesting campaign was 98% complete as at 31 December 2022, while insignificant amount of corn fields was collected in January 2023;
- the Group has secured the performing of forthcoming sowing campaign by building up a needed level of inventories. It is planned to sow and harvest more than 350,000 hectares of grains and oilseeds in 2023 (73,000 hectares are represented by already planted winter crops);
- 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. As at publication date all postponed amounts were timely repaid;
- 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 31 December 2022, Management already signed legally binding agreements for relevant bank loans with the total amount of USD 137 million to comply with consent solicitation requirements;
- the Directors have decided not to declare a dividends for the 2021 and 2022 financial years.

Management have prepared adjusted financial forecasts for the Group, 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.

4. Critical accounting estimates and judgements (Cont'd)

Going concern (Cont'd)

These forecasts indicate that, the Company and 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 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 Company's and the Group's ability to continue as a going concern and, therefore, the Company and the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

Significant increase in credit risk

As explained in Note 2, ECL are measured as an allowance equal to 12 month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

The Company continuously monitors all assets subject to expected credit losses. The Company reassesses whether there has been a significant increase in credit risk, since the initial recognition of the financial instruments, by considering the change in the risk of default occurring over the remaining life of the financial instrument in order assess whether 12 month expected credit losses should be applied or life-time expected credit losses. The change in operating environment in Ukraine due to the war and significant downgrade in credit ratings of Ukraine, where the Group operates, have been taken into consideration for the reassessment of staging as at 31 December 2022, and as such the loans issued and financial guarantees moved from Stage 1 to Stage 2 in 2022 (Note 3.2).

Given the uncertainties arose due to the war in Ukraine, the Company used three probability-weighted scenarios for calculation of ECL allowance as at the year ended 31 December 2022 (2021: two probability - weighted scenarios).

Expected credit losses on loans issued and financial guarantee contracts

IFRS 9 requires entities to recognise expected credit losses for financial instruments. The Company follows the general approach as described in Note 3.

In order to assess the probability default rate, management is considering whether there has been an actual or expected significant change in the operating results of the debtor since the receivable was first recognised. This included considering whether there were any actual or expected declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality, increased balance sheet leverage, liquidity, management problems, or changes in the scope of business or organisational structure (such as the discontinuance of a segment of the business) that would result in a significant change in the debtor's ability to meet its debtor's obligations.

The Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

The Loss Given Default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

4. Critical accounting estimates and judgements (Cont'd)

Impairment of investments in subsidiaries and associates

• The Company periodically evaluates the recoverability of investments in subsidiaries and associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries and associates may be impaired, the estimated recoverable amounts of these subsidiaries and associates (higher of their value in use or fair value les costs to sell) would be compared to their carrying amounts. If the recoverable amount in lower than the carrying amount of a particular investment, a write-down to the recoverable amount is made. Please refer to the impairment assessment performed to Note 10.

5. Administrative expenses

	2022	2021
	US$	US$
Legal and other professional fees (ii)	1,230,868	623,885
Directors fees and bonuses (i) (Note 23.2)	3,396,521	1,334,399
Salaries	56,538	52,878
Social Insurances and other contributions	44,910	31,357
Non-recoverable VAT	201,569	53,005
Auditors' remuneration (ii)	135,587	130,287
Other administrative expenses	247,762	170,950
Depreciation	6,077	8,102
	5,319,832	**2,404,863**

(i) Directors' fees comprise of amounts attributable to the directors of the Company. As at 31 December 2022 and 2021, there were 3 directors.
(ii) Auditor's remuneration includes statutory audit fees amounting to US$ 135,587 (2021: US$ 130,287). Legal and other professional fees includes tax advisory services to US$ 7,143 (2021: US$ 17,638), other non-audit services US$ 0 (2021: US$ 2020).
The average number of employees for the year ended 31 December 2022 was 3 (2021: 2).

6. Finance cost

	2022 US$	2021 US$
Interest on bonds	(39,730,175)	(38,750,004)
Bond issuance cost (i)	(3,564,900)	(3,370,702)
Other finance expenses	(613,602)	(156,594)
Interest expense on loan payable (Note 21; 23.3)	(2,265,837)	(1,742,624)
	(46,174,514)	**(44,019,924)**
Foreign exchange gain/(loss)	916,106	(1,173,592)
	(45,258,408)	**(45,193,516)**

This presents the amortization of premium and debt issue costs on bonds.

7. Other income

	2022	2021
	US$	**US$**
Other finance income (i)	843,121	1,538,537
	843,121	**1,538,537**

(i) Other income includes an amount of US$710,293 (2021: US$1,420,544) which was reimbursed from the depositary of GDRs.

8. Taxation

	2022	2021
	US$	**US$**
Profit before income tax	23,890,713	136,199,193
Income tax calculated at the applicable tax rates	2,986,339	17,024,899
Tax effect of expenses not deductible for tax purposes	2,280,879	903,785
Tax effect of allowances and income not subject to income tax	(5,118,574)	(17,942,426)
Under-provision of prior years Income tax	61,706	-
Overseas tax suffered at source	422,175	7,354,779
Income tax paid at source	601	639
Tax effect of tax loss of the year	-	13,742
Tax charge	**633,126**	**7,355,418**

The corporation tax rate is 12,5%.

In Cyprus under certain conditions, interest income may be subject to defence contribution at the rate of 30% (2021: 30%). In such cases, this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17% for tax year 2014 and thereafter.

Special defence contribution is imposed on dividend income, 'passive' interest income and 'passive' rental income earned by companies tax resident in Cyprus.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

9. Dividends

No dividends have been approved during 2022 by the Board of Directors of the Company (US$2021: 60,005,616).

10. Investments in subsidiaries

	2022	2021
	US$	**US$**
Balance as at 1 January	407,794,080	677,065,226
Additions (iii)(v)	4,970	118,680
Disposals (ii)	(81,801)	(110)
Reorganizations (iv)	10,000	-
Transfer as a result of merger (i), (Note 18)	-	401,111,973
Absorption as a result of merger (i)	-	(670,501,689)
Balance as at 31 December	**407,727,249**	**407,794,080**

10. Investments in subsidiaries (Cont'd)

The details of subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2022 Holding %	2021 Holding %
MHP B.V.(v)	Netherlands	Chicken meat processing	100.00	100.00
MHP Lux S.A.	Luxemburg	Provision of finance to related companies	100.00	100.00
Urozhay NVF(*)	Ukraine	Grain cultivation	95.50	95.50
Starynska Ptahofabryka	Ukraine	Breeder farm	100.00	100.00
MHP East Europe s.r.o (*)(vi)	Slovakia	Provision of finance to related companies	100.00	100.00
Zernoproduct (*)	Ukraine	Grain cultivation	0.32	0.32
MHP Trade B.V.	Netherlands	Trading in poultry meat	100.00	100.00
EU Meatex B.V.(iii)	Netherlands	Trading in poultry meat	-	100.00
MHP PJSC (i)	Ukraine	Management, marketing and sales	95.36	95.36
MHP Trading FZE (i)(iii)	United Arab Emirates	Trading in sunflower oil,grains and poultry meat	-	100.00
Scylla Capital Limited (i)	British Virgin islands	Trading activity	100.00	100.00
Vinnytska Poultry Farm (i)	Ukraine	Chicken farm	100.00	100.00
MHP Saudi Arabia Trading Company (i)(iv)	Saudi Arabia	Wholesale of agricultural products	75.00	75.00
MHP Food Trading LLC (i)	Emirate of Dubai	Trading I poultry meat	100.00	100.00
MHP EU Gmbh (i)	Germany	Production and trading in poultry meat	100.00	100.00
Nile Food Distribution LLC (i)(iii)	Egypt	Trading in poultry meat	-	100.00
Podillya-Kolodno (i) (*)	Ukraine	Framing assetholding and operating entity	50.81	50.81
Perutnina PTUJ (i)	Slovenia	Poultry brreding, feed production,poultry and meat products retail and services	100.00	100.00
Agrofort (i)(*)	Ukraine	Grain cultivation	13.85	13.85
MHP FOOD UK LIMITED (ii)	United Kingdom	Processing and preserving of meat	100.00	100.00
LK Ukraine Group LLC (i) (*)	Ukraine	Framing assetholding and operating entity	47.93	47.93
Zakhid Agro MHP (i)(*)	Ukraine	Grain cultivation	0.26	0.26
MHP EUROPE LIMITED(v)	Cyprus	Holding of investments	100.00	-

10. Investments in subsidiaries (Cont'd)

(*) Investments are directly and indirectly 100% owned by the Company.

(i) On 20 April 2021 the Company's subsidiaries Raftan Holding Limited, Eledem Investments Limited and Hemiak investments Limited were merged with the Company pursuant to the Order of the District Court of Limassol. Investment in Perutnina PTUJ wes transferred from Hemiak Investments Limited . Investments in MHP PJSC, MHP Trading FZE, Scylla Capital Limited, Vinnytska Poultry Farm, MHP Saudi Arabia Trading Company, MHP Food Trading LLC, MHP EU Gmbh, Nile Food Distribution LLC, Podillya-Kolodno, Agrofort, LK Ukraine Group LLC and Zakhid Agro MHP were transferred from Raftan Holding Limited.

(ii) During the year ended 31 December 2021, Company purchased 100% of share capital of MHP FOOD UK LIMITED (formerly known Braintree Meats Limited).

(iii) EU Meatex B.V., MHP Trading FZE and Nile Food Distribution LLC have been liquidated during the year ended 31 December 2022. As results of liquidation an assets distribution was done in the form of cash and it has been transferred to the Company's bank account. The net result of liquidation was recognized as Other income on investments a total amount of US$ 925,566 in the Statement of comprehensive income for the year ended 31 December 2022.

(iv) During the year ended 31 December 2022 MHP Saudi Arabia Trading increased its share capital for the amount of SR 37,504 (US$ 10,000). The transaction was shown in the financial statements of the subsidiary as payment of the additional paid to capital amount.

(v) During the year ended 31 December 2022, Company established MHP EUROPE LIMITED, an entity registered in Cyprus, with 100% shares owned by the Company.

(vi) During 2022, the Company as a sole shareholder of MHP East Europe s.r.o. approved a share capital reduction by EUR1,000,000 (US$1,066,600) from the current registered capital. The distribution of capital was recognized as dividend revenue in the statement of comprehensive income for the year ended 31 December 2022.The respective balance was set-off with loans payable principal balance from the subsidiary as per mutual claims set-off agreement dated 27 June 2022. There were no changes in shareholding as a result of this reduction.

The Company's management performed also the assessment of the impairment indicators of investments in subsidiaries and associates (Note 10 and 11), given that the Group carries business activities in Ukraine and in Europe, where the production facilities of the Group are located, the Russian invasion of Ukraine since 24 February 2022 has negative impact on the Group`s operations as described in Notes 4 and 24. Based on the analysis performed by the Company's management concluded that there no impairment has been identified as at 31 December 2022.

11. Investments in associates

	2022 US$	2021 US$
Balance as at 1 January	1,251,571	-
Additions	-	1,251,571
Balance as at 31 December	**1,251,571**	**1,251,571**

The details of the associates are as follows:

Name	Country of incorporation	Principal activities	2022 Holding	2021 Holding
			%	%
Foodz Holding Limited	Cyprus	Holding of investments, provision of finance to other related companies	34.66	34.66

During the year 2021 Foodz Holding Limited issued to the Company 34,66% of its share capital which has been paid by the rights of claim assigned from PrJSC "MHP". There are no changes during 2022.

12. Loans receivable

	2022 US$	2021 US$
Gross carrying loans receivable from subsidiary companies (Note 23.4) (i)(ii)	686,381,789	591,921,137
Expected credit losses allowance	(22,040,625)	(15,126,894)
	664,341,164	**576,794,242**

(i) The loans granted to the subsidiary companies are denominated in United States Dollars, bear interest at rates ranging from 2% to 8.30% per annum and are due for repayment between 2022 and 2026. The loans granted are unsecured.

(ii) As a result of the merger in 2021 with the Company's subsidiaries, the rights and obligations to the loans issued to the subsidiaries and sub-subsidiaries in the amount of US404,569,603 (including principal and interest) were transferred to the Company.

The balances on loans issued to Eledem Holdings Limited in the total amount of US$403,111,066 (including principal and interest) were eliminated through merger in 2021.

As at 31 December 2022 and 2021 classification of the balances of loans receivable were as follows:

	2022 US$	2021 US$
Current borrowings		
Loans receivable from subsidiaries	152,252,909	57,792,250
Non-current borrowings		
Loans receivable from subsidiaries	512,088,255	519,001,992
Total	**664,341,164**	**576,794,242**

Expected credit losses

Given the significant increase in credit risk since the initial recognition of financial instruments due to changes in the operating environment in Ukraine (as described in Note 24), the Company calculated life-time expected credit losses for the year ended 31 December 2022 (as describes in Note 3.2).The Company determines the lifetime expected credit loss of other non-current loan receivables based on different scenarios of probability of default and expected loss applicable to each of the material underlying balances. The movement in loss allowance for loan receivables classified at amortised cost is detailed below:

	US$
As at 1 January 2021	13,719,118
Charged during the period	1,407,776
As at 1 January 2022	**15,126,894**
Transfer as result of merger	-
Charge during the period	6,913,731
As at 31 December 2022	**22,040,625**

Fair values

The fair values of loans receivable as at 31 December 2022 are disclosed in Note 3.

The exposure of the Company to credit risk and impairment losses in relation to loans receivable is reported in Note 3 of the financial statements.

13. Other receivables

	31 December 2022 US$	31 December 2021 US$
Dividend receivable (Note 23.4)	-	10,000
Other receivables (i)	1,068,108	178,756
	1,068,108	**188,756**

(i) Balance of other receivables includes balances with relates parties as shown in (Note 23.4)

The fair values of other receivables as at 31 December 2022 are disclosed in Note 3.

The exposure of the Company to credit risk and impairment losses, in relation to other receivables is reported in Note 3 of the financial statements.

14. Cash at bank

For the purposes of the statement of cash flows, cash and cash equivalents include the following:

	31 December 2022 US$	31 December 2021 US$
Cash at bank	38,300,312	31,880,136
	38,300,312	**31,880,136**

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in Note 3 to the financial statements.

15. Other financial assets measured at amortized cost

	31 December 2022 US$	31 December 2021 US$
Restricted cash at bank current portion	2,403,780	-
Restricted cash at bank non-current portion	-	2,552,525
	2,403,780	**2,552,525**

As of 31 December 2021, the Company held cash at bank in the amount of US$ 2,403,780 (2021: US$ 2,552,525) that were blocked serving as collateral to secure bank borrowings of subsidiaries of the Company.

The Company opened Reserve Accounts with Coöperatieve Rabobank U.A. in accordance with Loan Agreement dated March 29, 2016, Loan Agreements dated December 23, 2015, Loan Agreements dated July 05, 2016, Loan Agreements dated August 04, 2017, Loan Agreement dated October 31, 2017, Loan Agreement dated December 06, 2018 and made respectively between PrJSC “MHP” (formerly known as PJSC "Myronivsky Hliboproduct") as Borrower and Coöperatieve Rabobank U.A. as Lender.

As of 31 December 2022, the balance of the reserve accounts amounted to US$ 2,403,780 (2021: US$ 2,552,525).

The exposure of the Company to credit risk and impairment losses, if any, is reported in Note 3 of the financial statements.

16. Financial assets at fair value through profit and loss

	2022 US$	2021 US$
Balance at 1 January	1,780,000	-
Loss on change in fair value	(358,881)	-
Transfer as a result of the merger (Note 18)	-	1,780,000
Balance at 31 December	**1,421,119**	**1,780,000**

As a result of the merger in 2021 with Raftan Holding Limited, all rights and obligations under the agreement 3 July 2018 with a third party, as a borrower, were transferred to the Company as a lender. The principal amount transferred was US$1,780,000 as at the date of merger.

As per terms of the agreement, the borrower shall repay the outstanding balance of the loan based on the performance of an entity established together with a borrower (MHP Saudi Arabia Trading, the Company's subsidiary) until the loan is repaid in full. No interest is prescribed by the agreement.

The fair value of financial assets mentioned above represents to their carrying amount.

17. Property, plant and equipment

	Renovations US$	Furniture and Fittings US$	Computers US$	Total US$
Cost				
At 1 January 2021	103,460	60,583	7,130	171,173
Additions	-	-	-	-
At 31 December 2021/1 January 2022	**103,460**	**60,583**	**7,130**	**171,173**
Additions	-	191	-	191
At 31 December 2022	**103,460**	**60,774**	**7,130**	**171,364**
Depreciation:				
At 1 January 2021	103,460	18,120	5,085	126,665
Additions	-	6,058	2,045	8,103
At 31 December 2021/1 January 2022	**103,460**	**24,178**	**7,130**	**134,768**
Additions	-	6,077	0	6,077
At 31 December 2022	**103,460**	**30,255**	**7,130**	**140,845**
Net book value				
At 31 December 2022	**-**	**30,519**	**-**	**30,519**
At 1 January 2022	**-**	**36,405**	**-**	**36,405**

18. Shareholder's equity

Share capital and share premium

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

	2022	*2021*
Number of ordinary shares – authorised share capital	110,770,000	110,770,000
Number of ordinary shares – issued and fully paid	110,770,000	110,770,000

18. Shareholder's equity (Cont'd)

As of 31 December 2022 and 31 December 2021 the authorised share capital of the Company was EUR 221,540,000 divided into 110,770,000 ordinary shares, each having a nominal value of EUR 2 each. The authorised share capital of the Company is fully issued and all the shares are fully paid up.

As at 31 December 2022, the Company had a direct holding of treasury shares (ordinary shares, represented by an equal amount of global depositary receipts "GDRs") in the amount of 3,731,792 shares . The amount of 3,564,568 shares were held directly by the Company and 167,244 shares were held by the Company's subsidiary PrJSC MHP.

Other reserves

Other reserves mainly comprise of the following items:

(i) Bond issuance costs in the amount of US$ 13,196,088 settlement of which was assumed by subsidiary companies without any recharge.

(ii) Effect of acquisition of additional interest in subsidiary company in the amount of US$ 2,900,660. The effect is represented by the difference between the fair value of GDRs held as treasury shares transferred as a consideration and their acquisition price previously recorded as deduction in equity.

Merger reserve

The carrying amount of the shares held by the Company in Raftan Holding Limited, Hemiak Investments Limited, Eledem Investments Limited amounting to US$ 670,501,689 was netted with total assets in the amount of US$ 832,500,929, total liabilities in the amount of US$ 406,133,479 transferred to the Company and intercompany balances in the amount of US$ 42,196. The difference in the amount of US$ 244,092,043 was recognized as a reorganization loss in equity as a merger reserve.

Recognition of treasury shares at cost as a result of the merger with Raftan Holding Limited resulted in the merger reserve in the amount of US$21,136,060 giving the total merger reserve amounting to US$222,955,983.

The assets and liabilities transferred as a result of the merger during the year ended 31 December 2021 and calculation of the related merger reserve are as follows:

	US$
Loans issued less ECL (Note 12)	404,251,567
Investments in subsidiaries (Note 10)	401,111,972
Financial assets at fair value through profit and loss (Note 16)	1,780,000
Cash and cash equivalents	2,026,040
Treasury shares at fair value (Note 18)	21,458,699
Other receivables	1,872,562
Total Assets	**832,500,930**
Loans payable - eliminated intercompany balances (Note 3.2)	(403,111,005)
Loans payable (Note 20)	(2,018,219)
Other payables and accruals	(1,004,255)
Total Liabilities	**(406,133,479)**
Net assets transferred as a result of the merger	**426,367,451**
Other intercompany elimination	42,195
Carrying value of the investments in merged subsidiaries (Note 10)	(670,501,689)
Merger reserve	244,092,043
Treasury shares adjusted to cost to the Group (Note 18)	(21,136,060)
Merger reserve	**222,955,983**

19. Bonds issued (Note 3.7)

	Carrying amount		*Nominal amount*	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
7.75% Senior Notes due in 2024	494,415,861	490,850,961	500,000,000	500,000,000
Total bonds issued	494,415,861	490,850,961	500,000,000	500,000,000

As of 31 December 2022 and 31 December 2021, interest payable on bonds issued was US$ 25,737,131 and US$ 5,381,956 respectively (see Note 21).

The Senior Notes are listed for trading on the Global Exchange Market of the Irish Stock Exchange.

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.

Covenants

Certain restrictions under the indebtedness agreements (e.g. incurrence of additional indebtedness, restricted payments as defined above, dividends payment) are dependent on the leverage ratio of the Group calculated as Net Debt to EBITDA. 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, or incur additional debt except that 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). As at 31 December 2022 the leverage ratio of the Group is 3.22 to 1 (31 December 2021: 1.90 to 1), higher than the defined limit 3.0 to 1. The Group has tested all the transactions that occurred prior to publication of these financial statements and has complied with all the covenants defined by the indebtedness agreement during the reporting periods ended 31 December 2022 and 31 December 2021.

19. Bonds issued (Cont'd)

***Covenants* (Cont'd)**

Consent solicitation

On 30 March 2022, the Group received consent from 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"). As a result, the Group postponed bonds` interest payments for total amount of USD 49,425 thousand, and unpaid interest payments continued to accrue during the Support Period. As of 31 December 2022 two deferred semi-annual interest amounts of the 2026 Notes and the 2029 Notes in cumulative amount of USD 31,559 thousand were paid by Group on time. The latest deferred coupon payment due in February 2023 in amount of USD 20,501 thousand was timely repaid after the reporting date.

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

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

20. Loans payable (Note 3.7)

	31 December 2022	31 December 2021
	US$	US$
Loans payable to subsidiary and indirect subsidiary companies (Note 23.5)(i)		
Current portion	52,182,125	37,849,365
Non-current portion	48,000,000	19,221,295
	100,182,125	**57,070,660**

The loans payable are denominated in United States Dollars and in Euro, bear interest ranging from 1,5% to 4% and 1,5% to 3% per annum for the year ended 31 December 2022 and 2021 respectively and are repayable during 2022.

20. Loans payable (Note 3.7) (Cont'd)

(i) As a result of merger in 2021 with Raftan Holding Limited, all rights and obligations under the loan agreement with the Company's subsidiary in the amount of US$2,018,219 (including principal and interest). 2.5% p.a. and maturity date in June 2024 are prescribed in the agreement.

Fair values

The fair values of loans payable as at 31 December 2022 are disclosed in Note 3.

21. Interest payable

	31 December 2022 US$	31 December 2021 US$
Interest payable on bonds issued (Note 19)	25,737,131	5,381,956
Interest payable on loans payable to subsidiary and indirect subsidiary companies (Note 23.5)	3,357,306	1,240,648
	29,094,437	**6,622,604**

22. Financial guarantees

	31 December 2022 US$	31 December 2021 US$
Expected credit losses for free of charge financial guarantees issued (Note 3.2)	3,674,063	614,002

The Company has issued financial guarantees on the borrowings of its subsidiaries and quoted bonds issued by its subsidiaries (Note 19).

Securities on the bank borrowings

The Company has provided guarantees in relation to the following outstanding indebtedness under the bank loan agreements entered into by the Company's direct or indirect subsidiaries:

- Rabobank for an amount of EUR 6,767,412(2021: EUR 7,053,881)
- Credit Agricole bank for an amount of EUR 25,080,827 (2021: EUR nil)
- EBRD for an amount EUR 35,111,111 (2021:EUR 13,888,889)
- Pravexbank US$ 4,255,000 (2021: EUR 4,485,712)
- Citibank US$ 20,350,000 (2021: US$ 20,350,000)
- JSC UKRSIBBANK EUR 28,247,244 (2021: US$ 30,000,000)
- JSC OTP BANK US$ 22,000,000 (2021: US$ 22,000,000)
- Raiffeisen Bank JSC EUR 15,000,000 and US$ 20,788,000 (2021: US$ 33,250,000)

The Company has provided guarantees in relation to the following outstanding indebtedness under the bonds issued by the Company's wholly owned subsidiary MHP Lux S.A., a public company with limited liability (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg:
- US$ 550,000,000 6.95% Senior Notes due in 2026 at par value issued on 3 April 2018.
The Senior Notes are jointly and severally guaranteed on a senior basis by the Company and the following direct and indirect subsidiaries of the Company: PrJSC "MHP", PrJSC "ZERNOPRODUKT MHP", PrJSC "AGROFORT", PrJSC "ORIL-LEADER", PrJSC "MYRONIVSKA PTICEFABRIKA", "SPF "UROZHAY" LLC, "STARYNSKA PTAKHOFABRYKA" ALLC, "VINNYTSKA PTAKHOFABRYKA" LLC, "PEREMOGA NOVA" SE, and "KATERINOPOLSKIY ELEVATOR" LLC, and Scylla Capital Limited.

22. Financial guarantees (Cont'd)

- US$ 350,000,000 6.25% Senior Notes due in 2029 at par value issued on 19 September 2019.

The Senior Notes are jointly and severally guaranteed on a senior basis by the Company and the following direct and indirect subsidiaries of the Company: PrJSC "MHP", PrJSC "ZERNOPRODUKT MHP", PrJSC "AGROFORT", PrJSC "ORIL-LEADER", PrJSC "MYRONIVSKA PTICEFABRIKA", "SPF "UROZHAY" LLC, "STARYNSKA PTAKHOFABRYKA" ALLC, "VINNYTSKA PTAKHOFABRYKA" LLC, "PEREMOGA NOVA" SE, and "KATERINOPOLSKIY ELEVATOR" LLC.

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 indebtedness agreement, restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates. The debt covenants are calculated by reference to Group financial statements.

If the Group fails to comply with the covenants imposed, the Trustee or the Holders of at least 25% in principal amount of the 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.

Interest on the Senior Notes is payable semi-annually in arrears. 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 Adjusted EBITDA ratio as defined by the indebtedness agreement, restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates. The debt covenants are calculated by reference to Group financial statements.

If the Group fails to comply with the covenants imposed, the Trustee or the Holders of at least 25% in principal amount of the 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.

23. Related party transactions

The ultimate controlling party 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, directly ownings of 59,7% of the total outstanding share capital of MHP SE.

Details of related party transactions and balances between the Company and its related parties are disclosed below.

23.1 Income from direct and indirect subsidiaries

	2022 US$	2021 US$
Dividend revenue	38,250,602	140,019,032
Interest revenue (i)	44,936,473	43,183,096
	83,187,075	**183,202,128**

(i) Interest revenue constitutes interest on loans issued and calculated using the effective interest method.

* EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) calculated as loss before income tax benefit plus finance costs, depreciation and amortization expenses and impairment losses

23. Related party transactions (Cont'd)

23.2 Directors' fees (Note 5)

	2022	2021
	US$	US$
Directors' fees and bonuses	3,396,521	1,334,399
	3,396,521	**1,334,399**

23.3 Expenses on transactions with direct and indirect subsidiaries (Note 6)

	2022	2021
	US$	US$
Interest expense	2,265,837	1,742,624
	2,265,837	**1,742,624**

23.4 Receivables from related companies (Notes 12 and 13)

	31 December 2022	31 December 2021
	US$	US$
Loans receivable from subsidiary and indirect subsidiary companies	612,034,616	569,001,992
Interest receivable on loans issued to subsidiary and indirect subsidiary companies	52,306,547	7,792,250
Dividends receivable from subsidiary companies	-	10,000
Other receivables from related parties	868,748	24,485
	665,209,911	**576,828,727**

Expected credit losses allowance on loans issued to relates companies was US$22,040,265 as at 31 December 2022 (2021:US$15,126,894) as described in Note 12**.**

23.5 Payables to related companies (Notes 20 and 21)

	31 December 2022	31 December 2021
	US$	US$
Loans payable to subsidiary and indirect subsidiary companies	100,182,125	57,070,661
Interest payable on loans from subsidiary and indirect subsidiary companies	3,357,306	1,240,648
Other payables to subsidiaries	147,768	2,043,159
Directors' fee payable	65,947	69,763
	103,753,146	**60,424,231**

24. Operating environment of the Company

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. Economic activity started to recover due to the liberation of northern regions and a decrease in the number of regions affected by active hostilities. Thanks to the rapid adaptation of a part of businesses and households to the new conditions and improved results of Q3 2022, estimates of the decline in real GDP for the whole 2022 were to 30.3%. According to the National Bank of Ukraine's (hereafter "NBU") most recent forecast, the NBU expects growth in real GDP to be weak in 2023 at 0.3%, in 2024 real GBP will increase by 4.1%, and in 2025 economic growth will accelerate to 6.4%, but the outlook could worsen sharply if the conflict lasts longer.

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. In Q3 2022 and Q4 2022 inflation has stabilized, although it remains at a high level, reaching to 26.6% as of the end of 2022, according to the NBU recent forecast it will decrease to 18.7% in 2023.

After months of Russia's blockade of Ukrainian sea ports, the "Grain corridor" 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. This agreement establishes safe channels through the Black Sea and inspections in Turkey. As of March 2023 24.6 million tonnes of agriculture produce have been already exported through the "grain corridor", and overall 44.4 million tonnes of agriculture produce have been exported from Ukraine during 11 month of war (including 9.9 million tonnes of wheat, 18.2 million tonnes of corn).

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.

International organizations (IMF, EBRD, EU, World Bank), along with individual countries and charities, are providing Ukraine with financing, donations and material support. In 2022, Ukraine received over USD 32 billion in international assistance, of which over USD 14 billion was in the form of grants. This enabled the country to finance a larger portion of the consolidated budget deficit (over 27% of GDP, excluding grants), and to increase international reserves, to USD 28.5 billion by the end of the year. In view of the already announced international aid the overall official financing in 2023 could exceed USD 38 billion.

In June 2022, the NBU has established the key policy rate at 25% p.a. while its previous level was 10%p.a.The NBU has kept the key policy rate unchanged, at 25%, since June 2022.The updated forecast envisages maintaining it unchanged at least until Q1 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 fixed exchange rate remains an anchor for ensuring the financial stability so the tight monetary conditions will be kept. Once the economy and financial system return to normal operation, it will revert to the traditional format of inflation targeting with a floating exchange .

24. Operating environment in Ukraine (Cont'd)

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.

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 of Ukraine.

The Group, working with volunteers, has been providing humanitarian aid (mainly through food supply) to the people in Ukraine since the beginning of the war, despite logistical challenges.

This operating environment may have a significant impact on the Group's and the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's and Company's operations. However, the future effects of the current economic situation are difficult to predict, and Management's current expectations and estimates could differ from actual results.

Management will continue to monitor the situation closely and will assess the need for additional measures in case the period of disruption prolongs or escalates further.

25. Commitments and contingent liabilities

Taxation and legal issues

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

The Company performs intercompany transactions, which may potentially be in the scope of the Cyprus transfer pricing ("TP") regulations. The Company has prepared the controlled transaction report up to the year ended 31 December 2021 within the required deadlines.

Contractual commitments on purchase of property, plant and equipment

During the years ended 31 December 2022 and 2021, the companies of the Group entered into a number of contracts with foreign suppliers for the purchase of property, plant and equipment for development of agricultural operations. As of 31 December 2022, purchase commitments amounted to USD 33,022 thousand (2021: USD 30,952 thousand).

26. Events after the reporting period

In February 2023, the Group entered into a facility agreement with the European Bank for Reconstruction and Development (EBRD) in the amount of USD 100 million (EBRD of USD 90 million and a B lender of USD 10 million). MHP SE is the guarantor in this facility agreement. The loan is for the purpose of financing of needs of the Group's Poultry and related operations segment. This is a seasonal loan, secured by sunflower seeds and oil stocks with maturity in August 2023 and will be used to finance the purchase of sunflower seeds and other operational expenses associated with production of sunflower oil and related products. The loan includes a number of covenants and other terms and conditions, including a requirement that the Group maintain certain financial ratios in-line with Bonds.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.