18 May 2023, Limassol, Cyprus

MHP SE

Unaudited Financial Results for the First Quarter ended 31 March 2023

MHP SE (LSE:MHPC), the parent company of a leading international agro-industrial group with headquarters in Ukraine, today announces its unaudited results for the first quarter ended 31 March 2023. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

WAR IN UKRAINE

The War in Ukraine continues, with irregular but increasingly frequent attacks across the country and widespread expectations of further escalation in the coming weeks.

Nonetheless, as of today, all MHP’s production facilities continue to operate at close to full capacity.

The Company continues to export to over 70 countries, providing grain, vegetable oils and poultry meat worldwide. However, since the beginning of Q2 2023 the operational environment has become more challenging as a result of bans imposed by a number of EU neighbour countries affecting exports and transit of agricultural produce. If these bans remain in place, MHP will continue to use more complex and higher-cost logistics routes.

Extension of the Black Sea Grain Deal, which is due to expire on 18 May, is still under discussion. Even if new terms are agreed, the operational environment may remain disruptive due to longer than expected inspections undertaken in the Bosphorus ports, which prevent ships coming to Ukrainian ports and cause significant delays in sales.

In addition to the significant general uncertainties inherent in the War, any substantive escalation of attacks could increase risks to MHP’s Ukrainian operations, potentially leading to disruption of production. An attack in recent days in the Odessa region caused the destruction of a rented cold storage facility where MHP stored poultry products for export. The loss of stock is expected to be modest.

OPERATIONAL ENVIRONMENT

As of today, the Company has been able to continue operations in Ukraine and its own facilities have not suffered any physical damage. In the event of any future adverse impact to its operations, the Company has in place detailed contingency plans, ensuring that it is ready to take all actions necessary to rebuild, restore and re-start production in the shortest time possible.

MHP is adapting to the new operational environment - doing business during a time of active War, while recognizing that risks have increased, and their nature has changed substantially.

MHP is reporting good operational and financial results for Q1 2023 thanks to strong demand, positive price movements and minimal disruption to production as a result of the enormous amount of work undertaken by the MHP team since the beginning of the War. It should be noted that operational and financial results in Q1 2022 were more seriously affected by disruption in the early stages of the War. Results for the next periods of 2023 may again be adversely affected by War-related challenges that are not under MHP’s control.

OPERATIONAL HIGHLIGHTS

- MHP poultry production volume in Ukraine was broadly stable y/y at 177,642 tonnes (Q1 2022: 175,644 tonnes). Poultry production volume of the European Operating Segment (PP) increased by 11% to 31,780 tonnes (Q1 2022: 28,550 tonnes).
- The average chicken meat price was stable at US$ 1.86 per kg (Q1 2022: US$ 1.84 per kg) (excluding VAT). The average price of chicken meat at PP increased by 21% to EUR 3.43 per kg (Q1 2022: EUR 2.83 per kg).
- Chicken meat exports increased by 26% to 112,921 tonnes (Q1 2022: 89,340 tonnes).

FINANCIAL OVERVIEW

(in mln. US$, unless indicated otherwise)	**Q1 2023**	**Q1 2022**	*Change y/y[1)]*	**Q4 2022**	*Change q/q[1]*
Revenue	**746**	**553**	**35%**	**766**	**-3%**
IAS 41 standard losses	(37)	(56)	34%	(9)	-311%
Gross profit	**144**	**89**	**62%**	**210**	**-31%**
Gross profit margin	*19%*	*16%*	*3pps*	*27%*	*-8 pps*
War-related expenses	(6)	(26)	-77%	(24)	-75%
Operating profit	**84**	**9**	**833%**	**79**	**6%**
Operating profit margin	*11%*	*2%*	*9 pps*	*10%*	*1 pps*
Adjusted EBITDA	**124**	**50**	**148%**	**138**	**-10%**
Adjusted EBITDA margin	*17%*	*9%*	*8 pps*	*18%*	*-1 pps*
Adjusted EBITDA *(net of IFRS 16)*	**117**	**43**	**172%**	**109**	**7%**
Adjusted EBITDA margin (net of IFRS 16)	16%	8%	8 pps	*14%*	*2 pps*
Net (loss)/profit	**49**	**(108)**	**145%**	**38**	**29%**
Net (loss) profit margin	*7%*	*-20%*	*27 pps*	*5%*	*2 pps*

- *[1)] pps – percentage points*
- *Average official FX rate for Q1: UAH/US$ 36.5686 in 2023 and UAH/US$ 28.5545 in 2022.*

FINANCIAL HIGHLIGHTS

- Revenue of US$ 746 million increased by 35% y/y (Q1 2022: US$ 553 million) and was down 3% q/q (Q4 2022: US$ 766 million).
- War-related expenses decreased by 77% to US$ 6 million (Q1 2022: US$ 26 million).
- Export revenue increased by 69% to US$ 522 million, 70% of total revenue (Q1 2022: US$ 308 million, 56% of total revenue), and increased by 6% q/q (Q4 2022: US$ 491 million).
- Operating profit increased to US$ 84 million (Q1 2022: US$ 9 million); operating margin was 11%.
- Adjusted EBITDA (net of IFRS 16) increased y/y to US$ 117 million from US$ 43 million and was 7% higher q/q (Q4 2022: US$ 109 million); adjusted EBITDA margin (net of IFRS 16) increased to 16% from 8% y/y and from 14% in Q4 2022.
- Net income was US$ 49 million, compared to a net loss of US$ 108 million for Q1 2022, including US$ 4 million of non-cash foreign exchange translation gain in Q1 2023 compared to a foreign exchange loss of US$ 95 million in Q1 2022.

DIAL-IN DETAILS

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

The dial-in details are:

Time:	14.00 London / 16.00 Kyiv / 09.00 New York
Title:	Financial results for Q1 2023
UK:	+44 203 984 9844
Ukraine:	+380 89 324 0624
USA:	+1 718 866 4614
PIN code:	645982

To follow the presentation with the management team, please use the following link:

https://mm.closir.com/slides?id=645982

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Segment Performance

Poultry and Related Operations Segment

	Q1 2023	Q1 2022[1]	% change y/y[2]	Q4 2022	% change q/2[2]
Poultry **Sales volume[1], third party tonnes**	**188,509**	**159,024**	**19%**	**188,907**	**0%**
Export sales volume, tonnes	112,921	89,340	26%	111,130	*2%*
Domestic sales volume, tonnes	75,588	69,684	8%	77,777	*-3%*
Portion of export sales, %	*60%*	*56%*	*4 pps*	59%	*1 pps*
Average price per 1 kg net of VAT, USD	**1.86**	**1.84**	**1%**	**1.87**	**-1%**
Average price per 1 kg net of VAT, UAH (Ukraine)	*52.63*	*45.62*	*15%*	*48.80*	*8%*
Average price per 1 kg net of VAT, USD (Ukraine)	*1.44*	*1.60*	*-10%*	*1.33*	*8%*
Average price per 1 kg net of VAT, USD (export)	*2.12*	*2.01*	*5%*	*2.22*	*-5%*
Sunflower oil Sales volume, third parties tonnes	77,201	32,981	134%	95,895	-19%
Soybeans oil Sales volume, third parties tonnes	14,400	10,335	39%	13,583	6%

1) Total poultry sales include domestic sales, export sales and sales of culinary products
2) pps – percentage points

Chicken meat

Aggregated volume of chicken meat sold to third parties increased by 19% to 188,509 tonnes (Q1 2022: 159,024 tonnes) mainly due to an increase in export volumes. Domestic sales increased by 8% mainly due to higher demand in Ukraine compared to Q1 2022 when the full effects of the War affected results in March. In Q1 2023, export sales increased by 26% y/y to 112,921 tonnes, mainly as a result of substantially decreased sales in March 2022 due to the effects of the War.

Poultry export prices increased by 5% y/y mainly driven by product mix optimization (higher volume of fillet sold) as well as the combined effect of substantial international price increases across all markets (particularly fillet prices in the EU and MENA and small bird prices in the MENA region) from the middle of last year. From the beginning of September 2022, due to changes in the economic environment in the EU and UK and increased competition in the MENA region, poultry prices across all export markets (MENA, EU and CIS) started to decline sharply, which resulted in an 5% q/q decrease in price in Q1 2023.

In Q1 2023 poultry prices in the domestic market (in US$ terms) decreased by 10% y/y, predominantly driven by the significant depreciation of the UAH. In UAH terms, in Q1 2023, poultry prices increased by 15% and 8% y/y and q/q respectively.

Vegetable oil

In Q1 2023, sunflower oil sales volume was 77,201 tonnes, which is 134% higher y/y mainly driven by an increase in production of sunflower cake due to both additional crushing capacity and a change in the recipe as well as partial restoration of logistic routes comparing to Q1 2022. In Q1 2023 MHP’s sales of soybean oil also increased by 39% compared to Q1 2022 to 14,400 tonnes.

Financial result and trends

(in mln. US$, unless indicated otherwise)	Q1 2023	Q1 2022	*% change y/y[1)]*	Q4 2022	*% change q/q[1)]*
Revenue	**519**	**379**	**37%**	**537**	**-3%**
- Poultry and other	*390*	*322*	*21%*	*382*	*2%*
- Vegetable oil	*129*	*57*	*126%*	*155*	*-17%*
IAS 41 standard gain	3	6	-50%	(11)	127%
Gross profit	**110**	**61**	**80%**	**123**	**-11%**
Gross margin	*21%*	*16%*	*5 pps*	*23%*	*-2 pps*
War-related expenses	(4)	(21)	-81%	(3)	33%
Adjusted EBITDA	**97**	**31**	**213%**	**86**	**13%**
Adjusted EBITDA margin	*19%*	*8%*	*11 pps*	*16%*	*3 pps*

[1)] pps – percentage points

Revenue increased by 37% in Q1 2023 compared to Q1 2022, as a result of an increase in prices and volumes of chicken meat on export markets in particular as well as an increase in sales volumes of vegetable oil. A 3% decrease of revenue q/q was mainly attributable to a decrease in sales volumes of vegetable oil while vegetable oil prices on the market both in Q4 2022 and Q1 2023 remained stable.

IAS 41 standard gain in Q1 2023 amounted to US$ 3 million mainly as a result of a slight increase in chicken meat price in Ukraine.

Gross profit of the segment for Q1 2023 increased by 80% compared to Q1 2022 to US$ 110 million. The increase was mainly driven by higher sales volumes of chicken meat as well as by a significant increase from sales of vegetable oil in Q1 2023.

In Q1 2023, adjusted EBITDA increased to US$ 97 million compared to US$ 31 million in Q1 2022, as a result of higher gross profit and lower War-related expenses (US$ 4 million compared with US$ 21 million).

Grain Growing Segment

(in mln. US unless indicated otherwise)	Q1 2023	Q1 2022	*% change*
Revenue	**69**	**35**	**97%**
IAS 41 standard loss	(40)	(65)	-38%
Gross profit	**(2)**	**(2)**	**0%**
War-related expenses	(1)	(1)	0%
Adjusted EBITDA	10	9	11%
Adjusted EBITDA (net of IFRS 16)	**3**	**2**	**50%**

Grain growing segment's revenue for Q1 2023 amounted to US$ 69 million compared to US$ 35 million in Q1 2022. Such a significant increase was mainly attributable to higher exports of crops in Q1 2023, as a result of a partial restoration of logistic routes compared to the operational environment at the beginning of the full scale Russian invasion in Q1 2022.

IAS 41 standard loss for Q1 2023 amounted to US$ 40 million compared to US$ 65 million in Q1 2022. The loss represents a net change in effect of revaluation of agricultural produce (sunflower, corn, wheat and soya) as a result of a decrease of grain in stock due to internal consumption in line with the harvest cycle and seasonality. The lower decrease in Q1 2023 compared to Q1 2022 mainly relates to higher revaluation of grain in 2021 comparing to 2022, which resulted in a higher amount of revaluation derecognized on the balance in Q1 2022 due to sales and consumption.

Meat Processing and Other Agricultural Segment

Meat processing products	Q1 2023	Q1 2022	% change y/y	Q4 2022	% change q/q
Sales volume, third parties tonnes	2,525	6,015	-58%	2,872	-12%
Price per 1 kg net VAT, UAH	133.30	87.65	52%	123.68	8%

Sales volume of meat processing products decreased by 58% y/y to 2,525 tonnes in Q1 2023 driven by War-related challenges that resulted in the temporary suspension of production facilities at "Ukrainian Bacon" in the Donetsk region and the subsequent partial redeployment of its operations to Central Ukraine. The average processed meat price increased by 52% year-over-year to UAH 133.30 per kg in Q1 2023 driven mainly by an increase in raw material prices (spices, packaging and other components) as well as by a positive change in product mix.

Convenience food	Q1 2023	Q1 2022	% change y/y	Q4 2022	% change q/q
Sales volume, third parties tonnes	4,503	3,989	13%	5,327	-15%
Price per 1 kg net VAT, UAH	79.60	53.55	49%	70.05	14%

Sales volumes of convenience food in Q1 2023 increased by 13% to 4,503 tonnes. The average price in Q1 2023 increased by 49% to UAH 79.60 per kg (excluding VAT) mainly driven by raw material price increases as well as a focus on increased sales of higher-margin products.

Financial result and trends

(in mln. US$, except margin data)	Q1 2023	Q1 2022	% change y/y[1]	Q4 2022	% change q/q[1]
Revenue	**32**	**36**	**-11%**	**39**	**-18%**
- Meat processing and convenience food	*24*	*28*	*-14%*	*30*	*-20%*
- Other[2]	*8*	*8*	*0%*	*9*	*-11%*
IAS 41 standard losses	(1)	1	-200%	(2)	50%
Gross profit	**3**	**4**	**-25%**	**4**	**-25%**
Gross margin	*9%*	*11%*	*-2 pps*	*10%*	*-1 pps*
War-related expenses	-	(3)	-100%	(1)	100%
Adjusted EBITDA	**3**	**-**	**100%**	**4**	**-25%**
Adjusted EBITDA margin	*9%*	*0%*	*9 pps*	*10%*	*-1 pps*

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

Segment revenue in Q1 2023 decreased by 11% compared to Q1 2022 to US$ 32 million mainly due to lower sales of meat-processing products as a result of production redeployment. The segment's adjusted EBITDA improved from breakeven to US$ 3 million due to the significant War-related expenses incurred in Q1 2022.

European Operating Segment (PP)

Poultry	Q1 2023	Q1 2022	% change y/y	Q4 2022	% change q/q
Sales volume, third parties tonnes	19,114	17,744	8%	19,141	0%
Price per 1 kg net VAT, EUR	3.43	2.83	21%	3.38	1%

In Q1 2023, poultry sales of the European operating segment increased by 8% to 19,114 tonnes. This was driven by an increased production of chicken meat following expansion of facilities in Croatia and Serbia. Average price increased by 21% in Q1 2023 to EUR 3.43 (Q1 2022: EUR 2.83).

Meat processing products[1]	Q1 2023	Q1 2022	*% change y/y*	Q4 2022	*% change q/q*
Sales volume, third parties tonnes	10,715	9,917	8%	11,162	-4%
Price per 1 kg net VAT, EUR	3.31	2.91	14%	3.19	4%

[1] includes sausages and convenience foods

In Q1 2023, meat processing products sales of the European operating segment constituted 10,715 tonnes, with an average price of EUR 3.31.

Financial result and trends

(in mln. US$, except margin data)	Q1 2023	Q1 2022	*% change y/y[1]*	Q4 2022	*% change q/q[1]*
Revenue	**125**	**103**	**21%**	**118**	**6%**
IAS 41 standard gains	2	2	0%	(2)	200%
Gross profit	**32**	**27**	**19%**	**23**	**39%**
Gross margin	*26%*	*26%*	*0 pps*	*19%*	*7 pps*
Adjusted EBITDA	**20**	**15**	**33%**	**7**	**186%**
Adjusted EBITDA margin	*16%*	*15%*	*1 pps*	*6%*	*10 pps*
Adjusted EBITDA *(net of IFRS 16)*	**19**	**14**	**36%**	**7**	**171%**
Adjusted EBITDA margin (net of IFRS 16)	*15%*	*14%*	*1 pps*	*6%*	*9 pps*

[1] pps – percentage points.

European operating segment's revenue in Q1 2023 increased by 21% to US$ 125 million (Q1 2022: US$ 103 million), mainly as a result of the increase in poultry sales volume and price.

Adjusted EBITDA (net of IFRS 16) increased to US$ 19 million for Q1 2023 from US$ 14 million for Q1 2022. The significant increase of Adjusted EBITDA q/q from US$ 7 million to US$ 19 million resulted from lower energy and grain prices in the EU as well as higher prices for meat processing products during Q1 2023. Another driver of q/q growth of EBITDA was one-off expenses related to disposal of non-current assets in Q4 2022.

Current Group cash flow

(in mln. US$)	Q1 2023	Q1 2022
Cash from operations	**98**	**121**
Change in working capital	(2)	(67)
Net Cash from operating activities	**96**	**54**
Cash used in investing activities	**(36)**	**(38)**
Including:		
CAPEX[1]	(39)	(33)
Cash from financing activities	**(14)**	**22**
Total change in cash[2]	**46**	**38**

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

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

Cash flow from operations before changes in working capital for Q1 2023 amounted to US$ 98 million (Q1 2022: US$ 121 million). Q1 2023 cashflow included payment in February 2023 a part of the deferred interest payment agreed with creditors at the end of Q1 2022.

Lower investments in working capital comparing to Q1 2022 are mostly related to:

- Higher level of sales of chicken meat and grains as well as increased cost of grains consumed and sold in Q1 2023 comparing to Q1 2022;
- Lower prepayments to suppliers for gas and diesel in 1Q 2023 comparing to 1Q 2022.

In Q1 2023 total CAPEX amounted to US$ 39 million mainly related to modernization projects, new products development, the maintenance and improvement of Perutnina Ptuj production facilities and purchase of diesel generators to mitigate the impact of possible power outages.

Debt Structure and Liquidity

(in mln. US$)	**31 March 2023**	**31 December 2022**	**31 March 2022**
Total Debt[1) 2)]	**1,534**	**1,537**	**1,516**
LT Debt[1)]	1,509	1,507	1,499
ST Debt [1)]	176	182	141
Trade credit facilities[2)]	(151)	(152)	(124)
Cash and bank deposits	(351)	(300)	(308)
Net Debt[1)]	**1,183**	**1,237**	**1,208**
LTM Adjusted EBITDA[1)]	458	384	637
Net Debt / LTM Adjusted EBITDA[1)]	*2.58*	*3.22*	*1.90*

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

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

As of 31 March 2023, the share of long-term debt in the total outstanding debt remained unchanged at 98% of total debt. The weighted average interest rate is around 7%.

As of 31 March 2023, MHP's cash and cash equivalents amounted to US$ 351 million. Net debt decreased to US$ 1,183 million, compared to US$ 1,237 million as at 31 December 2022.

The Net Debt / LTM adjusted EBITDA (net of IFRS 16) ratio was 2.58 as of 31 March 2023, lower than the limit of 3.0 defined in the Eurobond agreement.

As a hedge for currency risks, revenues from the exports of grain, sunflower and soybean oil, sunflower husks and chicken meat, which are denominated in US Dollars and Euros, are more than sufficient to cover debt service expenses. Export revenue for Q1 2023 amounted to US$ 522 million or 70% of total revenue (US$ 308 million or 56% of total sales in Q1 2021).

Notes to Editors:

About MHP

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

Ukraine: MHP has the greatest market share and the highest brand recognition for its products. MHP owns and operates each of the key stages of chicken production processes, from feed grains and fodder production to egg hatching and grow out to processing, marketing, distribution and sales (including through MHP's franchise outlets). Vertical integration reduces MHP's dependence on suppliers and its exposure to increases in raw material prices. In addition to cost efficiency, vertical integration also allows MHP to maintain strict biosecurity and to control the quality of its inputs and the resulting quality and consistency of its products through to the point of sale. To support its sales, MHP maintains a distribution network consisting of nine distribution and logistical centers, within major Ukrainian cities. MHP uses its trucks for the distribution of its products, which Management believes reduces overall transportation costs and delivery times.

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

The Balkans: Perutnina Ptuj is a leading poultry and meat-processing producer in the Balkans, has production assets in four Balkan countries: Slovenia, Croatia, Serbia, Bosnia and Herzegovina; owns distribution companies in Austria, North Macedonia and Romania and supplies products to 15 countries in Europe. Perutnina Ptuj is a vertically integrated company across all stages of chicken meat production - feed, hatching eggs production and hatching, breeding, slaughtering, sausages and further poultry processing production.

MHP trades on the London Stock Exchange under the ticker symbol MHPC since 2008.

Forward-Looking Statements

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

MHP SE AND ITS SUBSIDIARIES

Interim condensed consolidated Financial Statements

As of and for the three-month period ended 31 March 2023

CONTENTS

STATEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

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

(a) The interim condensed consolidated financial statements for the period from 1 January 2023 to 31 March 2023 that are presented on pages 5 to 23:

i. were prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union and in accordance with the provisions of Article 10 (4) of the Law, and

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

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

17 May 2023

Members of the Board of Directors:

Chief Executive Officer	Yuriy Kosyuk
Chief Financial Officer	Viktoriia Kapeliushna
Director	John Grant
Director	John Clifford Rich
Director	Philip J Wilkinson
Director	Andriy Bulakh
Director	Christakis Taoushanis
Director	Oscar Chemerinski

MANAGEMENT REPORT

Key financial highlights

During the three-month period ended 31 March 2023 consolidated revenue increased by 35% to USD 745,602 thousand, compared to USD 553,328 thousand for the three-month period ended 31 March 2022. Export sales of USD 521,945 thousand for the three-month period ended 31 March 2023 constituted 70% of total revenue compared to USD 307,603 thousand, and 56% of total revenue for the three-month period ended 31 March 2022.

Gross profit increased by 61% to USD 143,556 thousand for the three-month period ended 31 March 2023 compared to USD 89,272 thousand for the three-month period ended 31 March 2022. The increase was driven mainly by higher gross profit in the poultry and related operations segment due to increases in both volume and selling price of chicken meat as well as higher volumes of vegetable oil sold.

Operating profit increased to USD 83,990 thousand for the three-month period ended 31 March 2023 compared to USD 8,691 thousand for the three-month period ended 31 March 2022, mainly as a result of the increase in gross profit and non-recurrence of significant write-offs of inventories and donations to communities in Ukraine following the Russian invasion in February 2022.

Profit for the three-month period ended 31 March 2023 amounted to USD 49,065 thousand, compared to a loss of USD 108,252 thousand for the three-month period ended 31 March 2022. The increase is mainly due to higher operating profit and stabilization of the Ukrainian Hryvnia against the US Dollar and EURO, which resulted in a modest foreign exchange gain of USD 4,180 thousand for the three-month period ended 31 March 2023 compared to a foreign exchange loss of USD 95,323 thousand for the three-month period ended 31 March 2022.

Dividends

In view of continuing War-related uncertainties, and the resulting need to preserve liquidity to support the Company's ongoing business operations, the Directors decided not to declare a final dividend for the 2022 financial year.

Risks and uncertainties

Russian invasion

On February 24, 2022, Russian forces began a military invasion of Ukraine resulting in a full-scale war across the Ukrainian State (the "War").

As a result of the War, MHP has experienced a number of significant disruptions and operational issues within its business, which are described in detail in Note 11 Operating environment. Detailed information on this matter can also be found on pages 156 to 157 of the Annual Report which is available at mhp.com.cy.

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

Other risks and uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Group's performance over the remaining nine months of the financial year and could cause actual results to differ materially from expected and historical results. The Directors do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 31 December 2022. A detailed explanation of the risks, and how the Group seeks to mitigate these risks, can be found on pages 212 to 215 of the Annual Report.

17 May 2023

On behalf of the Board:

Chief Executive Officer	Yuriy Kosyuk
Chief Financial Officer	Viktoriia Kapeliushna

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Three-month period ended 31 March 2023*	*Three-month period ended 31 March 2022*
Revenue	*3*	745,602	553,328
Net change in fair value of biological assets and agricultural produce	*3*	(36,673)	(55,958)
Cost of sales		(565,373)	(408,098)
Gross profit	*4*	143,556	89,272
Selling, general and administrative expenses		(59,503)	(54,273)
Other operating income		5,015	1,871
Other operating expenses		(5,078)	(28,179)
Operating profit		83,990	8,691
Finance income		2,206	1,168
Finance costs	*8, 9*	(40,006)	(37,410)
Foreign exchange gain/(loss), net	*4, 14*	4,180	(95,323)
Profit/(loss) before tax	*4*	50,370	(122,874)
Income tax (expense)/benefit		(1,305)	14,622
Profit/(loss) for the period		49,065	(108,252)
Other comprehensive profit/(loss)			
Items that may be reclassified to profit or loss:			
Cumulative translation difference		7,955	(88,439)
Deferred tax charged directly to revaluation reserve		-	(81,317)
Other comprehensive profit/(loss) for the period		7,955	(169,756)
Total comprehensive profit/(loss) for the period		57,020	(278,008)
Profit/(loss) attributable to:			
Equity holders of the Parent		51,695	(107,190)
Non-controlling interests		(2,630)	(1,062)
		49,065	(108,252)
Total comprehensive profit/(loss) attributable to:			
Equity holders of the Parent		60,048	(275,076)
Non-controlling interests		(3,028)	(2,932)
		57,020	(278,008)
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share (USD per share)		0.48	(1.00)

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoriia Kapeliushna

The accompanying notes on the pages 11 to 23 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of 31 March 2023

(in thousands of US dollars, unless otherwise indicated)

	Notes	31 March 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,872,263	1,855,731
Right-of-use asset		225,031	222,917
Intangible assets		80,089	79,628
Goodwill		61,093	59,808
Non-current biological assets		20,121	21,206
Non-current financial assets		9,910	7,813
Long-term deposits		-	3,105
Deferred tax assets		1,561	2,434
		2,270,068	2,252,642
Current assets			
Inventories	6	510,836	413,790
Biological assets		190,422	176,693
Agricultural produce	6	244,021	361,427
Prepayments		24,492	29,905
Other current financial assets		19,612	22,097
Taxes recoverable and prepaid		63,891	68,759
Trade accounts receivable		188,451	182,900
Cash and cash equivalents		350,917	300,489
		1,592,642	1,556,060
TOTAL ASSETS		3,862,710	3,808,702
EQUITY AND LIABILITIES			
Equity			
Share capital	7	284,505	284,505
Treasury shares		(44,593)	(44,593)
Additional paid-in capital		174,022	174,022
Revaluation reserve		771,438	792,221
Retained earnings		1,631,304	1,558,826
Translation reserve		(1,329,257)	(1,337,610)
Equity attributable to equity holders of the Parent		1,487,419	1,427,371
Non-controlling interests		15,298	18,326
Total equity		1,502,717	1,445,697
Non-current liabilities			
Bank borrowings	8	116,285	117,719
Bonds issued	9	1,384,721	1,382,981
Lease liabilities		162,964	164,071
Deferred income		36,711	36,912
Deferred tax liabilities		118,493	123,677
Other non-current liabilities		5,183	5,081
		1,824,357	1,830,441
Current liabilities			
Trade accounts payable		130,900	122,576
Other current financial liabilities		105,988	95,793
Contract liabilities		32,031	30,945
Bank borrowings	8	171,664	176,112
Interest payable	8,9	16,846	41,886
Lease liabilities		78,207	65,252
		535,636	532,564
TOTAL LIABILITIES		2,359,993	2,363,005
TOTAL EQUITY AND LIABILITIES		3,862,710	3,808,702

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoriia Kapeliushna

The accompanying notes on the pages 11 to 23 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

	Attributable to equity holders of the Parent								
	Share capital	*Treasury shares*	*Additional paid-in capital*	*Revaluation reserve*	*Retained earnings*	*Translation reserve*	*Total*	*Non-controlling interests*	*Total equity*
Balance as of 1 January 2023	284,505	(44,593)	174,022	792,221	1,558,826	(1,337,610)	1,427,371	18,326	1,445,697
Profit for the period/(loss)	-	-	-	-	51,695	-	51,695	(2,630)	49,065
Other comprehensive profit/(loss)	-	-	-	-	-	8,353	8,353	(398)	7,955
Total comprehensive income/(loss) for the period	-	-	-	-	51,695	8,353	60,048	(3,028)	57,020
Transfer from revaluation reserve to retained earnings	-	-	-	(20,945)	20,945	-	-	-	-
Translation differences on revaluation reserve	-	-	-	162	(162)	-	-	-	-
Balance as of 31 March 2023	284,505	(44,593)	174,022	771,438	1,631,304	(1,329,257)	1,487,419	15,298	1,502,717

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoriia Kapeliushna

The accompanying notes on the pages 11 to 23 form an integral part of these interim condensed consolidated financial statements

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

	Attributable to equity holders of the Parent								
	Share capital	*Treasury shares*	*Additional paid-in capital*	*Revaluation reserve*	*Retained earnings*	*Translation reserve*	*Total*	*Non-controlling interests*	*Total equity*
Balance as of 1 January 2022	284,505	(44,593)	174,022	811,684	1,557,284	(1,018,514)	1,764,388	29,800	1,794,188
Loss for the period	-	-	-	-	(107,190)	-	(107,190)	(1,062)	(108,252)
Other comprehensive loss	-	-	-	-	-	(167,886)	(167,886)	(1,870)	(169,756)
Total comprehensive loss for the period	-	-	-	-	(107,190)	(167,886)	(275,076)	(2,932)	(278,008)
Transfer from revaluation reserve to retained earnings	-	-	-	(13,601)	13,601	-	-	-	-
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(2,421)	(2,421)
Translation differences on revaluation reserve	-	-	-	(54,707)	54,707	-	-	-	-
Balance as of 31 March 2022	284,505	(44,593)	174,022	743,376	1,518,402	(1,186,400)	1,489,312	24,447	1,513,759

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoriia Kapeliushna

The accompanying notes on the pages 11 to 23 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Three-month period ended 31 March 2023*	*Three-month period ended 31 March 2022*
Operating activities			
Profit/(loss) before tax		50,370	(122,874)
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization expense	*3*	40,372	41,490
Net change in fair value of biological assets and agricultural produce	*3*	36,673	55,958
Change in allowance for irrecoverable amounts and direct write-offs		(1,789)	26,817
Loss on disposal of property, plant and equipment and other non-current assets		78	362
Finance income		(2,206)	(1,168)
Finance costs		40,006	37,410
Released deferred income		-	(391)
Non-operating foreign exchange (gain)/loss, net		(4,180)	95,323
Operating cash flows before movements in working capital		159,324	132,927
Working capital adjustments			
Change in inventories	*6*	(80,718)	(93,744)
Change in biological assets		(18,647)	(27,560)
Change in agricultural produce	*6*	74,901	27,444
Change in prepayments made		4,432	(20,025)
Change in other financial current assets		(233)	313
Change in taxes recoverable and prepaid		5,265	(17,728)
Change in trade accounts receivable		(3,419)	18,721
Change in contract liabilities		2,888	919
Change in other financial current liabilities		5,893	6,343
Change in trade accounts payable		7,602	38,272
Cash generated by operations		157,288	65,882
Interest received		1,865	576
Interest paid		(59,531)	(11,208)
Income taxes paid		(4,013)	(1,440)
Net cash flows from operating activities		95,609	53,810
Investing activities			
Purchases of property, plant and equipment	*5*	(38,433)	(31,382)
Purchases of other non-current assets		(318)	(1,606)
Purchases of other intangible assets		(1,412)	(1,354)
Proceeds from disposals of property, plant and equipment		854	295
Purchases of non-current biological assets		(258)	(1,374)
Prepayments and capitalized initial direct costs under lease contracts		(1,035)	(1,500)
Government grants received		218	-
Investments in deposits		-	(371)
Withdrawals of deposits		4,803	-
Loans provided to/(repaid by) employees, net		105	(250)
Loans and finance aid provided to related parties		(45)	(317)
Net cash flows used in investing activities		(35,521)	(37,859)

The accompanying notes on the pages 11 to 23 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Three-month period ended 31 March 2023*	*Three-month period ended 31 March 2022*
Financing activities			
Proceeds from bank borrowings		12,230	79,210
Repayment of bank borrowings		(22,542)	(52,864)
Repayment of lease liabilities		(3,665)	(4,049)
Dividends paid by subsidiaries to non-controlling shareholders		(164)	(140)
Net cash flows from financing activities		(14,141)	22,157
Net decrease in cash and cash equivalents		45,947	38,108
Net foreign exchange difference		4,481	(5,652)
Cash and cash equivalents at 1 January		300,489	275,237
Cash and cash equivalents at 31 March		350,917	307,693

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoriia Kapeliushna

The accompanying notes on the pages 11 to 23 form an integral part of these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

1. Corporate information

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

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

The principal business activities of the Group are poultry and related operations, grain growing, as well as meat processing and other agricultural operations. The Group's poultry and related operations integrate all functions related to the production of chicken, including hatching, fodder manufacturing, raising chickens to marketable age ("grow-out"), processing and marketing of branded chilled products and include the production and sale of chicken products, vegetable oil and mixed fodder. Grain growing comprises the production and sale of grains. Meat processing and other agricultural operations comprise the production and sale of cooked meat, sausages, convenience food products, milk and feed grains. As at 31 March 2023 the Group employed 31,978 people (31 December 2022: 31,701 people).

The primary subsidiaries, the principal activities of the companies forming the Group and the Parent's effective ownership interest as of 31 March 2023 and 31 December 2022 were as follows:

Name	*Country of registration*	*Year established/ acquired*	*Principal activities*	*31 March 2023*	*31 December 2022*
MHP Lux S.A.	Luxembourg	2018	Finance Company	100.0%	100.0%
MHP	Ukraine	1998	Management, marketing and sales	99.9%	99.9%
Myronivsky Plant of Manufacturing Feeds and Groats	Ukraine	1998	Fodder and vegetable oil production	88.5%	88.5%
Vinnytska Ptakhofabryka	Ukraine	2011	Chicken farm	100.0%	100.0%
Peremoga Nova	Ukraine	1999	Breeder farm	99.9%	99.9%
Oril-Leader	Ukraine	2003	Chicken farm	99.9%	99.9%
Myronivska Pticefabrika	Ukraine	2004	Chicken farm	99.9%	99.9%
Starynska Ptakhofabryka	Ukraine	2003	Breeder farm	100.0%	100.0%
Zernoprodukt MHP	Ukraine	2005	Grain cultivation	99.9%	99.9%
Katerinopilskiy Elevator	Ukraine	2005	Fodder production and grain storage, vegetable oil production	99.9%	99.9%
SPF Urozhay	Ukraine	2006	Grain cultivation	99.9%	99.9%
Agrofort	Ukraine	2006	Grain cultivation	99.9%	99.9%
MHP-Urozhayna Krayina	Ukraine	2010	Grain cultivation	99.9%	99.9%
Ukrainian Bacon	Ukraine	2008	Meat processing	79.9%	79.9%
MHP-AgroKryazh	Ukraine	2013	Grain cultivation	51.0%	51.0%
MHP-Agro-S	Ukraine	2013	Grain cultivation	51.0%	51.0%
Zakhid-Agro MHP	Ukraine	2015	Grain cultivation	100.0%	100.0%
Perutnina Ptuj d.d.	Slovenia	2019	Poultry production	100.0%	100.0%
MHP Food Trading	United Arab Emirates	2016	Trading in vegetable oil and poultry meat	100.0%	100.0%
MHP B.V.	Netherlands	2014	Trading in poultry meat	100.0%	100.0%
MHP Trade B.V.	Netherlands	2018	Trading in poultry meat	100.0%	100.0%
MHP Saudi Arabia Traiding	Saudi Arabia	2018	Trading in poultry meat	75.0%	75.0%
MHP Food UK Limited	UK	2021	Trading in poultry meat	100.0%	100.0%

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2023

(in thousands of US dollars, unless otherwise indicated)

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2023 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

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

The 31 December 2022 statement of financial position was derived from the audited consolidated financial statements, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

Going concern

As a result of the Russian invasion, the Group has experienced a number of significant disruptions and operational issues within its business, which are described in Note 11 Operating Environment and on pages 156 to 157 of the annual report which is available at mhp.com.cy.

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

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

Adoption of new and revised International Financial Reporting Standards

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

Functional and presentation currencies

The functional currency of Ukrainian companies of the Group is the Ukrainian Hryvnia (“UAH”); the functional currency of the Cyprus and Luxembourg companies of the Group is the US Dollar (“USD”); the functional currency of the European companies of the Group is the Euro (“EUR”); the functional currency of the United Arab Emirates companies is the Dirham (“AED”), the functional currency of the UK company is the British Pound ("GBP”); the functional currency of the Saudi Arabia company is the Saudi Riyal ("SAR”). Transactions in currencies other than the functional currency of the entities concerned are treated as transactions in foreign currencies. Such transactions are initially recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the reporting date. All realized and unrealized gains and losses arising on exchange differences are recognised in the consolidated statement of profit or loss and other comprehensive income for the period. These consolidated financial statements are presented in US Dollars (“USD”), which is the Group’s presentation currency.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2023

(in thousands of US dollars, unless otherwise indicated)

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

Functional and presentation currencies *(continued)*

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

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

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

The following exchange rates were used:

Currency	*Closing rate as of 31 March 2023*	*Average for three months ended 31 March 2023*	*Closing rate as of 31 December 2022*	*Average for three months ended 31 March 2022*
UAH/USD	36.5686	36.5686	36.5686	28.5545
UAH/EUR	39.7812	39.2233	38.9510	32.2788
USD/EUR	1.0879	1.0726	1.0651	1.1304

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

Seasonality of operations

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

3. Segment information

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 31 March 2023:

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*Europe operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	519,306	69,246	32,232	124,818	745,602	-	745,602
Sales between business segments	29,781	85,080	169	-	115,030	(115,030)	-
Total revenue	549,087	154,326	32,401	124,818	860,632	(115,030)	745,602
Segment result	77,448	(3,599)	1,699	15,082	90,630	-	90,630
Unallocated corporate expenses							(6,640)
Other expenses, net [1)]							(33,620)
Profit before tax from continuing operations							50,370
Other information:							
Depreciation and amortization expense [2)]	20,063	13,477	1,432	4,679	39,651	-	39,651
Net change in fair value of biological assets and agricultural produce	3,267	(40,124)	(1,363)	1,547	(36,673)	-	(36,673)

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

[2)] Depreciation and amortization for the three-month period ended 31 March 2023 does not include unallocated depreciation and amortization in the amount of USD 721 thousand.

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

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*Europe operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	378,675	35,158	36,130	103,365	553,328	-	553,328
Sales between business segments	16,136	117,509	86	-	133,731	(133,731)	-
Total revenue	394,811	152,667	36,216	103,365	687,059	(133,731)	553,328
Segment result	11,685	(5,652)	(2,038)	9,447	13,442	-	13,442
Unallocated corporate expenses							(4,744)
Other expenses, net [1)]							(131,565)
Loss before tax from continuing operations							(122,874)
Other information:							
Depreciation and amortization expense [2)]	19,646	14,584	1,859	5,193	41,282	-	41,282
Net change in fair value of biological assets and agricultural produce	6,232	(65,393)	732	2,471	(55,958)	-	(55,958)

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

4. Profit for the period

The Group's gross profit for the three-month period ended 31 March 2023 increased compared to the three-month period ended 31 March 2022 and amounted to USD 143,556 thousand and USD 89,272 thousand, respectively. The increase was driven mainly by higher gross profit in the poultry and related operations segment due to increase in both volume and selling price of chicken meat as well as higher volumes of vegetable oil sold.

Profit for the three-month period ended 31 March 2023 amounted to USD 49,065 thousand, compared to loss of USD 108,252 thousand for the three-month period ended 31 March 2022 mainly as a result of increase in gross profit and significant write-offs of inventories and donations to communities in Ukraine in 2022 due to Russian invasion. Another positive impact on profit is stabilization of Ukrainian Hryvnia against US Dollar and EURO, which resulted in modest foreign exchange gain of USD 4,180 thousand for the three-month period ended 31 March 2023 compared to loss of USD 95,323 thousand for the three-month period ended 31 March 2022.

5. Property, plant and equipment

During the three-month period ended 31 March 2023, the Group's additions to property, plant and equipment amounted to USD 41,998 thousand (three-month period ended 31 March 2022: USD 30,187 thousand) mainly related to modernization projects, new products development and the maintenance and improvement of Perutnina Ptuj production facilities. An increase is mainly due to significant investments in diesel generators to mitigate impact of possible power outages.

There were no significant disposals of property, plant and equipment during the three-month period ended 31 March 2023.

6. Inventories and agricultural produce

An increase in inventory balance as of 31 March 2023 compared to 31 December 2022 is mainly attributable to costs incurred by grain growing entities in respect of forthcoming spring sowing campaign, as well as higher volumes of vegetable oils and corn.

A decrease of agricultural produce for three-month period ended 31 March 2023 was mainly a result of consumption of internally produced grains and lower stocks of chicken meat.

7. Shareholders' equity

As of 31 March 2023 and 31 December 2022 the authorized, issued and fully paid share capital of MHP SE comprised the following number of shares:

	31 March 2023	*31 December 2022*
Number of shares issued and fully paid	110,770,000	110,770,000
Number of shares outstanding	107,038,208	107,038,208

The authorized share capital as of 31 March 2023 and 31 December 2022 was EUR 221,540 thousand represented by 110,770,000 shares with par value of EUR 2 each.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

8. Bank borrowings

The following table summarizes bank borrowings and credit lines outstanding as of 31 March 2023 and 31 December 2022:

		2023		*2022*	
	Currency	*WAIR [1]*	*USD' 000*	*WAIR [1]*	*USD' 000*
Non-current					
	EUR	EURIBOR[2] + 1.25%	116,285	EURIBOR[2] + 1.35%	117,719
			116,285		117,719
Current					
	UAH	20,00%[4]	2,456	20.00%[4]	2,456
	USD	SOFR[3] + 2.20%	19,350	SOFR[3] + 2.20%	10,550
	USD	7.05%	44,788	6.06%	56,843
	EUR	EURIBOR[2] + 2,3%	26,108	EURIBOR[2] + 2,3%	25,564
	EUR	6.32%	58,014	4.32%	56,802
Current portion of long-term bank borrowings	EUR	EURIBOR[2] + 1.25%	20,948	EURIBOR[2] + 1.35%	23,897
			171,664		176,112
Total bank borrowings			**287,949**		**293,831**

1) WAIR represents the weighted average interest rate on outstanding borrowings.
2) According to the agreements terms, if market EURIBOR becomes negative, it shall be deemed to be zero for calculation of interest expense.
3) The Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.
4) Deduction interest amount equal to 3m UIRD+5% p.a. will be applied as interest compensation from Government, where Ukrainian Index of Retail Deposit Rates (UIRD) - indicative rate calculated at 15:00 Kyiv time of each Banking Day in the Thomson Reuters system based on nominal rates on time deposits of individuals in hryvnia for a period of 3 months with interest paid upon the expiration of the deposit agreement, operating in 20 largest Ukrainian banks in the size of the deposit portfolio of individuals. As of 31 March 2023 3m UIRD rate is equal 11.96% p.a.

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

As of 31 March 2023 and 31 December 2022, the Group's bank term loans and credit lines bear floating and fixed interest rates.

Bank borrowings and credit lines outstanding as of 31 March 2023 and 31 December 2022 were repayable as follows:

	31 March 2023	*31 December 2022*
Within one year	171,664	176,112
In the second year	24,729	27,170
In the third to fifth year inclusive	84,908	84,041
After five years	6,648	6,508
	287,949	**293,831**

As of 31 March 2023, the Group had undrawn facilities of USD 39,432 thousand (31 December 2022: USD 36,819 thousand). These undrawn facilities expire during the period until September 2028.

The Group, as well as particular subsidiaries of the Group, have to comply with the following maintenance covenants imposed by the banks providing the loans: EBITDA to interest expenses ratio, current ratio and liabilities to equity ratio. Separately, there are negative covenants in respect of restricted payments, comprising dividends, capital expenditures, additional indebtedness and restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates in case of excess of Net Debt to EBITDA ratio (the Group's leverage ratio).

As of 31 March 2023 the Group has complied with all bank covenants. As at 31 March 2023, the Group's leverage ratio decreased to 2.58 to 1, compared with 3.22 to 1 as at 31 December 2022, restrictions are no longer applicable to the Group as from 18 May 2023, as stated in Note 9.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

8. Bank borrowings *(continued)*

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

As of 31 March 2023, the Group had borrowings of USD 111,331 thousand that were secured by property, plant and equipment with a collateral amount of USD 105,319 thousand (31 December 2022: USD 109,258 thousand and USD 100,789 thousand respectively).

As of 31 March 2023, the Group had borrowings of USD 31,306 thousand that were secured by agricultural produce with a carrying amount of USD 38,795 thousand (31 December 2022: USD 30,608 thousand and USD 38,260 thousand respectively).

As of 31 March 2023, the deposit with carrying amount of USD 20,191 thousand (31 December 2022: USD 23,137 thousand) was restricted as collateral to issued L/C.

As of 31 March 2023 and 31 December 2022, interest payable on bank borrowings was USD 1,108 thousand and USD 774 thousand, respectively.

9. Bonds issued

Bonds issued and outstanding as of 31 March 2023 and 31 December 2022 were as follows:

	Carrying amount		*Nominal amount*	
	31 March 2023	*31 December 2022*	*31 March 2023*	*31 December 2022*
7.75% Senior Notes due in 2024	495,447	494,416	500,000	500,000
6.95% Senior Notes due in 2026	541,353	540,707	550,000	550,000
6.25% Senior Notes due in 2029	347,921	347,858	350,000	350,000
Unamortized debt issuance cost	-	-	(15,279)	(17,019)
Total bonds issued	**1,384,721**	**1,382,981**	**1,384,721**	**1,382,981**

As of 31 March 2023 and 31 December 2022 amount of accrued interest on bonds issued was USD 15,738 thousand and USD 41,112 thousand, respectively.

6.25% Senior Notes

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

9. Bonds issued *(continued)*

6.95% Senior Notes

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

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

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

7.75% Senior Notes

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

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

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

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 March 2023 the leverage ratio of the Group is 2.58 to 1 (31 December 2022: 3.22 to 1), lower than the defined limit 3.0 to 1. The Group believes that since, as at the interim reporting date, it improved the leverage ratio and met the covenants imposed, the aforementioned restrictions are no longer applicable to the Group as from 18 May 2023, the date of publication of interim condensed consolidated financial statements for the three months ended 31 March 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

9. Bonds issued *(continued)*

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 a total amount of USD 49,425 thousand, and postponed 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 a cumulative amount of USD 31,559 thousand were paid by Group on time. The last deferred coupon payment due in February 2023 in the amount of USD 20,501 thousand was paid on time.

10. Related party balances and transactions

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

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

Transactions with related parties under common control

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

Transactions with related parties during the three-month periods ended 31 March 2023 and 31 March 2022 were as follows:

	2023	*2022*
Loans and finance aid provided to related parties	45	317
Interest charged on loans and finance aid provided	80	-
Sales of goods	26	-
Purchases from related parties	4	2
Key management personnel of the Group:		
Loans provided	98	-
Loans repaid	90	176

The balances owed to and due from related parties were as follows as of 31 March 2023 and 31 December 2022:

	2023	*2022*
Loans and finance aid receivable	3,717	3,601
Less: expected credit losses	(2,277)	(2,117)
	1,440	1,484
Loans to key management personnel	3,713	3,656
Less: expected credit losses	(333)	(276)
	3,380	3,380
Trade accounts receivable	131	106
Payables due to related parties	21	21

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

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

Loans and finance aid receivable

For loans and finance aid receivable, credit risk increased to the point where it is considered credit-impaired. The expected credit loss for such loans amounted to USD 2,063 thousand and USD 1,882 thousand as at 31 March 2023 and 31 December 2022 respectively.

Compensation of key management personnel

Total compensation of the Group's key management personnel included primarily in selling, general and administrative expenses in the Consolidated Statements of Profit and Loss and Other Comprehensive Income amounted to USD 2,610 thousand and USD 2,426 thousand for the periods ended 31 March 2023 and 2022, respectively. Compensation of key management personnel consists of contractual salary and performance bonuses.

11. Operating environment

On 24 February 2022, Russian forces commenced a military invasion of Ukraine resulting in a full-scale war across the Ukrainian State. The ongoing military attack has led, and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. Sea ports and airports remain closed and some 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. According to the National Bank of Ukraine (hereafter "NBU") most recent forecast, the NBU expects growth in GDP to 2% in 2023, which is higher than previously expected economic growth rate of 0.3%. In the years that follow, economic growth rates are expected to accelerate to 4.3% in 2024 and to 6.4% in 2025, however, the outlook could worsen sharply if the war lasts longer.

As of May 2023, the NBU has kept the key policy rate unchanged, at 25%, since June 2022.The recent forecast envisages maintaining this unchanged at least until Q1 2024. The exchange rate remained fixed at UAH 36.57 to the US Dollar.

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 deteriorating maturity structure of bank deposits and higher spending on some durable goods, primarily imported goods. In March 2023, consumer price growth slowed to 21.3% year to year. The easing of inflationary pressure was facilitated by the sufficient supply of food staples and fuels and by a rapid recovery of the energy system from the consequences of Russia's terrorist attacks. According to the NBU recent forecast inflation will decelerate to 14.8% in 2023 and will return to a single-digit level in the years ahead.

International organizations (IMF, EBRD, EU, World Bank), along with individual countries and charities, are providing Ukraine with financing, donations and material support. According to the NBU recent forecast, inflows from international partners could exceed USD 42 billion in 2023. International assistance will remain an important source of financing to meet state budget needs.

After months of Russia's blockade of Ukrainian sea ports, the "Grain deal" was signed by Ukraine, the UN, Turkey and Russia on 22 July 2022, that allowed the movement of cargo ships carrying grain in the Black Sea. The document spells out a complex regime that establishes safe channels through the Black Sea and inspections in Turkey. As of May 2023, 29.8 million tonnes of agricultural produce have already been exported through the "grain corridor" (16.3 million tonnes in 2022 and 13.5 million tonnes in 2023). The "Grain deal" was due to expire on 18 March 2023 and had been extended for at least 60 days. In Q1 2023, 19.3 million tonnes of agricultural produce have already been exported from Ukraine in total.

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

The Government has implemented 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2023

(in thousands of US dollars, unless otherwise indicated)

11. Operating environment *(continued)*

Since the start of the war the Group's poultry production facilities have not suffered any physical damage. The Group ceased the operation of "Ukrainian Bacon" in Donetsk region in 2022 and the production facilities continue to be frozen in 2023. Production and movable machinery has been partly redeployed on the Group's production sites in central Ukraine.

Since 24 February 2022, the Group has suffered significant losses as a result of the continuous war in Ukraine. The Group considers the following expenses incurred during the three-month periods ended 31 March 2023 and 31 March 2022 to be directly related to the war:

	2023	*2022*
Community support donations[1)]	718	13,403
Write-off of inventories and biological assets[1)]	4	8,334
Salary to mobilized employees[2)]	4,242	1,196
Expected credit losses of trade accounts receivable and non-current financial assets[1)]	-	2,005
Other war-related expenses[1)]	1,185	1,439
Total amount *recognized in profit or loss*	**6,149**	**26,377**

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

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

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

12. Contingencies and contractual commitments

Taxation and legal issues

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

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

The Group exports vegetable oil, chicken meat and related products, and performs intercompany transactions which may potentially be in the scope of the Ukrainian transfer pricing ("TP") regulations. The Group has submitted the controlled transaction report for the years ended 31 December 2020 and 31 December 2021 within the required deadlines.

As of 31 March 2023, the Group's management assessed its possible exposure to tax risks for a total amount of USD 4,428 thousand related to corporate income tax (31 December 2022: USD 4,428 thousand). No provision was recognised relating to such possible tax exposure.

As of 31 March 2023, companies of the Group were engaged in ongoing litigation with tax authorities for the amount of USD 22,076 thousand (31 December 2022: USD 25,652 thousand), including USD 13,482 thousand (31 December 2022: USD 17,023 thousand) of litigations with the tax authorities related to disallowance of certain amounts of VAT refunds and deductible expenses claimed by the Group. Of this amount, USD 17,112 thousand as of 31 March 2023 (31 December 2022: USD 20,332 thousand) relates to cases where court hearings have taken place and where the court in either the first or second instance has already ruled in favour of the Group. Management believes that, based on the past history of court resolutions of similar lawsuits by the Group, it is unlikely that a significant settlement will arise out of such lawsuits and, therefore, no respective provision is required in the Group's financial statements as of the reporting date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

12. Contingencies and contractual commitments *(continued)*

Contractual commitments on purchase of property, plant and equipment

During the three-month period ended 31 March 2023, the companies of the Group entered into a number of contracts with foreign suppliers for the purchase of property, plant and equipment for the development of agricultural operations. As of 31 March 2023, purchase commitments amounted to USD 43,724 thousand (31 December 2022: USD 33,022 thousand).

13. Fair value of financial instruments

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

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

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

	Carrying amount		*Fair value*	
	31 March 2023	*31 December 2022*	*31 March 2023*	*31 December 2022*
Financial liabilities				
Bank borrowings *(Note 8)*	289,057	294,605	295,637	296,294
Senior Notes due in 2024, 2026, 2029 *(Note 9)*	1,400,459	1,424,093	721,215	692,616

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

The fair value of long-term bank borrowings was estimated by discounting the expected future cash outflows by a market rate of interest long-term bank borrowings 4.1% (31 December 2022: 3.4%), and is within Level 2 of the fair value hierarchy.

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

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

14. Risk management policy

During the three-month period ended 31 March 2023 there were no material changes to the objectives, policies and process for credit risk, capital risk, liquidity risk, currency risk, interest rate risk, livestock diseases risk and commodity price and procurement risk managing.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies. The Group does not use any derivatives to manage foreign currency risk exposure, but Management sets limits on the level of exposure to foreign currency fluctuations in order to manage currency risk.

The carrying amounts of the Group’s foreign currency denominated monetary assets and liabilities as of 31 March 2023 and 31 December 2022 were as follows:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2023
(in thousands of US dollars, unless otherwise indicated)

14. Risk management policy *(continued)*

Currency risk *(continued)*

	31 March 2023		*31 December 2022*	
	USD	*EUR*	*USD*	*EUR*
Total assets	153,980	144,562	177,509	116,847
Total liabilities[1)]	(1,471,407)	(130,233)	(1,498,217)	(136,207)
Net assets/(liabilities)	**(1,317,427)**	**14,329**	**(1,320,708)**	**(19,360)**

[1)] Currency denominated liabilities consist mostly of bonds issued and bank borrowings.

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

	Change in foreign currency exchange rates	*Effect on profit before tax*
2023		
Increase in USD exchange rate	20%	(263,485)
Increase in EUR exchange rate	20%	2,866
Decrease in USD exchange rate	2%	26,349
Decrease in EUR exchange rate	2%	(287)
2022		
Increase in USD exchange rate	20%	(264,142)
Increase in EUR exchange rate	20%	(3,872)
Decrease in USD exchange rate	2%	26,414
Decrease in EUR exchange rate	2%	387

During the three-month period ended 31 March 2023, the Ukrainian Hryvnia depreciated against the EUR by 2.1% while was stable against the USD (three-month period ended 31 March 2022: depreciated against the EUR and USD by 5.1% and 6.8% respectively). As a result, during the three-month period ended 31 March 2023 the Group recognized net foreign exchange gain in the amount of USD 4,180 thousand (three-month period ended 31 March 2022: foreign exchange loss in the amount of USD 95,323 thousand) in the consolidated statement of profit or loss and other comprehensive income.

15. Subsequent events

Black Sea Grain Initiative

The Black Sea Grain Initiative (or the "Grain deal"), signed in Istanbul on 22 July 2022, was due to expire on 18 March 2023 and had been extended. The UN did not specify the length of the renewal. Russia announced that it had agreed to an extension for 60 days, Ukraine stated that the agreement had been prolonged for another 120 days. The issue remains to be unsettled and the future work of "grain corridor" remains to be uncertain.

Limitation of agricultural products import in EU

On 2 May 2023, European Commission adopted exceptional and temporary preventive measures on imports of a limited number of products from Ukraine. The measures entered into force on 2 May 2023 and will last until 5 June 2023 and concern four agricultural products – wheat, maize, rapeseed and sunflower seed – originating in Ukraine. During the period, those products cannot continue to be released for free circulation in Bulgaria, Hungary, Poland, Romania and Slovakia. The products can continue to circulate in or transit via these five Member States by means of a common customs transit procedure or go to a country or territory outside the EU. The Commission is ready to reimpose preventive measures beyond the expiry of the current Autonomous Trade Measures Regulation on 5 June 2023 as long as the exceptional situation continues.

16. Authorization of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors of MHP SE on 17 May 2023.