25 September 2023, Limassol, Cyprus

MHP SE

Financial Results for the Second Quarter and Six Months ended 30 June 2023

MHP SE (LSE:MHPC), the parent company of a leading international food & agrotech group with headquarters in Ukraine, today announces its unaudited results for the second quarter ended 30 June 2023. Hereinafter, MHP SE and its subsidiaries are referred to as "MHP", "The Company" or "The Group".

MHP is reporting good operational and financial results for H1 2023 thanks to a recovery in global export levels, continued demand, a stable international poultry price environment, supported by new culinary products launched in Ukraine and the extraordinary efforts of the MHP team to minimize the disruption caused by the War. It should be noted that operational and financial results in H1 2022 were severely impacted by the onset of the War, making year-on-year comparison difficult. Results for the second half of 2023 may again be adversely affected by War-related challenges that are not under MHP's control.

WAR IN UKRAINE - UPDATE

The War in Ukraine continues, with intensive fighting in the South and East of the country and irregular but frequent rocket and drone attacks against civilian infrastructure across Ukraine. The bombing campaign aimed at undermining the country's economic capability shows no sign of abating.

On July 18, 2023, Russia unilaterally decided not to extend the Black Sea Grain Initiative, originally signed by Ukraine, the UN, Turkey and Russia on 22 July 2022. Known as the 'Grain Deal', the agreement allowed for export of Ukrainian grain and vegetable oil through the "grain corridor" from designated Ukrainian ports to the Bosphorus. This has significantly restricted the capacity for seaborn trade for Ukrainian agricultural produce which, combined with the heightened costs of alternative export channels, may have a substantive impact on the Company's logistics on vegetable oils and related products in the coming months.

As the Grain Deal expired, Russian military forces intensified rocket attacks against Ukrainian seaports specifically aiming to degrade the country's export infrastructure. Recent attacks in the Odessa region targeted port infrastructure, grain depots and other storage facilities, resulting in major damage to Reni, Chernomorsk and Pivdeny which are key hubs for Ukrainian agriculture exports. The situation remains highly fluid, and the outlook is subject to extraordinary levels of uncertainty. Any substantive escalation of attacks could increase risks to MHP's Ukrainian operations, potentially leading to disruption of production and distribution.

Due to the War, MHP is experiencing a severe shortage of vegetable oil storage capacity, currently covering just 50% of production. Lack of storage has forced the Company to increase exports. This is a significant challenge, as it limits the Company's ability to manage pricing cyclicality, directly impacting the profitability of its vegetable oil production.

On 2 May 2023, the European Commission adopted exceptional and temporary preventive measures on imports of a defined number of products from Ukraine to five member states. The preventive measures applied to four agricultural products – wheat, maize, rapeseed and sunflower seed – originating in Ukraine. Under the measures set by the European Commission, these products could only transit via these five member states by means of a common customs transit procedure or en route to a territory outside the EU. The European Commission lifted the restrictions on 15 September 2023, given that Ukraine agreed to tighten control over its agricultural exports. Despite this, market access conditions in the relevant member states, in particular, Poland, Hungary and Slovakia, for the affected Ukrainian products are uncertain and remain subject to on-going developments. Furthermore, MHP's exports to the EU continue to be reliant on poultry quotas and any changes to the current regime could pose a significant risk to the Company.

MHP notes the recent comments by the Ukrainian Energy Minister expecting further electricity shortages in winter due to continued infrastructure challenges. While MHP has made provisions of alternative energy sources for its main operations, significant energy outages may lead to an increase in the cost base and/or a decrease in production across the Company's main products.

MHP continues to focus on the welfare of its employees in the face of increased challenges arising from the War, with more than 2,300 employees currently mobilized. Since the beginning of the War, support to the mobilized employees and their families, as well as those that have returned to civilian life, has been provided and is provided on a regular basis. It is very sad to report that 92 MHP employees have lost their lives or are missing in action in the service of their country. The Company is extending its sympathies and support to their families, friends and colleagues.

A re-skilling campaign is underway at the Company's operational facilities, as – due to the mobilization - the average age of available employees has increased, and the ratio of women to men has increased.

The Company continues to support Victory for Ukraine, a Ukraine based charity project, different kind of support and aid, having already contributed 12,000 tons of MHP products donated and delivered to people of Ukraine since the beginning of the War in Ukraine.

In addition to the specific challenges outlined above, the Company faces significant general uncertainties inherent in the War, where substantive escalation of attacks could increase risks to MHP's Ukrainian operations, potentially leading to further disruption in production.

Nonetheless, as of today, MHP's production facilities continue to operate at close to full capacity, as they have been throughout the first half of 2023. The Company continues to export to over 70 countries, providing grain, vegetable oils and poultry meat to global markets.

OPERATIONAL ENVIRONMENT

As of today, the Company has been dynamically adapting to the evolving operational environment, and has been able to continue operations in Ukraine. MHP's own facilities have not suffered significant 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. The Company sees its readiness to act on contingencies as a key strategic priority, including access to adequate liquidity to enact emergency measures.

The global market environment for non-poultry products remains challenging, with depressed prices for wheat and rapeseed products including vegetable oils putting pressure on profit margins.

OPERATIONAL HIGHLIGHTS

Q2 2023

- Poultry production volume in Ukraine was up 7% at 181,690 tonnes (Q2 2022: 170,395 tonnes). Poultry production volumes of the European Operating Segment (PP) increased by 7% to 33,306 tonnes (Q2 2022: 31,259 tonnes).
- MHP Ukraine's average chicken meat price remained almost unchanged at US$ 1.95 per kg (Q2 2022: US$ 2.03 per kg) excluding VAT. The average price of chicken meat produced by PP was stable at EUR 3.34 per kg (Q2 2022: EUR 3.36 per kg).
- Chicken meat exports from Ukraine increased by 46% to 100,234 tonnes (Q2 2022: 68,552 tonnes).

H1 2023

- Poultry production volume in Ukraine increased by 4% to 359,332 tonnes (H1 2022: 346,039 tonnes). Poultry production volumes of the PP increased by 9% to 65,087 tonnes (H1 2022: 59,809 tonnes).
- MHP Ukraine's average chicken meat price was stable at US$ 1.90 per kg (H1 2022: US$ 1.93 per kg) excluding VAT. The average price of poultry meat produced by PP increased by 12% to EUR 3.48 per kg (H1 2022: EUR 3.11 per kg).
- Chicken meat exports from Ukraine increased by 34% to 212,165 tonnes (H1 2022: 157,892 tonnes).

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FINANCIAL HIGHLIGHTS

Q2 2023

- Revenue of US$ 809 million, increased by 36% y/y (Q2 2022: US$ 595 million).
- Export revenue of US$ 508 million, 63% of total revenue (Q2 2022: US$ 333 million, 56% of total revenue).
- Operating profit of US$ 68 million was stable while operating margin decreased to 8% (Q2 2022:US$ 67 million and 11% respectively).

- Adjusted EBITDA (net of IFRS 16) decreased to US$ 101 million from US$ 111 million; adjusted EBITDA margin (net of IFRS 16) decreased to 12% from 19%.
- Net profit has slightly decreased to US$ 18 million, compared to US$ 20 million for Q2 2022.

H1 2023

- Revenue increased to US$ 1,555 million, up by 35% y/y (H1 2022: US$ 1,149 million).
- Export revenue increased to US$ 973 million, 52% higher y/y, representing 63% of total revenue (H1 2022: US$ 640 million, 56% of total revenue).
- Operating profit increased to US$ 152 million, up by 100% y/y (H1 2022: US$ 76 million) and operating margin increased from 7% to 10%.
- Adjusted EBITDA (net of IFRS 16) increased by 42% to US$ 218 million (H1 2022: US$ 154 million); adjusted EBITDA margin (net of IFRS 16) increased from 13% to 14%.
- Net income amounted to US$ 67 million, compared to a loss of US$ 89 million in H1 2022, primarily reflecting a US$ 4 million non-cash foreign exchange gain in H1 2023 compared with a US$ 92 million foreign exchange loss in H1 2022.

FINANCIAL OVERVIEW

(in mln. US$, unless indicated otherwise)	**Q2 2023**	**Q2 2022**	*% change[1]*	**H1 2023**	**H1 2022**	*% change[1]*
Revenue	**809**	**595**	**36%**	**1,555**	**1,149**	**35%**
IAS 41 standard losses	(40)	(37)	-8%	(76)	(93)	18%
Gross profit	**150**	**152**	**-1%**	**294**	**241**	**22%**
Gross profit margin	*19%*	*26%*	*-7 pps*	*19%*	*21%*	*-2 pps*
War-related expenses	(7)	(13)	-46%	(13)	(38)	-66%
Operating profit	**68**	**67**	**1%**	**152**	**76**	**100%**
Operating profit margin	*8%*	*11%*	*-3 pps*	*10%*	*7%*	*3 pps*
Adjusted EBITDA	**109**	**119**	**-8%**	**233**	**169**	**38%**
Adjusted EBITDA margin	*13%*	*20%*	*-7 pps*	*15%*	*15%*	*0 pps*
Adjusted EBITDA *(net of IFRS 16)*	**101**	**111**	**-9%**	**218**	**154**	**42%**
Adjusted EBITDA margin (net of IFRS 16)	*12%*	*19%*	*-7 pps*	*14%*	*13%*	*1 pps*
Net profit /(loss)	**18**	**20**	**-10%**	**67**	**(89)**	**175%**
Net profit/(loss) margin	*2%*	*3%*	*-1 pps*	*4%*	*-8%*	*12 pps*

[1] pps – percentage points

Average official FX rate for Q2: UAH/US$ 36.57 in 2023 and UAH/US$ 29.25 in 2022.
Average official FX rate for H1 2023 UAH/US$ 36.57 and for H1 2022 UAH/US$ 28.91.

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 Q2 2023 and H1 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

	Q2 2023	Q2 2022[1]	% change y/y[2]	Q1 2023	% change q/q[2]	H1 2023	H1 2022	% change[2]
Poultry								
Sales volume[1], third party tonnes	**178,122**	**140,549**	**27%**	**187,519**	**-5%**	**365,641**	**299,573**	**22%**
Export sales volume, tonnes	*100,234*	*68,552*	*46%*	*111,931*	*-10%*	*212,165*	*157,892*	*34%*
Domestic sales volume, tonnes	*77,888*	*71,997*	*8%*	*75,588*	*3%*	*153,476*	*141,681*	*8%*
Portion of export sales, %	*56%*	*49%*	*7 pps*	*60%*	*-4 pps*	*58%*	*53%*	*5 pps*
Average price per 1 kg net of VAT, USD	**1.95**	**2.03**	**-4%**	**1.85**	**5%**	**1.90**	**1.93**	**-2%**
Average price per 1 kg net of VAT, UAH (Ukraine)	*56.89*	*41.77*	*36%*	*52.62*	*8%*	*54.78*	*43.86*	*25%*
Average price per 1 kg net of VAT, USD (Ukraine)	*1.56*	*1.43*	*9%*	*1.44*	*8%*	*1.50*	*1.51*	*-1%*
Average price per 1 kg net of VAT, USD (export)	*2.22*	*2.63*	*-16%*	*2.11*	*5%*	*2.16*	*2.28*	*-5%*
Sunflower oil								
Sales volume, third parties tonnes	168,677	48,495	248%	77,201	118%	245,878	81,476	202%
Soybeans oil								
Sales volume, third parties tonnes	13,630	9,191	48%	14,400	-5%	28,030	19,547	43%

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

Chicken meat

The total volume of chicken meat sold to third parties in H1 2023 increased by 22% to 365,641 tonnes (H1 2022: 299,573 tonnes). Domestic sales in H1 2023 increased by 8% mainly due to higher demand in Ukraine compared to H1 2022 when the full effects of the War affected results from March. Export sales in H1 2023 increased by 34% y/y to 212,165 tonnes, mainly as a result of substantially decreased sales in H1 2022 due to the effects of the War.

Poultry export prices in Q2 2023 decreased by 16% y/y, mainly driven by relative stabilization of prices on international markets compared to their pick levels achieved in Q2 2022. At the same time prices increased by 5% q/q, as a result of an increase in prices for filet and breast cup in the EU and UK channels.

In Q2 2023 poultry prices on the domestic market in USD terms increased by 9% y/y, and by 8% q/q, driven by increase in sales volume of high-margin product - fillet as well as increased share of sales of other relatively expensive culinary products.

Vegetable oil

In Q2 2023, sunflower oil sales volume amounted to 168,677 tonnes, up 248% y/y. In H1 2023 MHP's sales of sunflower oil increased by 202% compared to H1 2022 to 245,878 tonnes, 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 H1 2022.

Sales of soybean oil amounted to 13,630 tonnes in Q2 2023 also increased by 48% y/y, and by 43% to 28,030 tonnes in H1 2023, compared with 19,547 tonnes in H1 2022.

At the same time, international vegetable oil prices decreased substantially and the downward trend continues. Moreover, expensive and disruptive logistics from Ukraine made vegetable oils exports less profitable compared to sales in H1 2022.

Financial result and trends

(in mln. US$, unless indicated otherwise)	**Q2 2023**	**Q2 2022**	*% change y/y[1)]*	**Q1 2023**	*% change q/q[1)]*	**H1 2023**	**H1 2022**	*% change[1)]*
Revenue	**608**	**430**	**41%**	**519**	**17%**	**1,127**	**809**	**39%**
- Poultry and other	*392*	*330*	*19%*	*390*	*1%*	*782*	*652*	*20%*
- Vegetable oil	*216*	*100*	*116%*	*129*	*67%*	*345*	*157*	*120%*
IAS 41 standard gain	10	9	11%	3	233%	13	15	-13%
Gross profit	**144**	**87**	**66%**	**110**	**31%**	**254**	**148**	**72%**
Gross margin	*24%*	*20%*	*4 pps*	*21%*	*3 pps*	*23%*	*18%*	*5 pps*
War-related expenses	(4)	(10)	-60%	(4)	0%	(8)	(31)	-74%
Adjusted EBITDA	**124**	**68**	**82%**	**97**	**28%**	**221**	**100**	**121%**
Adjusted EBITDA margin	*20%*	*16%*	*4 pps*	*19%*	*1 pps*	*20%*	*12%*	*8 pps*

[1)] pps – percentage points

In H1 2023, revenue increased by 39% y/y as a result of sales volume increase of both vegetable oil and chicken meat that was partly set off by lower oil and meat price on export markets.

IAS 41 standard gain in H1 2023 decreased to US$ 13 million y/y mainly as a result of a lower chicken meat price and optimization of meat stocks volumes comparing to H1 2022.

Gross profit in H1 2023 increased to US$ 254 million mainly driven by higher sales volumes of chicken meat on export markets and by a significant increase from sales of vegetable oil.

In H1 2023, adjusted EBITDA increased to US$ 221 million, mainly as a result of higher gross profit and lower War-related expenses.

Grain Growing Segment

Winter crops (wheat, rapeseeds and other) harvesting is complete on around 94,200 ha of land:

- rapeseeds – around 33,000 ha with around 3.7 t/ha yield;
- wheat - around 40,300 ha with around 6.6 t/ha yield.

Yields of spring crops are expected to be better than in 2022 due to favorable weather conditions in Ukraine. In 2023, MHP is planning to harvest around 348,300 ha of land.

A decrease in domestic grain prices (in line with international grain prices) and limited export capabilities as a result of continuous missiles strikes on the Ukrainian ports infrastructure and termination of the Grain deal by Russia had a negative effect on segment performance. The trend of international grain price remains unfavorable as of the date of this report.

It should be noted that these events will have limited impact on the overall Group performance, as almost all grains and oilseeds (except for rapeseeds and some wheat) are/will be consumed internally.

Financial result and trends

(in mln. US$ unless indicated otherwise)	**H1 2023**	**H1 2022**	*% change*
Revenue	**93**	**53**	**75%**
IAS 41 standard loss	(81)	(113)	28%
Gross profit	**(30)**	**25**	**-220%**
War-related expenses	-	(1)	-100%

Adjusted EBITDA	(13)	48	-127%
Adjusted EBITDA (net of IFRS 16)	**(27)**	**34**	***-179%***

Grain growing segment's revenue in H1 2023 amounted to US$ 93 million compared to US$ 53 million in H1 2022. The increase was mainly attributable to the higher volume of sales of corn purchased from farmers in Ukraine and sales of rapeseeds in 1H2023 which were harvested in 2022, while usually they are realized in the second half of the year, just after the harvest.

The reduction in Adjusted EBITDA (net of IFRS 16) to US$ (27) million in H1 2023 from US$ 34 million in 2022 was caused by lower revaluation of biological assets (both winter and spring crops) as a result of the decrease in domestic prices due to limited export capabilities.

A significant decrease in international grain prices, as well as increased logistic costs due to the War impact, led to poor results in the Grain Segment. The Company expects Grain Segment EBITDA for 2023 to be significantly lower than in 2022.

Meat Processing and Other Agricultural Segment

Meat processing products	**Q2 2023**	**Q2 2022**	*% change y/y*	**Q1 2023**	*% change q/q*	**H1 2023**	**H1 2022**	% change
Sales volume, third parties tonnes	2,965	2,289	30%	2,525	17%	5,490	8,304	-34%
Price per 1 kg net VAT, UAH	128.47	88.34	45%	133.28	-4%	130.68	87.84	49%

Sales volume of meat processing products decreased by 34% y/y to 5,490 tonnes in H1 2023 driven by War-related challenges that resulted in temporary suspension of production facilities of "Ukrainian Bacon" in the Donetsk region in Q2 2022 and subsequent partial redeployment of its operations in Central Ukraine.

The average price increased by 49% y/y to UAH 130.68 per kg in H1 2023. This change took place during H2 2022 and was driven mainly by higher raw material prices (spices, packaging, and other components) as well as by a positive change in product mix.

Convenience food	**Q2 2023**	**Q2 2022**	*% change y/y*	**Q1 2023**	*% change q/q*	**H1 2023**	**H1 2022**	% change
Sales volume, third parties tonnes	5,899	3,421	72%	5,538	7%	11,437	7,410	54%
Price per 1 kg net VAT, UAH	83.32	58.94	41%	85.66	-3%	85.71	56.04	53%

Sales volumes of convenience food in H1 2023 increased by 54% to 11,437 tonnes.

The average price in H1 2023 increased by 53% to UAH 85.71 per kg (excluding VAT). This change took place during Q4 2022 and Q1 2023 and was driven mainly 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)	**Q2 2023**	**Q2 2022**	*% change y/y*[1]	**Q1 2023**	*% chang e q/q*[1]	**H1 2023**	**H1 2022**	% change[1]
Revenue	**35**	**27**	**30%**	**32**	**9%**	**67**	**63**	**6%**
- Meat processing and convenience food	*25*	*20*	*25%*	*24*	*4%*	*49*	*48*	*2%*
- Other[2]	*10*	*7*	*43%*	*8*	*25%*	*18*	*15*	*20%*
IAS 41 standard losses	(4)	-	-100%	(1)	-300%	(5)	1	-600%
Gross profit	**2**	**2**	**0%**	**3**	**-33%**	**5**	**6**	**-17%**
Gross margin	*6%*	*7%*	*-1 pps*	*9%*	*-3 pps*	*7%*	*10%*	*-3 pps*
War-related expenses	-	(1)	-100%	-	0%	-	(4)	-100%
Adjusted EBITDA	**1**	**-**	**100%**	**3**	**-67%**	**4**	-	**100%**
Adjusted EBITDA margin	*3%*	*0%*	*3 pps*	*9%*	*-6 pps*	*6%*	*0%*	*6 pps*

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

The segment's revenue in H1 2023 increased by 6% to US$ 67 million. Adjusted EBITDA in H1 2023 was US$ 4 million compared to US$ nil in H1 2022 mainly due to significant War-related expenses incurred in H1 2022.

European Operating Segment (PP)

Poultry	**Q2 2023**	**Q2 2022**	*% change y/y*	**Q1 2023**	*% change q/q*	**H1 2023**	**H1 2022**	% change
Sales volume, third parties tonnes	21,956	19,619	12%	19,114	15%	41,070	37,363	10%
Price per 1 kg net VAT, EUR	3.34	3.36	-1%	3.53	-5%	3.48	3.11	12%

In Q2 2023, poultry sales of the European operating segment increased to 21,956 tonnes, and by 15% compared with Q1. This was driven by an increased production of chicken meat following expansion of facilities in Croatia and Serbia. Average price decreased by 1% in Q2 2023 to EUR 3.34 (Q2 2022: EUR 3.36).

Meat processing products[1]	**Q2 2023**	**Q2 2022**	*% change y/y*	**Q1 2023**	*% change q/q*	**H1 2023**	**H1 2022**	% change
Sales volume, third parties tonnes	11,289	10,238	10%	10,715	5%	22,004	20,155	9%
Price per 1 kg net VAT, EUR	3.54	3.12	13%	3.33	6%	3.32	3.02	10%

[1] includes sausages and convenience foods

Meat processing product sales were up by 10% y/y to 11,289 tonnes in Q2 2023 (Q2 2022: 10,238 tonnes), at the same time increased by 5% compared with Q1. Average price in Q2 2023 increased by 13% to EUR 3.54.

Financial result and trends

(in mln. US$, except margin data)	**Q2 2023**	**Q2 2022**	*% change y/y*[1]	**Q1 2023**	*% change q/q*[1]	**H1 2023**	**H1 2022**	% change[1]
Revenue	**142**	**120**	**18%**	**125**	**14%**	**267**	**224**	**19%**
IAS 41 standard gains	(5)	3	-267%	2	-350%	(3)	5	-160%
Gross profit	**33**	**35**	**-6%**	**32**	**3%**	**65**	**62**	**5%**
Gross margin	*23%*	*29%*	*-6 pps*	*26%*	*-3 pps*	*24%*	*28%*	*-4 pps*
Adjusted EBITDA	**19**	**22**	**-14%**	**20**	**-5%**	**39**	**37**	**5%**
Adjusted EBITDA margin	*13%*	*18%*	*-5 pps*	*16%*	*-3 pps*	*15%*	*17%*	*-2 pps*
Adjusted EBITDA *(net of IFRS 16)*	**19**	**22**	**-14%**	**19**	**0%**	**38**	**36**	**6%**
Adjusted EBITDA margin (net of IFRS 16)	*13%*	*18%*	*-5 pps*	*15%*	*-2 pps*	*14%*	*16%*	*-2 pps*

[1] pps – percentage points.

European operating segment's revenue in H1 2023 increased by 19% to US$ 267 million (H1 2022: US$ 224 million), mainly as a result of the increase in poultry sales volume and price.

Adjusted EBITDA (net of IFRS 16) amounted to US$ 38 million for H1 2023 compared with US$ 36 million for H1 2022. Adjusted EBITDA margin (net of IFRS 16) decreased from 16% to 14%.

Current Group cash flow

(in mln. US$)	**Q2 2023**	**Q2 2022**	**H1 2023**	**H1 2022**
Cash from operations	**108**	**133**	**206**	**254**
Change in working capital	70	(179)	68	(246)
Net Cash from operating activities	**178**	**(46)**	**274**	**8**
Cash used in investing activities	**(66)**	**(35)**	**(102)**	**(73)**
Including:				
CAPEX[1]	(53)	(30)	(92)	(63)
Cash from financing activities	**32**	**-**	18	**22**
Total change in cash[2]	**144**	**(81)**	**190**	**(43)**

[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 H1 2023 amounted to US$ 206 million (H1 2022: US$ 254 million), mainly as a result of interest payments of US$ 96 million in H1 2023 compared to US$ 18 million in H1 2022.

The differences between H1 2023 and Q2 2023 compared to H1 2022 and Q2 2022 respectively were mainly attributable to:

- return of stocks of chicken meat and vegetable oil to normal levels at the end of H1 2023 from the unusually high amounts at the end of H1 2022, caused by disrupted logistics due to War activities, that has partly recovered afterward due to the Grain deal and diversification of delivery routes by the Group;
- higher volumes of grains exported in H1 2023 compared to H1 2022 as a result of partial recovery of sea routes due to the Grain deal;
- higher stocks of sunflower seeds at the beginning of 2023 compared to 2022 and increased internal consumption in 1H 2023 compared to same period of the previous year;
- stable amounts of trade accounts receivable compared to significant growth in sunflower oil receivables in H1 2022;

However, it should be noted that, investments in working capital will substantially increase in H2 2023, resulting in substantial cash outflow for 2023 due to future required purchases of sunflower seeds, fertilizers and plant protection materials as well as termination of the Grain deal by Russia that causing significant restrictions in the capacity for seaborn trade for Ukrainian agricultural exports.

In H1 2023 total CAPEX amounted to US$ 92 million mainly related to maintenance and modernization projects, new products development of Ukrainian operations and expansion of Perutnina Ptuj production facilities. The increase from US$ 63 million in H1 2022 is mainly due to higher investments in cost optimization and culinary strategy projects as well as purchases of diesel generators for mitigation of possible power outages impact.

Debt Structure and Liquidity

(in mln. US$)	**30 June 2023**	**31 December 2022**	**30 June 2022**
Total Debt[1) 2)]	**1,539**	**1,537**	**1,511**
LT Debt[1)]	1,007	1,507	1,491
ST Debt [1)]	725	182	144
Trade credit facilities[2)]	(193)	(152)	(125)
Cash and bank deposits	(502)	(300)	(222)
Net Debt[1)]	**1,037**	**1,237**	**1,289**
LTM Adjusted EBITDA[1)]	449	384	468
Net Debt / LTM Adjusted EBITDA[1)]	*2.31*	*3.22*	*2.75*

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

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

As of 30 June 2023, MHP's cash and cash equivalents amounted to US$ 502 million, of which US$ 277 million was held by the Group's subsidiaries outside Ukraine. Under the repatriation rules instituted by the National Bank of Ukraine, the equivalent amounts of such cash and cash equivalents would need to be repatriated to Ukraine within six months of recognition of foreign currency proceeds from exports from Ukraine, which limits the Group's ability to utilize such cash and cash equivalents for repayment of indebtedness.

The Net Debt / LTM adjusted EBITDA (net of IFRS 16) ratio was 2.31 as of 30 June 2023, well below the limit of 3.0 defined in the Eurobond agreement.

As of 30 June 2023, the share of long-term debt in the total outstanding debt decreased to 65% as the first US$ 500 million Eurobond, which is due for repayment in May 2024, is now classified as short-term.

The Group has reached agreement in principle with a number of international and development financial institutions to enter into facilities agreements providing up to US$ 400 million in aggregate (collectively the “IFI Facilities”). When entered into, disbursements under the IFI Facilities are expected to be made in one or more tranches pursuant to utilization requests by the Company, subject to the satisfaction of terms and certain conditions precedent, including the absence of a material adverse change in the Group’s business, operations, property, financial condition or prospects, and the maintenance of certain financial ratios consistent with the Group’s obligations under its Eurobonds. The Group expects to use the proceeds received pursuant to initial utilization requests to finance a portion of its tender for any and all of its US$500 million aggregate principal amount outstanding 7.75% notes due 2024 announced on 25 September 2023. The Company intends to deliver all notes acquired pursuant to the tender offer to the Trustee for prompt cancellation.

Subsequent Events

Investments in Joint Venture in Saudi Arabia

On 7 September 2023, the Company signed a shareholder agreement with Desert Hills Veterinary Services Company Limited, subsidiary of Tanmiah Food Company, a publicly listed company on the Saudi stock market, with intention to establish a joint venture in poultry farming in the Kingdom of Saudi Arabia. The Company will have 45% of the share capital of this entity upon its incorporation, and an initial investment by the Company is planned in amount of around SAR 27 million (or equivalent of around US$ 7 million).

Outlook

The outlook for the agricultural sector in Ukraine continues to be subject to extreme operational uncertainty due to War-related risks, including frequent missile and drone attacks on Ukrainian infrastructure and other targets. In addition to the risk of physical damage, the Company faces continued logistics disruptions and increased logistics costs as a result of the ongoing conflict.

Grain prices in Ukraine and internationally are expected to remain depressed in the second half of the year. Combined with the logistics difficulties in Ukraine, and despite good harvest yields, the Company expects a weak financial performance in the grain segment. While poultry prices in Ukraine have largely stabilised, international prices are expected to continue to fluctuate around a generally negative trend. Risks remain on the downside if international poultry prices correlate further with the downward trend in the grain markets.

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 and six-month period ended 30 June 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 30 June 2023 that are presented on pages 7 to 31:

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.

25 September 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 six-month period ended 30 June 2023 consolidated revenue increased by 35% to USD 1,554,966 thousand, compared to USD 1,148,741 thousand for the six-month period ended 30 June 2022. Export sales for the six-month period ended 30 June 2023 constituted 63% of total revenue at USD 973,078 thousand, compared to USD 640,137 thousand, and 56% of total revenue for the six-month period ended 30 June 2022. The increase in revenue was mainly attributable to an increase in the volume of chicken meat and vegetable oil sold partly offset by a decline in the export prices. The significant increase in volumes reflects unusually low sales in H1 2022, when exports were adversely affected by disruption in logistics caused by the Russian military invasion of Ukraine resulting in a full-scale war (the "War"). Volumes had mostly recovered in H2 of 2022.

Gross profit increased by 22% to USD 293,792 thousand for the six-month period ended 30 June 2023 compared to USD 240,775 thousand for the six-month period ended 30 June 2022. The increase was driven mainly by higher revenue in the poultry and related operations segment due to an increase in the volume of chicken meat and vegetable oil sold. At the same time increased production costs and a decrease in grain prices have led to the negative revaluation of biological assets of the Grain operating segments, that partly reduced the positive effect from poultry operations.

Operating profit increased by 100% to USD 151,644 thousand for the six-month period ended 30 June 2023 compared to USD 75,708 thousand for the six-month period ended 30 June 2022. In March-June 2022, following the Russian invasion in February 2022, the Group incurred significant expenses related to the War (including write-offs of inventories, donations to communities in Ukraine and the impairment of certain property, plant and equipment), which were significantly lower during six-month period ended 30 June 2023. This factor together with an improvement in gross profit resulted in the increase in operating profit.

Profit for the six-month period ended 30 June 2023 amounted to USD 66,569 thousand, compared to a loss of USD 88,519 thousand for the six-month period ended 30 June 2022. The increase is mainly due to higher operating profit and the fixed exchange rate of the Ukrainian Hryvnia against the US Dollar as established by the National Bank of Ukraine, which resulted in a foreign exchange gain of USD 4,486 thousand for the six-month period ended 30 June 2023 compared to a loss of USD 92,192 thousand for the six-month period ended 30 June 2022.

Having regard to the activities of the Group, management believes that the above measures are frequently used by investors, analysts and stakeholders to evaluate the efficiency of the Group's operations.

Dividends

In view of continuing War-related uncertainties, and the resulting need to preserve liquidity to support the Company's ongoing business operations, no final dividend was declared for the 2022 financial year. The Directors have decided not to declare an interim dividend for the six-month period ended 30 June 2023.

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 16 Operating environment. Detailed information on this matter can also be found on pages 156 to 157 of the 2022 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 unpredictable effects of the ongoing War on the key 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.

Risks and uncertainties *(continued)*

Other risks and uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Group's performance over the remaining six 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 these risks, and how the Group seeks to mitigate them, can be found on pages 212 to 215 of the 2022 Annual Report.

25 September 2023

On behalf of the Board:

Chief Executive Officer Yuriy Kosyuk

Chief Financial Officer Viktoriia Kapeliushna

Building a better
working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the members of MHP SE

Introduction

We have reviewed the interim condensed consolidated financial statements of MHP SE (the "Company"), and its subsidiaries (collectively referred to as "the Group") on pages 7 to 31, which comprise the interim condensed consolidated statement of financial position as at 30 June 2023, and the interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the interim condensed consolidated financial statements, indicates that the Group's operations are negatively affected by the Russian Federation`s 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 2 and 16 indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Andreas Avraamides
Certified Public Accountant and Registered Auditor
for and on behalf of
Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, Cyprus
25 September 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the three-month and six-month period ended 30 June 2023
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Six-month period ended 30 June* 2023	*Six-month period ended 30 June* 2022	*Three-month period ended 30 June* 2023	*Three-month period ended 30 June* 2022
Revenue	*3, 4*	1,554,966	1,148,741	809,364	595,413
Net change in fair value of biological assets and agricultural produce	*3*	(76,183)	(92,549)	(39,510)	(36,591)
Cost of sales	*5*	(1,184,991)	(815,417)	(619,618)	(407,319)
Gross profit	*7*	293,792	240,775	150,236	151,503
Selling, general and administrative expenses	*6*	(134,124)	(112,888)	(74,621)	(58,615)
Other operating income		6,236	6,205	1,221	4,334
Other operating expenses	*16*	(14,260)	(47,270)	(9,182)	(19,091)
Loss on impairment of property, plant and equipment	*8*	-	(11,114)	-	(11,114)
Operating profit	*7*	151,644	75,708	67,654	67,017
Finance income		6,460	2,176	4,254	1,008
Finance costs	*13, 14*	(79,728)	(78,845)	(39,722)	(41,435)
Foreign exchange gain/(loss), net		4,486	(92,192)	306	3,131
Profit/(Loss) before tax		82,862	(93,153)	32,492	29,721
Income tax (expenses)/benefit		(16,293)	4,634	(14,988)	(9,988)
Profit/(Loss) for the period	*7*	66,569	(88,519)	17,504	19,733
Other comprehensive income/(loss)					
Items that will not be reclassified to profit or loss:					
Decrease in revaluation reserve as a result of impairment of property, plant and equipment	*8*	-	(9,489)	-	(9,489)
Deferred tax on decrease in revaluation reserve as a result of impairment of property, plant and equipment		-	1,708	-	1,708
Deferred tax charged directly to revaluation reserve		-	(81,317)	-	-
Items that may be reclassified to profit or loss:					
Cumulative translation difference		11,527	(111,382)	3,572	(22,943)
Other comprehensive income/(loss) for the period		11,527	(200,480)	3,572	(30,724)
Total comprehensive income/(loss) for the period		78,096	(288,999)	21,076	(10,991)
Profit/(Loss) attributable to:					
Equity holders of the Parent		70,665	(83,461)	18,970	23,729
Non-controlling interests		(4,096)	(5,058)	(1,466)	(3,996)
		66,569	(88,519)	17,504	19,733
Total comprehensive income/(loss) attributable to:					
Equity holders of the Parent		82,447	(280,362)	22,399	(5,286)
Non-controlling interests		(4,351)	(8,637)	(1,323)	(5,705)
		78,096	(288,999)	21,076	(10,991)
Earnings/(Loss) per share					
Basic and diluted earnings/(loss) per share (USD per share)		0.66	(0.78)	0.18	0.22

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoriia Kapeliushna

The accompanying notes on the pages 13 to 31 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of 30 June 2023

(in thousands of US dollars, unless otherwise indicated)

	Notes	*30 June 2023*	*31 December 2022*
ASSETS			
Non-current assets			
Property, plant and equipment	*8*	1,892,185	1,855,731
Right-of-use asset		228,622	222,917
Intangible assets		79,320	79,628
Goodwill		61,425	59,808
Non-current biological assets		17,213	21,206
Non-current financial assets		9,179	7,813
Long-term deposits		2,504	3,105
Deferred tax assets		1,397	2,434
		2,291,845	2,252,642
Current assets			
Inventories	*10*	272,677	413,790
Biological assets	*11*	368,751	176,693
Agricultural produce	*9*	177,698	361,427
Prepayments		30,405	29,905
Other current financial assets		31,545	22,097
Taxes recoverable and prepaid		57,272	68,759
Trade accounts receivable		202,422	182,900
Cash and cash equivalents		502,049	300,489
		1,642,819	1,556,060
TOTAL ASSETS		3,934,664	3,808,702
EQUITY AND LIABILITIES			
Equity			
Share capital	*12*	284,505	284,505
Treasury shares		(44,593)	(44,593)
Additional paid-in capital		174,022	174,022
Revaluation reserve		761,498	792,221
Retained earnings		1,660,214	1,558,826
Translation reserve		(1,325,828)	(1,337,610)
Equity attributable to equity holders of the Parent		1,509,818	1,427,371
Non-controlling interests		13,975	18,326
Total equity		1,523,793	1,445,697
Non-current liabilities			
Bank borrowings	*13*	105,386	117,719
Bonds issued	*14*	889,984	1,382,981
Lease liabilities	*19*	169,982	164,071
Deferred income		36,391	36,912
Deferred tax liabilities	*2*	129,011	123,677
Other non-current liabilities		5,201	5,081
		1,335,955	1,830,441
Current liabilities			
Trade accounts payable		127,224	122,576
Other current liabilities		102,969	95,793
Contract liabilities		25,489	30,945
Bonds issued	14	496,478	-
Bank borrowings	*13*	223,538	176,112
Interest payable	*13,14*	21,923	41,886
Lease liabilities	*19*	77,295	65,252
		1,074,916	532,564
TOTAL LIABILITIES		2,410,871	2,363,005
TOTAL EQUITY AND LIABILITIES		3,934,664	3,808,702

On behalf of the Board:

Chief Executive Officer Yuriy Kosyuk

Chief Financial Officer Viktoriia Kapeliushna

The accompanying notes on the pages 13 to 31 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six-month period ended 30 June 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	-	-	-	-	70,665	-	70,665	(4,096)	66,569
Other comprehensive income/(loss)	-	-	-	-	-	11,782	11,782	(255)	11,527
Total comprehensive (loss)/profit for the period	-	-	-	-	70,665	11,782	82,447	(4,351)	78,096
Transfer from revaluation reserve to retained earnings	-	-	-	(30,723)	30,723	-	-	-	-
Balance as of 30 June 2023	284,505	(44,593)	174,022	761,498	1,660,214	(1,325,828)	1,509,818	13,975	1,523,793

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoriia Kapeliushna

The accompanying notes on the pages 13 to 31 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six-month period ended 30 June 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	-	-	-	-	(83,461)	-	(83,461)	(5,058)	(88,519)
Other comprehensive loss	-	-	-	(88,798)	-	(108,103)	(196,901)	(3,579)	(200,480)
Total comprehensive loss for the period	-	-	-	(88,798)	(83,461)	(108,103)	(280,362)	(8,637)	(288,999)
Transfer from revaluation reserve to retained earnings	-	-	-	(27,802)	27,802	-	-	-	-
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(2,363)	(2,363)
Translation differences on revaluation reserve	-	-	-	(49,212)	49,212	-	-	-	-
Balance as of 30 June 2022	284,505	(44,593)	174,022	645,872	1,550,837	(1,126,617)	1,484,026	18,800	1,502,826

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoriia Kapeliushna

The accompanying notes on the pages 13 to 31 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six-month period ended 30 June 2023
(in thousands of US dollars, unless otherwise indicated)

	Notes	Six-month period ended 30 June 2023	Six-month period ended 30 June 2022
Operating activities			
Profit/(Loss) before tax		82,862	(93,153)
Non-cash adjustments to reconcile profit or loss before tax to net cash flows			
Depreciation and amortization expense	3	81,725	81,884
Loss on impairment of property, plant and equipment	8, 16	-	11,114
Net change in fair value of biological assets and agricultural produce	3	76,183	92,549
Change in allowance for expected credit losses and direct write-offs		668	15,466
(Gain)/Loss on disposal of property, plant and equipment and other non-current assets		(471)	630
Finance income		(6,460)	(2,176)
Finance costs	13, 14	79,728	78,845
Released deferred income		(435)	(733)
Foreign exchange loss/(gain), net		(4,486)	92,192
Operating cash flows before movements in working capital		309,314	276,618
Working capital adjustments			
Change in inventories		141,612	(22,768)
Change in biological assets		(193,790)	(169,146)
Change in agricultural produce		121,626	49,546
Change in prepayments made		(47)	(26,163)
Change in other current financial assets		(3,180)	(3,122)
Change in taxes recoverable and prepaid		11,508	(22,547)
Change in trade accounts receivable		(17,788)	(59,936)
Change in contract liabilities		(5,364)	442
Change in other current liabilities		9,861	1,261
Change in trade accounts payable		3,356	6,800
Cash generated by operations		377,108	30,985
Interest received		4,774	786
Interest paid		(96,457)	(18,463)
Income taxes paid		(11,453)	(5,090)
Net cash flows from operating activities		273,972	8,218
Investing activities			
Purchases of property, plant and equipment	8	(92,022)	(60,763)
Purchases of other non-current assets		(402)	(2,233)
Purchase of intangible assets		(2,701)	(2,444)
Proceeds from disposals of property, plant and equipment		2,505	1,558
Purchases of non-current biological assets		(800)	(2,287)
Prepayments and capitalized initial direct costs under lease contracts		(3,197)	(6,673)
Government grants received		233	-
Investments in government bonds		(6,438)	-
Investments in other current financial assets		(3,047)	-
Investments in deposits		(676)	(9)
Withdrawals of deposits		4,803	-
Loans provided to/(repaid by) employees, net		190	303
Loans provided to related parties	15	(46)	(313)
Net cash flows used in investing activities		(101,598)	(72,861)
Financing activities			
Proceeds from bank borrowings		52,231	81,265
Repayment of bank borrowings		(26,298)	(53,135)
Repayment of lease liabilities		(5,852)	(5,520)
Consent payment		-	(499)
Dividends paid by subsidiaries to non-controlling shareholders		(1,781)	(392)
Net cash flows from financing activities		18,300	21,719

The accompanying notes on the pages 13 to 31 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*
for the six-month period ended 30 June 2023
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Six-month period ended 30 June 2023*	*Six-month period ended 30 June 2022*
Net decrease in cash and cash equivalents		190,674	(42,924)
Net foreign exchange difference on cash and cash equivalents		10,886	(9,926)
Cash and cash equivalents at 1 January		300,489	275,237
Cash and cash equivalents at 30 June		502,049	222,387

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoriia Kapeliushna

The accompanying notes on the pages 13 to 31 form an integral part of these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six-month period ended 30 June 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, owning 59.7% of the total outstanding share capital of MHP SE.

The principal business activities of the Group are poultry and related operations, grain growing, as well as meat processing and other agricultural operations. The Group's poultry and related operations integrate all functions related to the production of chicken, including hatching, fodder manufacturing, raising chickens to marketable age ("grow-out"), processing and marketing of branded chilled products and include the production and sale of chicken products, vegetable oil and mixed fodder. Grain growing comprises the production and sale of grains. Meat processing and other agricultural operations comprise the production and sale of cooked meat, sausages, convenience food products, milk and feed grains. As at 30 June 2023 the Group employed 32,336 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 30 June 2023 and 31 December 2022 were as follows:

Name	*Country of registration*	*Year established/ acquired*	*Principal activities*	*30 June 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 Trading	Saudi Arabia	2018	Trading in poultry meat	75.0%	75.0%
MHP Food UK Limited	United Kingdom	2021	Trading in poultry meat	100.0%	100.0%

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 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 six-month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union (EU). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022, prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113.

Going concern

In 2023, the Group has continued its operations in an environment severely impacted by the Russian invasion of Ukraine since 24 February 2022. In its analysis of the observable impact of the War and other factors on its business during the six months period ended 30 June 2023 and up to the date of authorization to issue these interim condensed consolidated financial statements, the Group considered, not limited to, the following key events and conditions:

- the Group’s poultry production facilities have not suffered any physical damage;
- certain inventories and biological assets were damaged and written-off as a result of the military actions of the Russian invasion (Note 16. Operating environment);
- the Group continued to provide a substantial range of poultry products as humanitarian aid to the people of Ukraine (Note 16. Operating environment);
- both export and domestic sales returned to pre-War levels in H2 2022, despite limited capacity of existing delivery routes and active hostilities in the southern and eastern regions of Ukraine. As a result, during H1 2023 the Group operated at its normal capacity utilization after the lower production levels during H1 2022;
- from November 2022 to February 2023, Russia’s attacks on Ukrainian power generation and distribution infrastructure led to severe power outages in Ukraine. These caused temporary disruption of oilseed processing, poultry and silo operations during this period;
- since the beginning of the Russian invasion, more than 2,300 employees of the Group have joined the Ukrainian military forces and territorial defense;
- termination of The Black Sea Grain Initiative (“Grain deal”) by Russia on 18 July 2023 and intensification of attacks on the Ukrainian ports infrastructure, grain depots and other storage facilities has led to suspension of shipping routes for export of grains and vegetable oil from Ukraine. As the Group continuously develops and advances its logistic routes, this escalation did not have a direct impact on the overall Group performance: the majority of the crops (sunflower and soybean seeds, corn) are consumed internally, while the Group exports poultry products and oils using its own-established delivery routes;
- the Group has in its debt portfolio (Note 14) bonds with a nominal value of USD 500 million maturing in May 2024 which may impact its liquidity position in the upcoming twelve months;
- the Group’s European operations at Perutnina Ptuj have not been directly affected by events in Ukraine as they are largely independent and self-sufficient from an operational and supply chain perspective, and continue operating at full capacity.

In 2023, in response to the above challenges, the Group has:

- optimized utilization of production facilities to meet domestic and export demand;
- established alternative export routes, including by road and rail, to address the logistical issues caused by the War;
- equipped its key sites with diesel generators and continued to operate two biogas facilities to produce electricity, industrial steam and heating, to mitigate the impact of power outages on its business;

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six-month period ended 30 June 2023
(in thousands of US dollars, unless otherwise indicated)

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

Going concern *(continued)*

- secured 2023 harvesting campaign by building up the required level of inventories in advance. The Group plans to harvest more than 348,000 hectares of grains and oilseeds in 2023 (73,000 hectares of winter rapeseeds and wheat have already been harvested);
- because of the War, no dividends were declared for the 2021 and 2022 financial years. The Directors have decided not to declare an interim dividend for the first half of 2023;
- taking into account its debt maturity profile, the Group shapes its debt management process in such a way to ensure timely servicing of its bonds and other borrowings as they fall due. The Group analyses various scenarios to service the bonds, focusing in particular on those USD 500 million maturing in May 2024, and has developed a plan, which, in management's view, should provide for a mutually beneficial solution to both the Group and the bondholders (Note 20).

Management has prepared adjusted financial forecasts, including cash flow projections, for the twelve month period starting on the date of approval of these interim condensed consolidated financial statements. The adjusted forecasts take into consideration potential likely and downside scenarios for the operations resulting from the War and other factors described above. The Group manages its operations by continuously monitoring the Group`s obligations under the existing debt agreements and taking required measures to service its debts on time and in full.

These forecasts indicate that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have therefore concluded that it is appropriate to apply the going concern basis of accounting in preparing these interim condensed consolidated financial statements. However, due to the currently unpredictable effects of the ongoing War, in combination with the influence of other described factors on the significant assumptions used in 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 accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The following standards were adopted by the Group on 1 January 2023:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies;
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;
- IFRS 17 Insurance Contracts;
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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

Standards and interpretations in issue, but not effective

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

Standards and Interpretations	*Effective for annual period beginning on or after*
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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2. Basis of preparation and accounting policies *(continued)*

Standards and interpretations in issue, but not effective *(continued)*

Standards and Interpretations	*Effective for annual period beginning on or after*
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024
International Tax Reform - Pillar Two Model Rules – Amendments to IAS 12	1 January 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Postponed indefinitely
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	1 January 2024
The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability - Amendments to IAS 21	1 January 2025

These amendments have not yet been endorsed by the European Union. The Group is currently assessing the impact of these amendments to IAS 21 on the consolidated financial statements. For other amendments management anticipates that their adoption will not have a material effect on the consolidated financial statements of the Group in future periods.

Functional and presentation currencies

The functional currency of Ukrainian companies of the Group is the Ukrainian Hryvnia (“UAH”); the functional currency of the Cyprus and Luxembourg companies of the Group is the US Dollar (“USD”); the functional currency of other European companies of the Group is the Euro (“EUR”); the functional currency of the United Arab Emirates companies is the Dirham (“AED”); the functional currency of the UK companies is the British Pound ("GBP”); 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 interim condensed consolidated financial statements are presented in US Dollars (“USD”), which is the Group’s presentation currency.

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

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

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

The following exchange rates were used:

Currency	*Closing rate as of 30 June 2023*	*Average for six months ended 30 June 2023*	*Average for three months ended 30 June 2023*	*Closing rate as of 31 December 2022*	*Average for six months ended 30 June 2022*	*Average for three months ended 30 June 2022*
UAH/USD	36.5686	36.5686	36.5686	36.5686	28.9066	29.2549
UAH/EUR	40.0006	39.5236	39.8205	38.9510	31.7356	31.1984
USD/EUR	1.0939	1.0808	1.0889	1.0651	1.0979	1.0664

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2023

(in thousands of US dollars, unless otherwise indicated)

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

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

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

3. Segment information

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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3. Segment information *(continued)*

The following table presents revenue and profit information regarding the Group's operating segments for the six-month period ended 30 June 2023:

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	1,127,018	93,436	67,240	267,272	1,554,966	-	1,554,966
Sales between business segments	22,584	98,341	170	-	121,095	(121,095)	-
Total revenue	1,149,602	191,777	67,410	267,272	1,676,061	(121,095)	1,554,966
Segment results	179,983	(36,557)	1,397	27,175	171,998	-	171,998
Unallocated corporate expenses							(20,354)
Other expenses, net [1]							(68,782)
Profit before tax from continuing operations							82,862
Other information:							
Depreciation and amortization expense [2]	41,350	23,670	2,994	12,264	80,278	-	80,278
Net change in fair value of biological assets and agricultural produce	13,277	(81,390)	(4,811)	(3,259)	(76,183)	-	(76,183)

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

[2] Depreciation and amortization for the six-month period ended 30 June 2023 does not include unallocated depreciation and amortization in the amount of USD 1,447 thousand.

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

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	808,739	53,276	63,193	223,533	1,148,741	-	1,148,741
Sales between business segments	25,015	195,004	150	-	220,169	(220,169)	-
Total revenue	833,754	248,280	63,343	223,533	1,368,910	(220,169)	1,148,741
Segment results	60,765	18,513	(2,267)	26,681	103,692	-	103,692
Unallocated corporate expenses							(16,870)
Loss on impairment of property, plant and equipment	-	-	(11,114)	-	(11,114)	-	(11,114)
Other expenses, net [1]							(168,861)
Loss before tax from continuing operations							(93,153)
Other information:							
Depreciation and amortization expense [2]	38,906	29,436	2,438	10,317	81,097	-	81,097
Net change in fair value of biological assets and agricultural produce	14,932	(113,339)	860	4,998	(92,549)	-	(92,549)

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

[2] Depreciation and amortization for the six-month period ended 30 June 2022 does not include unallocated depreciation and amortization in the amount of USD 787 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six-month period ended 30 June 2023
(in thousands of US dollars, unless otherwise indicated)

3. Segment information *(continued)*

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 30 June 2023:

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	607,712	24,190	35,008	142,454	809,364	-	809,364
Sales between business segments	11,236	54,952	86	-	66,274	(66,274)	-
Total revenue	618,948	79,142	35,094	142,454	875,638	(66,274)	809,364
Segment results	102,535	(32,958)	(302)	12,093	81,368	-	81,368
Unallocated corporate expenses							(13,714)
Other expenses, net [1]							(35,162)
Profit before tax from continuing operations							32,492
Other information:							
Depreciation and amortization expense [2]	21,287	10,193	1,562	7,585	40,627	-	40,627
Net change in fair value of biological assets and agricultural produce	10,009	(41,266)	(3,448)	(4,805)	(39,510)	-	(39,510)

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

[2] Depreciation and amortization for the three-month period ended 30 June 2023 does not include unallocated depreciation and amortization in the amount of USD 726 thousand.

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

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	430,064	18,118	27,063	120,168	595,413	-	595,413
Sales between business segments	8,879	77,495	64	-	86,438	(86,438)	-
Total revenue	438,943	95,613	27,127	120,168	681,851	(86,438)	595,413
Segment results	49,080	24,165	(229)	17,234	90,250	-	90,250
Unallocated corporate expenses							(12,119)
Loss on impairment of property, plant and equipment	-	-	(11,114)	-	(11,114)	-	(11,114)
Other expenses, net [1]							(37,296)
Profit before tax from continuing operations							29,721
Other information:							
Depreciation and amortization expense [2]	19,260	14,852	579	5,124	39,815	-	39,815
Net change in fair value of biological assets and agricultural produce	8,700	(47,946)	128	2,527	(36,591)	-	(36,591)

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

[2] Depreciation and amortization for the three-month period ended 30 June 2022 does not include unallocated depreciation and amortization in the amount of USD 579 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2023

(in thousands of US dollars, unless otherwise indicated)

3. Segment information *(continued)*

Non-current assets based on the geographic location of the manufacturing facilities were as follows as of 30 June 2023 and 31 December 2022:

	2023	*2022*
Ukraine	1,879,476	1,922,334
Europe	396,998	314,620
The Middle East and North Africa (MENA)	2,291	2,336
	2,278,765	2,239,290

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

4. Revenue

Revenue from the contracts with customers for the six-month and three-month periods ended 30 June 2023 and 2022 was as follows:

	Six-month period ended 30 June		*Three-month period ended 30 June*	
	2023	*2022*	*2023*	*2022*
Poultry and related operations segment				
Chicken meat	718,984	607,418	359,039	302,445
Vegetable oil and related products	345,213	161,342	216,293	103,058
Other poultry related sales	62,821	39,979	32,380	24,561
	1,127,018	808,739	607,712	430,064
Grain growing operations segment				
Grain	93,436	53,276	24,190	18,118
	93,436	53,276	24,190	18,118
Meat processing and other agricultural operations segment				
Other meat	48,930	47,662	24,550	19,685
Other agricultural sales	18,310	15,531	10,458	7,378
	67,240	63,193	35,008	27,063
European operating segment				
Chicken meat	171,028	129,050	93,152	64,465
Other meat	69,744	66,924	34,742	35,794
Other agricultural sales	26,500	27,559	14,560	19,909
	267,272	223,533	142,454	120,168
	1,554,966	1,148,741	809,364	595,413

The geographic structure of revenue for the six-month and three-month periods ended 30 June 2023 and 2022 was as follows:

	Six-month period ended 30 June		*Three-month period ended 30 June*	
	2023	*2022*	*2023*	*2022*
Export	973,078	640,137	507,855	332,534
Domestic	581,888	508,604	301,509	262,879
	1,554,966	1,148,741	809,364	595,413

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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5. Cost of sales

Cost of sales for the six-month and three-month periods ended 30 June 2023 and 2022 comprised of following:

	Six-month period ended 30 June		*Three-month period ended 30 June*	
	2023	*2022*	*2023*	*2022*
Costs of raw materials and other inventory used	873,292	571,587	446,660	288,053
Payroll and related expenses	141,842	131,837	84,979	63,532
Depreciation and amortization expense	67,788	72,768	32,581	36,013
Other costs	102,069	39,225	55,398	19,721
	1,184,991	**815,417**	**619,618**	**407,319**

6. Selling, general and administrative expenses

Selling, general and administrative expenses for the six-month and three-month periods ended 30 June 2023 and 2022 was as follows:

	Six-month period ended 30 June		*Three-month period ended 30 June*	
	2023	*2022*	*2023*	*2022*
Payroll and related expenses	65,463	52,325	38,167	25,127
Services	34,169	32,399	17,634	18,463
Depreciation and amortization expense	13,937	9,061	8,769	4,329
Advertising expense	6,133	6,209	2,798	3,202
Fuel and other materials used	5,522	4,470	3,530	3,106
Representative costs and business trips	3,969	4,449	1,556	2,808
Insurance expense	1,771	1,220	647	286
Bank services and conversion fees	507	549	245	273
Other	2,653	2,206	1,275	1,021
	134,124	**112,888**	**74,621**	**58,615**

7. Profit for the period

The Group's gross profit for the six-month period ended 30 June 2023 increased compared to the six-month period ended 30 June 2022 to USD 293,792 thousand (30 June 2022: USD 240,775 thousand). The increase was driven mainly by higher revenue in the poultry and related operations segment due to an increase in the volume of chicken meat and vegetable oil sold. At the same time increased production costs and the reduction of grain prices has led to the negative revaluation of biological assets of Grain operating segments, that partly reduced the positive effect from poultry operations.

Operating profit increased by 100% to USD 151,644 thousand for the six-month period ended 30 June 2023 compared to USD 75,708 thousand for the six-month period ended 30 June 2022. In March-June 2022, following the Russian invasion in February 2022, the Group incurred significant expenses related to the war (including write-offs of inventories, donations to communities in Ukraine and the impairment of certain property, plant and equipment), which were significantly lower during six-month period ended 30 June 2023. This factor together with improvement in gross profit resulted in the increase in operating profit.

Profit for the six-month period ended 30 June 2023 amounted to USD 66,569 thousand, compared to a loss of USD 88,519 thousand for the six-month period ended 30 June 2022. The increase is mainly due to the higher operating profit and the stabilization of the Ukrainian Hryvnia against the US Dollar and EURO, which resulted in a foreign exchange gain of USD 4,486 thousand for the six-month period ended 30 June 2023 compared to a loss of USD 92,192 thousand for the six-month period ended 30 June 2022 (mainly arisen on the Group's borrowings in foreign currencies).

8. Property, plant and equipment

During the six-month period ended 30 June 2023, the Group's additions to property, plant and equipment amounted to USD 95,046 thousand (six-month period ended 30 June 2022: USD 60,763 thousand) related to maintenance and modernization projects, new products development of Ukrainian operations and expansion of Perutnina Ptuj production facilities. An increase in additions is higher mainly due to increased investments in cost optimization and culinary strategy projects as well as purchases of diesel generators for

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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8. Property, plant and equipment *(continued)*

mitigation of possible power outages impact. There were no significant disposals of property, plant and equipment during the six-month periods ended 30 June 2023 and 30 June 2022.

During the six-month period ended 30 June 2022, the Group identified indicators of impairment of property, plant and equipment of its subsidiary "Ukrainian Bacon", which was located in Donetsk region. As a result, as at 30 June 2022, the Group has recognized an impairment loss of USD 20,603 thousand in respect of property, plant and equipment, of which USD 11,114 thousand was recorded as Loss on impairment of property, plant and equipment within profit or loss and USD 9,489 thousand as Decrease in revaluation reserve within other comprehensive income.

The remaining part of the movement mainly relates to depreciation charge over the period and translation difference into the presentation currency.

9. Agricultural produce

A decrease of agricultural produce balances for the six-month period ended 30 June 2023 was mainly as a result of internal consumption of grains and oilseeds as well as a decrease in stocks of chicken meat due to optimization of working capital.

10. Inventories

A decrease of inventories for the six-month period ended 30 June 2023 was mainly due to seasonal reclassification of investments in fields to biological assets as well as a decrease of vegetable oil and sunflower seeds balances due to sales and internal consumption respectively.

11. Biological assets

The increase in current biological assets as compared to 31 December 2022 is primarily related to crops in fields balance growth, represented mainly by spring crops seeded. The increase is partially offset by the negative IAS 41 revaluation adjustment as a result of lower sales prices.

12. Shareholders' equity

As of 30 June 2023 and 31 December 2022 the authorized, issued and fully paid share capital of MHP SE comprised the following number of shares:

	30 June 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 30 June 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.

13. Bank borrowings

The following table summarizes bank borrowings and credit lines outstanding as of 30 June 2023 and 31 December 2022:

		30 June 2023		*31 December 2022*	
	Currency	*WAIR 1)*	*USD' 000*	*WAIR 1)*	*USD' 000*
Non-current					
	EUR	EURIBOR2) + 1,21%	105,386	EURIBOR2) + 1.35%	117,719
			105,386		117,719
Current					
	UAH	20.00%4)	2,456	20.00%4)	2,456
	USD	SOFR3) + 2,39%	59,350	SOFR3) + 2.20%	10,550
	USD	7.48%	42,787	6.06%	56,843
	EUR	EURIBOR2) + 2,22%	29,725	EURIBOR2) + 2,3%	25,564
	EUR	6.67%	58,333	4.32%	56,802

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13. Bank borrowings *(continued)*

		30 June 2023		31 December 2022	
	Currency	*WAIR 1)*	*USD' 000*	*WAIR 1)*	*USD' 000*
Current portion of long-term bank borrowings	EUR	EURIBOR2) + 1,21 %	30,887	EURIBOR2) + 1.35%	23,897
			223,538		176,112
Total bank borrowings			**328,924**		**293,831**

1) WAIR represents the weighted average interest rate on outstanding borrowings

2) According to the terms of certain agreements, if market EURIBOR becomes negative, it shall be deemed to be zero for calculation of interest expense

3) The Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

4) Deduction interest amount equal to 3m UIRD 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 30 June 2023 3m UIRD rate is equal 12.39% p.a. (31 December 2022: 11.18% p.a.)

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

As of 30 June 2023 and 31 December 2022, the Group's bank term loans and credit lines bear either floating or fixed interest rates.

Bank borrowings and credit lines outstanding as of 30 June 2023 and 31 December 2022 were repayable as follows:

	30 June 2023	*31 December 2022*
Within one year	223,538	176,112
In the second year	24,866	27,170
In the third to fifth year inclusive	73,017	84,041
After five years	7,503	6,508
	328,924	**293,831**

As of 30 June 2023, the Group had undrawn facilities of USD 93,374 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, in case of excess of Net Debt to EBITDA ratio (the Group's leverage ratio), there are negative covenants in respect of restricted payments, including dividends, capital expenditures, additional indebtedness and restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates.

As of 30 June 2023 the Group complied with all covenants. As at 30 June 2023, the Group's leverage ratio decreased to 2.31 to 1, compared with 2.58 and 3.22 to 1 as at 31 March 2023 and 31 December 2022 respectively. As a result, 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 period from 1 January 2023 to 31 March 2023.

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, Vinnytska Ptakhofabryka.

As of 30 June 2023, the Group had borrowings of USD 111,718 thousand that were secured by property, plant and equipment with a collateral amount of USD 105,739 thousand (31 December 2022: USD 109,258 thousand and USD 100,789 thousand respectively).

As of 30 June 2023, the Group had borrowings of USD 79,949 thousand that were secured by agricultural produce with a carrying amount of USD 92,364 thousand (31 December 2022: borrowings of USD 30,608 thousand were secured by agricultural produce with carrying amount of USD 38,260 thousand).

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13. Bank borrowings *(continued)*

As of 30 June 2023, a deposit with carrying amount of USD 19,847 thousand (31 December 2022: USD 23,137 thousand) was restricted as collateral to issued letters of credit.

As of 30 June 2023 and 31 December 2022, interest payable on bank borrowings was USD 1,166 thousand and USD 774 thousand, respectively.

14. Bonds issued

Bonds issued and outstanding as of 30 June 2023 and 31 December 2022 were as follows:

	Carrying amount		*Nominal amount*	
	30 June 2023	*31 December 2022*	*30 June 2023*	*31 December 2022*
Non-current				
7.75% Senior Notes due in 2024	-	494,416	-	500,000
6.25% Senior Notes due in 2029	347,984	347,858	350,000	350,000
6.95% Senior Notes due in 2026	542,000	540,707	550,000	550,000
	889,984	**1,382,981**	**900,000**	**1,400,000**
Current				
7.75% Senior Notes due in 2024	496,478	-	500,000	-
	496,478	**-**	**500,000**	**-**
Unamortized debt issuance cost	-	-	(13,538)	(17,019)
Total bonds issued	**1,386,462**	**1,382,981**	**1,386,462**	**1,382,981**

As of 30 June 2023 and 31 December 2022, the amount of interest payable on bonds issued was USD 20,757 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.

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.

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14. Bonds issued *(continued)*

6.95% Senior Notes *(continued)*

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 agreements, 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 30 June 2023 the leverage ratio of the Group is 2.31 to 1 (31 March 2023 and 31 December 2022: 2.58 and 3.22 to 1 respectively), lower than the defined limit 3.0 to 1. The Group believes that since, as at the interim reporting dates, 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.

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14. Bonds issued *(continued)*

Consent solicitation in 2022

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 interest on postponed 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.

15. Related party balances and transactions

For the purposes of these interim condensed consolidated 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 six-month periods ended 30 June 2023 and 30 June 2022 were as follows:

	Six-month period ended 30 June 2023	*Six-month period ended 30 June 2022*
Loans and finance aid provided to related parties	46	313
Interest charged on loans and finance aid provided	162	-
Sales to related parties	121	-
Purchases from related parties	215	7
Key management personnel of the Group:		
Loans provided	98	294
Loans repaid	226	355

The balances owed to and due from related parties were as follows as of 30 June 2023 and 31 December 2022:

	30 June 2023	*31 December 2022*
Loans and finance aid receivable	3,947	3,601
Less: expected credit losses	(2,176)	(2,117)
	1,771	1,484
Loans to key management personnel	3,529	3,656
Less: expected credit losses	(379)	(276)
	3,150	3,380
Trade accounts receivable	141	106
Payables due to related parties	13	21

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2023

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15. 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 30 June 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 9,932 thousand and USD 4,680 thousand for the six-month periods ended 30 June 2023 and 2022, respectively. Compensation of key management personnel consists of contractual salary and performance bonuses paid.

16. 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 and temporary occupation of some territories. 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.

In 2023, Ukrainian entities have continued their business activity in this challenging economic environment, facing disruption of supply chains, higher business costs, physical destruction of production facilities and infrastructure (in the energy sector in particular).

In June 2023 the consumer inflation decelerated to 12.8% y/y, down from more than 26% in 2022, according to the inflation report of the National Bank of Ukraine (hereafter "NBU"). The easing of inflationary pressure was facilitated by the sufficient supply of food staples and fuels, by recovery of the energy system from the consequences of Russian missile attacks and by decrease in global energy prices. According to the NBU recent forecasts, inflation will decelerate to 10.6% in 2023 and will decline to 8.5% in 2024 and to 6% in 2025.

The NBU forecasts real GDP growth to 2.9% in 2023 with further economic growth of real GDP by 3.5% in 2024 and by 6.8% in 2025.

The NBU cut the key policy rate from 25% p.a. (as set in July 2022) to 20% p.a. effective 15 September 2023. The NBU also decreased the interest rate on overnight certificates of deposit by 4 pp, to 16%, and by 5 pp, to 22% on refinancing loans. During the six-months period ended 30 June 2023 and up to the date of authorization of these interim condensed consolidated financial statements, the exchange rate remained fixed at UAH 36.57 to the US Dollar. At the same time, in late June 2023, the NBU have approved the Strategy for easing foreign currency restrictions, transitioning to a more flexible exchange rate, and returning to inflation targeting.

On 2 May 2023, the European Commission adopted exceptional and temporary preventive measures on imports of a defined number of products from Ukraine. The measures concern four agricultural products – wheat, maize, rapeseed and sunflower seed – originating in Ukraine, which cannot continue to be released for free circulation in Bulgaria, Hungary, Poland, Romania and Slovakia. These 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 European Commission lifted the restrictions on 15 September 2023, after Ukraine agreed to tighten control over its agricultural exports. Despite this, market access conditions in the relevant member states, in particular, Poland, Hungary and Slovakia, for the affected Ukrainian products are uncertain and remain subject to on-going developments.

The "Grain deal" or Black Sea Grain Initiative, which was signed by Ukraine, the UN, Turkey and Russia on 22 July 2022, was suspended on 18 July 2023 since Russia had refused to extend the deal. The deal has allowed to export Ukrainian grain and vegetable oil through the "grain corridor" since it first began in July 2022. The intensity of Russian attacks on the Ukrainian ports has significantly increased since the second half of July 2023. These attacks have targeted ports infrastructure, grain depots and other storage facilities. The situation remains highly fluid and the outlook is subject to extraordinary uncertainty.

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16. Operating environment *(continued)*

The Government continues to implement measures to stabilize markets and the economy. International organizations (such as the IMF, EBRD, EU, World Bank), along with individual countries and charities, are providing Ukraine with financing, donations and material support. International assistance remains an important source of financing to meet state budget needs.

Since 24 February 2022, the Group has suffered losses as a result of the continuous War in Ukraine, caused by the full-scale Russian invasion. The Group considers the following expenses incurred during the six-month periods ended 30 June 2023 and 2022 to be directly related to the War:

	2023	*2022*
Loss on impairment of property, plant and equipment	-	11,114
Community support donations[1)]	2,175	16,674
Write-off of inventories and biological assets[1)]	196	9,815
Salary to mobilized employees[2)]	8,925	5,043
Expected credit losses of trade accounts receivable and non-current financial assets[1)]	-	4,873
Other war-related expenses[1)]	2,058	1,952
Total amount *recognized in profit or loss*	**13,354**	**49,471**
Decrease in revaluation reserve	-	9,489
	13,354	**58,960**

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, the Group has provided over 12,000 tonnes of poultry products pro bono.

17. Contingencies and contractual commitments

Taxation and legal matters

The Group carries out its operations in various jurisdictions, with a significant number of operations in Ukraine, which are subject to tax legislation. Ukrainian legislation regarding taxation and other regulatory matters, including currency exchange control and custom regulations, is regularly changing and revisited. Non-compliance with tax laws and regulations can lead to the imposition of severe penalties and fines.

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

As of 30 June 2023, companies of the Group were engaged in ongoing litigation with tax authorities for the amount of USD 14,861 thousand (31 December 2022: USD 25,652 thousand), including USD 6,268 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. Out of the total amount above, USD 9,896 thousand as of 30 June 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 favor of the Group. Management believes that, based on the past history of court resolutions of similar lawsuits by the Group, it is unlikely that a significant settlement will arise out of such lawsuits and, therefore, no respective provision is required in the Group's financial statements as of the reporting date.

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17. Contingencies and contractual commitments *(continued)*

Contractual commitments on purchase of property, plant and equipment

During the six-month period ended 30 June 2023, companies of the Group entered into a number of contracts with foreign suppliers for the purchase of property, plant and equipment. These agreements are mainly related to maintenance and modernization projects, new products development in Ukraine and expansion of Perutnina Ptuj production facilities. As of 30 June 2023, purchase commitments amounted to USD 51,001 thousand (31 December 2022: USD 33,022 thousand).

18. 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 receivable, other current assets and trade accounts payable due to the short-term nature of the financial instruments. The fair value of non-current financial assets is measured by discounting the estimated future cash outflows, with reference to market interest rates, and it approximates the carrying value of non-current financial assets.

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

	Carrying amount		*Fair value*	
	30 June 2023	*31 December 2022*	*30 June 2023*	*31 December 2022*
Financial liabilities				
Bank borrowings *(Note 11)*	330,090	294,605	335,853	296,294
Senior Notes due in 2024, 2026, 2029 *(Note 12)*	1,407,219	1,424,093	837,763	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 bank borrowings was estimated by discounting the expected future cash outflows by a market rate of interest for bank borrowings of 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.

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19. Risk management policy

During the six-month period ended 30 June 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.

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and other current liabilities, which are considered by the Group from a risk management perspective. The table has been drawn up based on the undiscounted cash flows of financial liabilities using the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows as of 30 June 2023 and 31 December 2022. The amounts in the table may not be equal to the statement of financial position carrying amounts since the table includes all cash outflows on an undiscounted basis.

	Carrying amount	*Contractual Amounts*	*Less than 1 year*	*From 2nd to 5th year*	*After 5th year*
30 June 2023					
Bank borrowings	330,090	437,166	322,532	106,882	7,752
Bonds issued	1,407,219	1,695,613	598,850	713,950	382,813
Lease liabilities	247,277	477,375	78,917	205,749	192,709
Trade accounts payable	127,224	127,224	127,224	-	-
Other current financial liabilities	102,969	102,969	102,969	-	-
Total	**2,214,779**	**2,840,347**	**1,230,492**	**1,026,581**	**583,274**
31 December 2022					
Bank borrowings	294,605	309,690	182,794	120,227	6,669
Bonds issued	1,424,093	1,765,539	119,351	1,252,438	393,750
Lease liabilities	229,323	439,320	65,067	192,698	181,555
Trade accounts payable	122,576	122,576	122,576	-	-
Other current liabilities	95,793	95,793	95,793	-	-
Total	**2,166,390**	**2,732,918**	**585,581**	**1,565,363**	**581,974**

As of 30 June 2023, although part of the Group's existing undrawn financing facilities in certain banks in amount of USD 37 million were not available (31 December 2022: USD 37 million), this has not influenced the overall liquidity of the Group.

Currency risk

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

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

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as of 30 June 2023 and 31 December 2022 were as follows:

	30 June 2023		*31 December 2022*	
	USD	*EUR*	*USD*	*EUR*
Total assets	307,923	121,259	177,509	116,847
Total liabilities[1)]	1,519,515	134,438	1,498,217	136,207
Net liabilities	**1,211,592**	**13,179**	**1,320,708**	**19,360**

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

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19. Risk management policy *(continued)*

Currency risk *(continued)*

The table below details the Group's sensitivity to strengthening/(weakening) of the UAH against USD and EUR. This sensitivity range represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for possible change in foreign currency rates.

	Change in foreign currency exchange rates	*Effect on profit before tax*
2023		
Increase in USD exchange rate	20%	(242,318)
Increase in EUR exchange rate	20%	(2,636)
Decrease in USD exchange rate	2%	24,232
Decrease in EUR exchange rate	2%	264
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 six-month period ended 30 June 2023, the Ukrainian Hryvnia depreciated against the EUR by 2.6% while the official exchange rate of the Ukrainian Hryvnia against the USD remained unchanged (six-month period ended 30 June 2022: appreciated against the EUR and depreciated against USD by 0.5% and 6.8% respectively). As a result, during the six-month period ended 30 June 2023 the Group recognized a net foreign exchange gain in the amount of USD 4,486 thousand (six-month period ended 30 June 2022: net foreign exchange loss in the amount of USD 92,192 thousand) in the interim condensed consolidated statement of profit or loss and other comprehensive income.

20. Subsequent events

Loan agreement with international financial institutions

The Group has reached agreement in principle with a number of international and development financial institutions to enter into facilities agreements providing up to USD 400 million in aggregate (collectively the "IFI Facilities"). When entered into, disbursements under the IFI Facilities are expected to be made in various tranches pursuant to utilization requests by the Company, subject to the satisfaction of terms and certain conditions precedent, including the absence of a material adverse change in the Group's business, operations, property, financial condition or prospects, and the maintenance of certain financial ratios consistent with the Group's obligations under its Eurobonds. The Group expects to use the proceeds received pursuant to initial utilization requests to finance a portion of the tender offer announced on 25 September 2023 for any and all of its US$500 million aggregate principal amount outstanding 7.75% notes due 2024. The Company intends to deliver all notes acquired pursuant to the tender offer to the Trustee for prompt cancellation.

Investments in joint venture in Saudi Arabia

On 7 September 2023, the Company signed a shareholder agreement with Desert Hills Veterinary Services Company Limited, subsidiary of Tanmiah Food Company, a publicly listed company on the Saudi stock market, with intention to establish a joint venture in poultry farming in the Kingdom of Saudi Arabia. The Company will have 45% of the share capital of this entity upon its incorporation, and an initial investment by the Company is planned in amount of SAR 26,810 thousand (or equivalent of USD 7,239 thousand).

21. 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 25 September 2023.