16 November 2023, Limassol, Cyprus

MHP SE

Financial Results for the Third Quarter and Nine Months ended 30 September 2023

MHP SE (LSE:MHPC), the parent company of a leading international agro-industrial group with headquarters in Ukraine, today announces its unaudited results for the third quarter and nine months ended 30 September 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 9M 2023 thanks to a recovery in export levels, continued strong demand, a stable price environment and the MHP team’s success in minimizing disruption to production. It should be noted that operational and financial results in 9M 2022 were significantly more seriously affected by disruption in the early stages of the War, setting a low bar for year-on-year comparison. Future results may again be adversely affected by War-related challenges that are not under MHP’s control.

WAR IN UKRAINE - UPDATE

Ukraine continues to face the ongoing full-scale Russian invasion, with significant war operations in the south and east of the country. Irregular but frequent drone and rocket attacks against civilian infrastructure throughout the territory of Ukraine remain a feature of the war. Indeed, October and November have seen an intensification of attacks aimed at energy infrastructure ahead of winter, with the expectation of further heightened activity during the winter period.

Following the unilateral Russian withdrawal from the Black Sea Grain Initiative - known as the ‘Grain Deal’ - in July 2023, seaborne transport for Ukrainian agricultural produce remains severely restricted. In the absence of alternative international agreements, Ukrainian authorities have been steering vessels along the coast to decrease the chances of attack. Regular targeting of port infrastructure by Russian drones and rockets makes the situation extremely volatile. A number of vessels have been damaged by bombing, including foreign-flagged cargo ships in the Odessa region.

The Company therefore continues to operate in an extremely challenging and uncertain logistics environment, incurring substantial transportation costs from having to utilize alternatives to shipping and manage increased complexity across its logistics operations.

Due to these issues, MHP’s exports continue to be reliant on the relaxation of EU and UK poultry quotas and tariffs and any changes to the current regime could pose a serious risk to the Company’s ability to reach end markets profitably. For certain products, including wheat, maize, rapeseed and sunflower seed, the Company remains unable to access end consumers in some central European EU countries due to exceptional restrictive measures. Moreover, recurring strikes at the Polish border have increased the cost of delivering poultry meat to the EU using other, longer routes.

To withstand the widely expected electricity shortages, MHP has made provisions for electricity outages and has alternatives ready to replace the supply by the national energy network that remains under constant threat of Russian bombardment. Nevertheless, any significant energy outages are likely to lead to increased cost and/or a decrease in production across the Company’s main products.

The Company continues to support its staff and focus on the welfare of its people, including more than 2,300 employees currently mobilized. MHP has put in place an on-going re-skilling programme, leading to extended average employee age, as well as a higher ratio of women to men.

In addition to the specific challenges outlined above, the Company and its staff continue to face severe general uncertainties inherent in the War, with any substantive escalation of attacks increasing risks to MHP’s Ukrainian operations, potentially leading to further disruption in production.

Despite these significant challenges, MHP’s production facilities have continued to operate at close to full capacity throughout the reporting period and to date. This has enabled the Company to continue exporting to global markets, providing grain, vegetable oils and poultry meat to global markets to over 70 countries.

On November 8 2023, The European Commission working group on EU enlargement policy published its Ukraine 2023 Report. This concluded that Ukraine has continued to progress on democratic and rule of law reforms despite the ongoing challenges of the full-scale invasion, and that the granting of candidate status for EU accession to Ukraine in June 2022 has further accelerated reform efforts.

OPERATIONAL ENVIRONMENT

As of today, by adapting dynamically to the evolving operational environment the Company has been able to continue operating at close to full capacity 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.

CHANGE IN PRESENTATION OF SEGMENT INFORMATION

In order to accurately reflect the diverse nature of the Group's business operations and improve the granularity of reporting, from this report MHP has implemented changes to its presentation of business segmentation information. These changes include:

- introduction of a new Vegetable Oil Operations segment, which represents production and sales of vegetable oil and related products;
- consolidation of all meat production operations in the Poultry and Processed Meat and Related Operations segment;
- combining grain operations and milk cattle farming in the Agriculture Operations segment.

Comparative results for the nine-month period ended 30 September 2022 have been restated.

OPERATIONAL HIGHLIGHTS

Q3 2023

- Poultry meat production volume in Ukraine was up 10% at 187,036 tonnes (Q3 2022: 169,448 tonnes). Poultry meat production volumes of the European Operating Segment (PP) increased by 5% to 34,764 tonnes (Q3 2022: 33,084 tonnes).
- MHP Ukraine's average poultry meat price was stable at US$ 1.96 per kg (Q3 2022: US$ 2.03 per kg) excluding VAT. The average price of poultry meat produced by PP was stable at EUR 3.42 per kg (Q3 2022: EUR 3.34 per kg).
- Poultry meat exports from Ukraine remained stable at 99,813 tonnes (Q3 2022: 99,250 tonnes).

9M 2023

- Poultry meat production volume in Ukraine increased by 6% to 546,369 tonnes (9M 2022: 515,488 tonnes). Poultry meat production volumes of PP increased by 7% to 99,850 tonnes (9M 2022: 92,892 tonnes).
- MHP Ukraine's average poultry meat price was stable at US$ 1.94 per kg (9M 2022: US$ 1.97 per kg) excluding VAT. The average price of poultry meat produced by PP increased by 8% to EUR 3.46 per kg (9M 2022: EUR 3.19 per kg).
- Poultry meat exports from Ukraine increased by 21% to 311,978 tonnes (9M 2022: 257,250 tonnes).

FINANCIAL HIGHLIGHTS

Q3 2023

- Revenue stable at US$ 739 million (Q3 2022: US$ 727 million).
- Export revenue of US$ 411 million, 56% of total revenue (Q3 2022: US$ 470 million, 65% of total revenue).
- Operating profit of US$ 95 million decreased by 5% and operating margin decreased to 13% (Q3 2022:US$ 100 million and 14% respectively).
- Adjusted EBITDA (net of IFRS 16) decreased to US$ 111 million from US$ 121 million; adjusted EBITDA margin (net of IFRS 16) decreased to 15% from 17%.
- Net profit of US$ 55 million, compared to a loss of US$ 181 million for Q3 2022.

9M 2023

- Revenue increased to US$ 2,294 million, up by 22% y/y (9M 2022: US$ 1,876 million).
- Export revenue increased to US$ 1,385 million, 25% higher y/y, representing 60% of total revenue (9M 2022: US$ 1,110 million, 59% of total revenue).
- Operating profit increased to US$ 247 million, up by 40% y/y (9M 2022: US$ 176 million) and operating margin increased from 9% to 11%.
- Adjusted EBITDA (net of IFRS 16) increased by 20% to US$ 329 million (9M 2022: US$ 275 million); adjusted EBITDA margin (net of IFRS 16) decreased from 15% to 14%.
- Net profit of US$ 122 million, compared to a loss of US$ 269 million in 9M 2022, primarily reflecting a US$ 7 million non-cash foreign exchange gain in 9M 2023 compared with a US$ 367 million foreign exchange loss in 9M 2022.

FINANCIAL OVERVIEW

(in mln. US$, unless indicated otherwise)	**Q3 2023**	**Q3 2022**	*% change[1)]*	**9M 2023**	**9M 2022**	*% change[1)]*
Revenue	**739**	**727**	**2%**	**2,294**	**1,876**	**22%**
IAS 41 standard losses	2	(26)	108%	(74)	(119)	38%
Gross profit	**169**	**158**	**7%**	**463**	**398**	**16%**
Gross profit margin	*23%*	*22%*	*1 pps*	*20%*	*21%*	*-1 pps*
War-related expenses	(9)	(7)	29%	(23)	(45)	-49%
Operating profit	**95**	**100**	**-5%**	**247**	**176**	**40%**
Operating profit margin	*13%*	14%	*-1 pps*	*11%*	*9%*	*2 pps*
Adjusted EBITDA	**133**	**136**	**-2%**	**367**	**304**	**21%**
Adjusted EBITDA margin	*18%*	19%	*-1 pps*	*16%*	*16%*	*0 pps*
Adjusted EBITDA *(net of IFRS 16)*	**111**	**121**	**-8%**	**329**	**275**	**20%**
Adjusted EBITDA margin (net of IFRS 16)	*15%*	*17%*	*-2 pps*	*14%*	*15%*	*-1 pps*
Net profit /(loss)	**55**	**(181)**	**130%**	**122**	**(269)**	**145%**
Net profit/(loss) margin	*7%*	*-25%*	*32 pps*	*5%*	*-14%*	*19 pps*

[1)] pps – percentage points

Average official FX rate for Q3: UAH/US$ 36.57 in 2023 and UAH/US$ 34.98 in 2022.
Average official FX rate for 9M 2023 UAH/US$ 36.57 and for 9M 2022 UAH/US$ 30.95.

On 25 September 2023 MHP SE launched an invitation to the holders of its US$ 500 million 7.75% Guaranteed Notes due May 10, 2024 to tender for the purchase of any and all of the US$ 500 million aggregate principal amount of Notes outstanding. The early tender offer consideration due to expire on 6 October 2023 amounted to US$ 850 per US$ 1,000 principal amount of Notes, while the tender offer consideration due to expire on 26 October 2023 amounted to US$ 750 per US$ 1,000 principal amount of Notes. Subsequently, the tender offer was extended to 8 November 2023.

With the purpose of refinancing the Eurobond indebtedness, on 20 October 2023 the Group signed agreements with three international and development financial institutions - DFC, IFC and EBRD - to provide facilities of up to US$ 480 million in aggregate.

On 10 November 2023, the Group completed the Tender Offer Consideration, purchasing Notes with a principal amount of US$ 151 million for US$ 128 million, using disbursed first tranches from the IFI facilities with a total amount of US$ 107 million.

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:	13.00 London / 15.00 Kyiv / 08.00 New York
Title:	Financial results for Q3 2023 and 9M 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

For Investor Relations enquiries, please contact:

Anastasia Sobotiuk (Kyiv)	+38 050 339 29 99	
	+357 99 76 71 26	a.sobotyuk@mhp.com.ua

Segment Performance

Poultry and processed meat and related operations

Poultry meat

(in tonnes, unless indicated otherwise)	Q3 2023	Q3 2022[1]	*% change y/y*[2]	Q2 2023	*% change q/q*[2]	9M 2023	9M 2022	*% change*[2]
Sales volume of poultry meat[1]	**177,613**	**173,565**	**2%**	**174,408**	**2%**	**535,201**	**473,740**	**13%**
Export sales	*99,813*	*99,250*	*1%*	*100,234*	*0%*	*311,978*	*257,250*	*21%*
Domestic sales	*77,800*	*74,315*	*5%*	*74,174*	*5%*	*223,223*	*216,490*	*3%*
Portion of export sales, %	*56%*	*57%*	*-1 pps*	*57%*	*-1 pps*	*58%*	*54%*	*4 pps*
Average price per 1 kg net of VAT, USD	**1.96**	**2.03**	**-3%**	**1.97**	**-1%**	**1.94**	**1.97**	**-2%**
Average price per 1 kg net of VAT, USD$ (Ukraine)	*1.70*	*1.42*	*20%*	*1.64*	*4%*	*1.63*	*1.49*	*9%*
Average price per 1 kg net of VAT, USD$ (export)	*2.17*	*2.49*	*-13%*	*2.22*	*-2%*	*2.16*	*2.38*	*-9%*

[1] Poultry meat consists of raw and unprocessed parts of chicken, meat after minor processing, meat after grinding and chicken meat with the addition of spices (marinated meat)
[2] pps – percentage points

The total volume of poultry meat sold to third parties in 9M 2023 increased by 13% to 535,201 tonnes (9M 2022: 473,740 tonnes) due to a significant increase in export sales. Domestic sales in 9M 2023 increased by 3% mainly due to higher demand in Ukraine compared to 9M 2022 when the full effects of the War affected results from March. Export sales in 9M 2023 increased by 21% y/y to 311,978 tonnes, mainly as a result of substantially decreased sales in 9M 2022 due to the effects of the War.

Poultry meat export prices in 9M 2023 decreased by 9% y/y, mainly driven by relative stabilization comparing to their maximum levels achieved in Q2 2022.

In 9M 2023 poultry meat prices on the domestic market in USD terms increased by 9% y/y, driven by increased sales volumes of high-margin fillet and due to higher costs resulting from significant inflation both in 2022 and 9M 2023.

Processed poultry meat

(in tonnes, unless indicated otherwise)	Q3 2023	Q3 2022[1]	*% change y/y*[2]	Q2 2023	*% change q/q*[2]	9M 2023	9M 2022	*% change*[2]
Sales volume of processed meat[1]	**10,097**	**9,752**	**4%**	**8,992**	**12%**	**27,260**	**26,962**	**1%**
Export sales	*1,864*	*1,163*	*60%*	*900*	*107%*	*3,825*	*2,737*	*40%*
Domestic sales	*8,233*	*8,589*	*-4%*	*8,092*	*2%*	*23,435*	*24,225*	*-3%*
Portion of export sales, %	*18%*	*12%*	*6 pps*	*10%*	*8 pps*	*14%*	*10%*	*4 pps*
Average price per 1 kg net of VAT, USD	**3.01**	**2.34**	**29%**	**2.76**	**9%**	**2.88**	**2.51**	**15%**
Average price per 1 kg net of VAT, USD$ (Ukraine)	*3.03*	*2.25*	*35%*	*2.79*	*9%*	*2.87*	*2.43*	*18%*
Average price per 1 kg net of VAT, USD$ (export)	*2.90*	*3.00*	*-3%*	*2.46*	*18%*	*2.93*	*3.24*	*-10%*

[1] Processed meat consists of meat after significant processing (added supplements like vegetables or breading), pre-cooked and ready-to-eat meat
[2] pps – percentage points

Export sales volume of processed poultry meat increased by 40% to 3,825 tonnes in 9M 2023 compared to 2,737 tonnes in 9M 2022. The average price increased by 15% to USD$ 2.88 per kg in 9M 2023 (9M 2022: USD$ 2.51 per kg) driven mainly by an increase in raw material prices (spices, packaging and other components) as well as by a positive change in product mix.

Financial result and trends

(in mln. US$, unless indicated otherwise)	**Q3 2023**	**Q3 2022**	*% change y/y[1)]*	**Q2 2023**	*% change q/q[1)]*	**9M 2023**	**9M 2022**	*% change[1)]*
Revenue	**425**	**411**	**3%**	**416**	**2%**	**1,257**	**1,106**	**14%**
- Poultry meat	*359*	*362*	*-1%*	*359*	*0%*	*1,078*	*969*	*11%*
- Processed meat	*30*	*23*	*30%*	*25*	*20%*	*79*	*68*	*16%*
- Complementary products and other sales	*36*	*26*	*33%*	*32*	*13%*	*100*	*69*	*45%*
IAS 41 standard gain	2	9	-78%	10	-80%	16	24	-33%
Gross profit	**99**	**75**	**32%**	**119**	**-17%**	**311**	**226**	**38%**
Gross margin	*23%*	*18%*	*5 pps*	*29%*	*-6 pps*	*25%*	*20%*	*5 pps*
War-related expenses	(4)	(4)	0%	(4)	0%	(12)	(35)	-66%
Adjusted EBITDA	**83**	**53**	**57%**	**100**	**-17%**	**261**	**149**	**75%**
Adjusted EBITDA margin	*19%*	*13%*	*6 pps*	*24%*	*-5 pps*	*21%*	*13%*	*8 pps*
Adjusted EBITDA *(net of IFRS 16)*	**83**	**53**	**57%**	**99**	**-16%**	**260**	**149**	**74%**
Adjusted EBITDA margin (net of IFRS 16)	*19%*	*13%*	*6 pps*	*24%*	*-5 pps*	*21%*	*13%*	*8 pps*

[1)] pps – percentage points

In 9M 2023, revenue increased by 14% y/y as a result of sales volume increase of poultry meat and processed meat that was partly set off by lower meat price on export markets.

IAS 41 standard gain in 9M 2023 decreased to US$ 16 million y/y mainly as a result of a lower chicken meat price and optimization of meat stocks volumes comparing to 9M 2022.

Gross profit in 9M 2023 increased to US$ 311 million mainly driven by higher sales volumes of poultry meat on export markets partly set off by lower export prices.

In 9M 2023, adjusted EBITDA (net of IFRS 16) increased to US$ 260 million, mainly as a result of higher gross profit and lower War-related expenses.

Vegetable Oil Operations

Vegetable oil

(in tonnes, unless indicated otherwise)	**Q3 2023**	**Q3 2022**	*% change y/y*	**Q2 2023**	*% change q/q*	**9M 2023**	**9M 2022**	% change
Sales volume of sunflower oil	126,882	95,436	33%	168,677	-25%	372,760	176,912	111%
Sales volume of soybean oil	11,096	7,716	44%	13,630	-19%	39,126	27,263	44%

In 9M 2023 MHP's sales of sunflower oil increased by 111% compared to 9M 2022 to 372,760 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 9M 2022.

Sales of soybean oil amounted to 11,096 tonnes in Q3 2023 also increased by 44% y/y, and by 44% to 39,126 tonnes in 9M 2023, compared with 27,263 tonnes in 9M 2022 due to disruption in logistics in 2022.

Financial result and trends

(in mln. US$, except margin data)	**Q3 2023**	**Q3 2022**	*% change y/y[1)]*	**Q2 2023**	*% change q/q[1)]*	**9M 2023**	**9M 2022**	% change[1)]
Revenue	**143**	**155**	**-8%**	**216**	**-34%**	**488**	**316**	**54%**
- Vegetable oil	*137*	*149*	*-8%*	*210*	*-35%*	*463*	*306*	*51%*
- Related products[2)]	*6*	*6*	*0%*	*6*	*0%*	*25*	*10*	*150%*
Gross profit	**21**	**33**	**-36%**	**28**	**-25%**	**70**	**33**	**112%**
Gross margin	*15%*	*21%*	*-6 pps*	*13%*	*2 pps*	*14%*	*10%*	*4 pps*
Adjusted EBITDA	**23**	**34**	**-32%**	**27**	**-15%**	**72**	**34**	**112%**
Adjusted EBITDA margin	*16%*	*22%*	*-6 pps*	*13%*	*3 pps*	*15%*	*11%*	*4 pps*
Adjusted EBITDA *(net of IFRS 16)*	**23**	**34**	**-32%**	**26**	**-12%**	**71**	**34**	**109%**
Adjusted EBITDA margin (net of IFRS 16)	*16%*	*22%*	*-6 pps*	*12%*	*4 pps*	*15%*	*11%*	*4 pps*

[1)] pps – percentage points;
[2)] Related products consist of meal, cake, husk.

The segment's revenue in 9M 2023 increased by 54% to US$ 488 million that resulted in higher adjusted EBITDA (net of IFRS 16) of US$ 71 million compared to US$ 34 million in 9M 2022 driven by increase in sales volume of vegetable oil which was partly offset with lower prices in 9M 2023.

Agriculture operations

In 2023 MHP expects to harvest around 348,300 hectares of land.

As of today, MHP's harvesting campaign is complete on around 303,000 ha of land: corn harvesting is 82% complete, sunflower, soya, wheat and rapeseed were 100% complete harvested.

Crops current yields are as follows:

	2023		***2022***	
	MHP's average[1]	***Ukraine's average[1]***	***MHP's average[1]***	***Ukraine's average[1]***
	tonnes per hectare		*tonnes per hectare*	
Corn	9.8	7.2	7.2	6.6
Wheat	6.6	4.8	5.5	4.1
Sunflower	3.1	2.4	2.5	2.2
Rapeseed	3.7	2.9	3.8	2.9
Soya	3.1	2.6	2.4	2.4

1) MHP yields are net weight, Ukraine yields are bunker weight.

The sowing campaign for winter crops has been fully completed, covering approximately 74,300 hectares (around 53% of land is under winter wheat, around 47% of land is under winter rapeseed).

Decrease of domestic grain prices and limited export capabilities as a result of continuous rocket strikes on Ukrainian ports infrastructure and termination of the Grain deal by Russia had a negative effect on segment performance. However 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 consumed internally.

Financial result and trends

(in mln. US$ unless indicated otherwise)	9M 2023	9M 2022	% change
Revenue	**138**	**109**	**27%**
IAS 41 standard loss	(88)	(146)	40%
Gross profit	**(24)**	**49**	**-149%**
War-related expenses	(2)	(2)	0%
Adjusted EBITDA	-	82	-100%
Adjusted EBITDA (net of IFRS 16)	**(32)**	**55**	***-158%***

Agriculture Operations Segment's revenue in 9M 2023 amounted to US$ 138 million compared to US$ 109 million in 9M 2022. The increase was mainly attributable to the higher volume of sales of corn purchased from farmers in Ukraine.

The reduction in Adjusted EBITDA (net of IFRS 16) to a negative result of US$ 32 million in H1 2023 from a positive result of US$ 55 million in 2022 was caused by lower revaluation of spring crops and agriculture produce as a result of the decrease in domestic prices due to limited export capabilities, as well as lower revaluation of milk cattle due to higher costs of milk production.

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

European Operating Segment (PP)

Poultry	**Q3 2023**	**Q3 2022**	*% change y/y*	**Q2 2023**	*% change q/q*	**9M 2023**	**9M 2022**	% change
Sales volume, third parties tonnes	22,152	21,263	4%	21,956	1%	63,219	58,626	8%
Price per 1 kg net VAT, EUR	3.42	3.34	2%	3.34	2%	3.46	3.19	8%

In 9M 2023, poultry meat sales of the European Operating Segment increased to 63,219 tonnes. This was driven by an increase in HoReCa sales channel. Average price increased by 2% in Q3 2023 to EUR 3.42 (Q3 2022: EUR 3.34).

Meat processing products[1)]	**Q3 2023**	**Q3 2022**	*% change y/y*	**Q2 2023**	*% change q/q*	**9M 2023**	**9M 2022**	% change
Sales volume, third parties tonnes	12,946	11,960	8%	11,289	15%	34,953	32,116	9%
Price per 1 kg net VAT, EUR	3.32	3.11	7%	3.54	-6%	3.32	3.05	9%

1) includes sausages and convenience foods

Meat processing product sales were up by 8% y/y to 12,946 tonnes in Q3 2023 (Q3 2022: 11,960 tonnes), at the same time increased by 15% compared with Q2 due to increase in sales of sausages. Average price in Q3 2023 increased by 7% to EUR 3.32.

Financial result and trends

(in mln. US$, except margin data)	**Q3 2023**	**Q3 2022**	*% change y/y*[1)]	**Q2 2023**	*% change q/q*[1)]	**9M 2023**	**9M 2022**	% change[1)]
Revenue	**144**	**121**	**19%**	**142**	**1%**	**411**	**345**	**19%**
IAS 41 standard gains	2	(1)	300%	(5)	-140%	(2)	3	-167%
Gross profit	**41**	**29**	**41%**	**33**	**24%**	**106**	**91**	**16%**
Gross margin	*28%*	*24%*	*4 pps*	*23%*	*5 pps*	*26%*	*26%*	*0 pps*
Adjusted EBITDA	**29**	**21**	**38%**	**19**	**53%**	**68**	**58**	**17%**
Adjusted EBITDA margin	*20%*	*17%*	*3 pps*	*13%*	*7 pps*	*17%*	*17%*	*0 pps*
Adjusted EBITDA *(net of IFRS 16)*	**28**	**20**	**40%**	**19**	**47%**	**67**	**56**	**20%**
Adjusted EBITDA margin (net of IFRS 16)	*19%*	*17%*	*2 pps*	*13%*	*6 pps*	*16%*	*16%*	*0 pps*

1) pps – percentage points.

European Operating Segment's gross profit in 9M 2023 increased by 19% to US$ 411 million (9M 2022: US$ 345 million), due to the increase in sales volumes and prices.

Adjusted EBITDA (net of IFRS 16) amounted to US$ 67 million for 9M 2023 compared with US$ 56 million for 9M 2022 in line with gross profit. Adjusted EBITDA margin (net of IFRS 16) remained stable at 16%.

Current Group cash flow

(in mln. US$)	**Q3 2023**	**Q3 2022**	**9M 2023**	**9M 2022**
Cash from operations	**109**	**126**	**315**	**380**
Change in working capital	12	(3)	80	(249)
Net Cash from operating activities	**121**	**123**	**395**	**131**
Cash used in investing activities	**(53)**	**(52)**	**(155)**	**(125)**
Including:				
CAPEX[1)]	(66)	(44)	(158)	(107)
Cash from financing activities	**(117)**	**21**	**(99)**	**43**
Total change in cash[2)]	**(49)**	**92**	**141**	**49**

[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 9M 2023 declined to US$ 315 million (9M 2022: US$ 380 million), mainly as a result of interest payments of US$ 124 million in 9M 2023 compared to US$ 57 million in 9M 2022.

The differences in working capital changes between 9M 2023 and Q3 2023 compared to 9M 2022 and Q3 2022 respectively were mainly attributable to:

- return of stocks of chicken meat and vegetable oil to normal levels from the unusually high amounts in 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;
- lower investments in raw materials during 9M 2023 (energy supplies, fertilizers, plant protections materials, animal feed components) comparing to 9M 2022 due to relative stabilization of situation in Ukrainian economy and lower risk of disruptions in supply;
- stable amounts of trade accounts receivable compared to significant growth in sunflower oil and chicken meat receivables during 9M 2022;

It should be noted that investments in working capital will substantially increase in Q4 2023, resulting in substantial cash outflow for 2023 due to future required purchases of sunflower seeds, fertilizers and plant protection materials.

In 9M 2023 total CAPEX amounted to US$ 158 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$ 107 million in 9M 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 September 2023**	**31 December 2022**	**30 September 2022**
Total Debt[1) 2)]	**1,547**	**1,537**	**1,503**
LT Debt[1)]	1,025	1,507	1,480
ST Debt [1)]	604	182	167
Trade credit facilities[2)]	(82)	(152)	(144)
Cash and bank deposits	(446)	(300)	(317)
Net Debt[1)]	**1,101**	**1,237**	**1,186**
LTM Adjusted EBITDA[1)]	438	384	404
Net Debt / LTM Adjusted EBITDA[1)]	*2.51*	*3.22*	*2.94*

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

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

As of 30 September 2023, MHP's cash and cash equivalents amounted to US$ 446 million, of which US$ 333 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. At the same time, on November 10, 2023, the National Bank of Ukraine established a maximum settlement period of 90 calendar days for repatriating cash resulting from the export of a specified list of agricultural products.

The Net Debt / LTM adjusted EBITDA (net of IFRS 16) ratio was 2.51 as of 30 September 2023, well below the limit of 3.0 defined in the Eurobond agreement.

As of 30 September 2023, the share of long-term debt in the total outstanding debt decreased to 66% as the first US$ 500 million Eurobond, which is due for repayment in May 2024, is now classified as short-term.

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 nine-month period ended 30 September 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, 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 September 2023 are presented on pages 6 to 29:

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

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

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

15 November 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 nine-month period ended 30 September 2023, consolidated revenue increased by 22% to USD 2,294 million, compared to USD 1,876 million for the nine-month period ended 30 September 2022. Export sales for the nine-month period ended 30 September 2023 constituted 60% of total revenue at USD 1,385 million, compared to USD 1,110 million and 59% of total revenue for the nine-month period ended 30 September 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 export prices. The significant increase in volumes is a result of the low quantity sold in H1 2022, when export volumes 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 16% to USD 463 million for the nine-month period ended 30 September 2023 compared to USD 398 million for the nine-month period ended 30 September 2022. The increase was driven mainly by higher revenue from poultry meat and vegetable oils due to increased volumes sold. At the same time, higher production costs and a decrease in grain prices led to the negative revaluation of biological assets and harvested grains in Agriculture operations segment, which partly reduced the positive effect of Poultry and Vegetable oils operations.

Operating profit increased by 40% to USD 247 million for the nine-month period ended 30 September 2023 compared to USD 176 million for the nine-month period ended 30 September 2022. In March-September 2022, following the Russian invasion in February 2022, the Group incurred significant expenses related to the war (including write-offs of inventories, donations communities in Ukraine, and impairment of particular property, plant and equipment), which were significantly lower during the nine-month period ended 30 September 2023. This factor, together with an improvement in gross profit, resulted in an increase in operating profit.

Profit for the nine-month period ended 30 September 2023 amounted to USD 122 million, compared to a loss of USD 269 million for the nine-month period ended 30 September 2022. The increase is mainly due to higher operating profit and 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 7 million for the nine-month period ended 30 September 2023 compared to a foreign exchange loss of USD 368 million for the nine-month period ended 30 September 2022.

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, the Directors decided not to declare a final dividend for the 2022 financial year. No interim dividend has been declared for the nine-month period ended 30 September 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, described in detail in Note 14 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 operational existence for the foreseeable future. However, due to the currently 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 on the Group's ability to continue as a going concern.

Risks and uncertainties *(continued)*

Other risks and uncertainties

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

15 November 2023

On behalf of the Board:

Chief Executive Officer Yuriy Kosyuk

Chief Financial Officer Viktoriia Kapeliushna

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

	Notes	*Nine-month period ended 30 September* 2023	2022	*Three-month period ended 30 September* 2023	2022
Revenue	*3, 4*	2,294	1,876	739	727
Net change in fair value of biological assets and agricultural produce	*3*	(74)	(119)	2	(26)
Cost of sales		(1,757)	(1,359)	(572)	(543)
Gross profit	*5*	463	398	169	158
Selling, general and administrative expenses		(202)	(171)	(68)	(58)
Other operating income		10	13	4	7
Other operating expenses	*14*	(24)	(53)	(10)	(7)
Loss on impairment of property, plant and equipment	*6*	-	(11)	-	-
Operating profit	*5*	247	176	95	100
Finance income		11	4	5	1
Finance costs	*11, 12*	(120)	(117)	(40)	(38)
Foreign exchange gain/(loss), net		7	(368)	2	(274)
Profit/(Loss) before tax		145	(305)	62	(211)
Income tax (expenses)/benefit		(23)	36	(7)	30
Profit/(Loss) for the period	*5*	122	(269)	55	(181)
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	*6*	-	(9)	-	-
Deferred tax on decrease in revaluation reserve as a result of impairment of property, plant and equipment		-	2	-	-
Deferred tax charged directly to revaluation reserve		-	(81)	-	-
Items that may be reclassified to profit or loss:					
Cumulative translation difference		(2)	(357)	(14)	(244)
Other comprehensive loss for the period		(2)	(445)	(14)	(244)
Total comprehensive income/(loss) for the period		120	(714)	41	(425)
Profit/(Loss) attributable to:					
Equity holders of the Parent		124	(258)	53	(175)
Non-controlling interests		(2)	(11)	2	(6)
		122	(269)	55	(181)
Total comprehensive income/(loss) attributable to:					
Equity holders of the Parent		122	(695)	40	(414)
Non-controlling interests		(2)	(19)	2	(11)
		120	(714)	42	(425)
Earnings/(Loss) per share					
Basic and diluted earnings/(loss) per share (USD per share)		1.16	(2.41)	0.50	(1.63)

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoriia Kapeliushna

The accompanying notes on the pages 10 to 29 form an integral part of these interim condensed consolidated financial statements

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

(in millions of US dollars, unless otherwise indicated)

	Notes	30 September 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,908	1,856
Right-of-use asset		256	223
Intangible assets		76	80
Goodwill		59	60
Non-current biological assets		14	21
Non-current financial assets		10	8
Long-term deposits		2	3
Deferred tax assets		1	2
		2,326	2,253
Current assets			
Inventories	8	267	414
Biological assets	9	278	177
Agricultural produce	7	297	361
Prepayments		31	30
Other current financial assets		22	22
Taxes recoverable and prepaid		50	69
Trade accounts receivable		212	183
Cash and cash equivalents		446	300
		1,603	1,556
TOTAL ASSETS		3,929	3,809
EQUITY AND LIABILITIES			
Equity			
Share capital	10	285	285
Treasury shares		(45)	(45)
Additional paid-in capital		174	174
Revaluation reserve		746	792
Retained earnings		1,729	1,559
Translation reserve		(1,340)	(1,338)
Equity attributable to equity holders of the Parent		1,550	1,428
Non-controlling interests		16	18
Total equity		1,566	1,446
Non-current liabilities			
Bank borrowings	11	122	118
Bonds issued	12	891	1,383
Lease liabilities	17	191	164
Deferred income		36	37
Deferred tax liabilities	2	132	124
Other non-current liabilities		5	4
		1,377	1,830
Current liabilities			
Trade accounts payable		153	123
Other current liabilities		102	96
Contract liabilities		28	31
Bonds issued	12	497	-
Bank borrowings	11	102	176
Interest payable	11,12	35	42
Lease liabilities	17	69	65
		986	533
TOTAL LIABILITIES		2,363	2,363
TOTAL EQUITY AND LIABILITIES		3,929	3,809

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoriia Kapeliushna

The accompanying notes on the pages 10 to 29 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine-month periods ended 30 September 2023 and 2022
(in millions 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	285	(45)	174	812	1,557	(1,019)	1,764	30	1,794
Loss for the period	-	-	-	-	(258)	-	(258)	(11)	(269)
Other comprehensive loss	-	-	-	(87)	-	(350)	(437)	(8)	(445)
Total comprehensive loss for the period	-	-	-	(87)	(258)	(350)	(695)	(19)	(714)
Transfer from revaluation reserve to retained earnings	-	-	-	(39)	39	-	-	-	-
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(2)	(2)
Translation differences on revaluation reserve	-	-	-	(179)	179	-	-	-	-
Balance as of 30 September 2022	285	(45)	174	506	1,518	(1,368)	1,070	8	1,078
Balance as of 1 January 2023	285	(45)	174	792	1,559	(1,338)	1,428	18	1,446
Profit for the period	-	-	-	-	124	-	124	(2)	122
Other comprehensive loss	-	-	-	-	-	(2)	(2)	-	(2)
Total comprehensive profit/(loss) for the period	-	-	-	-	124	(2)	122	(2)	120
Transfer from revaluation reserve to retained earnings	-	-	-	(46)	46	-	-	-	-
Balance as of 30 September 2023	285	(45)	174	746	1,729	(1,340)	1,550	16	1,566

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoriia Kapeliushna

The accompanying notes on the pages 10 to 29 form an integral part of these interim condensed consolidated financial statements

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

	Notes	*Nine-month period ended 30 September 2023*	*Nine-month period ended 30 September 2022*
Operating activities			
Profit/(Loss) before tax		145	(305)
Non-cash adjustments to reconcile profit or loss before tax to net cash flows			
Depreciation and amortization expense	*3*	120	118
Loss on impairment of property, plant and equipment	*6, 14*	-	11
Net change in fair value of biological assets and agricultural produce	*3*	74	119
Change in allowance for expected credit losses and direct write-offs		5	18
Loss on disposal of property, plant and equipment and other non-current assets		-	1
Finance income		(11)	(4)
Finance costs	*11, 12*	120	117
Released deferred income		(1)	(1)
Foreign exchange (gain)/loss, net		(7)	368
Operating cash flows before movements in working capital		445	442
Working capital adjustments			
Change in inventories		147	(5)
Change in biological assets		(105)	(150)
Change in agricultural produce		21	38
Change in prepayments made		(1)	(16)
Change in other current financial assets		(4)	(3)
Change in taxes recoverable and prepaid		18	(25)
Change in trade accounts receivable		(30)	(75)
Change in contract liabilities		(3)	3
Change in other current liabilities		11	(16)
Change in trade accounts payable		26	-
Cash generated by operations		525	193
Interest received		9	1
Interest paid		(124)	(56)
Income taxes paid		(15)	(7)
Net cash flows from operating activities		395	131
Investing activities			
Purchases of property, plant and equipment	6	(156)	(106)
Proceeds from disposals of property, plant and equipment		4	3
Purchases of other non-current assets		(2)	(1)
Purchases of intangible assets		(4)	(3)
Purchases of non-current biological assets		(2)	(3)
Prepayments and capitalized initial direct costs under lease contracts		(4)	(11)
Divestments/(Investments) in financial assets		9	(5)
Net cash flows used in investing activities		(155)	(125)
Financing activities			
Proceeds from bank borrowings		115	162
Repayment of bank borrowings		(187)	(109)
Repayment of lease liabilities		(25)	(9)
Consent payment		-	(1)
Dividends paid by subsidiaries to non-controlling shareholders		(2)	-
Net cash flows used in/(from) financing activities		**(99)**	**43**
Net increase in cash and cash equivalents		141	49
Net foreign exchange difference on cash and cash equivalents		5	(7)
Cash and cash equivalents at 1 January		300	275
Cash and cash equivalents at 30 September		446	317

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoriia Kapeliushna

The accompanying notes on the pages 10 to 29 form an integral part of these interim condensed consolidated financial statements

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

(in millions 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, vegetable oil and agriculture operations. The Group's poultry and related operations integrate all functions related to chicken production, including hatching, fodder manufacturing, raising chickens to marketable age ("grow-out"), processing and sale of frozen and chilled chicken meat, as well as processed meat products. Agriculture operations comprise the production and sale of grains and cattle breeding for milk production. Vegetable oil operations comprise the production and sale of vegetable oil, cake and husk. As of 30 September 2023, the Group employed 33,045 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 September 2023 and 31 December 2022 were as follows:

Name	*Country of registration*	*Year established/ acquired*	*Principal activities*	*30 September 2023*	*31 December 2022*
MHP Lux S.A.	Luxembourg	2018	Finance Company	100.0%	100.0%
MHP Europe Limited	Cyprus	2022	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	99.9%	100.0%
Peremoga Nova	Ukraine	1999	Breeder farm	99.9%	99.9%
Oril-Leader	Ukraine	2003	Chicken farm	99.9%	99.9%
Myronivska Pticefabrika	Ukraine	2004	Chicken farm	99.9%	99.9%
Starynska Ptakhofabryka	Ukraine	2003	Breeder farm	100.0%	100.0%
Zernoprodukt MHP	Ukraine	2005	Grain cultivation	99.9%	99.9%
Katerinopilskiy Elevator	Ukraine	2005	Fodder production and grain storage, vegetable oil production	99.9%	99.9%
SPF Urozhay	Ukraine	2006	Grain cultivation	99.9%	99.9%
Agrofort	Ukraine	2006	Grain cultivation	99.9%	99.9%
MHP-Urozhayna Krayina	Ukraine	2010	Grain cultivation	99.9%	99.9%
Ukrainian Bacon	Ukraine	2008	Meat processing	79.9%	79.9%
MHP-AgroKryazh	Ukraine	2013	Grain cultivation	51.0%	51.0%
MHP-Agro-S	Ukraine	2013	Grain cultivation	51.0%	51.0%
Zakhid-Agro MHP	Ukraine	2015	Grain cultivation	100.0%	100.0%
Perutnina Ptuj d.d.	Slovenia	2019	Poultry production	100.0%	100.0%
MHP Food Trading	United Arab Emirates	2016	Trading in vegetable oil and poultry meat	100.0%	100.0%
MHP B.V.	Netherlands	2014	Trading in poultry meat	100.0%	100.0%
MHP Trade B.V.	Netherlands	2018	Trading in poultry meat	100.0%	100.0%
MHP Saudi Arabia Trading	Saudi Arabia	2018	Trading in poultry meat	75.0%	75.0%
MHP Food UK Limited	United Kingdom	2021	Trading in poultry meat	100.0%	100.0%

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

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

(in millions of US dollars, unless otherwise indicated)

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the nine-month period ended 30 September 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 of 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.

The interim condensed consolidated financial statements are presented in the US dollars (USD) and all values are rounded to the nearest million, except when otherwise indicated.

Going concern

In 2023, the Group has continued its operations in the environment severely affected 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 nine-month period ended 30 September 2023 and up to the date of authorization to issue these interim condensed consolidated financial statements, the Group considered, among others, 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 Russian invaders, as presented in Note 14. Operating environment;
- the Group continued to provide a substantial range of poultry products as humanitarian aid to the people of Ukraine (Note 14. Operating environment);
- both export and domestic sales already returned to pre-war levels in H2 2022 despite a limited capacity of existing delivery routes and active hostilities in the southern and eastern regions of Ukraine. As a result, as of 30 September 2023 and 31 December 2022, the Group operated at its normal capacity utilization after the lower production experienced 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 of Ukraine, 2,322 employees of the Group joined the Ukrainian military forces and territorial defense;
- termination of The Black Sea Grain Initiative ("Grain deal") by Russia on 18 July 2023 and the intensification of attacks on the Ukrainian ports infrastructure, grain depots, and other storage facilities has led to the temporary suspension of shipping routes for the export of grains and vegetable oil from Ukraine. However, from the second half of August 2023 the temporary humanitarian Black Sea corridor started to operate with no regular schedule, and with vessels moving whenever the security conditions allow. On 26 October 2023 a total of 51 ships used the corridor for entry, and 33 ships exported more than 1.3 million tonnes of cargo. Moreover, since 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'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;

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

(in millions of US dollars, unless otherwise indicated)

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

Going concern *(continued)*

- equipped its key assets 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;
- in view of continuing War-related uncertainties and the resulting need to preserve liquidity to support the Company's ongoing business operations, the Directors decided not to declare a final dividend for the 2022 financial year. No interim dividend has been declared for the nine-month period ended 30 September 2023;
- taking into account its debt maturity profile, the Group shapes its debt management process in such a way as to ensure timely servicing of its bonds and other borrowings as they fall due. In particular, after considering various scenarios focused on servicing the bonds maturing in May 2024, the Group launched the tender offer for purchase for cash of any and all of the USD 500 million aggregate principal amount (Notes 12 and 18).

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 consider 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 main assumptions underlying management forecasts, the Directors have concluded that a material uncertainty exists, which may cast significant doubt on 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 and changes in presentation of segment information. The Group has not adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

The following standards and amendments 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;
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules.

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.

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

(in millions of US dollars, unless otherwise indicated)

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

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
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 yet to be 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 prevailing rates on the reporting date. All realized and unrealized gains and losses arising on exchange differences are recognized 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 recognized in other comprehensive income and presented as a separate equity component. 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 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.

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

(in millions of US dollars, unless otherwise indicated)

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

Functional and presentation currencies *(continued)*

The following exchange rates were used:

Currency	*Closing rate as of 30 September 2023*	*Average for nine months ended 30 September 2023*	*Average for three months ended 30 September 2023*	*Closing rate as of 31 December 2022*	*Average for nine months ended 30 September 2022*	*Average for three months ended 30 September 2022*
UAH/USD	36.5686	36.5686	36.5686	36.5686	30.9529	34.9787
UAH/EUR	38.5543	39.6290	39.8364	38.9510	32.8978	35.1843
USD/EUR	1.0543	1.0837	1.0894	1.0651	1.0628	1.0059

Change in presentation of segment information

In order to accurately reflect the diverse nature of Group's business operations and improve the granularity of reporting, from this report MHP has implemented changes to its presentation of business segmentation information. These changes include:

- introduction of a new – Vegetable oils operations segment, which represents production and sales of vegetable oil and related products. In 2022, these activities were included into Poultry and related operations segment as by-products of mixed fodder production for poultry;
- inclusion of meat processing and other meat (previously reported within Meat processing and other agricultural operations) in the Poultry and related operations segment given that the meat processing and other meat operations represent less than 10% of the Group`s revenues and have similar characteristics to poultry operations;
- combining of grain-growing operations (presented as separate segment in 2022) and milk cattle farming (previously presented within Meat processing and other agricultural operations segment) into a revised reportable segment - Agriculture operations.

The corresponding segment information for the nine-month period ended 30 September 2022 have been restated accordingly to ensure comparability.

Seasonality of operations

Poultry and related operations, European operating segment, and Vegetable oils operations segment are not significantly exposed to seasonal fluctuations.

Agriculture operations 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, Agriculture operations segment has seasonal requirements for working capital increase from November to May due to the sowing campaign.

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

3. Segment information

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

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

Segment information is analyzed based on 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 poultry meat
- sales of processed meat and culinary products
- sales of other poultry related products

Vegetable oils operations segment:
- sales of vegetable oil and related products

Agriculture operations segment:
- sales of grains and oilseeds
- other agricultural operations (milk, feed grains and other)

European operating segment:
- sales of poultry meat and processed 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 resource allocation and assessment of segment performance.

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

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

(in millions 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 nine-month period ended 30 September 2023:

	Poultry and related operations	*Vegetable oils operations*	*Agriculture operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	1,257	488	138	411	2,294	-	2,294
Sales between business segments	5	129	161	-	295	(295)	-
Total revenue	1,262	617	299	411	2,589	(295)	2,294
Segment results	199	69	(36)	53	285	-	285
Unallocated corporate expenses							(38)
Other expenses, net [1]							(102)
Profit before tax from continuing operations							145
Other information:							
Depreciation and amortization expense [2]	63	3	36	16	118	-	118
Net change in fair value of biological assets and agricultural produce	16	-	(88)	(2)	(74)	-	(74)

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

[2] Depreciation and amortization for the nine-month period ended 30 September 2023 does not include unallocated depreciation and amortization in the amount of USD 2.2 million.

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

	Poultry and related operations	*Vegetable oils operations*	*Agriculture operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	1,106	316	109	345	1,876	-	1,876
Sales between business segments	4	84	266	-	354	(354)	-
Total revenue	1,110	400	375	345	2,230	(354)	1,876
Segment results	91	33	39	43	206	-	206
Unallocated corporate expenses							(19)
Loss on impairment of property, plant and equipment	(11)	-		-	(11)	-	(11)
Other expenses, net [1]							(481)
Loss before tax from continuing operations							(305)
Other information:							
Depreciation and amortization expense [2]	56	2	44	15	117	-	117
Net change in fair value of biological assets and agricultural produce	24	-	(146)	3	(119)	-	(119)

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

[2] Depreciation and amortization for the nine-month period ended 30 September 2022 does not include unallocated depreciation and amortization in the amount of USD 1.1 million.

[3] The comparatives for the nine-month period ended 30 September 2022 were restated (Note 2)

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

(in millions 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 September 2023:

	Poultry and related operations	*Vegetable oils operations*	*Agriculture operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	425	143	27	144	739	-	739
Sales between business segments	2	49	61	-	112	(112)	-
Total revenue	427	192	88	144	851	(112)	739
Segment results	65	19	4	25	113	-	113
Unallocated corporate expenses							(18)
Other expenses, net [1)]							(33)
Profit before tax from continuing operations							62
Other information:							
Depreciation and amortization expense [2)]	20	3	11	4	38	-	38
Net change in fair value of biological assets and agricultural produce	2	-	(2)	2	2	-	2

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

[2)] Depreciation and amortization for the three-month period ended 30 September 2023 does not include unallocated depreciation and amortization in the amount of USD 0.7 million.

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

	Poultry and related operations	*Vegetable oils operations*	*Agriculture operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	411	155	40	121	727	-	727
Sales between business segments	1	23	74	-	98	(98)	-
Total revenue	412	178	114	121	825	(98)	727
Segment results	36	33	17	16	102	-	102
Unallocated corporate expenses							(2)
Loss on impairment of property, plant and equipment	-	-	-	-	-	-	-
Other expenses, net [1)]							(311)
Profit before tax from continuing operations							(211)
Other information:							
Depreciation and amortization expense [2)]	17	-	14	5	36	-	36
Net change in fair value of biological assets and agricultural produce	9	-	(34)	(1)	(26)	-	(26)

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

[2)] Depreciation and amortization for the three-month period ended 30 September 2022 does not include unallocated depreciation and amortization in the amount of USD 0.3 million.

[3)] The comparatives for the three-month period ended 30 September 2022 were restated (Note 2)

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

(in millions 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 September 2023 and 31 December 2022:

	2023	*2022*
Ukraine	1,917	1,922
Europe	394	315
The Middle East and North Africa (MENA)	2	2
	2,313	2,239

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

4. Revenue

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

	Nine-month period ended 30 September		*Three-month period ended 30 September*	
	2023	*2022[1]*	*2023*	*2022[1]*
Poultry and related operations segment				
Chicken meat	1,078	969	359	362
Processed meat	79	68	30	23
Other poultry related sales	100	69	36	26
	1,257	1,106	425	411
Vegetable oil operations segment				
Vegetable oil	463	306	137	149
Oil related products	25	10	6	6
	488	316	143	155
Agricultural operations segment				
Grain	112	86	18	33
Other agricultural sales	26	23	9	7
	138	109	27	40
European operating segment				
Chicken meat	245	199	83	71
Processed meat	123	104	47	37
Other agricultural sales	43	42	14	13
	411	345	144	121
	2,294	1,876	739	727

[1] The comparatives for the periods ended 30 September 2022 were restated (Note 2)

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

	Nine-month period ended 30 September		*Three-month period ended 30 September*	
	2023	*2022*	*2023*	*2022*
Export	1,385	1,110	411	470
Domestic	909	766	328	257
	2,294	1,876	739	727

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

(in millions of US dollars, unless otherwise indicated)

5. Profit for the period

The Group's gross profit for the nine-month period ended 30 September 2023 increased compared to the nine-month period ended 30 September 2022 to USD 463 million (30 September 2022: USD 398 million). The increase was driven mainly by higher revenue from poultry meat and vegetable oils due to an increase in the volumes sold. At the same time, higher production costs and a decrease in grain prices have led to the negative revaluation of biological assets and harvested grains in Agriculture operations segment, which partly reduced the positive effect of Poultry and Vegetable oil operations.

Operating profit increased by 40% to USD 247 million for the nine-month period ended 30 September 2023 compared to USD 176 million for the nine-month period ended 30 September 2022. In March-September 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 impairment of particular property, plant and equipment), which were significantly lower during the nine-month period ended 30 September 2023. This factor together, with an improvement in gross profit resulted in an increase in operating profit.

Profit for the nine-month period ended 30 September 2023 amounted to USD 122 million, compared to a loss of USD 269 million for the nine-month period ended 30 September 2022. The increase is mainly due to higher operating profit and 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 7 million for the nine-month period ended 30 September 2023 compared to a foreign exchange loss of USD 368 million for the nine-month period ended 30 September 2022 (mainly on the Group's borrowings in foreign currencies).

6. Property, plant and equipment

During the nine-month period ended 30 September 2023, the Group's additions to property, plant and equipment amounted to USD 162 million (nine-month period ended 30 September 2022: USD 102 million) 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 mitigation of possible power outages impact. There were no significant disposals of property, plant and equipment during the nine-month periods ended 30 September 2023 and 30 September 2022.

During the nine-month period ended 30 September 2022, the Group identified indicators of impairment of property, plant and equipment of its subsidiary "Ukrainian Bacon", which was located in the Donetsk region. As a result, as of 30 September 2022, the Group has recognized an impairment loss of USD 20.6 million in respect of property, plant and equipment, of which USD 11.1 million was recorded as Loss on impairment of property, plant and equipment within profit or loss and USD 9.5 million 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.

7. Agricultural produce

A decrease in agricultural produce balances for the nine-month period ended 30 September 2023 was mainly 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, partly set off by new harvest recognized.

8. Inventories

A decrease in inventories for the nine-month period ended 30 September 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.

9. 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 that were not completely harvested as at 30 September 2023. The increase is partially offset by the negative IAS 41 revaluation adjustment due to lower sales prices.

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

10. Shareholders' equity

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

	30 September 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 September 2023 and 31 December 2022 was EUR 222 million, represented by 110,770,000 shares with a 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.

11. Bank borrowings

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

		30 September 2023		*31 December 2022*	
	Currency	*WAIR [1]*	*USD*	*WAIR [1]*	*USD*
Non-current					
	EUR	EURIBOR[2] + 1,06%	122	EURIBOR[2] + 1.35%	118
			122		118
Current					
	UAH	20.00%[4]	2	20.00%[4]	2
	USD	7.48%	43	6.06%	57
	USD	-	-	SOFR[3] + 2.20%	11
	EUR	6.56%	37	4.32%	57
	EUR	-	-	EURIBOR[2] + 2,3%	26
Current portion of long-term bank borrowings	EUR	EURIBOR2) + 1,06 %	20	EURIBOR[2] + 1.35%	24
			102		176
Total bank borrowings			**224**		**294**

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

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

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

5) 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 September 2023 3m UIRD rate is equal 14.25% p.a. (31 December 2022: 11.18% p.a.)

The Group's borrowings are drawn from various banks, such 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 September 2023 and 31 December 2022, the Group's bank term loans and credit lines bear either floating or fixed interest rates.

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

(in millions of US dollars, unless otherwise indicated)

11. Bank borrowings *(continued)*

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

	30 September 2023	*31 December 2022*
Within one year	102	176
In the second year	24	27
In the third to fifth year inclusive	98	84
After five years	-	7
	224	**294**

As of 30 September 2023, the Group had undrawn facilities of USD 34 million (31 December 2022: USD 37 million). These undrawn facilities expire during the period until November 2026.

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 September 2023, the Group has complied with all covenants. As at 30 September 2023, the Group's leverage ratio decreased to 2.52 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 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 September 2023, the Group had borrowings of USD 129 million secured by property, plant and equipment with a collateral amount of USD 101 million (31 December 2022: USD 109 million and USD 101 million, respectively).

As of 30 September 2023, the Group had borrowings of USD 10 million that were secured by agricultural produce with a carrying amount of USD 12 million (31 December 2022: borrowings of USD 31 million were secured by agricultural produce with a carrying amount of USD 38 million).

As of 30 September 2023, a deposit with a carrying amount of USD 15 million (31 December 2022: USD 23 million) was restricted as collateral to issued letters of credit.

As of 30 September 2023 and 31 December 2022, interest payable on bank borrowings was USD 1 million.

Loan agreement with international financial institutions

With the purpose of refinancing part of its Eurobond indebtedness, on 20 October 2023 the Group signed agreements with three international and development financial institutions - DFC, IFC and EBRD - to provide facilities of up to USD 480 million in aggregate and received first tranches totaling USD 107 million to partially finance the repurchase on 10 November 2023, under a Tender Offer, of Notes with a principal amount of USD 151 million for USD 128 million (for details refer to Note 20 Subsequent events).

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

(in millions of US dollars, unless otherwise indicated)

12. Bonds issued

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

	Carrying amount		*Nominal amount*	
	30 September 2023	*31 December 2022*	*30 September 2023*	*31 December 2022*
Non-current				
6.25% Senior Notes due in 2029	348	348	350	350
6.95% Senior Notes due in 2026	543	541	550	550
7.75% Senior Notes due in 2024	-	494	-	500
	891	**1,383**	**900**	**1,400**
Current				
7.75% Senior Notes due in 2024	497	-	500	-
	497	**-**	**500**	**-**
Unamortized debt issuance cost	-	-	(12)	(17)
Total bonds issued	**1,388**	**1,383**	**1,388**	**1,383**

As of 30 September 2023 and 31 December 2022, the amount of interest payable on bonds issued was USD 35 million and USD 41 million, 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 million 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 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 million 6.95% Senior Notes due in 2026 at par value. Out of the total issue amount, USD 416 million were designated for redemption and exchange of the existing 8.25% Senior Notes due in 2020.

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

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

(in millions of US dollars, unless otherwise indicated)

12. Bonds issued *(continued)*

6.95% Senior Notes *(continued)*

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 million 7.75% Senior Notes due in 2024 at par value. Out of the total issue amount, USD 245 million 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 of 30 September 2023, the leverage ratio of the Group is 2.52 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 of the interim reporting dates, it improved the leverage ratio and met the covenants imposed, the aforementioned restrictions are no longer applicable to the Group from 18 May 2023, the date of publication of interim condensed consolidated financial statements for the three months ended 31 March 2023.

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 of up to 270 days (the “Support Period”). As a result, the Group postponed bonds` interest payments for a total amount of USD 49 million, 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 32 million were paid by the Group on time. The last deferred coupon payment due in February 2023 in the amount of USD 21 million was paid on time.

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12. Bonds issued *(continued)*

Tender offer for bonds repurchase

On 25 September 2023 the MHP SE launched an invitation to the holders (the “Noteholders”) of its USD 500 million 7.75% Guaranteed Notes due May 10, 2024 (the “Notes”) to tender for purchase for cash any and all of the USD 500 million aggregate principal amount of Notes outstanding. According to the conditions, the early tender offer consideration due to expire on 6 October 2023 amounted to USD 850 per USD 1,000 principal amount of Notes, while the tender offer consideration due to expire on 26 October 2023 amounted to USD 750 per USD 1,000 principal amount of Notes. Subsequently, the tender offer was extended till 8 November 2023.

13. 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 that 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 nine-month periods ended 30 September 2023 and 30 September 2022 were as follows:

in thousand USD	*Nine-month period ended 30 September 2023*	*Nine-month period ended 30 September 2022*
Loans and finance aid provided to related parties	46	319
Interest charged on loans and finance aid provided	245	-
Sales to related parties	346	16
Purchases from related parties	415	412
Key management personnel of the Group:		
Loans provided	277	527
Loans repaid	279	830

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

in thousand USD	*30 September 2023*	*31 December 2022*
Loans and finance aid receivable	3,881	3,601
Less: expected credit losses	(2,180)	(2,117)
	1,701	1,484
Loans to key management personnel	3,654	3,656
Less: expected credit losses	(442)	(276)
	3,212	3,380
Trade accounts receivable	151	106
Payables due to related parties	18	21

Loans and finance aid receivable

For loans and finance aid receivable, credit risk increased to the point where it is considered credit-impaired. The expected credit loss for such loans amounted to USD 1,965 thousand and USD 1,882 thousand as of 30 September 2023 and 31 December 2022, respectively.

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

(in millions of US dollars, unless otherwise indicated)

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

Compensation of key management personnel

Total compensation of the Group's key management personnel included primarily in selling, general and administrative expenses in the Consolidated Statements of Profit and Loss and Other Comprehensive Income, amounted to USD 15.7 million and USD 13.3 million for the nine-month periods ended 30 September 2023 and 2022, respectively. Compensation of key management personnel consists of contractual salary and performance bonuses paid.

14. Operating environment

On 24 February 2022, Russian forces commenced a military invasion of Ukraine, resulting in a full-scale war across the Ukrainian State. The ongoing military attack has led and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure, 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 continue their business activity in the challenging economic environment, facing disruption of supply chains, higher business costs, and physical destruction of production facilities and infrastructure (in the energy sector, in particular).

In September 2023, consumer inflation decelerated to 7.1% y/y, according to the inflation report of the National Bank of Ukraine (hereafter "NBU"). The easing of inflationary pressure was primarily driven by the large supply of agricultural produce from the new harvest, in particular fruits and vegetables, grains, and oilseeds, the recovery of the energy system from the consequences of Russian missile attacks, and the decrease in global energy prices. Core inflation also slowed considerably in September 2023 to 8.4% y/y. According to the NBU's recent forecasts, inflation will be 5.8% by the end of 2023 and will grow up to 9.8% in 2024 and then will decelerate to 6% in 2025.

The NBU forecasts real GDP growth of 4.9% in 2023. In 2024, the economy is expected to grow by 3.6%, mainly because of persistently high security risks, with further economic growth of real GDP by 6% in 2025.

The NBU set its key policy rate at 16% effective 27 October 2023 and kept the interest rates on all of its transactions with the banks unchanged, including keeping the rate at 16% for overnight certificates of deposit (CDs), 16% for three-month CDs, and 22% for refinancing loans.

During the nine-month period ended 30 September 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. In October 2023, the NBU moved to a regime of managed flexibility of the exchange rate, whereby the official exchange rate is determined by the exchange rate used for transactions in the interbank foreign exchange market instead of being set by the NBU under Resolution 18, as had been the case since 24 February 2022. At the same time, the NBU will continue to control the situation in the interbank FX market in an attempt to better manage the foreign currency structural deficit.

On November 10, 2023, the National Bank of Ukraine decreased the maximum settlement period from 180 to 90 calendar days for repatriating cash from the export of specific grain products, including wheat, corn, soy, sunflower, rapeseed, and vegetable oil (soy, sunflower, and rapeseed).

On 15 September 2023, the European Commission decided not to renew the restrictive measures on Ukrainian exports of wheat, maize, rapeseed, and sunflower seed to five EU Member States (Bulgaria, Hungary, Poland, Romania, and Slovakia). According to the reached agreements, Ukraine introduced an export licensing system for verifying the export of these four categories of agricultural products in the EU market.

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 after Russia had refused to extend the deal. From the second half of August 2023 the temporary humanitarian Black Sea corridor started to operate with no regular schedule, and with vessels moving whenever security conditions allow. On 26 October 2023 a total of 51 ships used the corridor for entry, and 33 ships exported more than 1.3 million tonnes of cargo. The situation remains highly fluid and the outlook is subject to extraordinary uncertainty.

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14. Operating environment *(continued)*

The Government continues to implement measures to stabilize markets and the economy. International organizations (such as the IMF, EBRD, EU, and World Bank), along with individual countries and charities, are providing Ukraine with financing, donations, and material support. These disbursements remain the main source for covering the high budget deficit, which stands to widen to almost 29% of GDP in 2023, from 18% in 2022.

Since 24 February 2022, the Group has suffered losses as a result of the continuous war. The Group considers the following expenses incurred during the nine-month periods ended 30 September 2023 and 2022 to be directly related to the war:

in thousand USD	*2023*	*2022*
Loss on impairment of property, plant and equipment	-	11,114
Community support donations[1)]	4,781	17,484
Write-off of inventories and biological assets[1)]	196	9,833
Salary to mobilized employees[2)]	14,044	9,094
Expected credit losses of trade accounts receivable and non-current financial assets[1)]	-	5,535
Other war-related expenses[1)]	3,559	3,033
Total amount *recognized in profit or loss*	**22,580**	**56,093**
Decrease in revaluation reserve	-	9,489
	22,580	**65,582**

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

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

The Group, working with volunteers, has been providing humanitarian aid (mainly through food supply) to the 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.

15. Contingencies and contractual commitments

Taxation and legal matters

The Group carries 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 customs 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 September 2023, the Group’s management assessed its possible exposure to tax risks as a total amount of USD 4 million related to corporate income tax (31 December 2022: USD 4 million). No provision was recognized relating to such possible tax exposure.

As of 30 September 2023, companies of the Group were engaged in ongoing litigation with tax authorities for the amount of USD 15 million (31 December 2022: USD 26 million), including USD 6 million (31 December 2022: USD 17 million) 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 10 million as of 30 September 2023 (31 December 2022: USD 20 million) 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 history of court resolutions of similar lawsuits by the Group, it is unlikely that a material settlement will arise out of such lawsuits and, therefore, no specific provision is required in the Group’s financial statements as of the reporting date.

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

(in millions of US dollars, unless otherwise indicated)

15. Contingencies and contractual commitments *(continued)*

Contractual commitments on purchase of property, plant and equipment

During the nine-month period ended 30 September 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 product development in Ukraine, and expansion of Perutnina Ptuj production facilities. As of 30 September 2023, purchase commitments amounted to USD 54 million (31 December 2022: USD 33 million).

16. Fair value of financial instruments

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

The fair value is estimated to be the same as the carrying value for cash and cash equivalents, short-term bank deposits, trade accounts receivables, other current assets, and trade accounts payable due to the short-term nature of the financial instruments. 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 September 2023	*31 December 2022*	*30 September 2023*	*31 December 2022*
Financial liabilities				
Bank borrowings *(Note 11)*	225	295	230	296
Senior Notes due in 2024, 2026, 2029 *(Note 12)*	1 423	1,424	1 027	693

The carrying amount of Bank borrowings and Senior Notes issued includes interest payable at 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 4,7% (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 the 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.

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

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17. Risk management policy

During the nine-month period ended 30 September 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 management.

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 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 September 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 September 2023					
Bank borrowings	225	246	111	135	-
Bonds issued	1,423	1,696	610	714	372
Lease liabilities	261	498	68	227	203
Trade accounts payable	153	153	153	-	-
Other current financial liabilities	102	102	102	-	-
Total	**2,164**	**2,695**	**1,044**	**1,076**	**575**
31 December 2022					
Bank borrowings	295	310	183	120	7
Bonds issued	1,424	1,766	119	1,252	394
Lease liabilities	229	439	65	193	182
Trade accounts payable	123	123	123	-	-
Other current liabilities	96	96	96	-	-
Total	**2,167**	**2,734**	**586**	**1,565**	**583**

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 September 2023 and 31 December 2022 were as follows:

	30 September 2023		*31 December 2022*	
	USD	*EUR*	*USD*	*EUR*
Total assets	240	135	178	117
Total liabilities[1)]	1,474	73	1,498	136
Net (liabilities)/assets	**(1,234)**	**62**	**(1,320)**	**(19)**

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

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17. Risk management policy *(continued)*

Currency risk *(continued)*

The table below details the Group's sensitivity to the strengthening/(weakening) of the UAH against the USD and EUR. This sensitivity range represents management's assessment of the 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 changes in foreign currency rates.

	Change in foreign currency exchange rates	*Effect on profit before tax*
2023		
Increase in USD exchange rate	20%	(247)
Increase in EUR exchange rate	20%	12
Decrease in USD exchange rate	2%	25
Decrease in EUR exchange rate	2%	(1)
2022		
Increase in USD exchange rate	20%	(264)
Increase in EUR exchange rate	20%	(4)
Decrease in USD exchange rate	2%	26
Decrease in EUR exchange rate	2%	-

During the nine-month period ended 30 September 2023, the Ukrainian Hryvnia appreciated against the EUR by 1.0% while the official exchange rate of the Ukrainian Hryvnia against the USD remained unchanged (nine-month period ended 30 September 2022: depreciated against the EUR and USD by 13.0% and 25.4% respectively). As a result, during the nine-month period ended 30 September 2023, the Group recognized a net foreign exchange gain in the amount of USD 7 million (nine-month period ended 30 September 2022: net foreign exchange loss in the amount of USD 367 million) in the interim condensed consolidated statement of profit or loss and other comprehensive income.

18. Subsequent events

Tender offer results

On 10 November 2023 the Group completed the Tender Offer Consideration purchasing for USD 128 million in cash 2024 Notes outstanding with a principal amount of USD 151 million, using disbursed first tranches from the IFI Facilities with a total amount of USD 107 million. For details on IFI Facilities and Bonds Tender Offer refer to Notes 11 and 12 respectively.

19. Authorization of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors of MHP SE on 15 November 2023.