MHP SE

Parent’s Separate

Financial Statements

31 December 2023

Contents

BOARD OF DIRECTORS AND OTHER OFFICERS

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

MANAGEMENT REPORT

The Board of Directors presents its report and audited separate financial statements of MHP SE ("the Company") for the year ended 31 December 2023.

Incorporation

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

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

Principal activity

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

Review of current position, future developments and significant risks

In 2023, the Company realized a total comprehensive income for the year of US$ 16,458,078 compared to a total comprehensive income of US$23,257,586 in 2022. The financial position of the Company as presented in the financial statements is a net asset position of US$ 504,277,697 (2022: US$ 487,819,619) and net current asset position of US$ 145,962,022 * (2022: in a net current asset US$111,807,275). Furthermore, out of the total current liabilities of the Company as at 31 December 2023 of US$ 560,482,701, amount of US$ 278,757,445 related to amount due to related parties (Note 24.5 to the separate financial statements). The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Management has considered the Company's cash flow forecasts for the foreseeable future, which take into account the current and expected economic situation in Ukraine (Note 4 and 25 to the separate financial statements), the Company's financial position, available borrowing facilities and loan covenant compliance.

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

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

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

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

* Current assets less current liabilities

MANAGEMENT REPORT (continued)

Results and Dividends

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

No dividends have been approved during 2023 by the Board of Directors of the Company (US$2022:nil).

Significant events after the reporting date

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

Branches

During the year ended 31 December 2023 the Company did not operate any branches.

Share capital

As of 31 December 2023 and 31 December 2022, the authorised share capital of the Company was EUR 221,540,000 divided into 110,770,000 ordinary shares, each having a nominal value of EUR 2 each. The authorised share capital of the Company is fully issued and all the shares are fully paid up.

As at 31 December 2023 and 31 December 2022, the Company has a direct holding of treasury shares(ordinary shares, represented by an equal amount of global depositary receipts “GDRs”) in the amount of 3,731,792 shares .The amount of 3,564,568 shares were held directly by the Company and 167,244 shares were held by the Company’s subsidiary PrJSC MHP.

There were no changes in the share capital of the Company during the year ended 31 December 2023.

Significant shareholders and related party transactions

Significant shareholders and related party transactions are disclosed in Note 24 to the separate financial statements.

Board of Directors

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

Key management personnel compensation is disclosed in Note 24 to the separate financial statements .

Independent auditors

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

MANAGEMENT REPORT (continued)

Other Information

Other information that is relevant to the Management Report, and which is incorporated within the Group's 2023 Annual Report which can be obtained from https://mhp.com.cy/ can be located in the Annual Report as follows:

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

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

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

Board of Directors' responsibility statement

The Board of Directors is responsible for the preparation of the separate financial statements that give a true and fair view of the financial position of MHP SE (the "Company") as of 31 December 2023 and of the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

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

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

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

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

In accordance with DTR4.1 on Annual Financial Reporting, providing for the disclosure and transparency requirements for issuers whose transferable securities are admitted to trading on a UK Recognised Investment Exchange, we, the members of the Board of Directors, responsible for the preparation of the annual parent separate financial statements of MHP SE for year ended 31 December 2023, hereby declare that to the best of our knowledge:

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

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

The separate financial statements of the Company as of and for the year ended 31 December 2023 were authorized for issue by the Board of Directors on 2 May 2024.

On behalf of the Board:

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

EY
Building a better working world

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

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

Independent Auditor's Report

To the Members of MHP SE

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of the parent company MHP SE (the "Company"), which comprise the separate statement of financial position as at 31 December 2023, and the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 4 to the separate financial statements, which indicates that since 24 February 2022 the Company's Ukrainian subsidiaries operations are negatively affected by the ongoing military invasion of Ukraine, with the magnitude of further developments or the timing of their cessation being uncertain. These conditions, along with other matters as set forth in Notes 4 and 25 indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Building a better working world

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

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

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

Key audit matter	How our audit addressed the key audit matter
Expected credit losses in respect of loans receivable and financial guarantees issued	
As at 31 December 2023, the Company had loans receivable from its subsidiaries with a gross carrying amount of **US$574,453,452**. IFRS 9 "Financial instruments", requires to recognize an allowance using the forward-looking expected credit loss (ECL) approach. The Company has performed an assessment of ECL in accordance with IFRS 9 requirements. The Company has also issued financial guarantees for loans taken out by its subsidiaries and recognized allowance for financial guarantees issued in the amount of expected credit losses. As at 31 December 2023, financial guarantees recognized in the separate financial statements were **US$4,837,454**, out of which **US$2,108,748** related to non-current financial guarantees and **US$2,728,706** to current financial guarantees.	We have considered the Company's accounting policy in respect to expected credit loss on loans receivable and financial guarantees issued. We have assessed the ECL model developed by management against the requirements of IFRS 9. We have tested ECL model inputs on a sample basis and assessed their source data. We have assessed key assumptions and judgements, such as those used to calculate the probability of default and loss given default by comparing to probability-weighted macroeconomic scenarios. We have also analyzed macro-economic forward-looking factors, including particular country credit risks to assess probability of default rates used to determine expected credit losses. We checked mathematical accuracy of the calculations. We analyzed financial position of debtors and subsequent cash receipts.

We consider the allowance for ECL on loans receivable and financial guarantees issued as a matter of most significance in our audit since the calculation of allowance for ECL is subject to significant judgement and involves assumptions and estimates to be made by management in relation to such parameters as loss given default and probability of default, which are based on extensive analysis and statistical methods. Disclosures in respect of impairment loss on loans receivable and financial guarantees issued are included in **Note 3.3** "Credit risk", **Note 4** "Critical accounting estimates and judgements", **Note 13** "Loans receivable" and **Note 23** "Financial guarantees" to the separate financial statements.	We also considered whether credit risk related to these financial instruments increased from the date of their initial recognition and analyzed the criteria used to allocate loans issued and financial guarantees to Stages 1, 2 or 3 in accordance with IFRS 9. We have assessed related disclosures provided in the separate financial statements.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises information included in the Management Report of the separate financial statements and Group's 2023 Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

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

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

Report on Other Legal and Requirements

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

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

Other Matters

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

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023.

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

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

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 2 May 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	2023 US$	2022 US$
Interest revenue	**5**	44,034,997	44,936,473
Dividend revenue	**5;24.1**	-	38,250,602
		44,034,997	**83,187,075**
Administrative expenses	**6**	(10,000,425)	(5,319,832)
Other operating (loss)/gain on investments	**11**	(1,872,951)	925,565
Gain on bonds redemption	**20**	21,831,210	-
Expected credit losses reversal/(charges), net	**3.3;13**	6,207,816	(9,973,792)
Gain/(loss) on change in fair value of financial assets at fair value through profit or loss	**17**	358,881	(358,881)
Other operating expenses		-	(154,137)
Operating profit		**60,559,528**	**68,305,999**
Finance costs, net	**7**	(43,225,018)	(45,258,407)
Other income	**8**	-	843,121
Profit before tax		**17,334,510**	**23,890,712**
Income tax expenses	**9**	(876,432)	(633,126)
Net profit for the year		**16,458,078**	**23,257,586**
Other comprehensive income		-	-
Total comprehensive income for the year		**16,458,078**	**23,257,586**

The notes on pages 16 to 53 from integral of these financial statements

MHP SE

SEPARATE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

as of 31 December 2023

	Note	2023 US$	2022 US$
Non-current assets			
Investments in subsidiaries	11	407,669,434	407,727,249
Investments in associates	12	1,251,571	1,251,571
Property, plant and equipment	18	27,086	30,519
Loans receivable	13	24,520,331	512,088,255
Other non-current assets		700,000	-
		434,168,422	**921,097,594**
Current assets			
Loans receivable	13	535,263,704	152,252,909
Financial assets at fair value through profit and loss	17	-	1,421,119
Other receivables	14	1,967,632	1,068,108
Other financial assets measured at amortized cost	16	-	2,403,780
Cash at bank	15	169,213,387	38,300,312
		706,444,723	**195,446,228**
Total assets		**1,140,613,145**	**1,116,543,822**
EQUITY AND LIABILITIES			
Equity			
Share capital	19	284,505,000	284,505,000
Additional paid-in capital	19	118,133,404	118,133,404
Treasury shares	19	(42,594,759)	(42,594,759)
Retained earnings		356,346,890	339,888,812
Other reserves	19	10,843,145	10,843,145
Merger reserve	19	(222,955,983)	(222,955,983)
Total Equity		**504,277,697**	**487,819,619**
Non-current liabilities			
Bonds issued	20	-	494,415,861
Loans payable	21	73,743,999	48,000,000
Financial guarantees	23	2,108,748	2,669,389
		75,852,747	**545,085,250**
Current liabilities			
Bonds issued	20	348,011,556	-
Loans payable	21	126,017,360	52,182,125
Interest payable	22	8,321,485	29,094,437
Financial guarantees	23	2,728,706	1,004,674
Other short-term borrowings	24.5	74,180,000	-
Other payables and accruals		1,223,594	1,357,717
		560,482,701	**83,638,953**
Total liabilities		**636,335,448**	**628,724,203**
Total equity and liabilities		**1,140,613,145**	**1,116,543,822**

On 2 May 2024, the Board of Directors of MHP SE authorized these financial statements for issue.

On behalf of the Board of Directors

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The notes on pages 16 to 53 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Share capital US$	Additional paid-in capital US$	Treasury shares US$	Other reserve US$	Merger reserve US$	Retained earnings US$	Total US$
Balance at 1 January 2022	**284,505,000**	**118,133,404**	**(42,594,759)**	**10,843,145**	**(222,955,983)**	**316,631,226**	**464,562,033**
Net profit for the year	-	-	-	-	-	23,257,586	23,257,586
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	**23,257,586**	**23,257,586**
Balance at 31 December 2022/1 January 2023	**284,505,000**	**118,133,404**	**(42,594,759)**	**10,843,145**	**(222,955,983)**	**339,888,812**	**487,819,619**
Net profit for the year	-	-	-	-	-	16,458,078	16,458,078
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	**16,458,078**	**16,458,078**
Balance at 31 December 2023	**284,505,000**	**118,133,404**	**(42,594,759)**	**10,843,145**	**(222,955,983)**	**356,346,890**	**504,277,697**

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 16 to 53 form an integral part of these financial statements

for the year ended 31 December 2023

	Note	2023 US$	2022 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**17,334,510**	**23,890,713**
Adjustments for:			
Foreign exchange gain	**7**	(59,459)	(916,106)
Expected credit losses (reversals)/charges	**3.3;13**	(6,207,816)	9,973,792
(Gain)/loss on change in fair value of financial assets at fair value through profit or loss	**17**	(358,881)	358,881
Interest revenue	**5**	(44,034,997)	(44,936,473)
Gain on bonds redemption	**20**	(21,831,210)	-
Interest expense and other finance costs	**7**	43,284,477	46,174,514
Other operating expenses/(income) on investments	**11**	1,872,951	(925,565)
Dividend revenue	**5;24.1**	-	(38,250,602)
Depreciation	**18**	7,081	6,077
Operating cash flows before working capital changes		**(9,993,344)**	**(4,624,769)**
Increase in other receivables		(21,873,411)	(1,302,606)
Decrease in other payables and accruals		(101,154)	(1,399,365)
Cash used in operations		**(31,967,909)**	**(7,326,740)**
Dividends received		-	37,184,002
Interest received		42,836,887	-
Interest paid		(59,251,172)	(19,517,977)
Income tax paid		(253,231)	(61,706)
Net cash (used in)/generated from operating activities		**(48,635,425)**	**10,277,579**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of other non-current assets		(700,000)	-
Capital contribution to subsidiaries		(109,830)	-
Purchase of investments		-	(4,970)
Loans granted		-	(49,946,355)
Repayments of loans granted	**3.3;13**	107,400,000	-
Distribution of assets paid in cash as result of liquidation of subsidiaries		-	1,007,365
Proceeds from financial asset		2,403,780	-
Net cash from/(used in) investing activities		**108,993,950**	**(48,943,960)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans proceeds		151,402,000	156,518,565
Loans repaid		(26,850,000)	(111,432,008)
Bonds repaid	**3.3;20**	(128,177,450)	-
Proceeds from short-term borrowings	**24.5**	74,180,000	-
Net cash from financing activities		**70,554,550**	**45,086,557**
Net increase in cash at bank		130,913,075	6,420,176
Cash at bank at the beginning of the year		38,300,312	31,880,136
Cash at bank at the end of the year	**15**	**169,213,387**	**38,300,312**

Non-cash transactions are disclosed in notes:11; 12; 13; 17; 19 .

The notes on pages 16 to 53 form an integral part of these financial statements

1. Incorporation and principal activities

Country of incorporation

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

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

The Company holds shares in subsidiaries (hereinafter, MHP SE and its subsidiaries are referred to as the "MHP SE Group" or the "Group") registered and operating mainly in Ukraine and Europe which is disclosed in the note 19 of the Financial Statements. The Company's shares are listed on the London Stock Exchange ("LSE") in the form of global depositary receipts ("GDRs").

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

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

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

2. Material accounting policies

Basis of preparation

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

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

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

The Company has also prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113 and the consolidated financial statements can be obtained from https://mhp.com.cy/. Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements for the year ended 31 December 2023 in order to obtain a proper understanding of the financial position, performance and cash flows of the Company and the Group.

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

2. Material accounting policies (Cont'd)

Adoption of new and revised IFRSs

The Company applied for the first time certain standards and amendments which are effective for annual periods beginning on or after 1 January 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

- IFRS 17 Insurance Contracts;
- Definition of Accounting Estimates - Amendments to IAS 8.

- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The Company has revised accounting policy information disclosures to ensure consistency with the amended requirements.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*

The amendments are effective for annual periods beginning on or after 1 January 2023 and narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The amendments had no impact on the Company's separate financial statements.

- *International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12*

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023. The amendments have an impact on the Company's separate financial statements (Note 9).

2. Material accounting policies (Cont'd)

Adoption of new and revised IFRSs (Cont'd)

Other new IFRS and amendments to IFRS effective since 1 January 2023 have no impact on the Company`s separate financial statements.

Standards and Interpretations in issue but not effective

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

IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments have not yet been endorsed by the EU. The amendments are not expected to have a material impact on the Company's separate financial statements.

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that Management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU. The amendments are not expected to have a material impact on the Company's separate financial statements.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments disclosures: Supplier Finance Arrangements (Amendments)

Supplier Finance Arrangements amends IAS 7 Statement of Cash Flows to require an entity to provide additional disclosures about its supplier finance arrangements. The amendments also add supplier finance arrangements as an example within the liquidity risk disclosure requirements of IFRS 7 Financial Instruments: Disclosures. The amendments are not expected to have a material impact on the Company's separate financial statements.

2. Material accounting policies (Cont'd)

Standards and Interpretations in issue but not effective (Cont'd)

IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments have not yet been endorsed by the EU. The amendments are not expected to have a material impact on the Company's separate financial statements.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The amendments are not expected to have a material impact on the Company's separate financial statements.

IFRS 18 – Presentation and Disclosure in Financial Statements

On 9 April 2024, the IASB issued the IFRS 18 – Presentation and Disclosure in Financial Statements which replaces IAS 1 – Presentation of Financial Statements. IFRS 18 is the result of the IASB's Primary Financial Statements project and it becomes effective for annual reporting periods beginning on or after January 1, 2027. The new standard has not yet been endorsed by the EU. Management will analyse the requirements of the new standard and assess its impact upon becoming effective.

Investments in subsidiary companies

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

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

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

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

During to the reorganization the Company transferring entities of the Group at carrying value.

2. Material accounting policies (Cont'd)

Investments in associates

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

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

Revenue recognition

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

(i) Dividend revenue

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

(ii) Interest Revenue

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

Employee benefits

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

Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

Tax

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

2. Material accounting policies (Cont'd)

Tax

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from how the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Dividends

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

Provisions and contingencies

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

Financial instruments

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

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

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

Financial assets

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

Classification of financial assets

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

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

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

2. Material accounting policies (Cont'd)

Financial instruments (Cont'd)

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

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

(i)Amortised cost and effective interest method

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

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

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

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

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

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

Impairment of financial assets

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

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

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

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

2. Material accounting policies (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

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

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

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

The Company calculates ECL for loans receivable based on three probability-weighted scenarios (2022:two probability-weighted scenarios) to measure the expected cash shortfalls, discounted at an approximation to the effective interest (EIR).

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

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

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

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes economic situation of countries and the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, as well as consideration of various external sources of actual and forecast economic *information* that relate to the Company's core operations.

2. Material accounting policies (Cont'd)

Financial instruments (Cont'd)

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

Low credit risk financial instruments

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

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

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

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

Default definition

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is considered as credit impaired or written off when there is no reasonable expectation of recovering the contractual cash flows.

Credit impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

2. Material accounting policies (Cont'd)

Financial liabilities

Initial recognition and measurement

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

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

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

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

Financial guarantees

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.
Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

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

Cash at bank

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

Offsetting financial instruments

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

2. Material accounting policies (Cont'd)

Share capital

Ordinary shares are classified as equity.

Treasury shares

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

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

Merger reserve

For accounting of the merger of the subsidiaries the Company considers whether the legal merger is in substance the redemption of shares in the subsidiary, in exchange for the underlying assets of the subsidiary. If such case, giving up the shares for the underlying assets is essentially a change in perspective of the parent of its investment, from an 'indirect equity interest' to a 'direct equity interest'.

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

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

3. Financial risk factors

3.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk, arising from the financial instruments the Company holds. Financial instruments affected by market risk includes loans issued, borrowings, bonds issued and deposits.

The risk management policies employed by the Company to manage these risks are discussed below:

3.2 Interest rate risk

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

3. Financial risk factors (Cont'd)

3.2 Interest rate risk(Cont'd)

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

The Company has access to limited sources of funding due to the war in Ukraine (Note 2) to refinance its debt maturing within 12 months after the reporting date (Note 20). The Company and Group ensured the availability of funds for Senior Notes which due in May 2024 through attracting of the borrowings from international financial institutions as described in Note 20. The Company is not exposed to fluctuation of the interest on the financial instruments with variable interest rate. The Company acts as a guarantor in such contractual arrangements.

3.3 Credit risk

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

Loans receivable, other receivables and financial guarantees

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

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

		Gross carrying amount					
Internal credit risk rating grade	Company definition of category	**Loans receivable**		**Other receivables**		**Financial guarantees***	
		2023	**2022**	**2023**	**2022**	**2023**	**2022**
		US$	**US$**	**US$**	**US$**	**US$**	**US$**
Performing	Stage 1 **	-	-	1,967,632	1,068,108	1,231,001	-
Under-performing	Stage 2 ***	574,453,452	686,381,789	-	-	1,142,716,593	1,100,807,050

**** granted amount***

*****Stage 1 – Counterparties have a low risk of default and a strong capacity to meet contractual cash flows***

******Stage 2 – Counterparties for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due***

The gross carrying amounts, as per above, represent the Company's maximum exposure to credit risk on these assets as at 31 December 2023, without taking account of any collateral held. The Company does not hold any collateral as security for any loans receivable or other receivable balances.

The Company evaluates the concentration of risk with respect to loans issued and other receivables as debtors are located in several jurisdictions. A major part of the Company's debtors is the Company's direct and indirect subsidiaries which located and operate in Ukraine .

3. Financial risk factors (Cont'd)

3.3 Credit risk (Cont'd)

The following table shows the movement in expected credit losses that has been recognized for the respective financial instruments:

	12 months ECL (Stage 1)		Lifetime ECL (Stage 2)		Total	
	Loans receivable	Financial Guarantees	Loans receivable	Financial Guarantees	Loans receivable (Note 13)	Financial Guarantees (Note 23)
Balance as at 1 January 2022	15,126,894	614,002	-	-	15,126,894	614,002
Increase in loss allowance in the year	-	-	22,040,625	3,674,062	22,040,625	3,674,062
Decrease in loss allowance in the year	(15,126,894)	(614,002)	-	-	(15,126,894)	(614,002)
Balance as at 31 December 2022/ 1 January 2023	-	-	22,040,625	3,674,062	22,040,625	3,674,062
Increase in loss allowance in the year	-	1,231,001	-	-	-	1,231,001
Decrease in loss allowance in the year	-	-	(7,371,208)	(67,609)	(7,371,208)	(67,609)
Balance as at 31 December 2023	**-**	**1,231,001**	**14,669,417**	**3,606,453**	**14,669,417**	**4,837,454**

The Company continuously monitors all assets subject to expected credit losses. The Company reassesses whether there has been a significant increase in credit risk, since the initial recognition of the financial instruments, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The change in operating environment in Ukraine due to the war and significant downgrade in credit ratings of Ukraine, where the Group operates, have been taken into consideration for the reassessment of staging as at 31 December 2022, and as such the loans issued and financial guarantees included in Stage 2 in 2022 and 2023 respectively. Those instruments which were issued in the year ended 31 December 2023 were categorized as Stage 1 instruments.

The approach for determination of the main inputs and estimations in relation to expected credit loses calculation is described in the note 4.

The assessment of the correlation between historical observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions .

3. Financial risk factors (Cont'd)

3.3 Credit risk (Cont'd)

Reconciliation of loans receivable

	Loans Receivable 2023 US$	Loans Receivable 2022 US$
As of 1 January	664,341,164	576,794,242
Loans granted, net	(107,400,000)	49,946,349
Interest revenue	43,571,096	44,936,473
Interest received	(42,836,887)	-
Overseas tax suffered at source	(604,500)	(422,175)
Expected credit losses reversal/(charge)	7,371,208	(6,913,731)
Set-off	(4,658,046)	-
As of 31 December	**559,784,035**	**664,341,158**

<u>Expected credit losses</u>

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

	2023 US$	2022 US$
Opening balance as at 1 January	22,040,625	15,126,894
(Reversed)/Charged	(7,371,208)	6,913,731
At 31 December (Note 13)	**14,669,417**	**22,040,625**

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

The expected credit losses allowance on loans issued as the year ended 31 December 2022 and as at 31 December 2023 related to Stage 2 (as described in Note 3.2 above).

Cash at bank

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

The estimated expected credit loss allowance on cash

as at 31 December 2022 and 31 December 2023, based on the general approach of IFRS 9, was immaterial.

3. Financial risk factors (Cont'd)

3.3 Credit risk (Cont'd)

In accordance with the international rating agency of Moody's, credit ratings of the banks with which the Company had the accounts opened as of 31 December 2023 and 2022 were as follows:

	2023	2022
	US$	US$
International banks with A ratings	169,046,553	38,280,572
International banks with B ratings	166,834	19,740
	169,213,387	**38,300,312**

Financial guarantees

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

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

The estimated provision represents expected credit loss allowance.

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

The Company has issued financial guarantees on the borrowings of its subsidiaries and quoted bonds issued by its subsidiaries (Note 20 and Note 21). As a result, the Company is exposed to credit risk arising from potential risk of default of the Company's subsidiaries on their external debt.

The following table presents the estimated provision as at 31 December 2023 and 31 December 2022 for free of charge financial guarantees issued by the Company for unsecured or under-pledged obligations of its subsidiaries in accordance with loan agreements with financial institutions and quoted bonds issued by subsidiaries (Note 23).

	2023	2022
	US$	US$
Opening balance as at 1 January	3,674,062	614,002
Charged/(Reversed) during the period	1,163,392	3,060,060
At 31 December (Note 23)	**4,837,454**	**3,674,062**

The expected credit losses allowance on financial guarantee instruments as the years ended 31 December 2022 and 2023 related to Stage 1 and Stage 2 instruments (as described in Note 3.3 above).

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

The maximum exposure to the credit risk of the financial assets at fair value through profit is represented by the carrying amount (Note 17).

3. Financial risk factors (Cont'd)

3.4 Liquidity risk

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

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

2023	Average effective interest rate	Less than 1 year or on demand	Between 2-5 years or on demand	After 5 years	Contractual amount	Carrying amount
		US$	US$	US$	US$	US$
Bonds issued	7.64%	(362,702,153)	-	-	(362,702,153)	(351,737,875)
Loans payable, including interest payments	1.85%	(128,111,985)	(85,018,381)	-	(213,130,366)	(204,356,525)
Financial guarantees (i),(ii)	-	(190,483,916)	(1,068,095,841)	(160,414,130)	(1,418,993,887)	(1,142,716,593)
Loans receivable, including interest	6.87%	559,771,560	30,905,000	-	590,676,560	559,784,035
		(121,526,494)	**(1,122,209,222)**	**(160,414,130)**	**(1,404,149,846)**	**(1,139,026,958)**

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

3. Financial risk factors (Cont'd)

3.4 Liquidity risk (Cont'd)

(i) No cash outflows may be required if the guarantee would not be called.
(ii) Total granted amounts under which financial guarantees are issued (Note 23).

3.5 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The following table demonstrate the sensitivity to a reasonably possible change, ass essed by management, in US$ to EUR exchange rates, with all other variables held constant. The sensitivity analysis shows the impact on the Company's profit before tax and is due to changes in the fair value of outstanding monetary assets and liabilities and adjusts their translation at the year-end for 5% change in foreign currency rates. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in foreign currency exchange rates	***Effect on profit before tax***
2023		
Increase in EUR exchange rate	+5%	2,426,031
Decrease in EUR exchange rate	(5%)	(2,426,031)
2022		
Increase in EUR exchange rate	+5%	885,820
Decrease in EUR exchange rate	(5%)	(885,820)

3.6 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization between debt and equity.
The Company's net debt as of 31 December 2023 and 2022 was as follows:

	2023	**2022**
	US$	**US$**
Loans payable	204,356,525	103,539,431
Bonds issued	351,737,875	520,152,992
Total debt	**556,094,400**	**623,692,423**
Less:		
Cash at bank	(169,213,387)	(38,300,312)
Net debt	**386,881,013**	**585,392,111**
Operating profit	**60,559,528**	**68,305,998**
Net debt to operating profit	**6.39**	**8.57**

3. Financial risk factors (Cont'd)

3.7 Fair value

Fair value disclosures in respect of financial instruments are made in accordance with the requirements of IFRS

7 "Financial Instruments: Disclosure" and IFRS 13 "Fair value measurement". Fair value - the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

	Carrying amount		Fair value	
	2023	**2022**	**2023**	**2022**
	US$	**US$**	**US$**	**US$**
Financial assets				
Loans receivable	559,784,035	664,341,164	559,784,035	657,994,196
Restricted cash	-	2,403,780	-	2,245,249
Financial liabilities				
Loans due to related parties	(204,356,525)	(103,539,431)	(192,656,745)	(92,689,738)
Bonds	(351,737,875)	(520,152,992)	(331,816,180)	(254,840,000)

The carrying amount of loans receivable, loans payable and bonds includes interest accrued at each of the respective dates.
The fair value of Bonds was estimated based on market quotations and is within Level 1 of the fair value hierarchy.

The fair value of loans receivable and loans payable was estimated by discounting the expected future cash outflows by a market rate of interest: 6.98% and 7,26% respectively (2022: 7.06% and 4,76% and is within Level 2 of the fair value hierarchy.

3.8 Reconciliation of liabilities arising from financing activities

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

3. Financial risk factors (Cont'd)

3.8 Reconciliation of liabilities arising from financing activities (Cont'd)

Changes in liabilities arising from financing activities

	Loans payable US$	Bonds issued US$	Total US$
As of 1 January 2023	100,182,125	494,415,861	594,597,986
Cash inflow	151,402,000	-	151,402,000
Cash outflow	(26,850,000)	(128,177,450)	(155,027,450)
Non-cash movements	(24,972,766)	(21,831,210)	(46,803,976)
Finance costs	2,058,991	40,844,715	42,903,706
Reclassification to accrued interest payable	(2,058,991)	(37,240,360)	(39,299,351)
Foreign exchange movements	-	-	-
As of 31 December 2023	**199,761,359**	**348,011,556**	**547,772,915**

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

	Loans payable US$	Bonds issued US$	Total US$
As of 1 January 2022	57,070,661	490,850,961	547,921,622
Cash inflow	156,518,565	-	156,518,565
Cash outflow	(111,432,008)	-	(111,432,008)
Non-cash movements	(1,066,600)	-	(1,066,600)
Finance costs	2,265,837	43,295,075	45,560,912
Reclassification to accrued interest payable	(2,265,837)	(39,730,175)	(41,996,012)
Foreign exchange movements	(908,493)	-	(908,493)
As of 31 December 2022	**100,182,125**	**494,415,861**	**594,597,986**

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

4. Critical accounting estimates and judgements

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

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

Going concern

As the Company is serving as the parent company to a number of subsidiaries (hereinafter Company and its subsidiaries referred to as the "Group"), while preparing the financial statements and relevant disclosures the Company assesses its operating environment as well as that of its subsidiaries to assess going concern. Given that the Group carries business activities in Ukraine and in Europe (Note 11 Investments in subsidiaries), where the production facilities of the Group are located, the Russian invasion of Ukraine since 24 February 2022 has negative impact on the Group`s operations.

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 year ended 31 December 2023 and up to the date of authorization to issue these 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 and are operating at full capacity; the only exception is "Ukrainian Bacon" (meat processing facility with 34,000 tonnes annual capacity located in the Konstiantynivka) that was temporarily suspended since April 2022 due to its proximity to the front line and continuing military attacks in the Donetsk region;
- production and sales volume already returned to pre-war levels since 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 31 December 2023 and 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;
- certain inventories and biological assets were damaged and written off as a result of the military actions of Russian invaders, mainly in 2022, as presented in Note 25 Operating environment of the Company;
- for the period after the Russian invasion of Ukraine more than 2,387 MHP employees joined the Ukrainian military forces and territorial defense;
- since the beginning of the war, the Group has faced the logistic challenges such as export routes` disruption, increased transportation costs and high security risks as described in Note 34. The Group continuously develops and advances its logistic routes to sustain stable export shipments to the customers in the current environment;
- the Group's European operations at Perutnina Ptuj have not been directly affected by events in Ukraine as they are fully independent and self-sufficient from an operational and supply chain perspective, and continue to produce at full capacity;

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

- optimized utilization of production facilities to meet domestic demand and export orders;
- established alternative export routes, including by road and rail, to address the logistical issues caused by the war;
- 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;

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

Going concern (Cont'd)

- 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 dividends have been declared for the year ended 31 December 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, as described in Note 20, in October 2023, the Company signed the agreements with three international financial institutions for USD 400 million facilities to refinance the bonds maturing in May 2024. Up to the date of authorization to issue these consolidated financial statements, the Company early redeemed USD 289 million out of total USD 500 million (Note 20).

Management has prepared financial forecasts, including cash flow projections, for the twelve-month period starting on the date of approval of these parent separate financial statements. Management developed key assumptions for the forecasts based on the actual performance levels and expected market trends. The 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 and the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have therefore concluded that it is appropriate to apply the going concern basis of accounting in preparing these consolidated financial statements. However, due to the currently unpredictable effects of the ongoing War, 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 and Company's ability to continue as a going concern, in which case the Group and the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Significant increase in credit risk

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

The Company continuously monitors all assets subject to expected credit losses. The Company reassesses whether there has been a significant increase in credit risk, since the initial recognition of the financial instruments, by considering the change in the risk of default occurring over the remaining life of the financial instrument in order assess whether 12 month expected credit losses should be applied or life-time expected credit losses. The change in operating environment in Ukraine due to the war and significant downgrade in credit ratings of Ukraine, where the Group operates, have been taken into consideration for the reassessment of staging as at 31 December 2022, and as such the loans issued and financial guarantees moved from Stage 1 to Stage 2 in 2022 and measured as stage 2 instruments as at 31 December 2023 (Note 3.32). The financial guarantee issued to the Company's subsidiaries in 2023 fall under stage 1 instruments as issued at high credit risk and there were no deterioration in credit risk since their initial recognition.

Expected credit losses on loans issued and financial guarantee contracts

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

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

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

Expected credit losses on loans issued and financial guarantee contracts (Cont'd)

The Company calculates ECL for subsequent evaluation of issued financial guarantee contracts to its subsidiaries based on different probability-weighted scenarios, depending on the particular contract arrangements.

The scenarios represented by the different shortfall dependent on the expectations on timing of the payments and expected amounts to receive.

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

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

In the assessment of probability of default, the Company mainly takes into account historical observed defaults for the Group entities, management estimations on the defaults based on the current economic conditions and market outlooks for forecasted economic conditions, provided by the recognized credit rating agencies at the country and Company's level.

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

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

The assessment of the correlation between historical observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions.

Impairment of investments in subsidiaries and associates

The Company periodically evaluates the recoverability of investments in subsidiaries and associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries and associates may be impaired, the estimated recoverable amounts of these subsidiaries and associates (higher of their value in use or fair value les costs to sell) would be compared to their carrying amounts. If the recoverable amount in lower than the carrying amount of a particular investment, a write-down to the recoverable amount is made. The Company's management performed also the assessment of the impairment indicators of investments in subsidiaries and associates, given that the Group carries business activities in Ukraine and in Europe, where the production facilities of the Group are located, the Russian invasion of Ukraine since 24 February 2022 has negative impact on the Group`s operations as described in Notes 4 and 25. Based on the analysis performed by the Company's management, no impairment has been identified as at 31 December 2023.

for the year ended 31 December 2023

5. Revenue

	2023	2022
	US$	**US$**
Interest revenue (i)	44,034,997	44,936,473
Other revenue		
Dividends income	-	38,250,602
	44,034,997	**83,187,075**

(i) Interest revenue included interest received from related parties US$ 43,571,096 (2022: US$ 44,936,473) (Note 24.1) and interest on deposits US$ 463,901 (2022: US$ nil).

6. Administrative expenses

	2023	2022
	US$	**US$**
Legal and other professional fees (ii)	1,459,315	1,230,868
Directors fees and bonuses (i) (Note 24.2)	7,571,003	3,396,521
Salaries	154,176	56,538
Social Insurances and other contributions	61,050	44,910
Non-recoverable VAT	107,563	201,569
Auditors' remuneration (ii)	142,316	135,587
Other administrative expenses	497,921	247,762
Depreciation	7,081	6,077
	10,000,425	**5,319,832**

(i) Directors' fees comprise of amounts attributable to the directors of the Company. As at 31 December 2023 and 2022, there were 5 and 4 directors respectively.

(ii) Remuneration to the auditors, included in the Services above, amounted to US$142, 316 for the year ended 31 December 2023 (2022: US$ 135,587). This consists of both audit and non-audit services, with the other assurance services amounting to US$ 27,759 for the year ended 31 December 2023 (2022: US$ 24,205). While legal and other professional fees includes tax advisory services of US$40,120 (2022: US$7,143).

The average number of employees for the year ended 31 December 2023 was 3 (2022: 3).

7. Finance cost, net

	2023	2022
	US$	**US$**
Interest on bonds	(37,240,360)	(39,730,175)
Bond issuance cost (i)	(3,604,355)	(3,564,900)
Other finance expenses	(380,771)	(613,602)
Interest expense on loan payable (Note 22; 24.3)	(2,058,991)	(2,265,837)
	(43,284,477)	**(46,174,514)**
Foreign exchange gain, net	59,459	916,106
	(43,225,018)	**(45,258,408)**

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

8. Other income

	2023	2022
	US$	**US$**
Other finance income (i)	-	843,121
	-	**843,121**

(i) Other income includes an amount of US$ nil (2022: US$ 710,293) which was reimbursed from the depositary of GDRs.

9. Taxation

	2023	2022
	US$	**US$**
Profit before income tax	17,334,510	23,890,713
Income tax calculated at the applicable tax rates	2,166,814	2,986,339
Tax effect of expenses not deductible for tax purposes	1,600,781	2,280,879
Tax effect of allowances and income not subject to income tax	(3,601,857)	(5,118,574)
Under-provision of prior years Income tax	105,471	61,706
Overseas tax suffered at source	604,500	422,175
Income tax paid at source	723	601
Tax charge	**876,432**	**633,126**

The corporation tax rate is 12,5%.

In Cyprus under certain conditions, interest income may be subject to defence contribution at the rate of 30% (2022: 30%). In such cases, this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17% for tax year 2014 and thereafter.

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

During the year ended 31 December 2023 and 31 December 2022, there were no such income on which special defence contribution is imposed.

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

The Company has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12). The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when incurred.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates, while in other jurisdictions, including Cyprus where the Company is registered, it was not yet enacted as at the date of authoring of these financial statements for issue.

Based on the preliminary assessment, the Company’s management does not expect a material impact of the Pillar Two legislation on the parent separate financial statements. Nevertheless, as the rules are complex, uncertainty exists and unforeseen outcomes of the Pillar Two legislation may exceptionally result in additional top-up tax, subject to future legislation development.

10. Dividends

No dividends have been approved during 2023 by the Board of Directors of the Company (US$2022: nil).

11. Investments in subsidiaries

	2023	**2022**
	US$	**US$**
Balance as at 1 January	407,727,249	407,794,080
Additions	2,769,016	4,970
Disposals	(2,826,831)	(81,801)
Reorganization: Share exchange transfer	(272,548,838)	-
Reorganization: Share exchange addition	272,548,838	10,000
Balance as at 31 December	**407,669,434**	**407,727,249**

The details of subsidiaries are as follows:

Name	**Country of incorporation**	**Principal activities**	**2023 Holding %**	**2022 Holding %**
MHP B.V.	Netherlands	Chicken meat processing	100.00	100.00
MHP Lux S.A.	Luxemburg	Provision of finance to related companies	100.00	100.00
“SPF” Urozhay LLC	Ukraine	Grain cultivation	95.50	95.50
Starynska Ptakhofabryka LLC	Ukraine	Breeder farm	100.00	100.00
MHP East Europe s.r.o (*)(v)	Slovakia	Provision of finance to related companies	100.00	100.00
Zernoproduct (*) (ii)	Ukraine	Grain cultivation	-	0.32
MHP Trade B.V.	Netherlands	Trading in poultry meat	100.00	100.00
MHP PRJSC (ii)	Ukraine	Management, marketing and sales	95.36	95.36
Scylla Capital Limited	British Virgin islands	Trading activity	100.00	100.00
Vinnytska Poultry Farm (ii)	Ukraine	Chicken farm	-	100.00
MHP Saudi Arabia Trading Company (iii)	Saudi Arabia	Wholesale of agricultural products	100.00	75.00
MHP Food Trading LLC	Emirate of Dubai	Trading I poultry meat	100.00	100.00
MHP EU Gmbh	Germany	Production and trading in poultry meat	100.00	100.00
MHP-Podillia-Kolodno LLC	Ukraine	Framing assetholding and operating entity	50.81	50.81
Perutnina PTUJ (i)	Slovenia	Poultry brreding, feed production,poultry and meat products retail and services	-	100.00
Agrofort (ii)(*)	Ukraine	Grain cultivation	-	13.85
MHP FOOD UK LIMITED	United Kingdom	Processing and preserving of meat	100.00	100.00
MHP-LK Ukraine Group LLC (*)	Ukraine	Framing assetholding and operating entity	47.93	47.93
Zakhid-Agro MHP LLC (*)	Ukraine	Grain cultivation	0.26	0.26
MHP EUROPE LIMITED(*)(iv) (i)	Cyprus	Holding of investments	88.89	100.00

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

11. Investments in subsidiaries (Cont'd)

(i) On 29 August 2023, within the reorganization process the Company contributed Perutnina PTUJ participatory interest which constituted 100% shares in Perutnina PTUJ at its carrying value of US$272,548,838.09 to MHP Europe Limited in the exchange for the issue and allotment of the Consideration shares equivalent to the participation interest value in Peruntina PTUJ.

(ii) During the year 2023, shares in Zernoproduct, Vinnytska Poultry Farm and Agrofort were sold to MHP PRJSC. Total consideration received amounted to US$ 955,128. The total net loss on disposal of US$1,872,951 recognized in the statement of comprehensive income for the year ended 31 December 2023 within Other operating (loss)/gain on investments.

(iii) During the year ended 31 December 2022 MHP Saudi Arabia Trading increased its share capital for the amount of SR 37,504 (US$ 10,000). The transaction was shown in the financial statements of the subsidiary as payment of the additional paid to capital amount. On 3 July 2023, the Company purchased the remaining 25% of shared in MHP Saudi Arabia Trading for the total consideration of SR6,675,000 (equivalent to US$1,780,000) (Note 16).On 23 November 2023 MHP Saudi Arabia Trading increased its share capital for the amount of SR 3,300,000 (US$ 879,186).

(iv) During the year ended 31 December 2022, Company established MHP EUROPE LIMITED, an entity registered in Cyprus, with 100% shares owned by the Company. During 2023, the Company made cash contribution to the investment in the amount of US$109,830. On 1 November 2023, MHP EUROPE LIMITED issued shares to the Company's subsidiary, MHP PJSC. As a result of this share issuance, the Company's share in MHP EUROPE LIMITED amounted to 88.89%.

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

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

12. Investments in associates

	2023 US$	2022 US$
Balance as at 1 January	1,251,571	1,251,571
Balance as at 31 December	**1,251,571**	**1,251,571**

The details of the associates are as follows:

Name	Country of incorporation	Principal activities	2023 Holding	2022 Holding
			%	%
Foodz Holding Limited	Cyprus	Holding of investments, provision of finance to other related companies	34.66	34.66

During the year 2021 Foodz Holding Limited issued to the Company 34,66% of its share capital which has been paid by the rights of claim assigned from PrJSC "MHP". There are no changes during 2022 and 2023.

for the year ended 31 December 2023

13. Loans receivable

	2023 US$	2022 US$
Gross carrying loans receivable from subsidiary companies (Note 24.4) (i)	574,453,452	686,381,789
Expected credit losses allowance (Note 3.3.)	(14,669,417)	(22,040,625)
	559,784,035	**664,341,164**

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

As at 31 December 2023 and 2022 classification of the balances of loans receivable were as follows:

	2023 US$	2022 US$
Current borrowings		
Loans receivable from subsidiaries	535,263,704	152,252,909
Non-current borrowings		
Loans receivable from subsidiaries	24,520,331	512,088,255
Total	**559,784,035**	**664,341,164**

Expected credit losses

Loans receivable from subsidiaries are classified as stage 2 instruments. The Company determines the lifetime expected credit loss of other non-current loan receivables based on different scenarios of probability of default and expected loss applicable to each of the material underlying balances. The movement in loss allowance for loan receivables classified at amortised cost is detailed below:

	US$
As at 1 January 2022	15,126,894
Charged during the period	6,913,731
As at 1 January 2023	**22,040,625**
Reversal during the period	(7,371,208)
As at 31 December 2023	**14,669,417**

Fair values

The fair values of loans receivable as at 31 December 2023 are disclosed in Note 3.

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

14. Other receivables

	31 December 2023 US$	31 December 2022 US$
Other receivables (i)	1,967,632	1,068,108
	1,967,632	**1,068,108**

(i) Balance of other receivables includes balances with relates parties as shown in (Note 24.4)

The fair values of other receivables as at 31 December 2023 are disclosed in Note 3.

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

15. Cash at bank

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

	31 December 2023 US$	31 December 2022 US$
Cash at bank	169,213,387	38,300,312
	169,213,387	**38,300,312**

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

16. Other financial assets measured at amortized cost

	31 December 2023 US$	31 December 2022 US$
Restricted cash at bank current portion	-	2,403,780
	-	**2,403,780**

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

As of 31 December 2022, the Company held cash at bank in the amount of US$ 2,403,780 that were blocked serving as collateral to secure bank borrowings of subsidiaries of the Company.

As of 31 December 2022, the balance of the reserve accounts amounted to US$ 2,403,780 . During 2023 the amount reserved has been returned to the current account.

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

17. Financial assets at fair value through profit and loss

	2023 US$	2022 US$
Balance at 1 January	1,421,119	1,780,000
Gain/(loss) on change in fair value	358,881	(358,881)
Transfer of shares	(1,780,000)	-
Balance at 31 December	**-**	**1,421,119**

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

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

As a result of merger with Raftan Holding Limited, 75% shares in MHP Saudi Arabia Trading were transferred to the Company.

During 2023 MHP SE repurchase 25% shares in MHP Saudi Arabia Trading (Note 11). For the consideration for shares transfer the Company released and fully discharged from balance of SR6,675,000 (equivalent to US$1,780,000) representing the nominal balance of loan issued to the borrower under the agreement dated 3 July 2018 as stated above. The fair value of financial assets mentioned above represents to their carrying amount.

18. Property, plant and equipment

	Renovations US$	Furniture and Fittings US$	Computers US$	Total US$
Cost				
At 1 January 2022	103,460	60,583	7,130	171,173
Additions	-	191	-	191
At 31 December 2022/1 January 2023	**103,460**	**60,774**	**7,130**	**171,364**
Additions	-	908	2,740	3,648
At 31 December 2023	**103,460**	**61,682**	**9,870**	**175,012**
Depreciation:				
At 1 January 2022	103,460	24,178	7,130	134,768
Additions	-	6,077	0	6,077
At 31 December 2022/1 January 2023	**103,460**	**30,255**	**7,130**	**140,845**
Additions	-	6,168	913	7,081
At 31 December 2023	**103,460**	**36,423**	**8,043**	**147,926**
Net book value				
At 31 December 2023	**-**	**25,259**	**1,827**	**27,086**
At 1 January 2023	**-**	**30,519**	**-**	**30,519**

19. Shareholder's equity

Share capital and share premium

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

	2023	*2022*
Number of ordinary shares – authorised share capital	110,770,000	110,770,000
Number of ordinary shares – issued and fully paid	110,770,000	110,770,000

As of 31 December 2023 and 31 December 2022 the authorised share capital of the Company was EUR 221,540,000 divided into 110,770,000 ordinary shares, each having a nominal value of EUR 2 each. The authorised share capital of the Company is fully issued and all the shares are fully paid up.

As at 31 December 2023, the Company had a direct and indirect holding of treasury shares (ordinary shares, represented by an equal amount of global depositary receipts "GDRs") in the amount of 3,731,792 shares . The amount of 3,564,568 shares were held directly by the Company and 167,244 shares were held by the Company's subsidiary PrJSC MHP.

Other reserves

Other reserves mainly comprise of the following items:

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

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

Merger reserve

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

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

20. Bonds issued (Note 3.8)

	Carrying amount		*Nominal amount*	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
7.75% Senior Notes due in 2024	348,011,556	494,415,861	349,203,000	500,000,000
Total bonds issued	348,011,556	494,415,861	349,203,000	500,000,000

As of 31 December 2023 and 31 December 2022, interest payable on bonds issued was US$ 3,726,319 and US$ 25,737,131 respectively (see Note 22).

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

7.75% Senior Notes

On 10 May 2017, MHP SE issued USD 500 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.

20. Bond issued (Cont'd)

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

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

Covenants

Certain restrictions under the indebtedness agreements (e.g. incurrence of additional indebtedness, restricted payments as defined above, dividends payment) are dependent on the leverage ratio of the Group calculated as Net Debt to EBITDA. Once the leverage ratio exceeds 3.0 to 1, it is not permitted for the Group to make certain restricted payments, declare dividends exceeding USD 30 million in any financial year, or incur additional debt except that defined as a Permitted Debt. According to the indebtedness agreements, the consolidated leverage ratio is tested on the date of incurrence of additional indebtedness or restricted payment and after giving pro forma effect to such incurrence or restricted payment as if it had been incurred or done at the beginning of the most recent four consecutive fiscal quarters for which financial statements are publicly available (or are made available).

As at 31 December 2023 the leverage ratio of the Group is 2.52 to 1, lower than the defined limit 3.0 to 1. As the leverage ratio of 3.22 to 1 as at 31 December 2022 was higher that defined limit, this led to certain restriction as stated above. Subsequently, the Group improved the leverage ratio during the first quarter 2023, and as at 31 March 2023 the leverage ratio was 2.58 to 1 as presented in the interim condensed consolidated financial statements for the three months ended 31 March 2023, published on 18 May 2023. Accordingly, 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

On 30 March 2022, the Group received consent from the Holders to postpone the semi-annual interest payments on each of the 2024 Notes, in respect of which the Company is primary borrower, as well as the 2026 Notes and the 2029 Notes, for both of which the Company is acting as a guarantor, scheduled for Spring 2022 for a period of up to 270 days (the "Support Period").

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 10 May 2024 (the "Notes") to tender for purchase for cash any and all of the USD 500 million aggregate principal amount of Notes outstanding. On 9 November 2023 the MHP SE has accepted for purchase all validly traded Notes in the amount of USD 151 million with the aggregate principal amount of Notes outstanding following completion of the Tender Offer USD 329 million. On 10 November 2023 Noteholders who validly tendered their Notes were paid the consideration of USD 850 per USD 1,000 principal amount of Notes (with total consideration paid USD 128 million) and, on the same date, Notes in the amount of USD 151 million have been cancelled. Gain on bonds redemption in the amount USD 22 million was recognized as a result of Notes repurchase in statement of profit or loss and other comprehensive income.

20. Bonds issued (Cont'd)

On 5 January 2024 the MHP SE launched an invitation to the holders (the "Noteholders") of its USD 329 million 7.75% Guaranteed Notes due 10 May 2024 (the "Notes") to tender for purchase for cash any and all of the USD 349 million aggregate principal amount of Notes outstanding. On 22 January 2024 the MHP SE has accepted for purchase all validly traded Notes in the amount of USD 138 million with the aggregate principal amount of Notes outstanding following completion of the Tender Offer USD 211 million. On 23 January 2024 Noteholders who validly tendered their Notes were paid the consideration of USD 950 per USD 1,000 principal amount of Notes (with total consideration paid USD 131 million) and, on the same date, Notes in the amount of USD 138 million have been cancelled.

21. Loans payable (Note 3.8)

	31 December 2023	31 December 2022
	US$	US$
Loans payable to subsidiary and indirect subsidiary companies (Note 24.5)		
Current portion	126,017,360	52,182,125
Non-current portion	73,743,999	48,000,000
	199,761,359	**100,182,125**

The loans payable are denominated in United States Dollars and in Euro, bear interest ranging from 1,5% to 4% and 1,5% to 4% per annum for the year ended 31 December 2023 and 2022 respectively and are repayable during 2024 and 2027.

Fair values

The fair values of loans payable as at 31 December 2023 are disclosed in Note 3.

22. Interest payable

	31 December 2023	31 December 2022
	US$	US$
Interest payable on bonds issued (Note 20)	3,726,319	25,737,131
Interest payable on loans payable to subsidiary and indirect subsidiary companies (Note 24.5)	4,595,166	3,357,306
	8,321,485	**29,094,437**

23. Financial guarantees

	31 December 2023	31 December 2022
	US$	US$
Expected credit losses for free of charge financial guarantees issued (Note 3.3)	4,837,454	3,674,062

23. Financial guarantees (Cont'd)

The Company has issued financial guarantees on the borrowings of its subsidiaries and quoted bonds issued by its subsidiaries (Note 20).

Securities on the bank borrowings

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

- Rabobank for an amount of EUR nil (2022: EUR 6,767,412)
- Credit Agricole bank for an amount of EUR 12,200,000 and UAH 500,000,000 (2022: EUR 25,080,827)
- EBRD for an amount EUR 2,777,7778 and US$ 26,850,000 (2022:EUR 35,111,111)
- Pravexbank US$ nil (2022: US$ 4,255,000)
- Citibank US$ nil (2022: US$ 20,350,000)
- JSC UKRSIBBANK EUR 18,831,748 (2022: EUR 28,247,244)
- JSC OTP BANK US$ 26,000,000 (2022: US$ 22,000,000)
- JSB "UKRGASBANK" EUR 7,619,315 (2022: EUR nil)
- International Finance Corporation US$ 26,850,000 (2022: US$ nil)
- US INTERNATIONAL DEVELOPMENT FINANCE CO US$ 53,700,000 (2022: US$ nil)
- Raiffeisen Bank JSC EUR 10,754,700 and US$ 20,788,000 (2022: JSC EUR 15,000,000 and US$ 20,788,000)

The Company has provided guarantees in relation to the following outstanding indebtedness under the bonds issued by the Company's wholly owned subsidiary MHP Lux S.A., a public company with limited liability (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg:

- US$ 550,000,000 6.95% Senior Notes due in 2026 at par value issued on 3 April 2018.

The Senior Notes are jointly and severally guaranteed on a senior basis by the Company and the following direct and indirect subsidiaries of the Company: MHP, Peremoga Nova, Oril-Leader, Myronivsky Plant of Manufacturing Feeds and Groats, Zernoproduct, Myronivska Ptahofabryka, Starynska Ptahofabryka, Katerynopilsky Elevator, Agrofort, NPF Urozhay, Vinnytska Ptahofabryka, and Scylla Capital Limited.

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

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

23. Financial guarantees (Cont'd)

These Senior Notes are subject to certain restrictive covenants including, but not limited to, limitations on the incurrence of additional indebtedness in excess of Net Debt to Adjusted EBITDA ratio as defined by the indebtedness agreement, restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates. The debt covenants are calculated by reference to Group financial statements.

If the Group fails to comply with the covenants imposed, the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes may, upon written notice to the Group, declare all outstanding Senior Notes to be due and payable immediately. If a change of control occurs the Group shall make an offer to each holder of the Senior Notes to purchase such Senior Notes at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

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

Interest on the Senior Notes is payable semi-annually in arrears. These Senior Notes are subject to certain restrictive covenants including, but not limited to, limitations on the incurrence of additional indebtedness in excess of Net Debt to Adjusted EBITDA ratio as defined by the indebtedness agreement, restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates. The debt covenants are calculated by reference to Group financial statements.

If the Group fails to comply with the covenants imposed, the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes may, upon written notice to the Group, declare all outstanding Senior Notes to be due and payable immediately. If a change of control occurs the Group shall make an offer to each holder of the Senior Notes to purchase such Senior Notes at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

24. Related party transactions

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

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

24.1 Income from direct and indirect subsidiaries

	2023 US$	2022 US$
Dividend revenue	-	38,250,602
Interest revenue (i)	43,571,096	44,936,473
	43,571,096	**83,187,075**

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

24. Related party transactions (Cont'd)

24.2 Directors' fees (Note 6)

	2023	2022
	US$	US$
Directors' fees and bonuses	7,571,003	3,396,521
	7,571,003	**3,396,521**

24.3 Expenses on transactions with direct and indirect subsidiaries (Note 7)

	2023	2022
	US$	US$
Interest expense	2,058,991	2,265,837
	2,058,991	**2,265,837**

24.4 Receivables from related companies (Notes 13 and 14)

	31 December 2023	31 December 2022
	US$	US$
Loans receivable from subsidiary and indirect subsidiary companies	507,605,825	612,034,616
Interest receivable on loans issued to subsidiary and indirect subsidiary companies	52,178,210	52,306,547
Other receivables from subsidiaries	1,928,535	868,748
Receivables from other related parties	39,097	-
	561,751,667	**665,209,911**

24.5 Payables to related companies (Notes 21 and 22)

	31 December 2023	31 December 2022
	US$	US$
Loans payable to subsidiary and indirect subsidiary companies	199,761,359	100,182,125
Other short-term borrowings from subsidiaries	74,180,000	-
Interest payable on loans from subsidiary and indirect subsidiary companies	4,595,166	3,357,306
Other payables to subsidiaries	141,241	147,768
Directors' fee payable	79,679	65,947
	278,757,445	**103,753,146**

25. Operating environment of the Group

As the Company is serving as the parent company to a number of subsidiaries (Note 11) while preparing the financial statements and relevant disclosures the Company assesses its operating environment as well as that of its subsidiaries.

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. Airports remain closed, and some have been damaged, 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 2023, consumer inflation decelerated to 5.1% 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. According to the NBU’s recent forecasts, inflation will grow up to 6.4% in 2024 and then will decelerate to 3.1% in 2025.

The economy has been recovering throughout the entire 2023 thanks to the high adaptability of businesses and households to wartime conditions and thanks to the loose fiscal policy supported by large-scale international financing. In Q4, the growth in real GDP exceeded expectations, primary due to better harvests of late crops and the development of alternative export routes. This created grounds for an improvement in estimates of real GDP growth for the whole of 2023, to 5.7%.

The NBU set its key policy rate at 15% effective 15 December 2023 (comparing to the key policy rate of 25% p.a. as at 31 December 2022) and kept the interest rates on all of its transactions with the banks unchanged, including keeping the rate at 15% for overnight certificates of deposit (CDs), 19% for three-month CDs, and 21% for refinancing loans.

Since 22 July 2022 and up to October 2023, 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 fixed by the NBU, as had been the case since 24 February 2022. At the same time, the NBU continues to control the situation in the interbank foreign currency exchange market in an attempt to better manage the foreign currency structural deficit.

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).

25. Operating environment of the Group (Cont'd)

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), which were adopted since 2 May 2023. 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 Black Sea corridor started to operate with no regular schedule, and with vessels moving whenever security conditions allow. Since then, Russia has launched a series of air attacks on Ukraine, focused, among others, on destroying Danube ports infrastructure as well as Black Sea ports infrastructure. The situation remains highly fluid and the outlook is subject to extraordinary uncertainty.

The Government continues to implement measures to stabilize markets and the economy. International assistance will remain the main source of capital inflows to the country in the future. Despite delays in the flow of international aid at the beginning of the year, it is expected to resume in the coming months.

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

While the Ukrainian businesses and government institutions demonstrated a high degree of adaptability and resilience in the face of challenges brought by the full-scale military invasion, the related security and macroeconomic risks remain high and continue to affect the economic situation in Ukraine. Due to the unpredictability in the future course of the war and the uncertainty regarding the timing of its cessation as well as availability of sustainable international financial support, other geopolitical and macroeconomic factors, it remains difficult to estimate the scale and direction of possible further developments, both negative or positive, in the operating environment in Ukraine at present.

26. Commitments and contingent liabilities

Taxation and legal issues

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

The Company performs intercompany transactions, which may potentially be in the scope of the Cyprus transfer pricing ("TP") regulations. The Company has prepared the controlled transaction report up to the year ended 31 December 2022 within the required deadlines.

There are no other commitments except of disclosed.

27. Events after the reporting period

In January 2024 the subsidiaries MHP East Europe s.r.o and MHP FOOD UK LIMITED were transferred to the subsidiary MHP EUROPE LIMITED. In February 2024 the subsidiaries MHP B.V. and MHP Trade B.V. were also transferred to the subsidiary MHP EUROPE LIMITED.

As described in Note 20, on 23 January 2024 the Company completed the Tender Offer to repurchase outstanding 2024 Notes with a principal amount of USD 138 million for consideration of USD 131 million. This early redemption was mainly financed using the tranches from the international financial institutions (Note 20).

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