MHP

GROUP ANNUAL REPORT AND ACCOUNTS 2023

A LEADING INTERNATIONAL FOOD AND AGROTECH COMPANY

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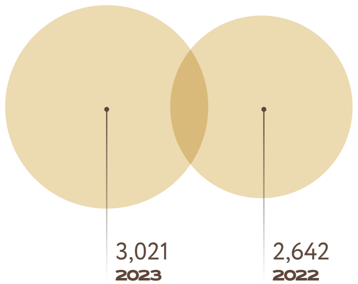
MEASURING OUR SUCCESS AND PROGRESS

FINANCIAL HIGHLIGHTS

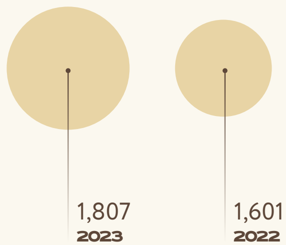
REVENUE
US$ million

+14% y/y

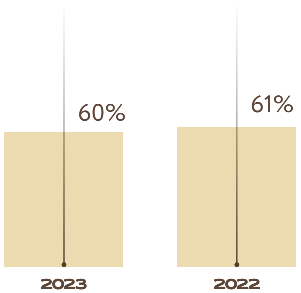


EXPORT REVENUE
US$ million

+13% y/y

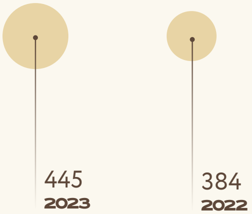


EXPORT REVENUE AS A % OF TOTAL REVENUE

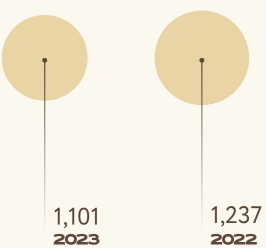


ADJUSTED EBITDA[1]
US$ million

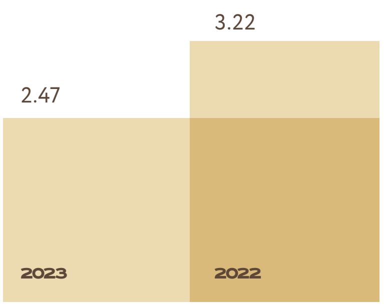
+16% y/y



NET DEBT
US$ million



NET DEBT/LTM EBITDA RATIO



WAR-RELATED COSTS[2]
2023

35
US$ million

2022: US$ 69 million

[1] Adjusted EBITDA is net of IFRS 16
[2] Excluding losses on impairment of property, plant and equipment

STRATEGIC AND OPERATIONAL HIGHLIGHTS

RESILIENCE AND INNOVATION

Our operations continued to run at 100% capacity utilisation and we continued to export to over 70 countries despite War-related and other complex logistics-related challenges.

INTERNATIONAL DIVERSIFICATION

Formation of joint venture in Saudi Arabia, strengthening food security in the region and expanding our global outreach.

OUR CULINARY TRANSFORMATION

Establishment of a ready-to-eat production line at Perutnina Ptuj in Slovenia.

Expansion of culinary product SKUs.

OUR APPROACH TO RESPONSIBLE BUSINESS

OVERSIGHT AND STRATEGY

We are establishing an operational sub-committee to the Sustainability & International Affairs Committee ("S&IA Committee"), which will comprise of Top Management.

S&IA Committee Report on page 139.

EMBEDDING ESG INTO OUR OPERATIONS

Adoption of a Group-wide OKR to implement and develop tools and practices to ensure MHP's sustainable development.

S&IA Committee Report on page 139.

SUSTAINABLE PRACTICES

We achieved GLOBALG.A.P. and ISSC certification at a combined total of ten of our sites for our sustainable poultry production and farming practices.

Growth Pillar 4 on page 78.

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PEOPLE

WE WORK FOR UKRAINE

SUPPORT FOR OUR WORKFORCE

Full payment of salaries of our 2,380 mobilised employees.

Comprehensive support for our 28,788 employees based in Ukraine, and their families.

Growth Pillar 2 on page 65.

SUPPORT FOR THE PEOPLE OF UKRAINE

Cultural, social, and economic initiatives and the provision of humanitarian aid for the people of Ukraine.

Growth Pillar 3 on page 76.

SUPPORT FOR VETERANS

Establishment of an extensive and award-winning rehabilitation and reintegration programme for demobilised employees and other veterans.

Growth Pillar 3 on page 76.

PLANET

CARBON TRUST ACCREDITATION

Carbon Trust accreditation in relation to our Ukrainian poultry production.

Growth Pillar 6 on page 92.

GHG EMISSIONS - UKRAINE

Scope 1 emissions, tonnes: 362,323 tonnes, +3% y/y (2022: 353,413 tonnes)

Scope 2 emissions: 237,776 tonnes, +8% y/y (2022: 220,985 tonnes)

Growth Pillar 6 on page 92.

ENERGY MANAGEMENT - UKRAINE

Total energy from renewable sources: 2,081 TJ, -4% y/y (2022: 2,159 TJ)

Of which biogas: 1,934 TJ, +30% y/y (2022: 1,483 TJ)

Growth Pillar 6 on page 92.

WATER USAGE

Ukraine water usage: 15.1 million m^3
European Operating Segment water usage: 2.0 million m^3

Growth Pillar 6 on page 92.

CLIMATE CHANGE STRATEGY

Start of project with the EBRD aimed at putting in place a robust, science-based Group-wide Climate Change Policy in 2025e.

TCFD Disclosures on page 102.

SOLAR POWER - UKRAINE

Installation of 3.9 MW capacity of solar plants contributing to energy security in Wartime.

Growth Pillar 6 on page 92.

CHAIR'S STATEMENT

Russia's War of attrition has entered its third year: a grim milestone. We have seen significant offensives in southern and eastern territories and the destruction of infrastructure and loss of life in all regions. Since the War began until now, more than 410 defenders have returned as veterans, and over 300 of these have resumed working for MHP. We mourn the tragic fate of the 156 MHP workers who have been killed, captured or are currently missing due to the War. Our workforce and the people of Ukraine continue to endure the invasion's physical and psychological effects, whilst remaining steadfastly resolute and determined.

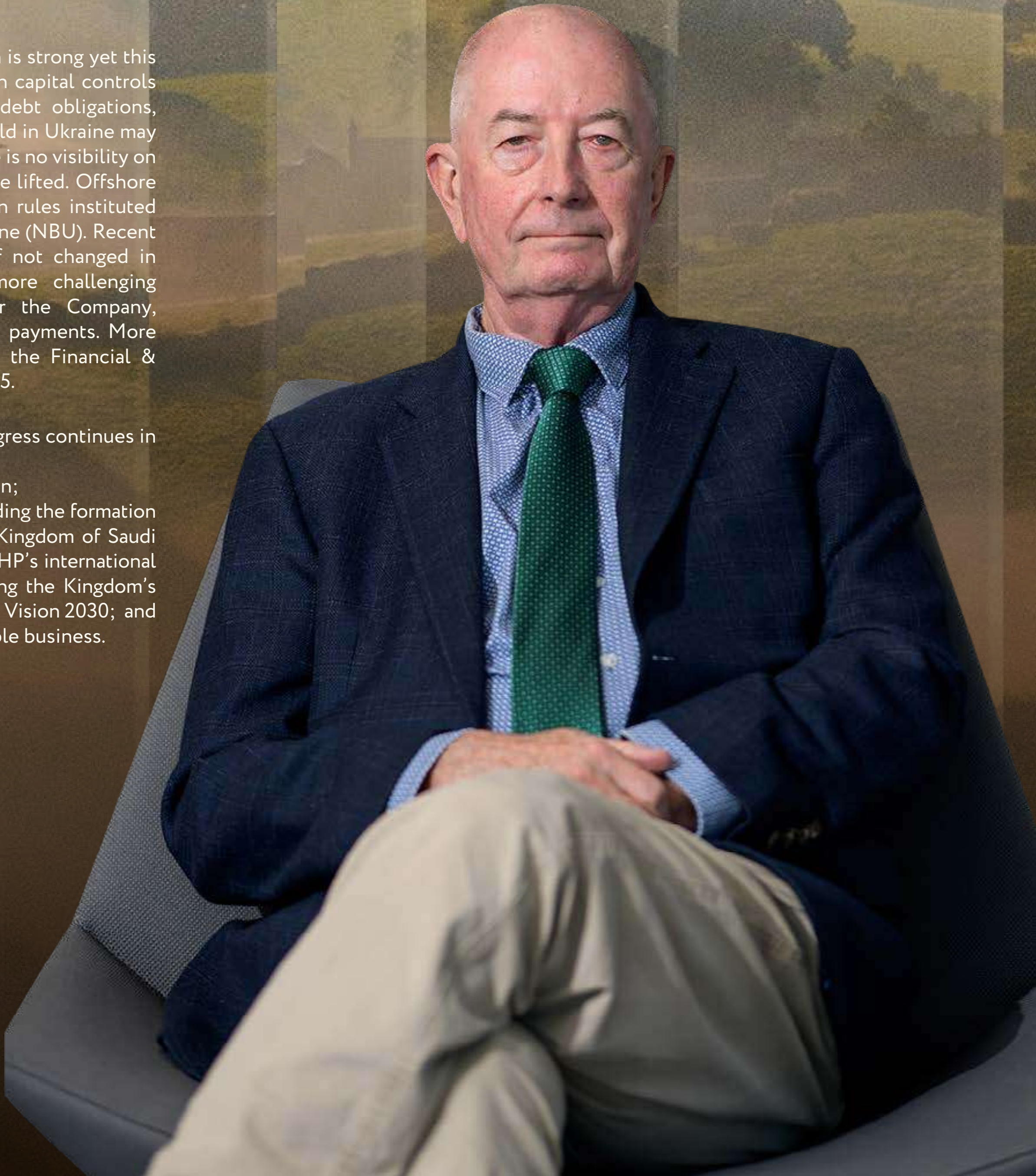
War continues to have a major impact on Company operations. Irregular and frequent drone and rocket attacks against civilian, energy and other infrastructure targets continue, presenting us with a challenging and disruptive logistical environment, driving additional other War-related costs.

Our FY 2023 performance reflects the resilience and agility of our business model and the tremendous efforts of our workforce. We expect 2024 to be another difficult year as we continue to operate in an uncertain and highly challenging environment.

The Group's liquidity position is strong yet this position is nuanced. Ukrainian capital controls restrict MHP to service its debt obligations, which means that currency held in Ukraine may not be sent offshore and there is no visibility on when these restrictions will be lifted. Offshore cash is subject to repatriation rules instituted by the National Bank of Ukraine (NBU). Recent rules set in autumn 2023, if not changed in the nearest term, create more challenging operational environment for the Company, especially for further coupon payments. More information can be found in the Financial & Operational Review on page 35.

Despite War, the Group's progress continues in many areas:

- our culinary transformation;
- our global outreach, including the formation of a joint venture in the Kingdom of Saudi Arabia that will expand MHP's international reach as well as supporting the Kingdom's Food Security Programme, Vision 2030; and
- our approach to responsible business.



OUR PEOPLE

I want to express my deepest thanks to our people for their continued commitment and dedication in the face of adversity. They have adjusted to the new normal and bravely risen to the challenges presented daily. I am tremendously proud of the way our workforce has responded to the disruptions and of what the Group is achieving. The provision of support and stability to our Ukrainian workforce of 28,788 people and their families remains a top priority, and MHP has adopted many new internal policies and approaches to look after and protect employees and their families who, in turn, have responded positively.

I highlighted last year the exceptional contribution from our Chief Executive, Yuriy Kosyuk, since the outbreak of War. Yuriy continues to lead with optimism and energy and to be an ever-present and visionary leader during these turbulent times.

I remain grateful to the Board's Non-Executive Directors and to the team of Executive Directors for their continued support and special contributions during Wartime. The Non-Executives continue to be instrumental in rallying international support and in providing leadership to ensure that a multitude of challenging and uncertain issues are addressed promptly and effectively. More information on the Board's contribution and interaction with stakeholders can be found in the Sustainability & International Affairs ("S&IA") Committee Report on page 139 and the Corporate Governance Report on page 111.

SUPPORT FROM OUR STAKEHOLDERS AND PARTNERS

With so many restrictions and challenges due to the War, I would like to thank the international financial community for their unwavering support and continued backing of MHP.

FOLLOWING THE GROUP'S ROBUST FY 2023 PERFORMANCE AND TREMENDOUS EFFORTS TO MAINTAIN OPERATIONS, PRODUCTION AND SALES VOLUMES, THE GROUP IS FUNDED TO MAINTAIN OPERATIONS AND BUSINESS CONTINUITY.

I would also like to recognise the support from our Note Holders in October and November 2023 in the Tender Offer for our US$ 500 million 7.75% Guaranteed Notes due May 2024; and in October 2023, from international and development finance institutions, the U.S. International Development Finance Corporation, the International Finance Corporation, and the European Bank for Reconstruction and Development, to provide facilities of up to US$ 480 million in aggregate. This comprises up to US$ 400 million for liability management (the 2024 notes) and US$ 80 million for different CAPEX projects, including ESG-linked.

MHP remains an important 'cog' in global food security and this support has enabled us to continue to operate and supply both domestic and international markets with essential food staples. A thriving Ukrainian agricultural sector is critical for sustaining the country and is equally important to global agricultural supply chains that have been disrupted by Russia's invasion. We hope that this support will continue in the future, in spite of the challenges of War.

The Group has also continued to receive significant support from many international partners and stakeholders. For more information on our engagement with stakeholders, see Growth Pillar 1 on page 60.

DIVIDENDS

Given the uncertainties of War, and the resulting need to preserve liquidity to support the Group's ongoing business operations, the Directors have decided not to declare a final dividend for the 2023 financial year. No final dividend was declared for the 2022 financial year.

CORPORATE GOVERNANCE

The Group recognises the importance of strong corporate governance in line with good international practice. MHP is a GDR issuer listed on London Stock Exchange's Standard Segment and yet it aims to comply as far as possible with the more onerous UK Corporate Governance Code 2018 provisions required of the Exchange's Premium Segment.

In March 2023, we welcomed Oscar Chemerinski to the Board as an Independent Non-Executive Director. Mr Chemerinski brings with him extensive experience in agribusiness, emerging markets, and sustainability. In February 2024, Mr Chemerinski was appointed Chair of the Audit & Risk Committee, replacing John Grant who will continue as a member of the Audit & Risk Committee until he retires from the Board, expected in summer 2024. Further information on the Board, including a Board Skills and Diversity Matrix, can be found in the Corporate Governance Report on page 118 and in the Nominations and Remuneration Committee ("NRC") Report on page 135.

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MANAGEMENT OF WAR-RELATED RISKS

There are ongoing risks to the Group's operations due to recurring attacks on the critical infrastructure of Ukraine, including agricultural infrastructure. The Group responds immediately to adverse operational impacts, ensuring it is ready to take all actions necessary to rebuild, restore and restart production in the shortest time possible. For more information, see Risk Management on page 50 and the Audit & Risk Committee Report on page 127.

OUR APPROACH TO RESPONSIBLE BUSINESS

The Group's approach to responsible business is deeply rooted in the Group's transformation to a world-leading sustainable food producer and is a key tenet of our strategy. Whilst never welcomed, adversity often presents opportunities, and the Group has capitalised upon these to make rapid advances over the past 18 months in a broad range of areas through the implementation of different sustainable projects. Please see also Growth Pillars 4 and 6.

Despite the War, the Group continues to look for opportunities to develop its governance in line with good practice. During the year, the S&IA Committee adopted new terms of reference which reflect the Board's increasing focus on the Group's approach to responsible business. Further information can be found in that Committee's Report on page 139.

We are increasingly embedding ESG into our operations as demonstrated by developments during the year: the decision to establish an operational sub-committee to the S&IA Committee which consists of Top Management representatives, and the goal of which will be to consolidate the importance of ESG and provide the vision over the medium to longterm; the centralisation of our environmental protection function, which is developing governance and working with municipalities; and the increasing incorporation of ESG-related OKRs into management performance targets. These are all important steps in the right direction and highlight the Group's commitment to responsible business.

MHP is proud of its record of adhering to the highest international industry standards of animal welfare and product quality including the appropriate EU regulations and Directives. This has continued during the War, and we aim to be an industry leader in this important area. MHP's facilities are also regularly inspected by the State Service of Ukraine on Food Safety and Consumer Protection. MHP adheres to the principle "prevention of disease is more effective than treatment", and has tight controls over the use of antibiotics for the treatment of poultry stock.

We remain committed to transparency in both our financial and non-financial reporting and are working with consultants and our auditors towards the implementation of the requirements of the new Corporate Sustainability Reporting Directive ("CSRD") from FY 2025.

THE PLANET AND OUR JOURNEY TO NET ZERO

Our Net Zero 2030 target remains. However, given the ongoing significant challenges and impediments caused by the War in Ukraine, and potential policy changes driven by Ukraine's path towards EU accession, the Group may revisit this target in due course. Meanwhile, we are taking innovative steps in several areas to expedite our Net Zero journey. For more information see Growth Pillar 6: Planet on page 92.

We are also committed to putting in place a robust and Group-wide climate change policy. During the year, we started a project with the EBRD focussed on the TCFD framework, and our aim is to put science-based targets in place in 2025. For more information see the TCFD Disclosures on page 102.

During 2023, following our work with Alltech E-CO2, MHP received Carbon Trust accreditation in relation to its Ukrainian poultry production: a significant achievement, particularly during Wartime.

GLOBAL PARTNERSHIPS AND DEVELOPMENTS

We continue to monitor opportunities to accelerate and expand our culinary transformation, both organically and by acquisition, particularly in the UK, the EU, and MENA, and in relation to "value added" products.

MENA remains one of the key markets for MHP and an exciting prospect. In September 2023, the Group signed a joint venture agreement with Tanmiah Food Company, a leading Saudi Arabia-based provider of fresh poultry, processed poultry, and other processed-meat products to the MENA region. The Group continues to look at other opportunities in the region, in particular in value-added products, including processed meat and culinary products, and Client Bsiness Development ("CBD") solutions to the food service industry.

For more information on strategy, including future partnerships and M&A, see Strategy & Purpose on page 18.

OUTLOOK

War conditions dictate significant uncertainty within Ukraine making forward projections highly challenging. Recent unfavorable debate around the EU elections has added another level of complexity in relation to Ukraine's market access into the EU. Given the circumstances caused by War, the Board is confident that MHP has a strong Top Management team and resilient workforce who are focussed on delivering our strategy.

Dr John Rich
Executive Chair, MHP Board
02 May 2024

CEO'S STATEMENT

2023 WAS A DIFFICULT YEAR FOR UKRAINE AND ITS PEOPLE. MHP FACED, AND HAS CONTINUED TO OPERATE IN, AN EXTREMELY VOLATILE AND UNCERTAIN ENVIRONMENT. I AM ENORMOUSLY PROUD OF AND GRATEFUL TO OUR EMPLOYEES: FOR THEIR COLLECTIVE RESILIENCE, AND THEIR STAUNCH COMMITMENT TO MAINTAINING OPERATIONS AND ENSURING DOMESTIC FOOD SECURITY. OUR PEOPLE EPITOMISE WHAT REMAINS CORE TO MHP AS A DYNAMIC INTERNATIONAL COMPANY WITH A UKRAINIAN HEART.

Our absolute priority must remain providing food security for Ukraine and support to the domestic economy. However, despite the numerous and deep challenges of the War, MHP's transformation to a world-leading sustainable food producer continues. MHP is increasingly recognised as evolving the food culture in Ukraine, offering more high-quality and tasty convenience foods, ready-to-cook and ready-to-eat meals. We are a sought-after strategic partner and the industry players we cooperate and share knowledge with place high value on our strategic vision, industry expertise and innovative technologies. At the same time, MHP continues to provide the world with important and necessary proteins and food, such as sunflower and soybean oils, grains, chicken meat and chicken products.

Our collective perseverence during such difficult times is paramount. Our continued operations and revenues directly benefit a large share of Ukrainian society. The land on which MHP operates is owned by more than 130,000 small landowners whose livelihoods during the War depend on the rent paid by the Company. In Ukraine, MHP employs over 28,000 individuals, works with thousands of enterprises, and supports over 500 entrepreneurs operating under franchise agreements in partnership with MHP.

Supporting our mobilised colleagues and re-integrating our veterans back into civilian life is a key part of our strategy and a focus of specific Company programmes. Our message remains clear: even in the most challenging and difficult times, the MHP family will continue doing its utmost to support and provide assistance to our workforce, our communities, and the people of Ukraine as a whole.

OPERATIONAL UPDATE

The War presents new and significant challenges on an almost-daily basis. At the date of publication, all our production facilities in Ukraine continue to operate at full capacity. We can give no assurance that this will remain the case and that our production facilities and the infrastructure that we use will not be a target of damaging attacks. Financially, we have incurred substantial War-related direct costs since the start of the conflict. In 2023, these amounted to US$ 35 million (2022: US$ 69 million)[1] and included community support donations, the write-off of inventories and biological assets, and other specific War-related expenses.

Outside of our main facilities in Ukraine, our operations in the Balkans, Perutnina Ptuj (“PP”), are not directly affected by the War as they are largely independent from an operational and supply chain perspective.

Exports remain crucial to our continued ability to carry out our operations, and we pursue a diversified export strategy. Maintaining our current exports to over 70 countries within an extremely challenging environment is made possible by our innovative and agile approach to logistics. We navigate significant and continuous disruption along several key export channels and regions. Black Sea export routes continue despite the unilateral withdrawal by Russia in July 2023 of the Black Sea Grain Initiative; regular targeting of Ukrainian ports and other transport-related infrastructure by Russian drones and rockets makes the situation extremely volatile. In the Red Sea, the targeting of ships by Houthi militia has increased transport costs internationally. Recurring strikes at the Polish border together with similar problems at the borders in Hungary, Romania and Slovakia continue to increase the costs of delivering poultry meat to the EU with our fleet of trucks having to use alternative, longer routes. We adapt our approach to the given situation and remain nimble. We have swiftly changed the mode of transport or route when required, just one example being the diversion of our fleet of trucks through other countries due to border strikes. We have changed our grain-trading business model to rent and insure ships direct, enabling us to better manage our risk profile.

WHEN RUSSIA INVADED UKRAINE, WE IMMEDIATELY SET OUT OUR PRIORITIES: TO CARE FOR OUR PEOPLE, TO MAINTAIN FOOD SECURITY, AND TO SUPPORT UKRAINE.

We remain grateful for the EU’s continued recognition that to fight Russian aggression, alongside crucial military aid, it is also essential to maintain Ukraine’s macro-economic stability. Since the beginning of Russia’s full-scale invasion, the temporary trade regime between the EU and Ukraine has been a vital financial and commercial lifeline for our country. This support directly enables Ukrainian companies, including MHP, to sustain commercial activities, preserve jobs, pay taxes, and raise much-needed foreign currency.

Russian attacks specifically target critical Ukrainian infrastructure, and the availability of a continuous and stable energy supply remains a major risk factor for our operations. The recent devastating attacks on Ukrainian thermal power plants, as well as the March and April attacks on transmission stations, have crippled Ukraine’s electricity grid. We equipped our key sites with diesel generators and continue to operate two biogas facilities to produce electricity, industrial steam, and heating to mitigate the impact of power outages on operations. However, we understand that energy crisis has approached all businesses and citizens in Ukraine.

While finding solutions to the near-term challenges of War, we also look to the future. Our Eco Energy division is focussed on finding new and effective energy technology for the improvement of energy efficiency and the development of energy independence and security. Since the start of the War, we have invested in solar power: we now have 3.9 MW capacity across seven units with modern battery energy storage systems (“BESS”) of 0.5 MW capacity at our Culinary Centre in Kyiv. For more information on our energy strategy in relation to our achievement of Net Zero see Growth Pillar 6: The Planet on page 92.

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Growth Pillar 6: Planet

FY23 PERFORMANCE

The Group maintained a strong performance in 2023 with revenue and adjusted EBITDA increasing 14% and 16% y/y respectively. This was achieved despite the significant challenges of War and is testament to the Group’s business model, the tireless efforts of our workforce, and our ability to implement innovative responses to the dynamic and uncertain operating environment, in particular minimising disruption to production and logistics.

[1] Without loss on impairment of property, plant and equipment

CULTURE AND VALUES

We are an international business with Ukraine at its heart. Our culture and Values unite us and drive the way we work, our behaviours, and our decision-making, as demonstrated by the courage of our employees and the support provided to the people of Ukraine.

The Senior Management team worked together during the year to define these Values. We will begin to implement the Values in 2024, aiming to reach out to the whole organisation by 2025. More information can be found in Growth Pillar 2: Our People and their Wellbeing on page 65.

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Growth Pillar 2: Our People and their Wellbeing

MHP, in partnership with its charitable foundation "MHP-Gromadi", remains highly responsive to the Ukrainian people's needs. For more detailed information, see Growth Pillar 3: Our Role in Society & Our Licence to Operate on page 76.

We are proud that MHP is being recognised for its stand-out business culture, winning a Business Culture Award in 2023 for the Best CSR / Corporate Sustainability Initiative for support of military personnel, veterans, and their families. More information can be found in Growth Pillar 3: Our Role in Society & Our Licence to Operate on page 76.

MHP'S CULINARY TRANSFORMATION

While managing the continued War-related disruption to our day-to-day operations, our transformation to a culinary company remains fundamental to our future and continues despite setbacks, led by our world-leading Culinary Centre in Kyiv. The share of Group revenue from value-added (non-commodity) products has increased y/y and you can see the results of this progress throughout this Integrated Report. The Group now has a very active CBD programme that runs across all our consumer businesses, through which we work with customers to develop products and solutions for the food services industry. We are actively deepening our co-operation with food services groups in Ukraine, where we are able to deliver a stable supply of local products (e.g. to the McDonald's chain of restaurants).

Outside Ukraine, PP continues to transform and expand its operations in line with its strategy. The focus has been on expanding production, optimising processes to increase efficiency and profitability, plus the development of value-added products both organically and by acquisition, all of which PP has successfully achieved in line with the Group's strategy. In March 2023, PP acquired a Slovenian facility for the production of ready-to-eat meals, strengthening its position in the HoReCa market and expanding its capabilities.

For an overview of the Group's Culinary Ecosystem, further developments in our HoReCa and retail routes to market, and developments at PP, see Value Creation on page 23 and Growth Pillar 4: Responsible Food Production, page 78.

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Growth Pillar 4: Responsible Food Production

OUR PEOPLE AND COMMUNITY: MHP AS A PILLAR OF STABILITY

In 2023, MHP contributed an estimated US$ 164 million in taxes to the Ukrainian state budget, making it the largest taxpayer across the food and agricultural sector. This is alongside the US$ 21 million the Group allocated to corporate social responsibility initiatives, including support for demobilised individuals and their families.

Our contribution to and support for our people and our communities is embedded within the Group's DNA. Never has this support been more important than during the ongoing conflict, and MHP is committed to do its utmost to help maintain stability and security in uncertain times. Our support measures have evolved as the War has unfolded, needs have changed, and we have better understood the current and future requirements. We now have several specific and structured programmes in place that are designed to broaden our reach and serve as a "safety net" for our employees and communities during Wartime.

Over half a million Ukrainians have been called to serve and have joined the country's armed forces to protect our land and our future. As of the end of 2023, this includes 2,380 MHP employees who have been mobilised to the Armed Forces of Ukraine, the Territorial Defence, and the National Guard and means that 8% of employees have received military training. We mourn the tragic fate of the 125 MHP workers who have been killed, captured or are currently missing due to the War.

To effectively support and care for mobilised employees and returning veterans, alongside their families and communities, MHP has developed a brand new initiative called "MHP Standing Together" which provides a comprehensive support network with tailored programmes for soldiers, veterans, and their families. Through the initiative, MHP also supports the communities where our operations are located. It is the most comprehensive CSR programme in Ukraine.

We provide the families of servicemen and returning veterans with medical, financial, psychological and legal support to help them deal with the everyday problems they face. We also keep in close contact with the families of deceased and missing defenders, providing financial and legal assistance to help them receive the compensation they are entitled to.

MHP has continued to pay in full the wages of its employees that have been called up to defend Ukraine, with over US$ 31.9 million spent thus far.

MHP has also ensured sufficient financial resources are allocated to providing support for veterans and their families now and in the future, with an additional UAH 100 million set aside in 2024.

INTERNATIONAL EXPANSION

As part of MHP's international expansion strategy, we are actively seeking ways to leverage our industry-leading technology and production experience. We have long been present in the MENA region as a reliable supplier of food products. We have now taken the first step to establishing a production footprint in the region through our partnership with Tanmiah Food Company in Saudi Arabia. We continue actively seeking opportunities to expand our MENA presence, particularly in the areas of meat processing, value-added and culinary products.

We continuously evaluate options to increase our physical footprint in key international and EU markets through value-add acquisitions, with a focus on meat processing and culinary product verticals. The MHP team has developed industry-leading technologies and processes allowing us to identify material inefficiencies and realise latent potential in our markets. Since our Slovenian acquisition of Perutnina Ptuj in 2019, we have not only markedly increased organic growth at the company, but we achieved substantive improvement in operating margins, along with general operational upgrades. The robust Perutnina Ptuj results that you can see in this report clearly demonstrate our ability to unlock value in new markets in general and the EU in particular.

At the end of 2023, MHP entered into an agreement to acquire 81% of corporate rights in business engaged in poultry farming and meat processing in Albania for an estimated consideration of EUR 16.8 million (equivalent of US$ 18.1 million). Completion of this transaction is subject to approval by relevant regulatory bodies.

INNOVATION AND TECHNOLOGY

Innovation drives everything we do across all our businesses, and allows us to achieve results. Our response to the War has been underpinned by our collective willingness to find new solutions and embrace new ways of doing things. Our innovation experts are integrated across all business operations driving continuous improvements in our products, services, and processes.

We continue to digitise and automate decision making in our agricultural operations on the journey to making our production more sustainable. We have partnered with GeoPard Agriculture to introduce precision agriculture analytics to our operations. We have also partnered with the Digital Agro 360° Business Intelligence Farming dashboard.

OUTLOOK

The Company is not in a position to state any outlook with confidence due to the continuous risks of operating in War conditions and with major facilities in regions under assault by Russia. The heavy March bombings of civilian infrastructure and energy facilities were a stark reminder that the whole of the territory of Ukraine is under threat, and extensive military operations are not confined to the front line.

What I can say, however, is that we will continue to do our utmost as a team and as a business to remain strong and agile, to push innovation ever further and to carry out our business to the highest international standards. Crucial to maintaining food security and stability in Ukraine, the Group will remain at the heart of our communities and support our people and their families as their needs change and the situation develops.

Yuriy Kosyuk
CEO and Founder, MHP
02 May 2024

MHP HAS PAID IN FULL THE WAGES OF ITS MOBILISED EMPLOYEES, WITH OVER

> US$ 31.9 MILLION

SPENT THUS FAR

WE ARE MHP

OUR PURPOSE

WHO WE ARE

We are a leading international food and agrotech company, and the largest producer of poultry, culinary and processed-meat products, and grains and vegetable oils in Ukraine.

WHAT WE DO

We provide our customers with high quality, sustainable proteins, food products and culinary solutions that are safe and responsibly produced.

OUR CULTURE

Our cultural identity and five core Values drive the way we work, our behaviours, and our decision making.

- Honesty and Transparency
- Partnership
- Constant Development
- Purpose-driven
- Responsibility

OUR VISION

To be a world-leading sustainable food producer.

WE WORK FOR UKRAINE

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Growth Pillar 3: Our Role in Society & Our Licence to Operate

We are playing a leading role in domestic and international food security and in the provision of humanitarian aid during the War in Ukraine.

OUR STRATEGY

Strategy & Purpose page 18

We are driving long-term growth and value creation with our continued international diversification, our culinary transformation, our leadership and innovation, and our focus on responsible business.

RESPONSIBLE BUSINESS

Our robust commitment to responsible business continues. Our approach is set out in our six growth pillars.

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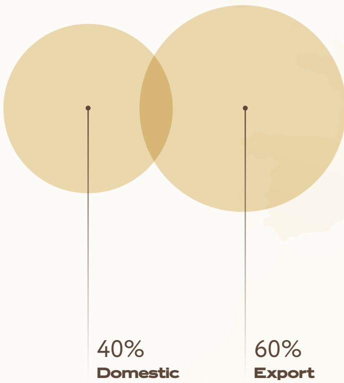
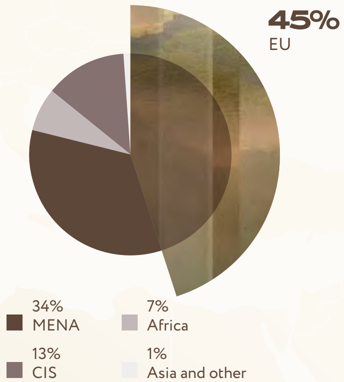
WHERE WE OPERATE

We are an international company with headquarters in Ukraine, operations in Ukraine and the Balkans, and distribution centres in the UAE, Saudi Arabia, the Netherlands and the UK; we export to over 70 countries.

GROUP REVENUE BY DESTINATION 2023



POULTRY EXPORT VOLUMES BY DESTINATION 2023



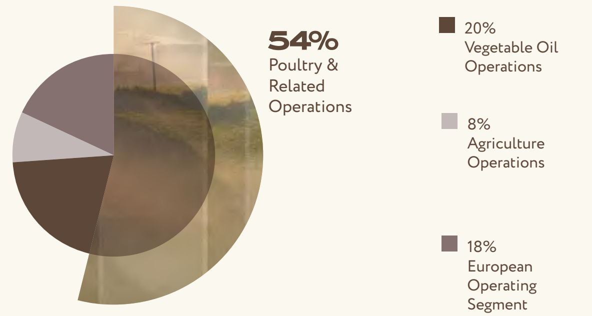
WE EXPORT TO

70+ COUNTRIES

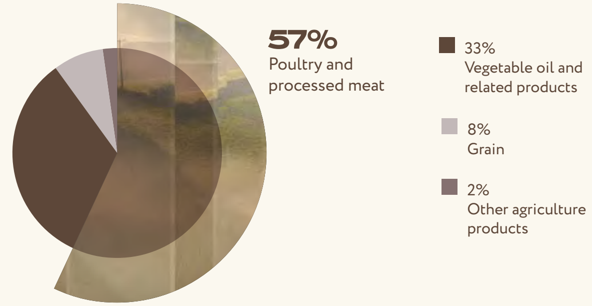
OUR BUSINESS MODEL

We are vertically integrated and operate through four Business Segments. Our transformation to a culinary company reflects the accelerating changes in the food production landscape as consumer preferences shift to sustainable food choices and higher value-added products.

REVENUE BY BUSINESS SEGMENT 2023



GROUP EXPORT BY PRODUCT 2023



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OUR BUSINESS MODEL[1]

MHP UKRAINE				PERUTNINA PTUJ
Land on long-term lease in Ukraine with a harvest of 2.6m tonnes of grain	**351,600** hectares	LAND	**3,858** hectares	Land on long-term lease in the Balkans
48,007 tonnes of soybean oil produced	**445,838** tonnes of sunflower oil produced	SUNFLOWER AND SOYBEAN PROTEIN	**1,315** tonnes of soybean oil produced	1 facility in Serbia
3 production facilities	**c. 1.9** million tonnes produced	FODDER PRODUCTION	**c. 0.3** million tonnes produced	3 facilities in Slovenia, 1 in Croatia and 1 in Serbia
2 breeding complexes with 551m hatching eggs produced	**100%** in-house production	BREEDING	**99%** in-house production	4 locations, 90m hatching eggs produced (Slovenia, Croatia, Bosnia & Herzegovina and Serbia)
3 vertically-integrated poultry complexes, from hatching to rearing and processing	**100%** in-house production	HATCHING	**83%** in-house production	Hatchery of day old chicken: 4 locations (Slovenia, Croatia, Bosnia & Herzegovina, and Serbia)
	c. 8.4 million per week	POULTRY PRODUCTION	**c. 1.3** million per week	4 locations, 14% in-house production (Slovenia, Croatia, Bosnia & Herzegovina, and Serbia)
	100% in-house processing	SLAUGHTERHOUSES	**100%** in-house processing	5 facilities (2 in Slovenia, 1 in Croatia, 1 in Bosnia & Herzegovina, 1 in Serbia)
2[2] production facilities	**40,775** tonnes	MEAT-PROCESSING	**46,555** tonnes	6 production facilities
7 solar panel units 3.9 MW	**17** MW 2 biogas plants	ECO ENERGY	**1** MW 1 biogas plant	4 solar panel units 1.0 MW
9 distribution centres in Ukraine	**432** vehicles	DISTRIBUTION	**88** vehicles	9 distribution centres in the Balkans
	1,555 (outlets owned and franchised)	RETAIL	**188** franchise outlets	

[1] Production volumes are for FY 2023 unless stated otherwise.
[2] Due to severe hostilities in the Donetsk region, MHP has had to cease operations at "Ukrainian Bacon" since April 2022

MAJOR BRANDS

- Meat
- Chilled
- Ukraine

- Whole
- Parts
- Minced
- Sliced
- Ready to eat

- Meat
- Chilled
- Ukraine

- By-products
- Whole
- Minced
- Formed

- Meat & Culinary
- Frozen
- Ukraine

- Whole
- Parts
- Marinated
- Formed

- Meat
- Chilled
- Ukraine

- Parts

- Meat & Culinary
- Chilled
- Frozen
- Ukraine
- Export

- By-products
- Whole
- Parts
- Minced

- Meat
- Frozen
- Export

- Whole
- Parts

- Meat & Convenience
- Frozen
- Export

- Whole
- Parts
- Marinated
- Minced
- Formed
- Ready to cook

Umbrella food solution for HoReCa

- Meat, Culinary, Vegetable and Convenience
- Chilled
- Frozen
- Export

- Whole
- Parts
- Minced
- Sous vide
- Food solutions

Umbrella food solution for HoReCa

- Meat, Culinary, Vegetable and Convenience
- Chilled
- Frozen
- Export

- Ready to cook
- Ready to eat
- Supplementary products (e.g. mustard, mayonnaise, ketchup)

- Processed meat
- Chilled
- Ukraine

- Sausages
- Smoked chicken
- Pate

- Processed meat & Convenience
- Chilled
- Frozen
- Ukraine

- Ready to eat
- Ready to cook

- Processed meat
- Chilled
- Ukraine

- Ready to eat
- Ready to cook

- Meat
- Chilled
- Frozen
- Ukraine
- Export

- Parts
- Minced
- By-products
- Ready to eat
- Formed

- Convenience
- Dried meat
- Ukraine

- Ready to eat
- Snacks

- Convenience
- Dried meat
- Ukraine

- Ready to eat
- Snacks

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STRATEGY & PURPOSE

OUR PURPOSE-DRIVEN STRATEGY IS COMPRISED OF FOUR PILLARS. DESPITE THE IMMEDIATE CHALLENGES OF WARTIME, WE HAVE MADE SIGNIFICANT PROGRESS DURING 2023 ON KEY STRATEGIC OBJECTIVES.

OUR NEAR-TERM STRATEGY CONTINUES TO EVOLVE IN RESPONSE TO WAR. OUR IMMEDIATE PRIORITIES REMAIN ENSURING THE SAFETY AND WELLBEING OF OUR WORKFORCE; SUPPORTING UKRAINE AND ITS PEOPLE; AND SECURING FOOD SECURITY.

STRATEGIC PILLAR	STRATEGIC OBJECTIVE	BUSINESS SEGMENT FOCUS	HOW WE WILL ACHIEVE OUR OBJECTIVE	WHAT WE ACHIEVED IN 2023
International diversification				
	International diversification and expansion	Poultry and Related Operations Segment; Vegetable Oil Operations; European Operating Segment ("PP")	The expansion of existing and entry into new export markets through market targeting and increased sales of higher margin, value-added products. These sales in turn drive our culinary transformation.	Entry into new markets including Canada and countries in sub-Saharan Africa. Expansion and further penetration of existing markets including MENA (in particular, Iraq and UAE), sub-Saharan Africa, the EU, the UK, and CIS countries through the sale of both chicken meat and value-added items including pre-prepared, pre-cooked, ready-to-cook ("RTC"), and ready-to-eat ("RTE") products. Expansion in the strategic neighbouring country of Moldova through the relaunch of a portfolio of chilled products and supply to domestic and international retailers and HoReCa.

BUSINESS SEGMENT KEY:

- Poultry and Related Operations Segment
- Vegetable Oil Operations
- Agriculture Operations
- European Operating Segment ("PP")

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STRATEGIC PILLAR	STRATEGIC OBJECTIVE	BUSINESS SEGMENT FOCUS	HOW WE WILL ACHIEVE OUR OBJECTIVE	WHAT WE ACHIEVED IN 2023
International diversification (cont.)				
	Expansion of international sales and distribution network		Launch of new international sales branches and distribution offices, and the potential establishment of joint ventures. The continued expansion and strengthening of our Client Business Development ("CBD") programme, collaborating with, and creating solutions and value for, our international clients in areas including product development, business models, supply chains, and customer service.	Continued development of our CBD programme across all regions. In CIS, we exported our first products for McDonalds from Ukraine to Azerbaijan and started a collaboration with KFC Kazakhstan. In Europe, we implemented 27 CBD projects during the year and, of note, began to supply pre-cooked products to Tesco in Eastern Europe. In the UK, we launched an Innovation & Development Kitchen, strengthening our relationships with customers and providing R&D opportunities and new product solutions. To date, this has resulted in the development of 23 new value-added SKUs. In MENA, 26 new CBD projects were implemented during the year, including the commencement of the development and supply of chicken nuggets for KFC. We also received approved supplier status for Texas Chicken and Buffalo Wild Wings.
	M&A opportunities and strategic partnerships		Continue to monitor and explore M&A opportunities in the UK, EU, and MENA.	We signed a joint venture ("JV") agreement with Tanmiah Food Company, a leading Saudi Arabia-based provider of poultry and processed-meat products to the MENA region. MHP will have a 45% share of the JV, and an initial investment of US$7 million is planned by the Company. The JV will include farming operations with a capacity of more than one million parent stock which is expected to produce approximately 175 million hatching eggs per annum. The development of the JV is on track.

BUSINESS SEGMENT KEY:

Poultry and Related Operations Segment	Vegetable Oil Operations	Agriculture Operations	European Operating Segment ("PP")

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STRATEGIC PILLAR	STRATEGIC OBJECTIVE	BUSINESS SEGMENT FOCUS	HOW WE WILL ACHIEVE OUR OBJECTIVE	WHAT WE ACHIEVED IN 2023
Our culinary transformation				
	Continued transformation to a culinary company	Poultry and Related Operations Segment; European Operating Segment ("PP")	The continued development of value-added food products, supported by our state-of-the-art culinary research centre, and in collaboration with customers and leading culinary experts. Development of retail and HoReCa segments including street food, dark kitchens, and virtual restaurants. Strategic partnerships with food industry players, and investment in businesses that expand the Group's culinary expertise. CBD training for all sales teams.	Our retail network in Ukraine (including both owned and franchised stores) grew to 1,555 outlets (2022: 1,525) and now includes: 255 "MeatMarket" convenience stores (2022: 179); 184 "DonerMarket" gyro fast food stores (selling shawarma and other street food) (2022: 98); and 259 "Fresh Food" retail stores (2022: 182) as we have continued to upgrade the format of our "Nasha Ryaba" stores to "Fresh Food". page 27 Acquisition by PP of a value-added production facility in Slovenia, establishing a new brand for RTC and RTE foods called "PP Perfect Professional", strengthening PP's position in the HoReCa market. Expansion of culinary product SKUs.
Leadership and innovation				
	Become the undisputed leader in the agricultural market of Ukraine	Agriculture Operations	Ensure high efficiency crop production through higher yields and optimisation of cost control as well as improved resource management strategies. Central to this will be the upgrading of agricultural machinery and the digitisation of production and harvesting processes including the use of technology including Artificial Intelligence ("AI") for real-time analysis, forecasting and facilitation of decision making. Ensure the stability of the Group's landbank.	We partnered with GeoPard Agriculture to introduce precision agriculture analytics to our operations. We have also partnered with the Digital Agro 360° Business Intelligence Farming dashboard.
	Brand promotion and development	Poultry and Related Operations Segment; European Operating Segment ("PP")	Continue to promote and develop MHP's strong brands, both domestically and internationally, through consumer-driven innovation, rigorous quality control, and the introduction of new products and categories.	We recruited a new Head of Marketing. Oleh Shmuliaiev and his team will be responsible for the development of over 15 Company brands, the introduction of new products and categories, and the creation of optimal offers for consumers.

BUSINESS SEGMENT KEY:

- Poultry and Related Operations Segment
- Vegetable Oil Operations
- Agriculture Operations
- European Operating Segment ("PP")

STRATEGIC PILLAR	STRATEGIC OBJECTIVE	BUSINESS SEGMENT FOCUS	HOW WE WILL ACHIEVE OUR OBJECTIVE	WHAT WE ACHIEVED IN 2023
Leadership and innovation (cont.)				
	Continuous improvement		A commitment to continuous improvement and increased production efficiency across all business segments through sustainable and high product quality; increased efficiency and productivity; decreased cost; reduced waste; employee satisfaction; customer satisfaction; innovation and modernisation.	Continued focus on innovation across everything we do. Successful and dynamic management of War-related challenges including an extremely complex logistics environment to enable the continued export to over 70 countries. **page 38**
A focus on responsible business				
	Continuous improvement and innovation in responsible business		A drive for continuous improvement in all areas of responsible business including biosecurity standards; leading international environmental standards; health and safety standards; and animal welfare practices, including our antibiotic-free programme.	Following our work with Alltech E-CO2, we received Carbon Trust accreditation in relation to our Ukrainian poultry production. **page 95** We achieved GLOBALG.A.P. and ISCC certification at a combined total of ten of our sites for our sustainable farming practices. **page 81** An additional seven sites achieved ISO 50001 certification for best practice in energy management: all 11 of our main operations now have the accreditation. **page 98** We started a project with the EBRD with the aim of putting in place a robust, science-based Group-wide climate change policy. **page 54** We established an Environmental Protection Team, a centralised team of ecologists. **page 92**

BUSINESS SEGMENT KEY:

Poultry and Related Operations Segment | Vegetable Oil Operations | Agriculture Operations | European Operating Segment ("PP")

STRATEGIC PILLAR	STRATEGIC OBJECTIVE	BUSINESS SEGMENT FOCUS	HOW WE WILL ACHIEVE OUR OBJECTIVE	WHAT WE ACHIEVED IN 2023
A focus on responsible business (cont.)				
	People and workforce		Development of the Group's approach to people, including provision of a healthy and safe workplace and an environment that enables every employee to develop their skills to their maximum potential.	We elaborated upon and defined MHP's Values. **page 23** The Board approved the Group's Diversity Statement. **page 136** We put in place an ongoing reskilling programme for employees and an extensive rehabilitation programme for War veterans. **page 138**
	Alternative energy projects		Expand alternative energy projects including solar, biogas and biomethane, and biomass with carbon capture and storage, resulting in carbon sequestration.	We continued to operate our two biogas facilities in Ukraine, with a combined capacity of 17 MW energy. MHP Eco Energy continued to invest in research into the upgrade and liquefaction of biomethane. **page 96** We invested in 3.9 MW capacity of solar plants in Ukraine. **page 11** We began a year-long study in Ladyzhyn (Vinnytsia region) looking at the viability of the installation of wind turbines. **page 96**

BUSINESS SEGMENT KEY:

Poultry and Related Operations Segment	Vegetable Oil Operations	Agriculture Operations	European Operating Segment ("PP")

VALUE CREATION

WAR IN UKRAINE CONTINUES AND MAY ESCALATE FURTHER. AS OF THE DATE OF THIS REPORT, ALL OF OUR PRODUCTION FACILITIES IN UKRAINE CONTINUE TO OPERATE AT FULL CAPACITY, BUT WE CAN GIVE NO ASSURANCE THAT THIS WILL REMAIN THE CASE OR THAT THE PRODUCTION FACILITIES AND INFRASTRUCTURE THAT WE USE MAY NOT BECOME A TARGET OF NEW ATTACKS. THE INFORMATION BELOW MUST BE READ IN THE CONTEXT OF THIS HIGHLY CHALLENGING AND UNPREDICTABLE OPERATING ENVIRONMENT.

HOW WE CREATE VALUE

OUR CUSTOMER-CENTRIC AND INNOVATION-DRIVEN APPROACH DRIVES VALUE CREATION

OUR CULINARY TRANSFORMATION

Our business model has evolved and, since 2019, we have been transforming from a raw materials provider to an international and innovation-driven company specialising in the development of culinary solutions. For more information, see the case study on page 27.

OUR APPROACH TO RESPONSIBLE BUSINESS

We have a Group-wide approach to responsible business and our Purpose is directly linked to six Growth Pillars that guide us as we pursue our strategy. For more information on our Growth Pillars, see pages 60 to 101.

SUSTAINABLE FINANCIAL HEALTH

Our businesses have a long track record of revenue and cash generation providing a solid platform for value creation.

SUSTAINED INVESTMENT AND INNOVATION

Sustained and broad investment, including extensive R&D programmes, by both MHP Ukraine and PP enables continuous efficiency improvements, cost controls, and fosters our innovative culture. Our ongoing investment in and commitment to international joint ventures furthers our growth and diversification.

MARKET AND PRODUCT DIVERSIFICATION

We are always looking at new initiatives on product development and for new markets for our products and now sell to over 70 countries.

SUPPORT FOR UKRAINE

We remain highly responsive to the Ukrainian people's needs and will continue to work tirelessly to support them through a range of economic, social and cultural initiatives. For more information, see Growth Pillar 3 on page 76.

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THE VALUE WE CREATE

WE STRIVE TO MAKE A POSITIVE CONTRIBUTION TO THE WORLD AROUND US; NEVER HAS THIS BEEN MORE OF A PRIORITY THAN DURING WARTIME

CUSTOMERS

We work with our customers to provide high quality, sustainable proteins, food products and culinary solutions.

COMMUNITIES

We build relationships with suppliers and customers and support the communities around us.

OUR PEOPLE

We are building a culture in which people realise their potential.

ENVIRONMENT

We aim to conduct our activities in an environmentally responsible manner, and to meet the global challenges presented by climate change. Our operations support the circular economy and the elimination of waste in the poultry production process.

INVESTORS

We strive to generate positive returns for our shareholders and bondholders through financial rigour and effective management of our financial resources. Despite the impact of War, we remain steadfastly committed to meeting all our financial obligations.

PARTNERS

Through our joint ventures and other partnerships, we are committed to integrating our collective strengths to catalyse transformative change in Ukraine and worldwide, and to work to ensure food security.

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WHAT SETS US APART

OUR VERTICALLY-INTEGRATED STRUCTURE AND CULINARY ECOSYSTEM ARE SIGNIFICANT DIFFERENTIATORS

VERTICALLY-INTEGRATED STRUCTURE

MHP Ukraine and PP operate vertically-integrated business models, owning and operating each of the key stages of the chicken production process. Our structure differentiates us from our peers, and enables us to effectively control production costs and to reduce both our dependence on third-party suppliers and our exposure to raw material price volatility. It also ensures the maintenance of strict biosecurity and quality standards throughout the production process.

MODERN PRODUCTION ASSETS

Extensive investment has enabled us to employ modern, state-of-the-art production assets. We believe our chicken complexes are among the most efficient and biosecure in the world.

CULINARY ECOSYSTEM

Our culinary ecosystem is driving our culinary transformation and the creation of customer value. More information on our ecosystem is set out on page 27.

PEOPLE

We have a highly skilled and knowledgeable workforce, and an experienced, strong and innovative management team, and we are committed to continuously investing in training and development.

STRONG BRANDS

Our brands at both MHP Ukraine and PP have high recognition with a reputation for quality and innovation.

More information on our major brands is set out on page 17.

CULTURE

We strive to create a business culture in which our employees embrace new challenges, have the confidence to establish new ways of doing things, and the bravery to capitalise on new opportunities. Our positive, “can do” culture is driving transformation across all four of MHP’s business segments and has been routinely demonstrated by our collective resilience and response to Wartime challenges.

OUR CULINARY ECOSYSTEM IS DRIVING OUR CULINARY TRANSFORMATION AND THE CREATION OF CUSTOMER VALUE

CULINARY CENTRE

Our Culinary Centre in Kiev is the core of culinary expertise in Ukraine and an important platform for B2B, HoReCa and B2C development.

RETAIL OUTLETS

Our focus is on changing consumer preferences and the sale of food from franchised and owned stores close to the consumer.

CULINARY EXPERTS

Leading culinary experts are responsible for culinary direction and product development.

PARTNERSHIPS

We continue to develop strategic partnerships with players in the food industry with the goal of bringing MHP closer to the customer.

INVESTMENTS

We invest in businesses that expand our culinary expertise and product portfolio.

CULINARY SOLUTIONS

Product development is focussed on ready-to-eat ("RTE") and ready-to-cook ("RTC") products and the application of modern technologies.

CASE STUDY: MHP'S TRANSFORMATION INTO A CULINARY COMPANY

In 2023, MHP continued to evolve as a culinary company and aims to be a food industry leader in Ukraine. We aim to achieve this by producing high quality and delicious food products that enable people to invest their time in the things that matter most to them such as family, hobbies, education, leisure, and relaxation. We focus on the production of products in formats such as ready-to-cook (prepared for cooking), pre-cooked (semi-prepared), and ready-to-eat (ready for consumption).

MHP has developed several culinary brands and regularly launches new products that aim to cater for diverse tastes and needs.

MHP's products are prepared using the latest food technologies and apply rigorous quality controls at each production stage ensuring compliance with best practice and regulatory safety and hygiene requirements.

In 2023, MHP increased the number of retail outlets to 1,555 (2022: 1,525), mainly due to the growth of DonerMarket outlets (2023: 184), "Fresh Food" outlets (2023: 259) and MeatMarket convenience stores (2023: 255).

DEVELOPMENT ACTIVITIES RELATING TO MHP'S CULINARY BRANDS IN 2023

MHP's culinary brands have proved to be resilient to the challenges presented by the War in Ukraine and during 2023 the numbers of stores and establishments have increased significantly. This has been driven by a number of factors including consumer demand, the cooperation of business partners, and MHP's focus on maintaining food security.

THE CULINARY CENTRE AND THE CULINARY SCHOOL

A key element of our approach is the development of and investment in the Culinary Centre and the new Culinary School.

The Culinary Centre opened in 2021 and is a unique, state-of-the-art facility that addresses all stages of the production process from exploring the initial idea though to undertaking customer tasting.

The Culinary Centre's purpose is to design and test new culinary products and it is playing a central role in the transformation of MHP into a culinary company. Its facilities include:

- A sensory analysis laboratory;
- Five open kitchens;
- A kitchen-studio;
- An industrial kitchen and R&D facility; and
- A pizza production line.

In 2023, MHP opened the Culinary School. The school's activities are focused on the internal needs of the Company: training for MHP employees (functions related to the culinary direction, such as Procurement, Marketing, CBD etc.), own retail. Also, one of the vectors of activity is to support the development of the culinary division of our Company with the involvement of its own pop-up space, in which a series of thematic and image events are planned.

TRAININGS AT MEATMARKET STORES

At MeatMarket training store future meat sommeliers learn operational standards and guest service standards and are trained in cooking, dish completion, working in each store area, and interacting with consumers. Further learning is provided through interaction with MHP's brand chefs to educate trainees on culinary trends, product tasting, and providing hospitality.

MEATMARKET

The MeatMarket network was significantly expanded in 2023, and opened the second highest number of new food retailer stores in Ukraine during the year. The brand is now rated as one of the top five leaders in the food retail market based on the number of new store openings, national coverage, and regional reach. MeatMarket stores are now present in 20 regions of Ukraine and can be found in both small towns and large cities. The highest concentration of outlets can be found in the Kirovohrad, Sumy, Odesa and Zakarpattia regions.

KULINATOR CHATBOT

During 2023, MHP launched a culinary chatbot called Kulinator. It uses artificial intelligence to make cooking easier and more enjoyable. Kulinator can suggest a recipe based on the ingredients that are available at home or suggest recipes for people who want to try something new.

MHP'S UKRAINIAN CHICKEN BRAND

MHP's Ukrainian Chicken brand has achieved a top 10 recognition among Ukrainians for showing loyalty to the country during the War in Ukraine. It is recognised as supporting the country's defenders with food, supplying assistance to medical institutions, and assisting support facilities for older people and children.

DONERMARKET

MHP developed the DonerMarket format, in collaboration with its business partners, in 2020. The original setup focussed on sales from small cafes. In 2023, this format was expanded to cater for a variety of other locations including cafes with seating, small areas in MeatMarkets, convenient compact sales points, shopping centre facades, and a mobile doner truck.

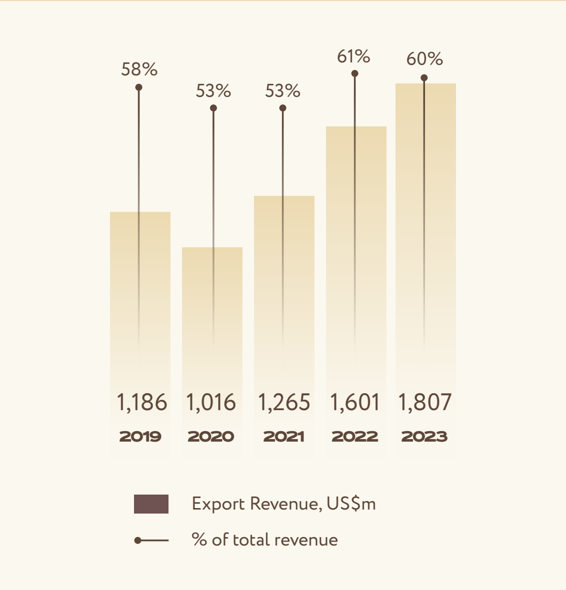
KEY PERFORMANCE INDICATORS

WE MONITOR PROGRESS AGAINST THE DELIVERY OF OUR STRATEGIC GOALS USING SEVERAL FINANCIAL KEY PERFORMANCE INDICATORS ("KPIS"). EACH KPI PROVIDES A WAY OF MEASURING ELEMENTS OF OUR STRATEGY.

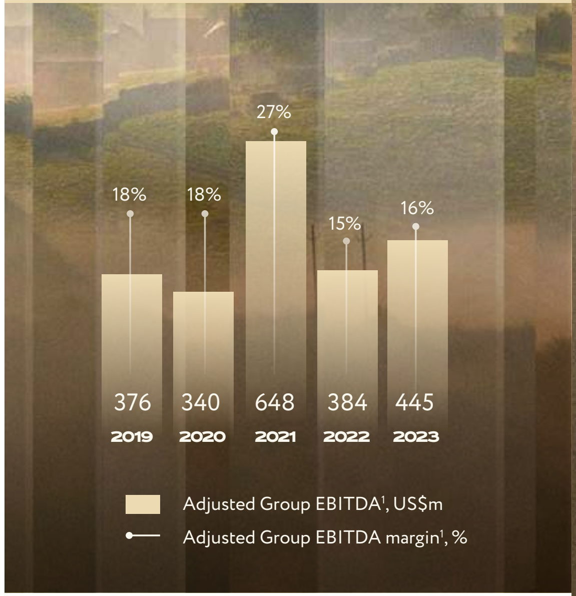
OUR STRATEGY IS FOCUSSED UPON THE MEDIUM TO LONG TERM AND THEREFORE WE CONSIDER HOW WE HAVE PERFORMED OVER A NUMBER OF YEARS, SHOWING THE KPIS FOR THE LAST FIVE YEARS.

GROUP REVENUE

GROUP EXPORT REVENUE



GROUP ADJUSTED EBITDA[1]



[1] Adjusted EBITDA (net of IFRS 16) and Adjusted EBITDA margin (net of IFRS 16) since 2019

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KEY PERFORMANCE INDICATORS (CONTINUED)

REVENUE, US$M	EXPORT REVENUE, US$M	ADJUSTED EBITDA (NET OF IFRS 16), US$M
HOW WE CALCULATE IT		
As reported.	Revenue to destinations outside country of production.	Adjusted EBITDA (net of IFRS 16) is defined as profit before tax, net finance costs, depreciation and amortisation, net after-tax exceptional and non-recurring items, net foreign exchange loss, and net other expenses.
WHY WE MEASURE IT		
To ensure we are successful in growing the business.	To ensure we are delivering on our strategy of international expansion in turn leading to additional hard currency revenue. Export revenue provides MHP with a natural hedge against local currency volatility.	To track the underlying performance of the business.
2023 PROGRESS		
Revenue was up 14% y/y mainly driven by an increase in sunflower oil and poultry meat sales volumes.	Export revenue was up 13% y/y mainly driven by increased sales of poultry meat and vegetable oils.	Adjusted EBITDA (net of IFRS 16) was up 16% y/y mainly due to increased exports of poultry, increased poultry prices for processed meat, increased vegetable oil sales, and a strong performance at Perutnina Ptuj. However, this was significantly offset by a weaker performance for the Agriculture Operations Segment.
STRATEGY IN WAR		
The Company's strategy remains unchanged but rapid adaptations were made to our business model during the year enabling us to maintain operations and production, with a particular focus on logistics.	In response to logistics challenges in shipping to some export markets, the strategy for export sales was focussed on increasing access to markets such as the EU and UK, while adapting logistics arrangements so as to continue to meet the needs of our other export markets including MENA and CIS.	Following the Russian invasion, there was an immediate shift of strategy to focus on the survival of the business by adapting supply chains in order to maintain production and distribution, while managing the inevitable increase in costs.

CHANGE IN PRESENTATION OF SEGMENT INFORMATION

In order to accurately reflect the diverse nature of the Group's business operations and improve the granularity of reporting, MHP has, since Q3 2023, implemented changes to its presentation of business segment information.

These changes include:

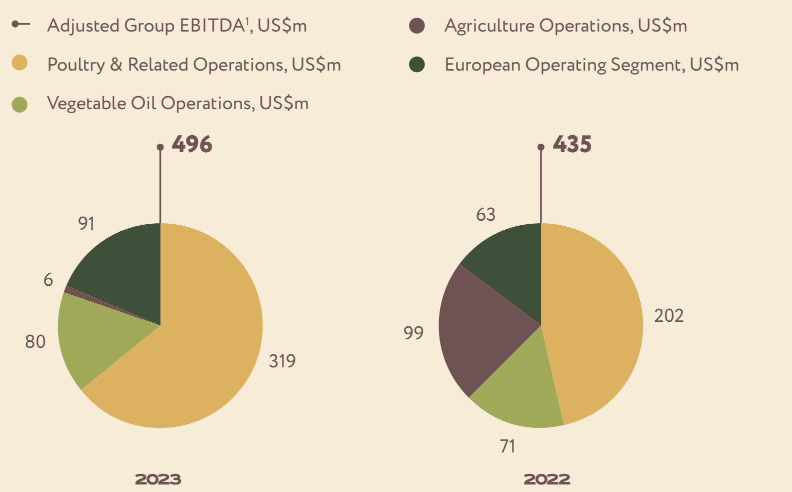
- the introduction of a new Vegetable Oil Operations Segment;
- the inclusion of meat processing and other meat (previously reported within the Meat Processing and Other Agricultural Operations segment) in the Poultry and Related Operations Segment; and
- combining grain-growing operations (presented as separate segment in 2022) and milk cattle farming (previously presented within the Meat Processing and Other Agricultural Operations segment) into a revised reportable segment called Agriculture Operations.

The corresponding segment information for the year ended 31 December 2022 has been restated to ensure comparability.

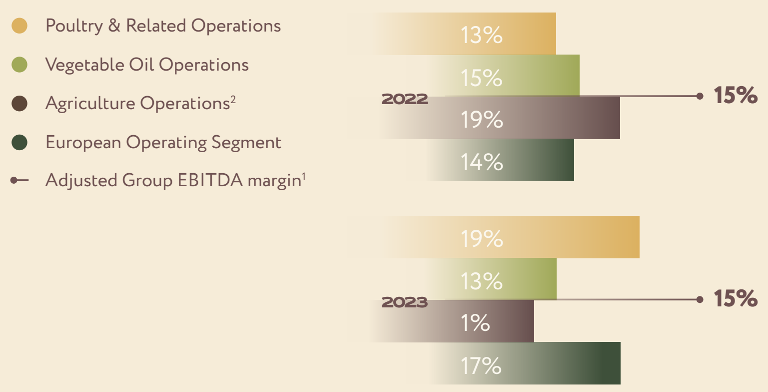
KEY PERFORMANCE INDICATORS BY SEGMENT

THE GROUP IS UNDERPINNED BY ITS VERTICALLY-INTEGRATED BUSINESS MODELS, ITS EXPERIENCED MANAGEMENT TEAM AND ITS DIVERSIFIED DOMESTIC AND INTERNATIONAL MARKETS. ALL OF THESE FACTORS CONTRIBUTED TO THE GROUP'S ROBUST PERFORMANCE DURING THE YEAR, BUT NEVERTHELESS PERFORMANCE IN 2022-2023 WAS SIGNIFICANTLY IMPACTED BY THE WAR IN UKRAINE.

ADJUSTED EBITDA[1]



ADJUSTED EBITDA MARGIN[1]

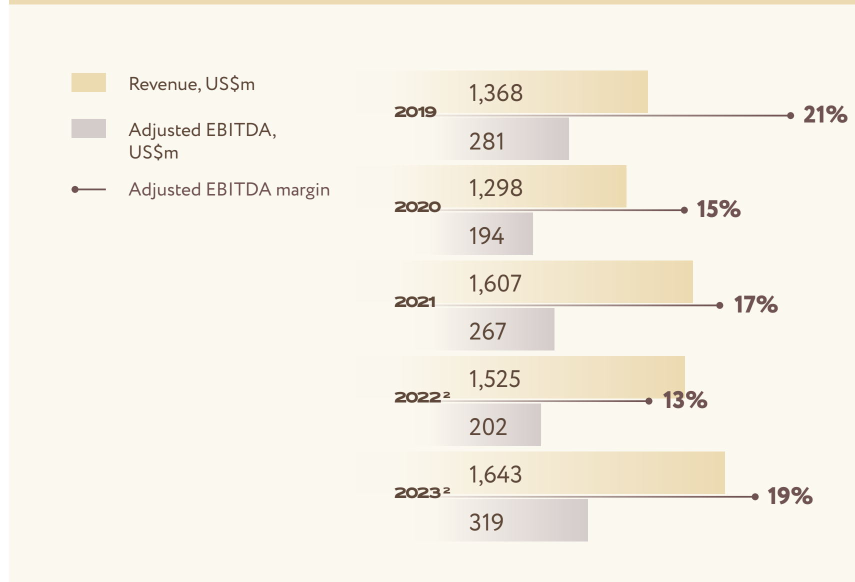


[1] Adjusted EBITDA is net of IFRS 16 and excluding unallocated expenses: 2022 – US$ 51 m, 2023 – US$ 51 m
[2] Adjusted EBITDA margin of Agriculture operations is calculated by using total segment revenue

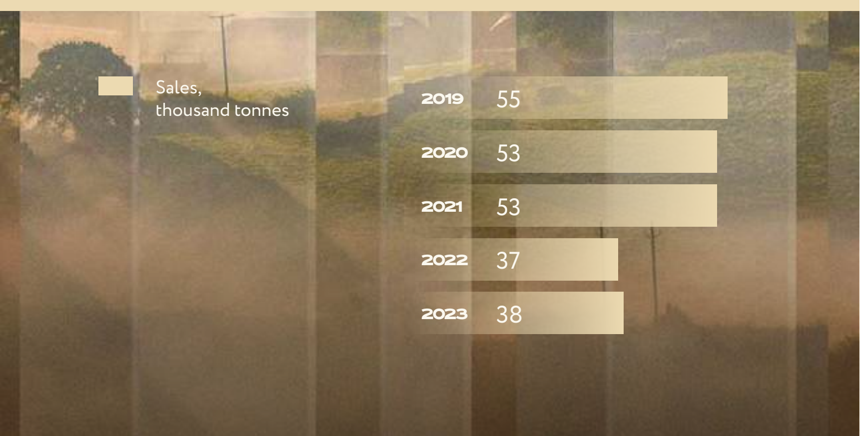
POULTRY AND RELATED OPERATIONS SEGMENT

SALES AND EXPORT VOLUMES – POULTRY

REVENUE AND ADJUSTED EBITDA[1]



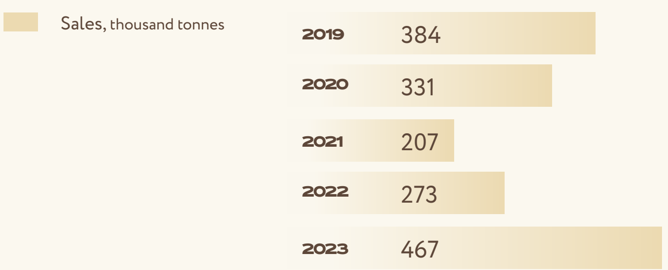
SALES – PROCESSED POULTRY MEAT



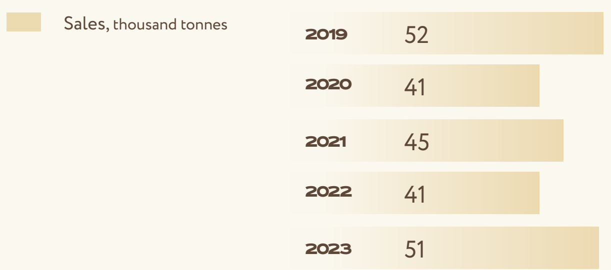
[1] Adjusted EBITDA (net of IFRS 16)
[2] Change in presentation of segment information, please take into account

VEGETABLE OIL OPERATIONS SEGMENT

SUNFLOWER OIL



SOYBEAN OIL



REVENUE

ADJUSTED EBITDA AND EBITDA MARGIN[1,2]

[1] Adjusted EBITDA (net of IFRS 16)
[2] Change in presentation of segment information, please take into account

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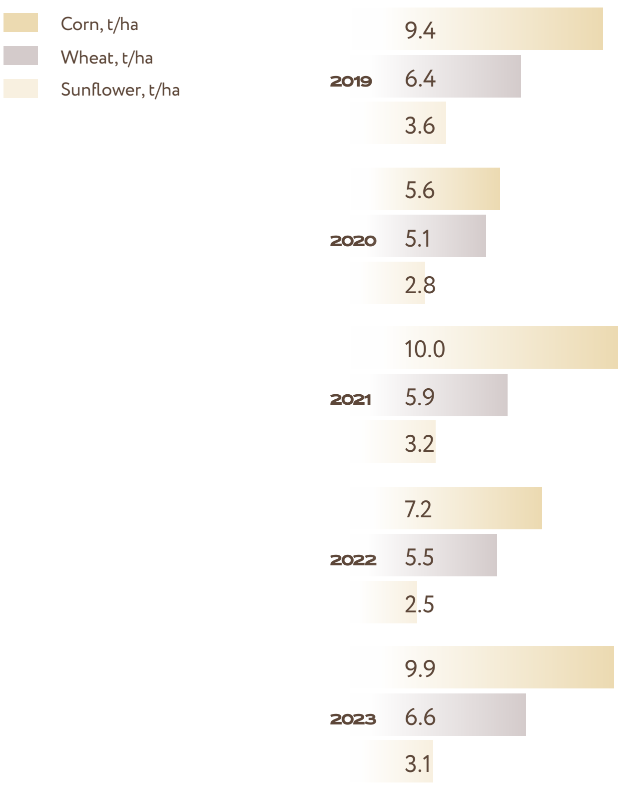
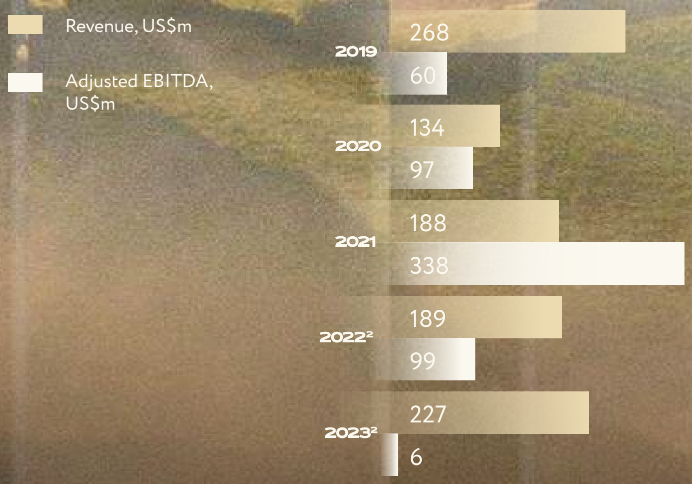
AGRICULTURE OPERATIONS SEGMENT

PRODUCTION OF GRAINS

YIELDS



REVENUE AND ADJUSTED EBITDA[1]



[1] Adjusted EBITDA is net of IFRS 16
[2] Change in presentation of segment information, please take into account

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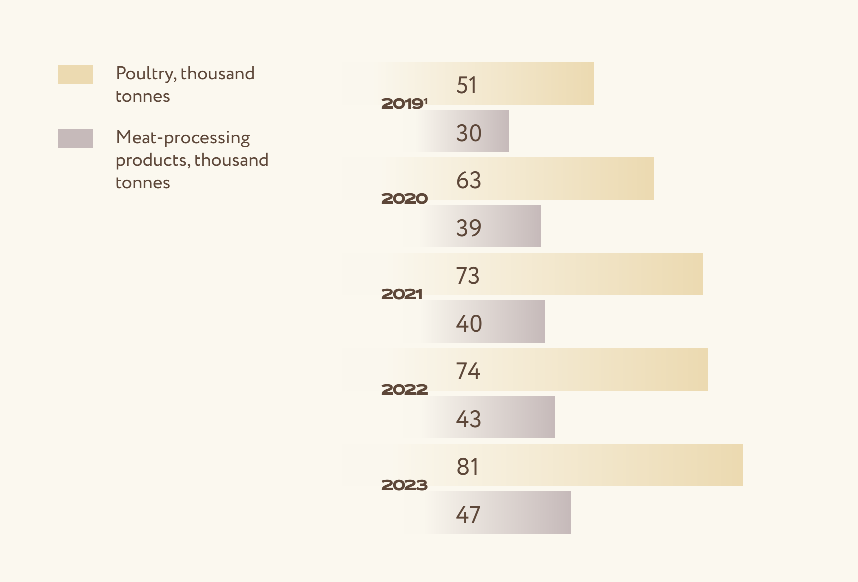
EUROPEAN OPERATING SEGMENT (PP)

SALES



REVENUE AND ADJUSTED EBITDA

ADJUSTED EBITDA MARGIN[2]

17%
in 2023

[1] Results from 21 February 2019 when the acquisition of PP was completed
[2] Adjusted EBITDA (net of IFRS 16) and Adjusted EBITDA margin (net of IFRS 16)

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FINANCIAL AND OPERATIONAL REVIEW

OPERATIONAL HIGHLIGHTS

POULTRY PRODUCTION VOLUMES IN UKRAINE INCREASED BY 3% Y/Y TO

718,644
TONNES

(2022: 697,071 tonnes)

Poultry production volumes at PP increased by 6% y/y to 131,021 tonnes (2022: 124,040 tonnes).

MHP UKRAINE'S AVERAGE POULTRY MEAT PRICE WAS STABLE Y/Y AT

US$ 1.95
PER KG

(2022: US$ 1.95 per kg) excluding VAT

The average price of poultry meat produced by PP increased by 6% y/y to EUR 3.54 per kg (2022: EUR 3.33 per kg).

POULTRY MEAT EXPORT VOLUMES FROM UKRAINE INCREASED BY 8% Y/Y TO

396,923
TONNES

(2022: 368,380 tonnes)

mainly driven by increased sales volumes to the EU and UK as well as stable sales in the MENA region to support Ukrainian agriculture during Wartime despite significant logistical challenges.

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FINANCIAL HIGHLIGHTS

REVENUE INCREASED BY 14% Y/Y TO

US$ 3,021
MILLION

(2022: US$ 2,642 million)

driven by a recovery in export levels, continued strong demand in Ukraine, continued development of culinary products, a stable price environment and MHP's success in minimising disruption to production. Operational and financial results in 2022 were significantly more affected by disruption in the early stages of the War, setting a low bar for year-on-year comparison.

EXPORT REVENUE INCREASED BY 13% Y/Y TO

US$ 1,807
MILLION

(2022: US$ 1,601 million);

representing 60% of Group revenue. (2022: 61% of Group revenue)

OPERATING PROFIT INCREASED BY 33% Y/Y TO

US$ 339
MILLION

(2022: US$ 255 million)

and operating margin increased from 10% to 11%.
The increase in operating profit and margin was driven by the increase in revenue and by lower War-related costs y/y.

ADJUSTED EBITDA (NET OF IFRS 16) INCREASED BY 16% Y/Y TO

US$ 445
MILLION

(2022: US$ 384 million);

adjusted EBITDA margin (net of IFRS 16) remained stable at 15%.

NET PROFIT OF

US$ 142
MILLION

(2022: net loss of US$ 231 million)

primarily reflects a US$ 40 million non-cash foreign exchange loss in 2023 (2022: US$ 365 million non-cash foreign exchange loss).

FINANCIAL OVERVIEW

(IN MLN. US$, UNLESS INDICATED OTHERWISE)	2023	2022	% CHANGE[1]
Revenue	**3,021**	**2,642**	**14%**
IAS 41 standard gain/(loss)	(48)	(128)	63%
Gross profit	**639**	**608**	**5%**
Gross profit margin	21%	23%	-2pps
War-related expenses[2]	(35)	(69)	-49%
Operating profit	**339**	**255**	**33%**
Operating profit margin	11%	10%	1pps
Adjusted EBITDA	**508**	**443**	**15%**
Adjusted EBITDA margin	17%	17%	-
Adjusted EBITDA (net of IFRS 16)	**445**	**384**	**16%**
Adjusted EBITDA margin (net of IFRS 16)	15%	15%	-
Net profit /(loss)	**142**	**(231)**	**161%**
Net profit/(loss) margin	5%	-9%	14pps

[1] pps – percentage points
[2] Without loss on impairment of property, plant and equipment

CHANGE IN PRESENTATION OF SEGMENT INFORMATION

To accurately reflect the diverse nature of the Group's business operations and improve disclosure, MHP has, since Q3 2023, implemented changes to its presentation of business segment information, including:

→ **the introduction of a new Vegetable Oil Operations Segment, which represents production and sales of vegetable oil and related products. In 2022, these activities were included in the Poultry and Related Operations Segment as by-products of mixed fodder production for poultry.**

→ **the inclusion of meat processing and other meat (previously reported within the Meat Processing and Other Agricultural Operations Segment) in the Poultry and Related Operations Segment, given that the meat processing and other meat operations represent less than 10% of the Group`s revenue and have similar characteristics to the poultry operations.**

→ **combining grain-growing operations (presented as a separate segment in 2022) and milk cattle farming (previously included within the Meat Processing and Other Agricultural Operations Segment) into a revised reportable segment called Agriculture Operations.**

The corresponding segment information for the year ended 31 December 2022 has been restated to ensure comparability. Overviews of each of the Business Segments are provided below ahead of the respective Segment's financial and operational results.

SEGMENT PERFORMANCE

POULTRY AND RELATED OPERATIONS

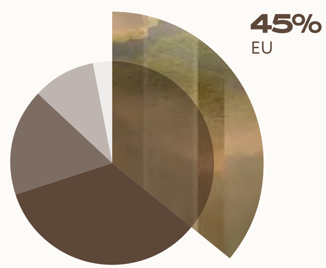
OVERVIEW

US$ 1,643
MILLION REVENUE

718,644
TONNES OF POULTRY PRODUCED

40,775
TONNES OF PROCESSED MEAT PRODUCED

2023 POULTRY AND RELATED OPERATIONS EXPORT BY REGION IN TONNES, %



2023 REVENUE BY DESTINATION, %

We are the leader in the poultry market in Ukraine and one of the leaders in the highly fragmented meat-processing market in Ukraine. We sell our products both in Ukraine and export to over 70 countries worldwide. We produce, process, and sell chicken meat (fresh and frozen, whole and cuts); processed-meat products, including sausage and salami; pre-prepared and culinary products (marinated chicken, and ready-to-eat and ready-to-cook convenience food, including restaurant-grade products); and other poultry-related products.

We supply our products to nationwide supermarket chains and franchise outlets, and our three largest brands by revenue are Nasha Riaba™, Bashchisky™ and Ukrainian Chicken™. Our operations include three vertically-integrated poultry complexes, two breeding complexes, and two facilities for the preparation of processed-meat products, one of which is managed in partnership with a local processed-meat producer.

WE SELL OUR PRODUCTS BOTH IN UKRAINE AND EXPORT TO OVER

70 **COUNTRIES WORLDWIDE**

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POULTRY AND RELATED OPERATIONS
(continued)

SALES AND PRICES

POULTRY MEAT[1]	2023	2022	% CHANGE[2]
Sales volume, third party tonnes	**691,981**	**658,053**	**5%**
Export sales, third party tonnes	396,923	368,380	8%
Domestic sales, third party tonnes	295,058	289,673	2%
Export sales, % of total sales	57%	56%	1pps
Average price per 1 kg net of VAT, US$	**1.95**	**1.95**	**-**

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

The total volume of poultry meat sold in 2023 increased by 5% y/y to 691,981 tonnes (2022: 658,053 tonnes) due to an 8% y/y increase in export sales mainly driven by increased sales volumes of chicken to the EU and whole chicken to the MENA region.

The average price remained stable y/y at US$ 1.95 per kg.

1.9
MILLION TONNES
OF FODDER PRODUCED

THE TOTAL SALES VOLUME OF POULTRY MEAT SOLD IN 2023 INCREASED BY

5%
Y/Y

EXPORT SALES VOLUMES OF PROCESSED POULTRY MEAT INCREASED BY

37%
Y/Y

PROCESSED POULTRY MEAT[1]	2023	2022	% CHANGE[2]
Sales volume, third party tonnes	**37,628**	**36,969**	**2%**
Export sales, third party tonnes	6,102	4,464	37%
Domestic sales, third party tonnes	31,526	32,505	-3%
Export sales, % of total sales	16%	12%	4pps
Average price per 1 kg net of VAT, US$	**2.94**	**2.53**	**16%**

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

Export sales volumes of processed poultry meat increased by 37% y/y in 2023 to 6,102 tonnes (2022: 4,464 tonnes). The average price increased by 16% y/y to US$ 2.94 per kg (2022: US$ 2.53 per kg) driven mainly by an increase in raw material prices (spices, packaging, and other components) driving up product prices, as well as by a positive change in product mix.

POULTRY AND RELATED OPERATIONS (continued)

FINANCIAL RESULT AND TRENDS

(IN MLN. US$, UNLESS INDICATED OTHERWISE)	2023	2022	% CHANGE[1]
Revenue	**1,643**	**1,525**	**8%**
- Poultry meat[2]	1,402	1,328	6%
- Processed poultry meat	111	93	19%
- Complementary products and other sales	130	104	25%
IAS 41 standard gain	15	13	15%
Gross profit	**402**	**318**	**26%**
Gross margin	24%	21%	3pps
War-related expenses	(17)	(38)	-55%
Adjusted EBITDA	**321**	**204**	**57%**
Adjusted EBITDA margin	20%	13%	7pps
Adjusted EBITDA (net of IFRS 16)	**319**	**202**	**58%**
Adjusted EBITDA margin (net of IFRS 16)	19%	13%	6pps

[1] pps – percentage points
[2] Revenue from poultry meat includes sales of offal, which is not included in the sales volume and prices of poultry meat data

In 2023, Segment revenue increased by 8% y/y due to an increase is the sales volumes of poultry meat and processed meat and an increase in average prices for processed meat.

Gross profit in 2023 increased 26% y/y to US$ 402 million mainly driven by higher sales volumes of both poultry meat and processed meat on export markets and by increases in prices for processed meat.

Adjusted EBITDA (net of IFRS 16) increased 58% y/y to US$ 319 million, mainly due to higher gross profit and lower War-related expenses.

REVENUE INCREASED BY

8% Y/Y

VEGETABLE OIL OPERATIONS

OVERVIEW

US$ 606
MILLION REVENUE

493,845
TONNES OF VEGETABLE OIL PRODUCED

We produce and sell edible vegetable oils and related products including sunflower husks for use as bedding in chicken rearing sheds, and sunflower pellets for animal feed. Our facilities include one soybean crushing plant and three sunflower crushing plants in Ukraine. Our customers are mainly international traders, an important source of hard currency revenue.

SALES

	2023	2022	% CHANGE
Sales volume of sunflower oil, third party tonnes	466,926	272,807	71%
Sales volume of soybean oil, third party tonnes	50,766	40,845	24%
Total volume of vegetable oil, third party tonnes	517,692	313,652	65%

In 2023, MHP's sales of sunflower oil increased by 71% y/y to 466,926 tonnes, mainly driven by an increase in production of sunflower cake due to additional crushing capacity, a change in the recipe, and the partial restoration of logistics routes when compared with the prior year.

Sales of soybean oil increased by 24% y/y to 50,766 tonnes, with the increase due to a relative decrease y/y in War-related logistics disruption.

FINANCIAL RESULT AND TRENDS

(IN MLN. US$, UNLESS INDICATED OTHERWISE)	2023	2022	% CHANGE[1]
Revenue	**606**	**464**	**31%**
- Vegetable oil	565	448	26%
- Related products[2]	41	16	156%
Gross profit	**79**	**69**	**14%**
Gross margin	13%	15%	-2pps
Adjusted EBITDA	**82**	**71**	**15%**
Adjusted EBITDA margin	14%	15%	-1pps
Adjusted EBITDA (net of IFRS 16)	**80**	**71**	**13%**
Adjusted EBITDA margin (net of IFRS 16)	13%	15%	-2pps

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

Revenue increased by 31% y/y to US$ 606 million (2022: US$ 464 million) driven by the increased sales volumes of both sunflower and soybean oils. Adjusted EBITDA (net of IFRS 16) increased by 13% y/y to US$ 80 million (2022: US$ 71 million) driven by the increase in sales volumes.

REVENUE INCREASED BY

31% Y/Y

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AGRICULTURE OPERATIONS

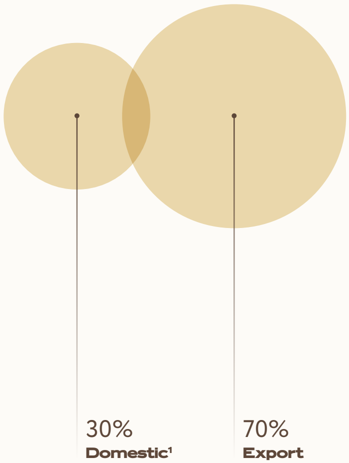
OVERVIEW

US$ 227
MILLION REVENUE

2.6
MILLION TONNES
OF CROPS PRODUCED

2023 CROPPED AREA, HECTARES

2023 REVENUE BY DESTINATION



HARVEST RESULTS

	2023[2]		2022[2]	
	Production volume in tonnes	Cropped land in hectares	Production volume in tonnes	Cropped land in hectares
Corn	1,346,620	135,516	1,088,476	151,850
Wheat	267,038	40,283	224,391	40,711
Sunflower	185,225	60,415	159,357	62,585
Rapeseed	122,544	33,065	104,849	27,520
Soya	185,375	58,832	109,240	44,953
Other[3]	451,162	18,656	248,334	13,129
Total	**2,557,964**	**346,767**	**1,934,647**	**340,748**

We are one of the leading grain cultivation businesses in Ukraine, growing crops for export and to produce fodder to support the Group's chicken and cattle production. We also raise cattle to produce beef, as well as milk and other dairy products. We operate three fodder production complexes and own cattle farms and dairies located across Ukraine. We lease agricultural land located primarily in the highly fertile black soil regions of Ukraine. In 2023, our total landbank constituted approximately 361,500 hectares of land, representing one of the largest land portfolios in Ukraine. In 2023, we harvested over 346,000 hectares of land in Ukraine and gathered around 2.6 million tonnes of crops, 32% higher y/y, mainly due to favourable weather conditions during the harvest season. Our average yields remain well above the average for Ukraine for all crops due to operational efficiency and employment of best practices.

[1] Crops used by the Group to process and produce feed meal for the Group's chicken and cattle production.
[2] Includes only land managed by the Agriculture Operations Segment.
[3] Including barley, rye, sugar beet, sorghum and other, and excluding land left fallow as part of crop rotation.

AGRICULTURE OPERATIONS (continued)

YIELDS

	2023		2022	
	MHP's average[1]	Ukraine's average[1]	MHP's average[1]	Ukraine's average[1]
	tonnes per hectare		tonnes per hectare	
Corn	9.9	7.8	7.2	6.6
Wheat	6.6	4.8	5.5	4.1
Sunflower	3.1	2.4	2.5	2.2
Rapeseed	3.7	2.9	3.8	2.9
Soya	3.2	2.7	2.4	2.4

FINANCIAL RESULT AND TRENDS

(IN MLN. US$, UNLESS INDICATED OTHERWISE)	2023	2022	% CHANGE
Revenue	**227**	**189**	**20%**
IAS 41 standard loss	(63)	(143)	56%
Gross profit	**26**	**108**	**-76%**
War-related expenses	(3)	(6)	-50%
Adjusted EBITDA	**63**	**153**	**-59%**
Adjusted EBITDA (net of IFRS 16)	**6**	**99**	**-94%**

The limited export capabilities as a result of both continuous rocket strikes on Ukrainian ports infrastructure and the termination of the "Grain Deal" by Russia had a negative effect on the Segment's performance. However, it should be noted that these events will have a limited impact on the overall Group performance, as the substantial majority of grains and oilseeds (excluding some rapeseed and some wheat) are consumed internally.

Agriculture Operations Segment's revenue in 2023 increased 20% y/y to US$ 227 million (2022: US$ 189 million) mainly driven by a higher volume of grain sales due in turn to higher yields y/y.

The significant decrease in both domestic and international grain prices, combined with increased logistics costs due to the impact of War, led to a steep decline in 2023 adjusted EBITDA (net of IFRS 16) for the Segment.

SEGMENT REVENUE INCREASED

20% Y/Y

[1] MHP yields are net weight, Ukraine yields are bunker weight.

EUROPEAN OPERATING SEGMENT (PP)

OVERVIEW

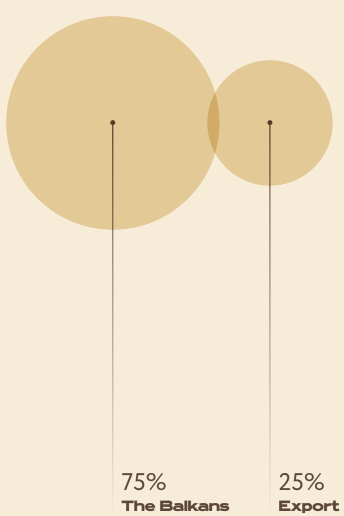
US$ 545
MILLION REVENUE

131,021
TONNES OF POULTRY PRODUCED

48,221
TONNES OF PROCESSED MEAT PRODUCED

We produce and sell chicken meat and processed meat products, supplying products to 18 European countries. We have production assets in Slovenia, Croatia, Serbia, Bosnia & Herzegovina, and distribution companies in Austria, North Macedonia, and Romania. We have one biogas facility in Slovenia. Our largest brand by revenue is Poli.

2023 REVENUE BY DESTINATION



SALES AND PRICES

POULTRY MEAT[1]	2023	2022	% CHANGE
Sales volume, third party tonnes	80,520	74,316	8%
Price per 1 kg net VAT, EUR	3.54	3.33	6%

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

In 2023, poultry meat sales volumes for the European Operating Segment increased by 8% y/y to 80,520 tonnes. This was driven by an increase in production volumes of poultry meat, both fresh and frozen. The average price per 1 kg (net VAT) increased by 6% y/y to EUR 3.54 (2022: EUR 3.33).

PROCESSED MEAT[1]	2023	2022	% CHANGE
Sales volume, third party tonnes	46,555	43,277	8%
Price per 1 kg net VAT, EUR	3.33	3.09	8%

[1] Includes sausages and convenience foods

Meat processing product sales were up by 8% y/y to 46,555 tonnes in 2023 (2022: 43,277 tonnes) due to an increase in production volumes of sausages and convenience products. The average price per one kg increased by 8% y/y to EUR 3.33.

FINANCIAL RESULT AND TRENDS

(IN MLN. US$, UNLESS INDICATED OTHERWISE)	2023	2022	% CHANGE[1]
Revenue	**545**	**464**	**17%**
IAS 41 standard gain	-	2	-100%
Gross profit	**132**	**113**	**17%**
Gross margin	24%	24%	-
Adjusted EBITDA	**93**	**65**	**43%**
Adjusted EBITDA margin	17%	14%	3pps
Adjusted EBITDA (net of IFRS 16)	**91**	**63**	**44%**
Adjusted EBITDA margin (net of IFRS 16)	17%	14%	3pps

[1] pps – percentage points

In 2023, the European Operating Segment's gross profit increased by 17% y/y to US$ 132 million (2022: US$ 113 million) predominantly due to the decrease in grain input costs which in turn reduced production costs.

Adjusted EBITDA (net of IFRS 16) amounted to US$ 91 million for 2023 (2022: US$ 63 million) in line with gross profit. Adjusted EBITDA margin (net of IFRS 16) increased to 17% from 14%.

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CURRENT GROUP CASH FLOW

(IN MLN. US$)	2023	2022
Cash from operations	**377**	**478**
Change in working capital	61	(340)
Net Cash from operating activities	**438**	**138**
Cash used in investing activities	**(228)**	**(174)**
Including:		
CAPEX[1]	(212)	(159)
Cash from financing activities	**(86)**	**57**
Total change in cash[2]	**124**	**21**

[1] Calculated as cash used for purchases of property, plant and equipment
[2] Calculated as net cash from operating activities plus cash used in investing activities plus cash used in financing activities

Cash flow from operations before changes in working capital for 2023 declined to US$ 377 million (2022: US$ 478 million), mainly due to interest payments of US$ 178 million in 2023 compared to US$ 126 million in 2022.

The change in working capital y/y is mainly attributable to:

- the return of stocks of chicken meat and vegetable oil to normal levels from the unusually high levels in 2022, caused by disrupted logistics due to War activities, which have since partly recovered due to both the "Grain Deal" and diversification of delivery routes by the Group;
- lower investment in raw materials during 2023 (including energy supplies, fertilisers, plant protection materials, and animal feed components) compared with 2022 due to the relative stabilisation of the Ukrainian economy and lower risk of disruptions in supply; and
- stable amounts of trade accounts receivable compared to significant growth in sunflower oil and chicken meat receivables during 2022.

In 2023, total CAPEX amounted to US$ 212 million and mainly related to maintenance and modernisation projects, the development of new products within the Ukrainian operations, and the expansion of Perutnina Ptuj's production facilities. The increase from US$ 159 million in 2022 reflects higher investments in cost optimisation and culinary strategy projects, as well as purchases of diesel generators for the mitigation of the impact of possible power outages.

DEBT STRUCTURE AND LIQUIDITY

(IN MLN. US$)	31 DECEMBER 2023	31 DECEMBER 2022	30 SEPTEMBER 2023
Total Debt[1,2]	**1,537**	**1,537**	**1,547**
LT Debt[1]	1,141	1,507	1,025
ST Debt[1]	499	182	604
Trade credit facilities[2]	(103)	(152)	(82)
Cash and bank deposits	(436)	(300)	(446)
Net Debt[1,2]	**1,101**	**1,237**	**1,101**
LTM Adjusted EBITDA[1]	445	384	438
Net Debt / LTM Adjusted EBITDA[1,2]	2.47	3.22	2.51

As of 31 December 2023, MHP's cash and cash equivalents amounted to US$ 436 million, of which US$ 311 million was held by the Group's subsidiaries outside Ukraine. Under the repatriation rules instituted by the National Bank of Ukraine ("NBU"), the equivalent amounts of such cash and cash equivalents would need to be repatriated to Ukraine within six months of recognition of foreign currency proceeds from exports from Ukraine, which limits the Group's ability to utilise such cash and cash equivalents for repayment of indebtedness. At the same time, on 10 November 2023, the NBU established a maximum settlement period of 90 calendar days for repatriating cash resulting from the export of a specified list of agricultural products.

The Net Debt / LTM Adjusted EBITDA (net of IFRS 16) ratio was 2.47 as of 31 December 2023, well below the limit of 3.0 defined in the Eurobond agreement.

[1] Net of IFRS 16 adjustments: as if any lease that would have been treated as an operating lease under IAS 17, as was in effect before the 1 January 2019, is treated as an operating lease for the purposes of this calculation. In accordance with covenants in MHP's bond and loan agreements, these data exclude the effects of IFRS 16 on accounting for operating leases.
[2] Indebtedness under trade credit facilities that is required to be repaid within 12 months of drawdown should be excluded for the purposes of this calculation.

On 25 September 2023, MHP SE launched an invitation to the holders (the "Noteholders") of its US$ 500 million 7.75% Guaranteed Notes due 10 May 2024 (the "Notes") to tender for purchase for cash any and all of the US$ 500 million aggregate principal amount of Notes outstanding.

On 9 November 2023, MHP SE accepted for purchase all validly traded Notes in the amount of US$ 151 million with the aggregate principal amount of Notes outstanding following completion of the Tender Offer.

On 10 November 2023, Noteholders who validly tendered their Notes were paid the consideration of US$ 850 per US$ 1,000 principal amount of the Notes (with total consideration paid US$ 128 million) and, on the same date, Notes in the amount of US$ 151 have been cancelled. Finance income in the amount US$ 22 million was recognized as a result of the Notes repurchase (Note 12).

As of 31 December 2023, the share of long-term debt in the total outstanding debt decreased to 74% as the first US$ 500 million Eurobond, which is due for repayment in May 2024, is now classified as short-term.

The Company's debt management strategy extends to both its private and public debt instruments. The Company expects to proactively manage its debt portfolio in response to evolving market conditions, subject to NBU restrictions.

DIVIDENDS

Considering the current risks and uncertainties following the Russian invasion of Ukraine, and the resulting need to preserve liquidity to support the Company's ongoing business operations and help sustain the population of the country, the Board of MHP has decided that no dividends are likely to be paid for as long as the War continues.

SUBSEQUENT EVENTS

On 5 January 2024, MHP SE launched an invitation to the holders of its US$ 349 million 7.75% Guaranteed Notes due 10 May 2024 to tender for purchase for cash any and all of the US$ 349 million aggregate principal amount of Notes outstanding.

On 22 January 2024, MHP SE accepted for purchase all validly traded Notes in the amount of US$ 138 million with the aggregate principal amount of Notes outstanding following completion of the Tender Offer US$ 211 million.

On 23 January 2024, Noteholders who validly tendered their Notes were paid the consideration of US$ 950 per US$ 1,000 principal amount of Notes (with total consideration paid US$ 131 million) and, on the same date, Notes in the amount of US$ 138 million were cancelled.

On 29 December 2023, the Group entered into an agreement to acquire 81% of corporate rights in business engaged in poultry farming and meat processing in Albania for an estimated consideration of EUR 16.8 million (equivalent of US$ 18.1 million). Completion of this transaction is subject to approval by relevant regulatory bodies.

On 15 April 2024, the Group entered into a share purchase agreement to acquire 100% of the corporate rights in business engaged in meat processing in Ukraine for an estimated consideration of EUR 14.0 million (equivalent of US$ 15.1 million). Up to the date of authorization of these financial statements, the Group made payment of EUR 3.5 million for 24.9% of respective corporate rights. This transaction is expected to be completed by the end of the 2024 but remains subject to certain conditions, including approval by relevant regulatory bodies.

THE BOARD HAS DECIDED THAT NO DIVIDENDS ARE LIKELY TO BE PAID FOR AS LONG AS THE WAR CONTINUES

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ALTERNATIVE PERFORMANCE MEASURES

MHP HAS INCLUDED CERTAIN MEASURES IN THIS REPORT THAT ARE NOT MEASURES OF PERFORMANCE UNDER IFRS, INCLUDING EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION ("EBITDA") AND LAST TWELVE MONTHS' EBITDA ("LTM EBITDA") BOTH AT A CONSOLIDATED AND AT A SEGMENT LEVEL.

Adjusted EBITDA, LTM Adjusted EBITDA and Segment Adjusted EBITDA are presented in this Report because the Directors consider them to be important supplemental measures of the Group's financial performance. Additionally, the Directors believe these measures are frequently used by investors, analysts and stakeholders to evaluate the efficiency of the Group's operations and its ability to employ its earnings for the repayment of debt, capital expenditure, and working capital requirements.

EBITDA is defined as profit for the year before income tax expense, finance costs, finance income, and depreciation and amortisation expenses. Depreciation and amortisation expenses are components of both cost of sales and selling, general and administrative expenses in the consolidated financial statements.

Adjusted EBITDA is derived by adjusting EBITDA (as defined above) for losses/gains on impairment/reversal of impairment of goodwill and property, plant and equipment net losses on disposals of subsidiaries, and net foreign exchange (loss)/gain. The Group believes that this measure is more useful in evaluating the financial performance of the Company and its subsidiaries than "traditional" EBITDA due to the exclusion of items that Management considers not to be representative of the underlying operations of the Group.

The introduction of IFRS 16 on Leases from January 2019 led to adjustments to the financial statements. MHP has chosen to present Adjusted EBITDA for 2022 and 2023 both before and after adjustment for IFRS 16.

LTM Adjusted EBITDA (net of IFRS 16) is defined as Adjusted EBITDA (net of IFRS 16) for the prior 12 consecutive months ending on such date of measurement; LTM Adjusted EBITDA is calculated as if acquisitions of subsidiaries had occurred on the first day of the prior 12 consecutive months ending on such date of measurement.

LTM Adjusted EBITDA excludes the effects of IFRS 16 on accounting for operating leases.

The Group's Segment measure in the consolidated financial statements is defined as "Segment result" and represents operating profit by Segment before unallocated corporate expense, being the Segment measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of Segment performance. Within this Strategic Report, the reported Segment result is adjusted for the amount of depreciation and amortisation per Segment in order to present "Segment Adjusted EBITDA" to external users, which MHP feels is a more commonly-used external metric familiar to investors.

Net debt is defined as bank borrowing (excl. trade credit facilities), bonds issued and lease obligations less cash and cash equivalents. Net debt (net of IFRS 16) is defined as Net debt less the effects of lease liabilities recognised under IFRS 16. The Group believes that net debt is commonly used by securities analysts, investors and other interested parties in the evaluation of a company's leverage.

In MHP's bond and loan agreement covenants, the definitions Adjusted EBITDA, LTM Adjusted EBITDA, and Net debt exclude the effects of IFRS 16 on accounting for operating leases. They are calculated as if any lease that would have been treated as an operating lease under IAS 17 (as was in effect before 1 January 2019) is treated as an operating lease.

Adjusted EBITDA is not a measure of MHP's operating performance under IFRS, and should not be considered as an alternative to profit for the year, operating profit, Segment result or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of MHP's liquidity. Such measures presented in this Integrated Report may not be comparable to similarly titled measures of performance presented by other companies, and should not be considered as substitutes for the information contained in the consolidated financial statements.

RECONCILIATION OF NET DEBT

Calculation of net debt was aligned with definitions used for the purpose of assessment of compliance with debt covenants provided in the respective loan agreements. Thus, the accrued interest which has been included previously as part of the carrying amount of bank borrowings, bonds issued and finance lease obligations has been excluded from the amount of total debt.

RECONCILIATION OF ADJUSTED EBITDA

US$ MILLION	2023	2022
PROFIT/(LOSS) FOR THE YEAR	**142**	**(231)**
Income tax	31	(28)
Finance cost	163	155
Finance income	(37)	(6)
Depreciation and amortisation expense	169	159
EBITDA	**468**	**49**
Impairment of goodwill and property, plant and equipment	-	29
Forex Loss	40	365
ADJUSTED EBITDA	**508**	**443**
ADJUSTED EBITDA (net of IFRS 16)	**445**	**384**

AS OF 31 DECEMBER 2023 AND 2022, NET DEBT WAS AS FOLLOWS:

US$ MILLION	2023	2022
Bank borrowings	379	294
Bonds issued	1,239	1,383
Lease liabilities	256	229
TOTAL DEBT	**1,874**	**1,906**
Cash and cash equivalents	(436)	(300)
NET DEBT	**1,438**	**1,606**
Effect of IFRS 16	(234)	(217)
Trade credit facilities	(103)	(152)
NET DEBT (net of IFRS 16)	**1,101**	**1,237**

SEGMENT PERFORMANCE

YEAR ENDED 31 DECEMBER 2023						
US$ MILLION	POULTRY & RELATED OPERATIONS SEGMENT	VEGETABLE OIL OPERATIONS SEGMENT	AGRICULTURE OPERATIONS SEGMENT	EUROPEAN OPERATING SEGMENT	ELIMINATIONS	CONSOLIDATED
External sales	1,643	606	227	545	-	3,021
Sales between business segments	10	170	207	-	(387)	-
Total revenue	1,653	776	434	545	(387)	3,021
SEGMENT RESULTS	**238**	**77**	**6**	**72**	**-**	**393**
Depreciation and amortisation	84	4	56	22	-	166
SEGMENT ADJUSTED EBITDA BEFORE UNALLOCATED EXPENSES	**321**	**82**	**63**	**93**	**-**	**559**
Unallocated expenses						(54)
Unallocated depreciation and amortisation						3
ADJUSTED EBITDA						**508**

YEAR ENDED 31 DECEMBER 2022						
US$ MILLION	POULTRY & RELATED OPERATIONS SEGMENT	VEGETABLE OIL OPERATIONS SEGMENT	AGRICULTURE OPERATIONS SEGMENT	EUROPEAN OPERATING SEGMENT	ELIMINATIONS	CONSOLIDATED
External sales	1,525	464	189	464	-	2,642
Sales between business segments	9	114	344	-	(467)	-
Total revenue	1,534	578	533	464	(467)	2,643
SEGMENT RESULTS	**131**	**69**	**91**	**45**	**-**	**336**
Depreciation and amortisation	73	2	62	20	-	157
SEGMENT ADJUSTED EBITDA BEFORE UNALLOCATED EXPENSES	**204**	**71**	**153**	**65**	**-**	**493**
Unallocated expenses						(52)
Unallocated depreciation and amortisation						2
ADJUSTED EBITDA						**443**

RISK MANAGEMENT

Since 24 February 2022, the environment in which MHP operates has changed significantly as a result of the Russian invasion of Ukraine. The Group now faces a wide range of substantive War-related challenges, which are subject to unpredictable and rapid change, so must continuously assess levels of risk and evaluate the actions required to protect its operations and market position. Failure to manage these issues could have a substantial adverse impact on our business, as we strive to maintain operations while achieving our strategic goals and delivering sustainable financial performance.

Accordingly, we have continuously adapted our risk management processes and embedded these throughout the Company in order to align risk management, strategy and performance across all entities and enable agile decisions in response to the changing circumstances.

RISK OVERSIGHT

The Audit & Risk Committee monitors the effectiveness of the Company's risk management and control systems by means of regular updates from Management, reviews of the key findings of the external and internal auditors, and an annual review of the risk management process. Results are reported regularly to the Board, which has overall responsibility for risk management.

The Internal Audit function provides objective assurance to the Management team and to the Audit & Risk Committee on the effectiveness of risk management and helps Management to continuously improve its risk management framework and processes.

RISK MANAGEMENT FRAMEWORK

The Company's approach to the identification and assessment of risks, and the response to risks, is based on best business practices and the international COSO (Committee of Sponsoring Organisations of the Treadway Commission) Enterprise Risk Management Framework. The COSO Framework enables us to identify, classify, assess, manage and report on the risks that the Company faces in order to provide reasonable assurance regarding the achievement of the Company's strategy and objectives.

The implementation and functioning of our Risk Management Policy is supported by training programmes for Management and employees that emphasise open communication, with every employee sharing responsibility for identifying and managing risks.

PRINCIPAL RISKS

War-related risks are, by definition, substantive and, in the extreme, could even be existential for the Company. While the War continues, these are therefore the most significant threats to MHP's business continuity and accordingly are profiled at the top of the following table of Principal Risks.

As many of these risks are outside the Group's control, the ongoing crisis has driven MHP to become a more agile company, with systematic, fast-paced, and dynamic analysis of risks and consequent implementation of mitigating actions. This has forced the pace of development and change, enhancing the Company's ability and preparedness to respond to future challenges.

The list of Principal Risks is not exhaustive and additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, may also materially adversely affect our business, financial condition, or results.

We therefore remain vigilant and proactive in identifying and mitigating risks to ensure the continuity of our operations.

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See The Audit & Risk Committee Report

THE COSO FRAMEWORK ENABLES US TO IDENTIFY, CLASSIFY, ASSESS, MANAGE AND REPORT ON THE RISKS.

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THE PRINCIPAL RISKS AND UNCERTAINTIES THE GROUP IS FACING ARE SHOWN BELOW

PRINCIPAL RISK	HOW WE MANAGE THE RISK
TOP 5 WAR-RELATED RISKS	
Missile attack on production facilities and storage containing produce	**Energy disruption.** Adoption of a balanced energy mix composed of the national grid, electricity from MHP biogas plants, and back-up diesel generators. **Fire hazard.** Fire engines stationed in production areas; provision of uninterrupted water supply; contractual agreements with the State Emergency Services guaranteeing urgent arrival in case of fire. **Explosion hazard.** Development of strict procedures to avert the risk of explosion and minimise the potential impact. **Destruction/breakdown of equipment or processing and manufacturing facilities.** Increased warehousing of spare parts and equipment in storage facilities remote from production sites; reservation of funds for restoration of property; emergency reconstruction protocols for plant and other key facilities. **Production stoppage.** In the most severe situations, poultry breeding and hatching may be reduced and, where unavoidable, livestock thinned. **Financial impact.** The Company has modelled a number of scenarios and analysed potential cost reductions, operating an agile business strategy. **Additional storage facilities and storage approach.** Adaptation of our business model, new logistics and supply routes, accumulation of stock held outside Ukraine.
Interruption to electricity supply	**Meat-processing facilities.** Reduction of electricity consumption across the entire MHP supply chain. **Supply of products to customers.** Greater focus on chilled poultry meat products and planned expansion of European freezing capacity. **Payment processing centre/distribution centre.** Power generators are employed as back up in the case of supply outage or disruption.
Economic impact of the War on usual commercial levers	**Vigilant monitoring.** Monitoring all aspects of the markets in which MHP is present, coupled with production reduction scenarios and alternative options for receiving and processing payment transactions. **Sufficient credit lines.** Facilities are available to cover liquidity risks.
Repeated blocking of grain exports by sea and land	**Increased cost of land delivery.** Agile delivery matrix utilising a mixture of truck, rail and, where available, shipping. **Provision of conditions in export contracts** that will allow extending the performance periods. **Ensuring availability of railway stock** for export across borders (including containers). **Ensuring availability of warehouses** for storing surplus goods. **Revision of the structure of sowing areas** with the aim of focussing on crops for intra-Group consumption.
Disruptions in supply of production raw materials and resources	**Supply contracts.** Network of reliable and diverse suppliers selected. **Petroleum stocks.** Increased through renting additional storage facilities. **Compound feed ingredients and additives.** Increased warehousing capacity to store raw materials in optimum conditions. Minimised travel time and loading / unloading time at transshipment centres and ports.

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THE PRINCIPAL RISKS AND UNCERTAINTIES THE GROUP IS FACING ARE SHOWN BELOW

PRINCIPAL RISK	HOW WE MANAGE THE RISK
OTHER WAR-RELATED RISKS	
Military actions in the countries to which we export goods (e.g. Israel)	Work with lawyers on amending the contracts to minimise the risks of product loss.
Loss of access to leased land, offices and production facilities in the occupied territories	This geopolitical risk is largely outside MHP's control. Where possible, mitigating factors may include the relocation of operations.
Absence or loss of employees resulting in disruption of business processes	Actions to ensure that employee welfare is protected and strengthened include: evacuating employees deemed most at risk from dangerous areas to safer "hubs"; ensuring no concentration of critical employees in one location, with back-up critical functions organised; training employees on defensive measures including how to behave and protect themselves in the War; building of shelters for employees; providing physical and psychological support to employees; and changing motivation schemes to recognise and reward employees who ensure continuity of production and logistics. **See also Growth Pillar 2:** Our People and Their Wellbeing on pages 65 to 75.
Lack of human resources for investment projects Lack of qualified personnel for the launch of new investment projects, in particular the construction of new facilities (a large number of specialists serve in the Armed Forces) and installation/adjustment of new equipment (foreign specialists refuse to go to Ukraine).	When making a decision regarding the purchase of new production equipment and/or construction projects, work with the supplier to understand the installation process and configuration, and launch online in Ukraine or through the training of MHP specialists abroad. Reservation of MHP-qualified specialists so that they are available for overseas travel to undertake the above training.
Lack of human resources for production The outflow of qualified specialists	Reservation of key employees (qualified specialists). Recruitment and training of students to compensate for the outflow of employees. Ongoing recruitment initiatives.
Disruption of logistics routes in Ukraine	Mitigating actions include: drawing on, training and/or re-skilling of volunteers, retailers, and drivers; expanding our fleet of trucks; adapting supply chains to the new constraints; actions to ensure adequate stocks of all critical resources. **See also CEO's Statement and Growth Pillar 2:** Our People and Their Wellbeing on pages 10 and 65 respectively.
Inability to conduct export activities	Rapid adaptations to our business model and logistics routes. Detailed contingency plans have been designed and are in place to maintain exports using as many routes as are available at any point in time. **See also CEO's Statement** on page 10.
Potential cyber-attack, loss of data and disruption of business processes	Detailed contingency plans have been put in place to respond to cyber-attack and the potential unavailability of IT systems. Mitigations include the application of Microsoft's latest security solutions in MHP's cloud infrastructure to ensure that MHP's systems detect and respond to information security events that indicate a possible compromise. **See also Growth Pillar 5: Business Conduct** on page 84.

THE PRINCIPAL RISKS AND UNCERTAINTIES THE GROUP IS FACING ARE SHOWN BELOW

PRINCIPAL RISK	HOW WE MANAGE THE RISK
BUSINESS RISKS	
Fluctuations in prices for grains and related products required for production input	MHP drives cost efficiency across all its businesses, supported by its vertically-integrated business model. MHP's agriculture operations produce internally 100% of the corn required for poultry feed production. The Company adopts different approaches for improving feed recipes and the structure of feed so as to optimise cost and increase the feed conversion ratio at the same time.
Fluctuations in demand for and market prices of chicken meat	Demand for chicken in the domestic market is expected to remain strong as chicken meat is the most affordable kind of meat from both a price and diet perspective. MHP products are available for purchase through different sales channels at all times and the Company offers competitive trade terms to its customers. MHP's domestic strategy and in particular its focus on higher value-add products are drivers for increasing the Company's profitability from chicken meat sales in Ukraine. In international markets, MHP continues to benefit from its strategy of geographic diversification of exports combined with product mix optimisation and a focus on customised products for new potential markets.
Implementing our growth strategy and expansion into export markets	MHP has in place a long-term strategy for the Group's expansion into diversified export markets with basic poultry products as well as RTC and RTE products. In spite of War-related disruption to exports during 2023, MHP continues to export to over 70 international markets. **See also Strategy & Purpose** on page 18.
Outbreaks of Avian Influenza and other livestock diseases	To ensure the wellbeing of livestock at MHP's facilities, the Company has implemented high biosecurity standards and systems supplemented by a set of preventive veterinary-sanitary and hygiene measures.
Inefficient procurement and an increase in production costs	MHP strives to continually improve its procurement procedures and production processes. The procurement of strategic items is centralised with a high level of regulation and control. KPIs are set and are closely monitored with a view to decreasing the costs of production.
Occurrence of a material product quality or product safety incident	MHP prioritises product safety and quality in line with international best practice and applicable regulations. It maintains robust quality and safety management systems and has an excellent track record in this area.
Fluctuations in commodity prices such as gas, fuel and energy	MHP tightly monitors and controls its gas, fuel and energy costs. Energy price risks are mitigated by a priority focus on developing renewable sources of energy and a continued increase in the use of co-generation and alternative energy technology.
Lack of highly-qualified staff at strategic level and production enterprises	MHP works to maintain positive relationships with employees and strives to build upon its reputation as a high-quality, responsible employer of choice.

THE PRINCIPAL RISKS AND UNCERTAINTIES THE GROUP IS FACING ARE SHOWN BELOW

PRINCIPAL RISK	HOW WE MANAGE THE RISK
ENVIRONMENTAL RISKS	
Global climate change	MHP endeavours to conduct all its activities in an environmentally-responsible manner and to meet the global challenges presented by climate change. A key tenet of the Company's Environmental Policy is to become carbon neutral by 2030, subject to the uncertainties due to the impact of War. The Group has achieved carbon accreditation with the Carbon Trust and began a process of identifying relevant metrics and targets on both climate change mitigation and adaptation. The Group expects to make substantial progress in 2024. This initiative is part of the Group's commitment to sustainable practices and its strategy to reduce its environmental footprint. The Group also plans to engage with stakeholders, including employees, customers, and suppliers, to raise awareness about climate change and promote sustainable practices. Furthermore, the Group will monitor and report its progress towards achieving these targets to ensure transparency and accountability.
Irrational water use	There is a range of preventive and monitoring approaches to ensure rational water consumption and to prevent pollution of surface waters and groundwater aquifers at MHP.
Deforestation and conversion of high-carbon lands into agricultural land, including drainage of peat bogs	MHP is committed to zero deforestation and zero conversion of high-carbon lands to agricultural land. MHP's Environmental Policy sets a number of objectives to contribute to sustainable development of Ukraine at all locations where the Company has operations.
FINANCE RISKS	
Cross-border payments	Ukrainian capital controls and regulations set out by the National Bank of Ukraine ("NBU") dictate that foreign currency proceeds generated from exports but originating in Ukraine must be brought back to Ukraine within specific timeframes: 90 days for exports of grains and vegetable oils, and 180 days for exports of chicken meat. Furthermore, in accordance with the regulations there are constraints on cross-border payments pertaining to capital movements, debt installments, and interest. These restrictions pose challenges for MHP's debt servicing capabilities as they hinder the Company's utilisation of offshore funds.
Fluctuations in foreign exchange rates	Fluctuations in foreign exchange rates are, of course, unpredictable and subject to a multitude of external factors, including, but not limited to, ongoing developments in War, the provision of financial aid to Ukraine and geopolitical shifts, as the ongoing War leads to significant uncertainties.
Fluctuations in interest rates	MHP monitors its exposure to interest rates and assesses the potential implications of interest rate fluctuations on its net interest expenses. The majority of MHP's debt is structured with fixed interest rates.

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THE PRINCIPAL RISKS AND UNCERTAINTIES THE GROUP IS FACING ARE SHOWN BELOW

PRINCIPAL RISK	HOW WE MANAGE THE RISK
FINANCE RISKS (CONTINUED)	
Credit risk	MHP has a diversified pool of customers. The amount of credit extended to any one customer or group of customers, including supermarkets and franchisees, is strictly controlled. Credit risks are managed by security provisions included in agreements with customers. At foreign subsidiaries of MHP, an insurance company is involved to approve the credit limit and to insure against risk of non-payment.
Liquidity risk Unavailability of loans, inability to refinance debts in 2024.	The availability of loans for the refinancing of debt in 2024 is subject to the fulfilment of certain covenants. MHP maintains efficient budgeting and cash management protocols to guarantee sufficient funds are on hand both to fulfill its operational needs and ensure its covenant obligations are met. The Company also implements a flexible CAPEX programme, allowing for the postponement of capital projects if required. Further details regarding the covenants can be found in Note 29 on page 197.
Inefficient investments	MHP has established and enacted procedures to ensure proper oversight in this domain. The Evaluation of Investment Projects procedure mandates that the Investment Committee approves the majority of investment projects. For significant Company investments under the CAPEX programme, formal investment appraisal reports and financial models are prepared, and these documents are jointly endorsed by the Investment Committee. The Board approves the annual CAPEX programme in line with the annual Budget.
STAKEHOLDER RELATIONS RISKS	
Local communities and NGOs	MHP is in regular dialogue with its local communities and other stakeholders in the regions in which it operates. The Company aims to conduct these relationships sensitively and with mutual respect. **See also Growth Pillar 1: Stakeholder Engagement** on page 60.
Investor and other stakeholder relations	MHP maintains an experienced and well-resourced communications and investor relations team that is supported by a national and international network of professional advisors. The team ensures that information about the Company is distributed in a timely manner, is accurate and up-to-date. MHP also monitors external commentary about its activities to ensure that any inaccuracies are addressed promptly. A qualitative measurement of the Company's image is performed on a regular basis and monitored by Top Management and the Board. **See also Growth Pillar 1: Stakeholder Engagement** on page 60.

THE PRINCIPAL RISKS AND UNCERTAINTIES THE GROUP IS FACING ARE SHOWN BELOW

PRINCIPAL RISK	HOW WE MANAGE THE RISK
COMPLIANCE RISKS	
Legal and regulatory risk	MHP's Management team actively monitors regulatory developments in the countries in which the Group operates. **See also Growth Pillar 5: Business Conduct** on page 84.
Bribery and corruption	MHP maintains robust anti-bribery and corruption policies and procedures, including a Code of Ethics, which are regularly reviewed and monitored by the Audit & Risk Committee. MHP also monitors compliance to the established policies and procedures. **See also Growth Pillar 5: Business Conduct** on page 84.
Failure to comply with the covenants under loan agreements	MHP has developed and follows control procedures to monitor compliance with covenants.
BUSINESS CONTINUITY RISK	
Failure of IT systems could materially affect MHP's business	A full set of measures has been implemented across the Company to reduce the risk of IT system failure. Detailed contingency plans have been designed to respond to cyber-attack and the potential unavailability of IT systems. **See also Growth Pillar 5: Business Conduct** on page 84.

MHP'S GROWTH PILLARS

SINCE 2022, MHP HAS BEEN REPORTING ON ITS SIX GROWTH PILLARS TO DEMONSTRATE HOW IT IS DELIVERING ON ESG. THE GROUP CONTINUES TO SUCCEED IN PROGRESSING ITS ESTABLISHED COMMITMENTS IN VARIOUS AREAS INCLUDING ADDRESSING CLIMATE CHANGE, TRAINING AND DEVELOPING ITS WORKFORCE, MAINTAINING ITS STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS, AND PROVIDING OPPORTUNITIES FOR DEMOBILISED EMPLOYEES.

THESE FUNDAMENTAL COMMITMENTS WILL CONTINUE THROUGHOUT 2024 AND BEYOND.

ALIGNING OUR SUSTAINABILITY FRAMEWORK

MHP has maintained and adapted its sustainability approach to address the War. The Group is committed to achieving best practice and carefully monitors the development of global standards including those relating to climate change.

Key aspects of our approach include:

- Identifying the United Nations Sustainable Development Goals as the appropriate sustainability framework for MHP to align its approach;
- Closely following the outcomes of COP28 and considering the recommendations;
- Preparing to align with evolving reporting requirements including those being developed by the EU and the United Kingdom; and
- Developing data collection to enable us to report, applying the Global Reporting Initiative, evolving regulatory reporting requirements and best practice.

MHP supports global sustainability stakeholder initiatives including those set up by governments, regulators, financial and investment communities, and NGOs to enhance transparency and consistency in sustainability practices and the disclosure of performance.

Through regular stakeholder engagement activities, MHP has established its approach to sustainability, created a sustainability framework and prioritised relevant activities. Despite challenges created by War, the principles and commitments codified before the invasion remain intact and will continue to be refined and developed over time.

DESPITE THE WAR, MHP HAS SUCCESSFULLY ADVANCED ITS ESTABLISHED COMMITMENTS AND PLANS IN SEVERAL AREAS DURING THE YEAR

OUR SIX GROWTH PILLARS

Our sustainability framework consists of Six Growth Pillars.

These activities are delivered and assessed through our strategy and policies, management systems and processes, performance measurement and monitoring, and engagement with stakeholders.

GRI TABLE

MHP's 2023 GRI table, which cross-references the information within this Report, is available for download from MHP's website (www.mhp.ua).

GRI TABLE

OUR APPROACH

WHY	Our purpose is to provide our customers with high quality, sustainable proteins, food products and culinary solutions that are safe and responsibly produced.					
AREAS OF FOCUS (GROWTH PILLARS)	Stakeholder Engagement	Our People and Their Wellbeing	Our Role in Society and Our Licence to Operate	Responsible Food Production	Business Conduct	The Planet
HOW	Strategy and Policy Design Continuous Management Systems Development Rigorous Performance Measurement and Monitoring					
REPORTING	GRI		TCFD		International Standards and Guidelines	

ALIGNMENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals ("UN SDGs") were designed to provide a shared blueprint for achieving peace, prosperity and wellbeing for people and the planet, now and in the future.

MHP's responsible business strategy and activities are closely aligned with the UN SDGs. The Group aims to contribute constructively to positive global change. MHP aligns its activities with all seventeen UN SDGs.

The following matrix highlights how each of the 17 SDGs are addressed under each of the six Growth Pillars. Further information is included in each Growth Pillar section of this Report.

MHP'S GROWTH PILLARS AND THEIR ALIGNMENT WITH THE UN SDG'S

UN SDG'S	MHP'S GROWTH PILLARS					
	STAKEHOLDER ENGAGEMENT	OUR PEOPLE AND THEIR WELLBEING	OUR ROLE IN SOCIETY AND OUR LICENCE TO OPERATE	RESPONSIBLE FOOD PRODUCTION	BUSINESS CONDUCT	THE PLANET
1 NO POVERTY	■		■			
2 ZERO HUNGER			■	■		
3 GOOD HEALTH AND WELLBEING		■		■		
4 QUALITY EDUCATION		■	■			
5 GENDER EQUALITY	■	■				
6 CLEAN WATER AND SANITATION					■	■
7 AFFORDABLE AND CLEAN ENERGY			■			■
8 DECENT WORK AND ECONOMIC GROWTH	■	■	■			
9 INDUSTRY INNOVATION AND INFRASTRUCTURE		■		■		
10 REDUCE INEQUALITIES		■			■	
11 SUSTAINABLE CITIES AND COMMUNITIES	■		■		■	■
12 RESPONSIBLE CONSUMPTION AND PRODUCTION				■		■
13 CLIMATE ACTION	■					■
14 LIFE BELOW WATER	■					■
15 LIFE ON LAND	■					■
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	■				■	
17 PARTNERSHIP FOR THE GOALS	■					

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GROWTH PILLAR 1:

STAKEHOLDER ENGAGEMENT

The commencement of War In Ukraine meant that MHP had to immediately revise its approach to stakeholder engagement and play an active role in addressing the crisis. Group, Top Management and Senior Management immediately resolved that the Group's stakeholder engagement priorities were to:

SUPPORT THE NEEDS OF EMPLOYEES

ADDRESS THE NEEDS OF COMMUNITIES IN DIFFERENT PARTS OF THE COUNTRY

PROVIDE REGULAR UPDATES TO FINANCIAL PARTNERS AND THE INVESTMENT COMMUNITY

WORK WITH OTHER STAKEHOLDERS TO MAINTAIN FOOD SECURITY AND PERSONAL SAFETY FOR THE UKRAINIAN POPULATION

This approach has evolved as, at the time of publication, the War continues and unfortunately shows no sign of ending within the near future.

THE IMPORTANCE OF STAKEHOLDER ENGAGEMENT DURING THE WAR

From the outset, MHP's Board and Top Management Team immediately realised that effective communications and stakeholder engagement were essential to the success of the Company's response to the War. Due to the nature and longevity of the War these requirements have evolved and have been subject to often sudden and unpredictable change. MHP's Directors and Top Management Team consider that the conduct of these activities has been outstanding and has played a significant part in MHP's ongoing and successful efforts to meet the many challenges presented by War.

They include:
- Maintaining MHP's liquidity through successful ongoing negotiations with a number of different capital providers;
- Working with a wide variety of internal and external stakeholders in Ukraine to maintain food security for everyone;
- Applying various communication channels including social media to maintain communication with employees and their families and evolving this approach because of the War's longevity;
- Working with internal and external stakeholders to provide the necessary support to employees and their families;
- Working with internal and external stakeholders to maintain IT reliability and security to ensure the integrity of MHP's communications;
- Working with a wide variety of internal, national and international stakeholders to enable MHP's export activities to continue despite changing and evolving logistical challenges; and
- Working with internal and external stakeholders to maintain a wide variety of community support activities across Ukraine and to encourage international stakeholders to provide resources and support to the Ukrainian population during the War.

MATERIALITY ASSESSMENT

In previous years, MHP conducted a stakeholder materiality exercise to ensure that it fully understands the views of its stakeholders in relation to recent, current and future activities. Details of this approach can be found in the 2021 Sustainability Report which is available for download from the Group website. Clearly this approach had to be changed following the outbreak of the War. MHP's stakeholder engagement activities are currently focussed on the priorities listed above. This will continue until the War ends and will continue to be adapted due to the changing circumstances that the Russian invasion has created.

STAKEHOLDER ENGAGEMENT HIGHLIGHTS

THE TABLE BELOW SETS OUT HOW EACH KEY STAKEHOLDER AREA OF INTEREST IS UNDERSTOOD AND HOW THIS WAS ADDRESSED IN 2023 INCLUDING HOW MHP'S BOARD OF DIRECTORS PARTICIPATED IN THESE ACTIVITIES

WORKFORCE

MHP has a dedicated and experienced workforce that is committed to, and is a key factor in, achieving MHP's aims and objectives. Taking care of our people is a top priority.

KEY STAKEHOLDER ISSUES

- A shared vision of MHP's commitment to the country during the War;
- Personal and family welfare and security;
- Health and wellbeing, taking into account the special circumstances created by the War;
- A conducive workplace featuring diversity, inclusion, flexibility, responsible business practice and clear communication;
- Provision of ongoing employment for MHP employees during the War, including demobilised employees.

HOW MHP ENGAGES

- Design of tailored programmes to address the special needs created by the War;
- Regular two-way communication;
- Clear communication of Company and management goals;
- Training, education and mentoring;
- Programmes for the development of innovative thinking;
- Corporate volunteering;
- Re-skilling programme;
- Grievance mechanism (MHP Ethics Line via www.mhp.ua);
- Employment of external advisory services (e.g. psychologists) to address issues caused by the War;
- Regular surveys.

BOARD INVOLVEMENT HIGHLIGHTS

- Supervisory involvement of the executive members of the Board;
- Regular discussion of workforce matters at Board meetings and Board Committee meetings;
- Regular reporting of workforce information to the Board as part of internal reporting processes.

2023 HIGHLIGHTS

- Substantial communication resources were applied to ensure ongoing communications and two-way dialogue during the War;
- Communications played an important role in maintaining a positive collective mindset and ensured that MHP's management were able to address issues as and when they arose.

COMMUNITIES

MHP's reputation and business continuity are supported by its aim to be a proactive and supportive member of its local communities and a responsible neighbour.

KEY STAKEHOLDER ISSUES

- Wellbeing, personal safety, and food security during the War;
- Transparency, clear and regular communication and opportunities to engage;
- Regular dialogue to discuss community issues with regard to MHP's operations;
- Development and support of local infrastructure and services;
- Local employment opportunities.

HOW MHP ENGAGES

- Delivery of a Stakeholder Engagement Plan as a basis adapted for the special circumstances of the War in line with CSR Department OKRs to meet stakeholder expectations and to maintain a strong collaboration;
- Joint activities with MHP-Gromadi to support local communities;
- Grievance mechanism (MHP Ethics Line via www.mhp.ua);
- Regional recruiting programme.

BOARD INVOLVEMENT HIGHLIGHTS

- Supervisory involvement of the executive members of the Board.

2023 HIGHLIGHTS

- MHP successfully carried out its strategy of working with a variety of national and international partners to deliver a wide variety of support to the Ukrainian population to alleviate the effects of the War (see Growth Pillar 3 on pages 76 to 77).

CUSTOMERS, BUSINESS PARTNERS AND SUPPLIERS

MHP's ongoing and uninterrupted business continuity relies on the strength and maintenance of its relationships with its customers, suppliers and business advisors.

KEY STAKEHOLDER ISSUES

- Business continuation during the War;
- Adaption of business methods and logistics during the War;
- Fair business conduct, terms and conditions;
- MHP's approach and performance relating to biosecurity, product quality, environmental, health and safety and social matters;
- Transparency, clear communication channels and opportunities to engage.

HOW MHP ENGAGES

- Adaptation and redesign of communication channels to take into account the special circumstances created by the War;
- Interaction via tender platform;
- MHP's Business Partner Code of Conduct (available via www.mhp.ua);
- Dedicated staff teams to interact with customers, suppliers and business advisors;
- Provision of questionnaires;
- Participation in regular customer due diligence processes.

BOARD INVOLVEMENT HIGHLIGHTS

- Supervisory executive director involvement in the maintenance of engagement with this key group of stakeholders.

2023 HIGHLIGHTS

- Working with a variety of stakeholders to ensure ongoing food security for the population of Ukraine;
- Meeting international, regulatory and customer standards on matters such as quality and safety;
- Working with a variety of stakeholders both domestically and internationally to ensure ongoing business activities at MHP's sites.

SHAREHOLDERS, FINANCIERS AND THE INVESTMENT COMMUNITY

MHP's ability to meet its financial obligations and maintain liquidity depends on maintaining strong and lasting relationships with investors, debt providers, financiers and financial analysts.

KEY STAKEHOLDER ISSUES

- Ongoing liquidity and solvency of the Group;
- Regular access to Management and information during the War;
- Financial and operational performance;
- Credit rating;
- Strategy;
- Risk management;
- Environmental, social and governance approach and performance;
- Transparency, regular and proactive communication and reporting.

HOW MHP ENGAGES

- Provision of regular access to Top Management and IR personnel;
- Regular provision of conference calls for the investment community;
- Quarterly, six-monthly and annual results announcements;
- One-to-one meetings with investors and financiers;
- Annual general meeting;
- Dedicated IR section on the Company's website;
- Annual financial and Non-Financial Reports;
- Investor surveys.

BOARD INVOLVEMENT HIGLIGHTS

- Board members played a key role in guiding the conduct of negotiations with capital providers during 2023;
- Board members provide an important point of contact for investors during the period of War in Ukraine.

2023 HIGHLIGHTS

- Successful conclusion of new finance arrangements with international development finance institutions and settlements with a large proportion of bondholders;
- Regular and ongoing dialogue with the finance community to ensure ongoing support and full understanding of MHP's status during the duration of the War.

GOVERNMENTS AND REGULATORS

MHP's licence to operate is dependent on its compliance with the applicable laws and regulations.

KEY STAKEHOLDER ISSUES

- Adherence to applicable laws and regulations;
- Support and cooperation with local economic development agencies;
- Transparency, clear communication channels and opportunities to engage.

HOW MHP ENGAGES

- Regular dialogue with local government to establish population needs and requirements during the War and to design plans to address them;
- Close cooperation with local regulators over matters such as maintenance of strict bio-security, health and safety and environmental matters.

BOARD INVOLVEMENT HIGHLIGHTS

- MHP's Board members supervised contact with governmental organisations in Ukraine and elsewhere during 2023;
- The Board of Directors receives regular reports on regulatory compliance across the Group.

2023 HIGHLIGHTS

- MHP and its community partners continued to successfully work with local and national authorities to undertake a wide variety of community support projects to assist the population of Ukraine during the War;
- MHP conducted dlalogue with governments and regulators to address logistical issues during the War.

MEDIA

An important element of all MHP's key stakeholder relations is that the media disseminates accurate information about its activities.

KEY STAKEHOLDER ISSUES	HOW MHP ENGAGES
→ How MHP is working to support the population and the country; → Receipt of timely, complete and up-to-date news and information about MHP's activities; → Transparency, clear communication channels and opportunities to engage.	→ Design of innovative methods of communication during the time of War which are appropriate to both parties; → Company websites; → Regular distribution of Company news and information; → Availability of Top Management for media interviews and briefings.
BOARD INVOLVEMENT HIGHLIGHTS	**2023 HIGHLIGHTS**
→ MHP's Executive Chairman regularly acts as a spokesperson.	→ MHP continued to use mainstream and social media effectively to maintain communications with a wide variety of internal and external stakeholders despite the challenging circumstances in Ukraine.

S 172 STATEMENT AND STAKEHOLDER ENGAGEMENT

Section 172 of the UK Companies Act 2006 requires each Director of the Company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole.

In this way, Section 172 requires a Director to have regard, among other matters, to the:

- → Likely consequences of any decisions in the long term;
- → Interests of the Company's employees;
- → The need to foster the Company's business relationships with suppliers, customers, and other material stakeholders;
- → The impact of the Company's operations on local communities and the environment;
- → The desirability of the Company maintaining a reputation for high standards of business conduct; and
- → The need to act fairly between members of the Company.

In discharging its Section 172 duties, the Board has regularly considered the factors set out above and the views of key stakeholders. By considering MHP's objectives and commitment to responsible business, together with its strategic priorities, the Board aims to ensure that its decisions are consistent, predictable, and always in the best interests of the business.

Further details of the Board's activities can be found in the Governance section of this Report on pages 108 to 145 and within the Stakeholder Engagement Highlights on pages 60 to 64. This engagement table on those pages includes how the Board reaches its decisions; the matters discussed and debated during the year; the stakeholder considerations that were central to those discussions; highlights of Board stakeholder engagement activity and how the Board fosters MHP's relationships with customers, suppliers, and other stakeholders. Other relevant information can be found at MHP's main corporate website at www.mhp.ua.

GROWTH PILLAR 2:

OUR PEOPLE AND THEIR WELLBEING

The War in Ukraine that commenced in February 2022 underlined that MHP's people and their wellbeing are MHP's greatest asset. MHP's achievement in continuing to operate despite the significant difficulties that were presented to its business operations was clearly linked to the established culture of interaction, cooperation, and adherence to MHP's values.

OUR COMMITMENT

MHP aims to build a culture where everyone's welfare, health and safety, and wellbeing matters within a workplace that is welcoming for everyone.

Everyone at MHP strives to achieve the goal of zero fatalities and health and safety incidents resulting in injury or adversely affecting the health of employees.

We will care for and support demobilised employees and support their health and wellbeing.

MHP is a first-class employer and provides industry-leading training and development opportunities for all employees.

OUR PEOPLE

POLICY HIGHLIGHTS

MHP's human resources policy framework is designed to provide a best-practice framework to facilitate its commitments to its employees.

- MHP undertakes all necessary steps and has relevant procedures in place to comply with relevant current remuneration legislation;
- MHP values each employee and will support everyone to fully realise their potential;
- MHP will build transparent relationships with all staff and will protect the privacy of every employee;
- MHP will ensure that the principle of equal opportunities applies across the Group;
- MHP prohibits discrimination based on personal characteristics that are not related to workplace activities or to the performance of duties;
- MHP prohibits the use of child labour, forced labour and slavery; and
- MHP adheres to the principle of freedom of association.

MANAGEMENT APPROACH

MHP's human resources management approach has five main elements:

- Strategic workforce planning;
- Efficient human resources management. This includes designing optimal structures, raising the level of leadership ability at all levels in the organisation, building a performance management culture, predicting and mitigating human resources risks and building a productive corporate culture-based Company values;
- Talent acquisition management;
- Dedication to personal development and growth; and
- The Board of Directors has overall responsibility for human resource issues at MHP under the Sustainability and International Affairs Committee.

MHP's Management Team values diversity as one of the Group's greatest strengths. Everyone is aware that the success of the business depends on the collective skills, backgrounds, and experiences of all team members. MHP strives to create a trusting and productive workplace by treating everyone with dignity and respect, and by promoting diversity and inclusion.

MHP Group companies aim to hire and employ a workforce that represents the communities where they live and work.

MHP also promotes equal opportunities in recruitment, career development and financial benefits. The Group partners with both universities and vocational schools to recruit talent.

The Group's human resources ("HR") strategy is set centrally and is aligned with the Group's overall strategy, duly adjusted accordingly to each country. HR management processes are also aligned with international standard ISO 9001:2015. MHP personnel management systems at its facilities outside Ukraine comply with the ISO 9001: 2015 standard.

To maintain this culture, MHP's HR team is also guided by the principle of transparency in working with staff.

BUILDING A CORPORATE CULTURE BASED ON MHP'S VALUES

MHP's Five Core Values (Partnership, Purpose-driven, Constant Development, Responsibility, Honesty and Transparency) are explained on page 14. The development of a strong corporate culture is essential to MHP's ongoing success and is an important element in enabling it to adapt to changes, challenges and opportunities and conduct its business according to its values. A strong understanding of MHP's culture throughout the business enables employees to interact effectively, execute optimal decisions and contribute to MHP's sustainability commitments.

MHP's values underpin its corporate culture, and this approach brings a variety of important benefits to the business. These include:

- Resilience to Crisis Situations
  Challenges and crisis situations are addressed more effectively through the establishment of clear principles. Consequently, important issues are addressed optimally and in accordance with good business practice.
- Talent Attraction and Retention
  A strong and discernible values-based culture attracts talent and encourages long-term retention.
- Innovation and Competitiveness
  A strong and discernible values-based culture inspires innovation, adaptability to changing market conditions and greater competitiveness.
- Customer Loyalty and Brand Reputation
  Clear values encourage and maintain customer relationships and develop brand value through strengthening and protecting reputation.

During 2023, MHP conducted 14 strategic sessions for its management team to strengthen their understanding of and commitment to its Values. The table records that 251 Ukraine-based managers from 13 departments took part in these activities.

DEPARTMENT	NUMBER OF PARTICIPANTS
Production	51
Quality	13
Procurement	8
Agriculture	40
Logistics	12
Human Resources	21
Information Technology	5
Finance	14
CBD	20
CLC	14
Retail	14
Corporate Social Responsibility and Energy Innovations	19
Security	20
TOTAL	**251**

ADDRESSING THE EFFECTS OF THE ONGOING CONFLICT

All MHP's activities continued successfully throughout 2023 and into 2024 despite the many challenges that its operations in Ukraine were presented with. Most of MHP's business development projects were suspended in February 2022 but re-commenced towards the end of that year. One of the effects was that over 200 further people were employed in Kyiv, requiring the provision of new office space.

The challenges related to the workforce and MHP's response to this are widely viewed as a best-in-class example for other organisations to follow, both within Ukraine and elsewhere. Key aspects of the Group's approach have been its understanding that effective and regular communication with all parts of the workforce are key to understanding and addressing the effects of the conflict. Innovation and adaptation have also been important aspects of maintaining MHP's activities and this approach will continue for the duration of the War.

Increased mobilisation to support the requirements of the Ukrainian armed forces presented difficulties during 2023 in maintaining the required employee numbers. A significant proportion of the pre-War population will not return to the country until War has ended and therefore a traditional recruitment approach will not solve this issue. MHP has therefore adopted an approach which focusses on in-house investment in the training and development of young people to address these issues. Additionally, employee retention and recruitment has been encouraged by the payment of the regular annual pay increase in April and a second 10% increase on 1 October 2023. Significant investment has also been made into further improving the working environment both at agricultural and office facilities.

Approaching 2,900 (as of the end of April) MHP employees have been mobilised and are now part of the Ukrainian armed forces. MHP continues to remunerate these staff members in full: in 2023 the cost was approximately US$ 19.2 million.

Around 200 demobilised employees have returned to work at MHP. The Company has designed a rehabilitation programme to support these people in addressing their individual mental and physical needs.

MENTAL HEALTH

Ongoing dialogue with employees throughout the year has highlighted that one of the key issues for the workforce was the psychological challenges that the ongoing conflict presented as people realised its potential longevity and the fact that it was unlikely to end soon. In 2023, MHP became one of the first companies in Ukraine to create a Mental Health Division which comprises 14 psychology specialists. They are present throughout MHP's locations in Ukraine and support all employees including those returning from mobilisation.

4,500 individual consultations were conducted in 2023 in response to significant demand. Courses were also designed and conducted on both a face-to-face basis and online. These addressed issues such as mental wellbeing and the management of stress and they received very positive employee feedback. At the end of 2023, MHP was in the process of recruiting around twenty new employees to coordinate this activity and expand the specialist team.

DIVERSITY AND INCLUSION

MHP has a long track record of providing equal opportunities for women and this approach extends to senior management levels where the top grades are trending up in terms of numbers of women. This is not only due to the numbers of men being mobilised but importantly also due to a concerted focus on employing and promoting more women in senior positions.

Its approach to providing opportunities for disabled people was extended in 2023 as MHP provided opportunities for employee veterans returning from the conflict. At Board level MHP, supported by its advisors, continues to strive to improve female representation.

FOCUS ON INTERNAL CANDIDATES FOR MANAGEMENT POSITIONS

In 2023 a new internal assessment approach called Talent Council was launched. It is a systematic, data-based, and motivational approach to talent management based on three main principles:

- From within: for any middle management vacancy, an internal candidate should be considered first;
- Cross channel and cross expertise: MHP aims to drive and proactively provide a diverse employment experience for all MHP employees; and
- Data-based: this approach ensures transparency in performance assessment and career decisions.

Talent Council requires the conduct of formal meetings where all possible internal candidates within a department are presented by their managers and a discussion is facilitated about their competency, performance and potential assessment, Individual Development Plan performance and career options. The outcomes include a short-list for new roles and recommendations for individual staff personal development.

Talent Council was successfully piloted in the Customer Development Department in 2022 and extended to the Agricultural Department and part of the Human Resources Department in 2023. Five Talent Council meetings were held during the year resulting in many managerial vacancies being filled by internal candidates.

DEVELOPMENT OF EMPLOYEE ASSESSMENT MECHANISMS

In 2023, MHP expanded the system of comprehensive personal assessment which involves the creation of Individual Development Plans with the participation of the employee, line management and the HR team. 606 senior, middle and specialist level employees participated (2022: 374).

Features include performance evaluations, assessment centre analysis, competency-based interviews, the use of personal and professional diagnostics and hard skills testing.

EMPLOYEE DATA

At 31 December 2023, 28,788[1] employees worked for MHP in Ukraine (60% male, 40% female) and in the European Operating Segment there were 4,667 employees (44% male, 56% female).

EMPLOYEE NUMBERS AND GENDER DATA

UKRAINE			
2023	**Total**	**28,788**	**%**
Male		17,311	60
Female		11,477	40
2022	**Total**	**28,298**	**%**
Male		17,262	61
Female		11,036	39
2021	**Total**	**27,366**	**%**
Male		15,935	58
Female		11,431	42

EUROPEAN OPERATING SEGMENT			
2023	**Total**	**4,667**	**%**
Male		2,072	44
Female		2,595	56
2022	**Total**	**4,247**	**%**
Male		1,869	44
Female		2,378	56
2021	**Total**	**3,965**	**%**
Male		1,745	44
Female		2,220	56

EMPLOYEE DATA – EMPLOYMENT TENURE

UKRAINE					
2023	**Total**	**Permanent**	**%**	**Temporary**	**%**
	28,788	28,043	97	745	3
2022	**Total**	**Permanent**	**%**	**Temporary**	**%**
	28,298	27,016	95	1,282	5
2021	**Total**	**Permanent**	**%**	**Temporary**	**%**
	27,366	26,794	98	572	2

EUROPEAN OPERATING SEGMENT					
2023	**Total**	**Permanent**	**%**	**Temporary**	**%**
	4,667	3,753	80	914	20
2022	**Total**	**Permanent**	**%**	**Temporary**	**%**
	4,247	4,162	98	85	2
2021	**Total**	**Permanent**	**%**	**Temporary**	**%**
	3,965	3,882	98	83	2

[1] Number of employees of MHP Ukraine, including those undertaking multiple disciplines.

EMPLOYEE DATA – FULL/PART TIME

UKRAINE						
2023	**Total**	**28,788**	**Full employment**	**%**	**Part-time**	**%**
	Male	16,730	27,564	96	581	4
	Female	10,834			643	
2022	**Total**	**28,298**	**Full employment**	**%**	**Part-time**	**%**
	Male	16,987	27,943	99	179	1
	Female	10,956			176	
2021	**Total**	**27,366**	**Full employment**	**%**	**Part-time**	**%**
	Male	15,605	26,871	98	330	2
	Female	11,266			165	

EUROPEAN OPERATING SEGMENT						
2023	**Total**	**4,667**	**Full employment**	**%**	**Part-time**	**%**
	Male	1,982	4,558	98	90	2
	Female	2,576			19	
2022	**Total**	**4,247**	**Full employment**	**%**	**Part-time**	**%**
	Male	1,515	3,459	81	354	19
	Female	1,944			434	
2021	**Total**	**3,965**	**Full employment**	**%**	**Part-time**	**%**
	Male	1,740	3,890	98	12	2
	Female	2,150			63	

EMPLOYEE DATA – EMPLOYMENT LEVEL UKRAINE

YEAR	MANAGERS		PROFESSIONALS		OTHER	
	Number	%	Number	%	Number	%
2023	2,672	9	5,580	20	20,536	71
2022	2,462	9	5,056	18	20,780	73
2021	2,331	9	4,645	17	20,390	74

EUROPEAN OPERATING SEGMENT

YEAR	MANAGERS		PROFESSIONALS		OTHER	
	Number	%	Number	%	Number	%
2023	82	2	738	16	3847	82
2022	79	2	710	17	3458	81
2021	75	2	658	17	3232	81

EMPLOYEE AGE DATA
UKRAINE

EMPLOYEES	AGED UNDER 30		AGED BETWEEN 30 AND 50		AGED OVER 50	
Year	Number	%	Number	%	Number	%
2023	5,005	17	16,033	56	7,750	27
2022	5,111	18	16,447	58	6,740	24
2021	4,798	18	15,497	57	7,071	25

EUROPEAN OPERATING SEGMENT

EMPLOYEES	AGED UNDER 30		AGED BETWEEN 30 AND 50		AGED OVER 50	
Year	Number	%	Number	%	Number	%
2023	748	16	2424	52	1495	32
2022	568	13	2,235	53	1,444	34
2021	505	13	2,031	51	1,429	36

EMPLOYEE RECRUITMENT DATA
UKRAINE

YEAR	EASTERN REGION	WESTERN REGION	CENTRAL REGION	SOUTHERN REGION	TOTAL
2023	610	438	7,107	66	**8,221**
2022	850	243	7,952	-	**9,045**
2021	1,657	323	9,077	-	**11,057**

EUROPEAN OPERATING SEGMENT

YEAR	SLOVENIA	CROATIA	BOSNIA/ HERZEGOVINA	SERBIA	MACEDONIA	ROMANIA	AUSTRIA	TOTAL
2023	486	146	197	615	1	0	0	**1,445**
2022	337	162	141	454	0	1	2	**1,097**
2021	340	189	132	241	2	0	1	**905**

In 2023, recruitment also took place in these Ukrainian regions (no prior year comparators are available).

REGION	NUMBER
Chernhiv Region	2
Kharkiv Region	19
Ternopil Region	27
Khmeknytskii Region	96
Odesa Region	66
Poltava Region	119
Zakarpattya Region	15
Zaporrizhya Region	4
Zhytomyr Region	17
Other	85

TRAINING AND DEVELOPMENT

MANAGERIAL PROFESSIONAL DEVELOPMENT

MHP has always placed important emphasis on training and development. Management believes that the development of professional skills adds significant value and contributes to:

- Professional and personal development of employees to maintain a continuous flow of talent;
- Improving task performance through the acquisition of new skills and qualifications; and
- Role flexibility through reskilling and the acquisition of new experience.

In 2023, training and development activities were significantly expanded. 3,154 employees received professional training in 2023 (2022: 574) averaging 24 hours per participant (2022: 28) reflecting a focus on greater efficiency. In 2023, MHP Ukraine's workforce as a whole received over 75,000 hours' professional training, almost 5 times more than in 2022.

Examples of training supplied by educational institutions include:

- Agricultural machinery operator qualifications from the Ladyzhyn Professional College of Vinnytsia National Agrarian University (137 people were trained including 9 women);
- Veterinary qualifications from the Bila Tserkva National Agrarian University (54 people) and Ukrainian State University of Chemical Technology (22 people);
- Oil-press department qualifications from the Bila Tserkva National Agrarian University (65 people);
- Laboratory worker training from the Odesa National University of Technology (15 people); and
- 478 people who work on poultry farms received training on subjects such as microcontrollers, electronics, electrical engineering (210 people), hydro and pneumatic automation (136 people), computer aided design (52 people), equipment maintenance (40 people), controller programming (24 people) and sensors, mechatronics and robotics (16 people). Other professional management training included food quality and safety (331 people) and forklift truck driving (132 people including 54 women).

OTHER TRAINING AND DEVELOPMENT

A wide variety of training and development activities were conducted for other parts of the workforce. These include:

- Soft skills training for approximately 5,500 people (including people management, public speaking, receiving and addressing feedback, and team building);
- 190 managers received development training from external experts;
- 400 employees received online and face-to-face English language training;
- A large proportion of employees now have Individual Development Plans and 315 employees now have these recorded in the SAP SF[1] system; and
- The e-learning system SAP SF LMS[2] has been operating at MHP since 2022. It provides a variety of facilities including induction training for new employees, familiarisation programmes for matters such as information security, compliance and MHP product and trademark training courses. In 2033 more than 2,900 employees became users of the SAP SF LMS system. More than 7,200 e-courses have been completed.

[1] SAP SuccessFactors
[2] SAP SuccessFactors Learning Management System

OCCUPATIONAL HEALTH & SAFETY

MANAGEMENT APPROACH AND POLICY

MHP's approach to health and safety is built around the following principles. MHP commits to:

- Provide a unified approach to the management of occupational health and safety systems, industrial and transport safety in accordance with best global practices and the requirements of international standards;
- Comply with national legislative norms in the field of occupational health and safety, industrial and transport safety;
- Develop among employees a sense of responsibility and a high culture in the field of occupational health and safety;
- Systematically monitor and assess risks, as well as effectively manage them;
- Include the goals and objectives of occupational health and safety, industrial and transport safety in OKRs, business plans, strategies, and processes;
- Communicate openly and transparently on issues of occupational health and safety and industrial transport safety;
- Extend these commitments to suppliers and business partners; and
- The Board of Directors has overall responsibility for health and safety at MHP under the Sustainability and International Affairs Committee.

An urgent management priority was to ensure that employee welfare was maintained and strengthened following the outbreak of War in February 2022 and which is ongoing. MHP's management team has ensured that international occupational safety standards are maintained whilst uninterrupted work patterns and ongoing production continued.

MHP has a detailed twenty-page occupational health and safety policy which is available for download (www.mhp.com.ua). The policy is regularly reviewed and approved by the Chairman, Chief Executive Officer and Chief Financial Officer. The Board of Directors has overall responsibility for occupational health and safety at MHP.

MHP implements a risk-based approach to occupational health and safety matters in accordance with the appropriate international standards.

This approach enables MHP's management to:

- Identify potential safety issues and assess the risks associated with them;
- Assess the effectiveness of existing safety measures and take improvement action where necessary;
- Maintain a culture of safety awareness throughout MHP's businesses;
- Maintain management systems that prevent accidents, occupational injuries and diseases, and employee exposure to hazardous substances;
- Motivate everyone to maintain safe working conditions at all times; and
- Regularly update MHP's management systems in line with industry best practice.

HEALTH AND SAFETY MEASURES TO ADDRESS THE WAR IN UKRAINE

During 2023, MHP instigated various measures to protect employees from the health and safety risks associated with the ongoing conflict. One of the key measures was the establishment of an in-house fire brigade and the development of enhanced processes to deal with incidents involving fire with a focus on evacuation, addressing the fire, restoration and bringing employees back to work.

These health and safety measures are under constant review and were extended in 2023 with the provision of further safe shelters to limit air attack risks and the development of additional tailored evacuation processes which address the circumstances at each MHP site in Ukraine. As a result of these processes an ambulance was purchased for the site at Ladyzhyn to support the services provided by local medical authorities.

INCIDENT INFORMATION – UKRAINE

Despite the difficulties presented by War, MHP's Ukraine sites exhibited a significant decrease in health and safety incidents during 2023. This was the result of a focus on continuous improvement and best international practice at all Ukraine sites.

Unfortunately, two incidents occurred during the year which led to employee fatalities. In these circumstances, the procedure is that internal and State investigations are conducted in relation to each incident and the findings are shared around the organisation to ensure that corrective action is taken, risk is minimised and similar cases are avoided in the future.

INCIDENT INFORMATION UKRAINE

	2023	2022	2021
Lost time due to health and safety incidents (hours)	6,866	9,891	17,097
Lost time due to health and safety incidents (days)	813	1,174	1,822
Fatalities	2[1]	3	1
High-severity incidents	6	9	12
Low-severity incidents	7	10	26
Total number of incidents	**15**	**22**	**39**
Lost working time frequency ratio (person/hour)	1.9	0.73	1.03
Fatal accident ratio	0.05	0.16	0.03

[1] 2 fatalities, of which one is MHP's employee and another one is an employee of a contractor.

EUROPEAN OPERATING SEGMENT

	2023	2022	2021
Lost time due to health and safety incidents (hours)	7,760	6,720	7,360
Lost time due to health and safety incidents (days)	970	840	920
Fatalities	0	0	0
High-severity incidents	3	2	2
Low-severity incidents	7	8	9
Total number of incidents	**10**	**10**	**11**
Lost working time frequency ratio (person/hour)	1,21	1.22	0.83
Fatal accident ratio	0	0	0

HEALTH AND SAFETY EXPENDITURE, TRAINING AND INSPECTION DATA

INVESTMENT IN EMPLOYEE HEALTH AND SAFETY UKRAINE

	2023	2022	2021
Total expenditure (UAH millions)	102,243	97,955	118,352
Financing of occupational health and safety measures as a percentage of the payroll	0.4-3.0	0.02-4.7	0.05 – 8.2
Expenditure on modern certified PPE (UAH millions)	69,220	46,621	43,344
Training for employees in occupational health and safety departments (UAH millions)	3,100	2,791	1,902

EUROPEAN OPERATING SEGMENT

	2023	2022	2021
Total expenditure (EUR)	125,642	125,642	113,642
Expenditure on modern certified PPE (EUR)	1,172,299	1,141,423	1,097,494

SAFETY TRAINING DATA
UKRAINE

	2023	2022	2021
Number of employees participating in training at special training centres	3,446	2,610	2,715
Number of employees participating in training at MHP sites	13,913	14,852	15,045

EUROPEAN OPERATING SEGMENT

	2023	2022	2021
Safety training hours	1,351	1,449	1,519
Number of employees	2,163	1,108	1,288

INTERNAL AUDIT INSPECTIONS

MHP's internal safety audit mechanisms were established in 2017. The system is designed to support MHP's other safety management activities through the identification of potential safety risks and addressing them promptly. MHP is also the subject of regular safety audits by the Ukraine Government's State Employment Service.

State Employment Service inspections were not conducted during 2022 because of the War in Ukraine and were reinstated in 2023.

INTERNAL AUDIT AND INSPECTION DATA
UKRAINE

	2023	2022	2021
Number of State Employment Service inspections	2	0	16
Employee prosecutions following State inspections	0	0	28
Number of MHP internal audits conducted	465	45	42

EUROPEAN OPERATING SEGMENT

	2023	2022	2021
Number of state safety inspections	19	15	7
Employee citations following state inspections	48	44	43
Number of internal audits conducted	180	162	161

OCCUPATIONAL HEALTH DATA – UKRAINE

In recent years, no cases of occupational diseases were recorded at any MHP sites in Ukraine. This has been achieved through close monitoring of working conditions at each location. Features of these management systems include:

- Regular laboratory testing and instrumentation control of working conditions;
- Workforce health monitoring on a regular basis;
- Reduction of potentially harmful aspects of workplace features (for example noise and dust);
- Supply of personal protection equipment; and
- A programme of technological improvement.

WORKPLACE NOISE AND DUST DATA UKRAINE

	2023	2022	2021
Workplaces with noise in excess of local law / level established by IFC (85dBA)	428/144	328/107	318/45
Number of people at workplaces with noise in excess of local law / level established by IFC (85dBA)	3,182/1,004	4,292/1,561	4,330/514
Workplaces with dust concentration in excess of local law / level established by IFC	82/9	96/61	110/33
Number of people at workplaces with dust concentration in excess of local law / level established by IFC	1,243/193	818/452	1,194/297

EUROPEAN OPERATING SEGMENT

	2023	2022	2021
Workplaces with noise in excess of local law / level established by IFC (85dBA)	42/98	44/107	43/45
Number of people at workplaces with noise in excess of local law / level established by IFC (85dBA)	302/1,502	310/1,561	335/514
Workplaces with dust concentration in excess of local law / level established by IFC	12/49	19/61	19/33
Number of people at workplaces with dust concentration in excess of local law / level established by IFC	84/380	84/452	84/297

KEY ACHIEVEMENTS IN 2023

Despite significant challenges created by the continuing War, 2023 saw the following key achievements:

- Embedding MHP's Values within its corporate culture.
- Transforming the challenges presented by War into opportunities to develop and strengthen MHP's position within the markets in which it operates.
- Managing mental health amongst the workforce with the approach being recognised as a leading business initiative within Ukraine.

PLANS FOR 2024

- MHP will continue a project to ensure that everyone fully understands its core values throughout the business. The aim is to complete this process in 2025.
- MHP will continue to monitor the effects of the War on the workforce in Ukraine and will undertake and design measures to successfully address them.
- MHP will continue to review and address the health and safety challenges presented by the War and adapt its activities to address them.

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GROWTH PILLAR 3:

OUR ROLE IN SOCIETY AND OUR LICENCE TO OPERATE

OUR COMMITMENT

Since its inception, MHP has believed that a key aspect of its purpose is its role in the communities in which it operates.

Ensuring the provision of high-quality food, goods and services to achieve food security.

Encouraging economic development through the facilitation of entrepreneurship and generating local employment.

Contributing to economic growth and generating taxation revenue for local and national governments.

Supporting healthcare provision and infrastructure development.

STRATEGY

MHP's role in society has become more complex as a result of the War in Ukraine. The importance of MHP's focus on ethical behaviour, sustainable business activities and the delivery of social justice has been underlined and has been a key aspect of the Group's efforts to address economic instability, supply chain disruption and rapidly changing circumstances. MHP believes that a strong community is achieved by unity within the population. This is reflected in shared values, effective collective efforts and collaboration MHP's community strategy is specifically designed to foster and support this.

MANAGEMENT APPROACH

MHP carefully plans its social activities through its well-resourced corporate social responsibility team to ensure that its strategy is executed effectively and resources efficiently managed. During 2023, MHP divided its social programme activity into planned and scheduled programmes, and those that were quickly organised to address urgent social needs that were created by the War.

A wide variety of activities took place including:

- Organising and arranging volunteering;
- Distribution of free or reduced costs MHP products and services;
- Participation in and support of existing local initiatives;
- Promoting inclusivity of demobilised members of the Ukrainian armed forces; and
- Fostering economic growth by supporting start-ups and small businesses.

Much of this work was conducted in partnership with local businesses, local government and with other corporate donors, and through Charitable Foundation ("MHP-Gromadi"). MHP-Gromadi's activities were recently audited by PwC. The review concluded that the organisation has high standards of financial management and transparent disclosure.

POLICY HIGHLIGHTS

In 2023, MHP-Gromadi revised its policy structure to, in particular, address the following areas:

- The scope of operations, method and focus on community development;
- Fundraising, fund allocation, and related areas of reporting;
- Governance, board composition and roles, mission and vision, commitments to integrity, and the maintenance of ethical standards;
- Compliance with the appropriate legal and regulatory frameworks.

HIGHLIGHTS OF MHP'S COMMUNITY ACTIVITIES IN 2023

- Since the beginning of the War in Ukraine, MHP has provided US$ 46.5 million in humanitarian aid support and paid approximately US$ 19.2 million in salaries to mobilised employees. MHP has continued to pay its mobilised employees in full and will continue to do so for the duration of the War. US$ 937,671 has also been provided to support injured employees and the families of deceased mobilised employees.
- Demobilised employees and other veterans have been supported through the development of employment opportunities to aid the progress of reintegration into society. These activities were conducted in partnership with the Ukrainian Veterans Foundation and the Ministry of Veterans Affairs and included assistance with the development of agricultural projects to support family members and the family members of defenders.
- Seed distribution was continued to encourage people in local communities to grow their own food and increase national food security. Approximately 147,000 families in 13 regions and within 144 communities were supported in 2023 through the receipt of seed packs which contained instructions to support their use.
- MHP continued to encourage local economic development to support local communities and counter the negative economic consequences that have been created by War. The aim is to encourage entrepreneurship through the design of a grant scheme to support the best business ideas. All participants were supported by an expert MHP team. This work included the delivery of training programmes, provision of financial support, and legal assistance. These activities took place in 11 regions of Ukraine. A total of 1,471 grant applications were submitted and 229 projects received financial support. The total financial support including co-financing supplied in 2023 was US$ 1,208,000.
- The destruction of the Kakhovka HPP in June 2023 caused widespread flooding and destruction along the lower Dnipro river in Kherson Region and thousands of families were displaced. MHP worked with local and national government and NGOs to provide humanitarian aid and food for people affected by this catastrophic event.
- "Cinema For Victory", a national cinema tour aimed at improving morale, motivation and providing support for displaced persons, continued in partnership with the Office of the President of Ukraine and the state film agency. During 2023, 518 screenings took place in 20 regions of Ukraine. 74 of the screenings were attended by well-known participants in the films including actors, producers and other filmmakers.
- Support for a variety of medical programmes in conjunction with the medical authorities in Ukraine. These included medical check-ups for children across the country to address the effects of the War on their health. This work was conducted in partnership with the National Children's Hospital In Kyiv. In 2023 approximately 3,000 children received 12,000 individual consultations. Older people were supported by the provision of a specially equipped mobile treatment vehicle which travelled around the country and focussed on isolated areas and villages. 250 small towns and villages were visited and approximately 17,000 consultations were conducted.
- The risk presented by missile attacks presents obvious challenges to Ukraine's schools and the conduct of uninterrupted face-to-face teaching. MHP has been supporting the construction of underground shelters that meet the requirements of the Ministry of Education. During 2023, 19 shelters in four different regions were built with the support of MHP-Gromadi.

AWARDS AND ACCREDITATIONS

The related activities of MHP and MHP-Gromadi were acknowledged by a number of awards and accreditations in 2023. These include:

- An award from the UK Global Compact in Ukraine to MHP-Gromadi recognising the delivery of medical treatment of children around Ukraine in partnership with the National Children's Hospital;
- MHP was awarded the top CSR ranking in the CSR Index 2023 produced by CSR Ukraine; and
- MHP-Gromadi received five stars (the highest rating) in the National Charity Compass of Ukraine rankings organised by the Association of Philanthropists of Ukraine.

PLANS FOR 2024

The Group will continue to work closely with the Ukrainian authorities and other national stakeholders to proactively support the Ukrainian population in meeting the rapidly changing challenges presented by the ongoing War and to encourage economic development and social change. These activities will focus on the maintenance of food security, the delivery of humanitarian aid when required, economic and social development, healthcare provision, and infrastructure improvement.

GROWTH PILLAR 4:

RESPONSIBLE FOOD PRODUCTION

OUR COMMITMENT

MHP is a global industry leader in product quality, safety and hygiene and maintains consistently high animal welfare standards: **these are a top priority at all its production sites.**

A key feature of MHP's approach is its strategy to reduce the use of antibiotics in the production process.

All employees involved in the production process receive regular training and education about the importance of animal welfare.

MANAGEMENT APPROACH

A key feature of MHP's approach to responsible food production is the role of the Quality & Development Department. The Department has a vertical management structure, headed by the Director of Quality & Development, and is responsible for ensuring that MHP's quality and safety standards are maintained and developed in line with the expectations of all its key stakeholders.

The MHP Quality Service has four divisions and the scope of responsibilities for each is recorded below.

QUALITY MANAGEMENT AND CERTIFICATION

→ Analysis and implementation of the requirements of customers, regulators, and international quality and safety management standards;
→ Inspection and approval of raw material suppliers;
→ Conducting regular supervisory site audits;
→ Monitoring production quality and safety data; and
→ Developing processes and procedures as part of an ongoing programme of innovation and improvement.

TECHNICAL REGULATION

→ Maintenance and development of a digital information trail recording product manufacture details;
→ Product labelling; and
→ Validation of product expiry dates.

COMPLAINTS AND COMPLIANCE

→ Investigation of, monitoring and actioning of, customer and consumer claims and complaints; and
→ Monitoring and addressing any data recording quality and safety standards breaches ensuring that causes are addressed robustly, promptly, and effectively.

AUDITING ACTIVITIES

→ Auditing the stores of MHP's Ukraine partners to ensure compliance with MHP's quality and safety standards and regulatory requirements; and
→ Regular inspection of distribution centres managed by MHP's business partners to ensure compliance with MHP's quality and safety standards and regulatory requirements.

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POLICY HIGHLIGHTS

MHP's approach to product quality and safety is governed by its Product Quality and Safety Policy. MHP's approach to animal welfare is governed by its Animal Welfare Policy. Both policies are available for download from the Group website (www.mhp.ua), are authorised by the Board, regularly reviewed, and communicated to all employees.

The Animal Welfare Policy is available for download from the Group website

PRODUCT QUALITY AND SAFETY POLICY

MHP will adhere to all applicable laws and regulations, mutually agreed guidelines with customers and consumers, and global best practice

MHP will conduct regular training and education activities with its employees to ensure that they are fully conversant with the Company's product quality and safety standards

MHP will conduct continuous analysis of the quality and safety of its products

MHP will regularly review and develop its product quality and safety procedures in line with leading industry developments

MHP will regularly engage with interested material stakeholders about product quality and safety

MHP will conduct a product quality and safety strategy review as part of each annual planning process

ANIMAL WELFARE POLICY

Antibiotics will only be used under the stewardship of the state veterinarians

Flocks will be reared on the floor with no use of caged systems

MHP's sites will always provide an environment that meets the natural needs of animals

MHP will not use equipment that may injure animals when handling them

Stocking densities will meet EU animal welfare standards

Veterinary care will be provided only by personnel holding the relevant professional qualifications

MHP's sites will not use anaesthetics or analgesics

MHP will ensure animals are protected from harm and stress during transportation

MHP prohibits all surgical intervention

Slaughter will be carried out using only methods that do not cause pain or stress to animals

Poultry rearing will always be carried out in an environment that meets industry best practice and regulatory requirements relating to matters such as space, light, heat, food, and water availability

MHP will pursue a strategy of reducing the use of antimicrobial agents

MHP prohibits the use of any growth promoters

MHP will use the best available technology to monitor animals and their rearing conditions

ACCESS CONTROL

A key aspect of MHP's approach to product quality and safety is the control of access to its sites and production facilities.

MHP's rigorous systems are maintained to international standards, regularly reviewed and maintained and performance is monitored and measured. A continuous programme of digitisation and automation has been conducted in recent years, Access is strictly controlled and is only available to authorised persons.

Company vehicles are closely monitored using satellite and digital technology and MHP's sites are monitored around the clock applying security systems maintained to international standards.

MHP's approach extends to its supply chain and the standards that suppliers are expected to maintain.

INTERNAL AND EXTERNAL AUDIT

MHP's production facilities regularly undergo internal and external product quality and safety audits to ensure full compliance with MHP's audits and ensure full compliance with MHP's standards, customer requirements, laws of Ukraine and other countries. Internal inspections are conducted by the Quality & Development Department. External audits are conducted by third-party certification organisations.

MHP'S LABORATORIES

At least annually, each MHP production site conducts its own internal inspection process. All 37 of MHP's laboratories undertake around 6,000 analysis methods to study feed and raw materials to achieve microbiological parameters and to ensure strict compliance with MHP's own standards, industry best practice and the relevant national and international regulatory requirements.

Prior to the outbreak of the War in Ukraine in February 2022, MHP's production facilities in Ukraine were also regularly audited by DG SANTE (the European Commission's Directorate-General for Health and Food Safety). These activities are currently suspended and will resume when the War has ended.

EMPLOYEE TRAINING ON PRODUCT QUALITY AND SAFETY MATTERS

Regular training and development for all involved employees is a feature of the MHP production process. These activities include ensuring that everyone understands the requirements of regulatory and international best practice standards and MHP's own standards and guidelines.

In 2023, the appropriate specialists in the Quality & Development Department successfully completed externally-provided training on pathogen monitoring and control and international packaging standards.

PRODUCT LABELLING

Robust product labelling procedures ensure the maintenance of product security, safety and quality, and this aspect of MHP's business is a particularly important element of its relationships with its customers and consumers.

MHP's comprehensive labelling systems are the responsibility of the Technical Regulation division, and the Company complies with best practice and the appropriate regulatory and customer requirements.

BIOSECURITY

All livestock in Ukraine is vaccinated to prevent the presence of pathogens in poultry.

All MHP's production facilities in Ukraine have rigorous and robust controls to prevent avian influenza infection and exclude other harmful pathogens.

The maintenance of biosecurity at MHP's production sites is supervised by qualified MHP veterinary professionals at each location. Periodic facility inspection is also conducted by the State Service of Ukraine on Food Safety and Consumer Protection.

CASE STUDY: PILOT BLACK SOLDIER FLY LABORATORY

The use of non-conventional feed ingredients such as insects has the potential to increase farming efficiency, reduce greenhouse gas emissions, and produce more sustainable feed. The prominence of non-conventional feed to rear animals is expected to increase because of global warming, reduced availability of water, and the reduction in arable farmland. Black soldier fly larvae ("BSFL") are known for their capacity to reduce the amount of production waste and are a potential alternative feed ingredient in different monogastric animal diets including poultry. BSFL is thought to have the potential to replace up to 15% of the conventional feed ingredients in broiler diets.

In 2023, MHP established a pilot laboratory in partnership with LIVIN Farms Agrifood, an Austrian company. The project has been applying waste from MHP's production activities to cultivate BSFL with specified protein and fat characteristics.

The project has designed a poultry feed recipe which combines BSFL with conventional feed for use both internally within MHP and for external sale. Further developments are planned in 2024 and beyond.

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MANAGEMENT SYSTEM CERTIFICATIONS

A comprehensive list of management system certifications is recorded below for MHP in Ukraine.

GMP & HACCP – STORAGE OF OIL SEEDS AND GRAINS

The following sites or subsidiaries in Ukraine are accredited for good management practices ("GMP") which are rules that set requirements for production organisation and control. They are also HACCP (Hazard Analysis and Critical Control Points) accredited. These are requirements that ensure that MHP produces products that are safe and of high quality for consumers.

- Andriyashivsky Elevator Branch of Urozhaina Kraina LLC
- Urozhayna Kraina LLC
- Yampil Elevator Branch of Zernoproduct PJSC
- Branch of the Limited Liability Company MHP-Agrokryazh Vendychansky Elevator
- Branch of Zahid-Agro MHP LLC Voskresintsivsky Elevator
- Novomoskovsk branch of Oril-Leader PJSC (Reclamation)
- Novomoskovsk branch of Oril-Leader PJSC (Kitaygorod)
- Novomoskovsk branch of Oril-Leader PJSC (Rokytne)
- Perspectives Branch of Zernoproduct PJSC
- Kaliniv Elevator Zernoproduct PJSC
- Yagotyn Elevator Agro-S Branch

GMP+B2

- Myronivska Poultry Farm PJSC
- Vinnytsia Poultry Complex LLC
- Katerynopil Elevator LLC (production of oil)

GLOBALG.A.P. INTEGRATED FARM ASSURANCE

The Ukraine sites or subsidiaries listed below are GlobalG.A.P. are certified according to requirements of GlobalG.A.P. standard. GlobalG.A.P. rules set out requirements for an integrated agricultural production management system and encourage the adoption of commercially viable farm assurance schemes that promote sustainable agriculture and the minimisation of agro-chemical inputs.

- Myronivska Poultry Farm Processing Complex PJSC
- Vinnytsia Poultry Complex LLC

GLOBALG.A.P. – COMPOUND FEED MANUFACTURING

- PrJSC Myronivsky Plant of Manufacturing Feeds and Groats
- Katerynopil Elevator LLC
- Vinnytsia Poultry Complex LLC (fodder complex)

ISO 22000:2018 - PROCESSING OF POULTRY MEAT AND BEEF

The following subsidiaries have ISO 22000:2018 certification which is an international food safety management certification.

- Oril-Leader PJSC
- Lubnymyaso LLC

BRCGS FOOD SAFETY – OIL PRODUCTION AND MEAT PROCESSING

This is an international food safety certification. The following subsidiaries, sites or branches have achieved this accreditation.

OIL PROCESSING FACILITIES
- PrJSC Myronivsky Plant of Manufacturing Feeds and Groats
- Katerynopil Elevator LLC
- Vinnytsia Poultry Complex LLC (fodder complex)

MEAT PROCESSING FACILITIES
- Myronivka Poultry Complex PJSC
- Vinnytsia Poultry Complex LLC (slaughterhouse)
- Lehko (separate subdivision of PrJSC Myronivsky Plant of Manufacturing Feeds and Groats)
- MHP Foodservice LLC (legal name of the MHP Culinary Centre)

MANAGEMENT SYSTEM CERTIFICATIONS

KOSHER CERTIFICATION

- Myronivska PJSC (production of cereals and feed)
- Katerynopil Elevator LLC
- Vinnytsia Poultry Complex LLC (fodder complex)

HALAL CERTIFICATION

This is a voluntary certification for the production of products in line with Islamic customs. The following meat-processing sites have this certification.

- Myronivska PJSC Poultry Farm (broiler chicken processing complex)
- Vinnytsia Poultry Complex LLC (processing complex)
- Lubnymyaso LLC
- Lehko (separate subdivision of Myronivska PJSC)
- PrJSC Myronivsky Plant of Manufacturing Feeds and Groats
- Katerynopil Elevator LLC
- Vinnytsia Poultry Complex LLC (fodder complex)

ANIMAL REARING

Approximately 70% of MHP's Ukrainian broilers are COBB chickens. Their features include low-feed conversion, a welfare-friendly growth rate and an ability to thrive on low-density nutrition. The remaining 30% are ROSS chickens, the world's most popular broiler. Their characteristics also include a welfare-friendly growth rate and feed efficiency. The European Operating Segment rears broilers that comprise approximately 96% ROSS and 4% COBB. Turkeys are also reared in the European Operating Segment (92.8% BUT Big 6 breed and Converter breed).

POULTRY-REARING DATA

UKRAINE	2023	2022	2021
TOTAL PLACED (HEADS)	457,092,113	439,839,157	460,068,517
LIVEABILITY (%)	95.9	96.3	97.2
TOTAL SLAUGHTERED (HEADS)	438,443,556	423,680,615	447,125,097
SLAUGHTERED WEIGHT (TONNES)	1,042,944	999,591	1,034,786

The livability decrease to 95.9% is driven by significant adverse impact on the flock at the growing facilities due to the strong winds (roofs were blown up, birds were lost etc).

USE OF ANTIBIOTICS

MHP has been systematically reducing its use of antibiotics since 2019. The Group seeks to minimise the use of antibiotics through greater use of organic acids and probiotics in the production process.

KEY ACHIEVEMENTS IN 2023

MHP Foodservice LLC achieved the BRCGS international food standard certification

PrJSC Myronivsky Plant of Manufacturing Feeds and Groats, Katerynopil Elevator LLC, and Vinnytsia Poultry Complex LLC (fodder complex) were certified as achieving the GlobalG.A.P. – compound feed manufacturing - standard

Myronivska PJSC Poultry Farm Processing Complex Branch and Vinnytsia Poultry Complex were certified as achieving the GlobalG.A.P. – poultry breeding – standard

The design of an optimal poultry feed recipe including BSFL in partnership with LIVIN Farms Agrifood

PLANS FOR 2024

Vinnytsia Poultry Complex is expected to be certified as being in accordance with the GMP+ standard

Further work will be undertaken to educate MHP's Quality & Development Department specialists about pathogen prevention

GROWTH PILLAR 5:

BUSINESS CONDUCT

OUR COMMITMENT

MHP strives to conduct its business responsibly with all its stakeholders.

MANAGEMENT APPROACH

MHP consistently conducts its operations responsibly, adhering to the legal requirements and regulations of the countries in which it conducts business. In practice, this means that all employees are educated to be aware of and are mindful of these requirements as they conduct their responsibilities, and of the impact that non-compliance will have on MHP's reputation and ability to conduct its business. Any breach of applicable laws, codes of conduct, or internal regulations is strictly prohibited, and a zero-tolerance approach is taken towards instances of bribery and corruption.

MHP's Board of Directors closely monitors the Company's business conduct progress and performance. The MHP Code of Ethics is approved and updated by the Compliance Officer in cooperation with Top Management and the Board. All staff members must promptly report any breaches of the Company's Code of Ethics and compliance policies.

Employee remuneration and promotion takes into account compliance performance and severe contraventions, particularly amongst senior management, are liable to disciplinary action and dismissal.

MHP's central compliance team oversees the global compliance management system and collaborates with all MHP's businesses to identify potential compliance risks and ensure systematic and proactive risk detection and assessment.

This information is applied to formulate tailored measures. Business partners are also assessed to ensure that potential compliance risks are identified and addressed.

MHP'S CODE OF ETHICS

The Code of Ethics is available for download from MHP's website. It is built around three strategic priorities: protection; security; and trust.

PROTECTION

MHP believes that every member of its workforce has the right to be supported if protection and justice are required. MHP provides the Ethics Helpline for this purpose. The facility is always available and can be accessed by telephone, by email or through the MHP website.

Submitted reports are considered by an independent supervisor and a formal response is always provided. Major violations of MHP's compliance requirements are always reported to the Audit & Risk Committee.

SECURITY

MHP commits to the creation and maintenance of a secure environment for every workforce member to enable the conduct of transparent and responsible business at MHP. This priority has become even more important during the War in Ukraine and has required significant focus and innovation to address, for example, the increased cyber-security threats which it has brought to the business.

TRUST

Many multiple family generations and relatives work at MHP, and the business plays an important role in society in the areas where it is based. It is clearly important that MHP is viewed as a responsible business partner and a good neighbour by all its stakeholders. An important element of this approach is MHP's management of potential conflicts of interest.

MHP has a detailed set of policies to address responsible business matters, including the Code of Ethics. These policies are regularly reviewed, receive authorisation from the Board, and are communicated to all employees. They are available for download from MHP's website.

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The Group has a commitment to promote a zero-tolerance culture towards bribery, corruption, and unethical business behaviour.

MHP's leadership will promote a culture of adherence to the applicable laws and regulations and ensure that the workforce has sufficient knowledge of these requirements.

MHP will provide the appropriate level of workforce training about its approach and requirements in relation to business conduct matters, and the requirements of its policies.

Workforce members will receive regular communications about their obligation to inform the Company about actual or imminent breaches of laws, regulations, or Company policies.

Workforce members are required to inform the Company immediately if they become aware of actual or impending personal conflicts of interest.

The acceptance or provision of gifts and entertainment is prohibited except where they fall within generally accepted notions of hospitality.

MHP will provide reporting facilities to enable matters of concern to be reported to senior management in confidence.

MHP will not conduct business with or provide benefits to states, entities or individuals that are subject to sanctions, and will not provide assistance or facilitate sanctions avoidance.

MHP will select suppliers that comply with its responsible business approach in relation to matters such as environment, climate change, workforce, communities, health and safety, business conduct and human rights.

The Company does not make political donations.

ETHICS HELPLINE

ETHICS HELPLINE

Helpline section on MHP's website

THE HELPLINE CAN BE ACCESSED BY DIALING 7-4-77 IN UKRAINE, BY EMAIL, OR VIA THE HELPLINE SECTION ON MHP'S WEBSITE.

All employees are encouraged to use the facility if:

- THEY NEED PROTECTION OR SUPPORT
- THEY HAVE BEEN EXPOSED TO POOR TREATMENT SUCH AS HARASSMENT OR BULLYING WITHIN THE WORKPLACE
- THEY SUSPECT WRONGFUL BEHAVIOUR, SUCH AS CORRUPTION OR FRAUD, HAS BEEN COMMITTED OR IS ABOUT TO OCCUR
- THEY HAVE SUGGESTIONS OR RECOMMENDATIONS ABOUT HOW MHP CAN IMPROVE ITS BUSINESS CONDUCT

The Helpline is managed by an independent service provider and staffed by specialists who address callers in their preferred language. Reports can be submitted by anyone including members of the public.

Alternatively, concerns may be submitted using other methods such as through contacting local compliance teams, Internal Audit, Human Resources, through local management, or by using a designated internal mailbox at MHP's enterprises and HQ.

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COMPLIANCE TRAINING AND COMMUNICATIONS ACTIVITIES

MHP assists all employees in upholding integrity and preventing potential violations by implementing targeted training measures and communication campaigns based on identified needs. The Code of Ethics forms the basis of all compliance training activities and communication. All new MHP employees are required to participate in at least one mandatory compliance training programme.

BUSINESS PARTNER CODE OF CONDUCT

This is available for download from the MHP website (www.mhp.ua) and is an important element of the responsible business approach. It was revised and updated in 2021. It outlines MHP's expectations in relation to business partner conduct and explains what business partners can expect from MHP.

BUSINESS PARTNER CODE OF CONDUCT

Available for download from the MHP website

Key principles outlined in the Business Partner Code of Conduct include:

- MHP's willingness to listen to its partners, to learn, and to progress and improve together;
- MHP's support for local Ukrainian manufacturers, particularly in the agricultural sector, and support for their further development;
- MHP's desire for mutual co-operation to develop strengths and opportunities and, in particular, for exploring and expanding opportunities to export to countries where MHP operates and intends to operate;
- MHP's requirement for business partners to be open to ongoing innovation and the use of state-of-the art new technologies;
- MHP's requirement for business partners to work as a team to achieve joint success and improve product quality;
- Fairness and strict compliance with the highest standards of ethics and integrity; and
- The importance of continuous improvement in relation to the Sustainable Development Goals, minimising environmental impact, adopting a proactive social stance, and implementing international standards established within the framework of the European Green Deal and other important global and regional agreements.

ANTI-CORRUPTION AND CONFLICT OF INTEREST

MHP routinely assesses all its operations for potential corruption or conflict of interest risks. Managers and specialists are required to disclose any conflicts of interest, while employees receive information about situations where conflicts of interest may arise. During the hiring process, the Company conducts a corruption risk screening, with a specific emphasis on candidates with prior experience in governmental institutions.

To identify corruption incidents involving counterparties, MHP conducts a comprehensive Know Your Customer ("KYC") procedure before any interactions. In 2023, taking into account the War in Ukraine, we enhanced our counterparty screening procedure to generate notifications and suspend processes when current or potential issues are identified. This process facilitates further risk assessment and evaluation.

CONFLICT OF INTEREST MANAGEMENT POLICY

Available for download from the MHP website

MHP also applies dedicated channels, including anonymous ones, for the identification of corruption risks and potential misconduct. These channels are open to MHP employees, suppliers, and third parties, with all submissions thoroughly reviewed and addressed with the relevant MHP department and with retaliatory action prohibited. Mandatory education, awareness-raising, and continuous improvement of an ethically-sound corporate culture are fundamental elements of our strategy to prevent unethical behaviour among employees.

Our Executive Management team ensures that it stays regularly informed about changes in anti-corruption legislation, the introduction of new sanctions, and key compliance measures integrated into the Company's operational activities. Our anti-corruption practices and efforts to enhance a culture of transparency and integrity are yielding strong positive results.

CONFLICT OF INTEREST MANAGEMENT

MHP's Compliance Office works closely with Management to ensure that the requirements of MHP's Conflict of Interest Management Policy ("the Policy") are maintained. The Policy is available for download from the MHP website (www.mhp.ua).

The Policy applies to all employees and requires each member of staff to make an annual declaration. The approach is not to prohibit potential conflicts of interest but to highlight and manage them effectively.

The declaration encompasses personal interests and those of family members and close associates. It requires the submission of information about relationships with other companies and organisations, the role of the employee in making business decisions in relation to third-party goods and services, and any agricultural land interests held or maintained.

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TAXATION

In common with many multi-national enterprises, MHP's activities are subject to the jurisdiction of several different taxation regimes. These matters are addressed by the Finance and Tax Departments supported by experienced professional advisors.

Towards the end of 2023, MHP began setting up a centralised tax function and tax control framework to address Group tax affairs.

MHP ALWAYS ADHERES TO THE RELEVANT TAX REGULATIONS OF THE COUNTRIES WHERE IT OPERATES AND COMPLIES WITH THE NECESSARY REQUIREMENTS RELATING TO PAYMENT, DOCUMENTATION, DISCLOSURE, AND AUDITING.

MHP'S TAX APPROACH IS BUILT AROUND THE FOLLOWING KEY PRINCIPLES

- ZERO TOLERANCE FOR RULE VIOLATIONS OR TAX FRAUD
- ALIGNMENT OF TAX PAYMENTS WITH VALUE CREATION IN EACH RESPECTIVE COUNTRY IN WHICH IT OPERATES
- COLLABORATIVE ENGAGEMENT WITH TAX AUTHORITIES
- EMPHASIS ON TRANSPARENCY, ADHERING TO VERIFIABLE COMPLIANCE AND REPORTING STANDARDS
- CONSISTENCY OF TAX CONSIDERATIONS WITH BUSINESS ACTIVITIES, PROCESSES, AND REQUIREMENTS

MHP adheres to the principle of paying owed taxes in every country in which it operates based on the statutory requirements established by respective governments. The payment of taxes in an appropriate amount is a fundamental aspect of our responsible business approach.

MHP's tax payments contribute significantly to funding social and economic activities where it operates. MHP always adheres to the relevant tax regulations of the countries where it operates and complies with the necessary requirements relating to payment, documentation, disclosure, and auditing.

MHP is a significant contributor to the economy of Ukraine. In 2023, MHP made UAH 6.03 bn (2022: UAH 4.6 bn) of tax payments. UAH 1.544 bn (2022: 1.026 bn) was transferred to the state budget and UAH 2.531 bn (2022: 2.038 bn) to local budgets. The amount of the single social contribution ("SSC") for the mandatory state social insurance of the Company's employees was UAH 1.952 bn (2022: 1.534 bn).

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SUPPLY CHAIN MANAGEMENT

MHP's business partners are essential to the delivery of quality and value to its customers. MHP focusses on local business partnerships to provide an equitable share of economic benefits.

The table below show MHP's supplier types.

UKRAINE						
SUPPLIER TYPE	**SUPPLIERS**					
	Large %		Medium %		Small %	
	Domestic (Ukraine)	Non-Domestic (imported)	Domestic (Ukraine)	Non-Domestic (imported)	Domestic (Ukraine)	Non-Domestic (imported)
Fertilisers	11	11	7	14	23	34
Plant protection materials	0	13	14	33	7	33
Agricultural machinery	0	14	4	62	3	17
Spare parts for agricultural machinery	1	10	1	9	2	77
IT technology	0	14	0	43	0	43
Fuels and lubricants	0	14	0	25	0	61
Gas	17	8	9	8	8	50
Laboratory kits	0	1	0	4	3	92
Laboratory materials	0	0	0	87	13	0
Veterinary products	1	7	4	12	15	61
Disinfectants and detergents	8	2	4	6	20	60
Overalls and disposable clothing	3	0	2	7	56	32
Personal protective equipment	2	3	2	3	16	74
Chemical products	3	5	12	8	19	53
Bio-additives and spices	18	5	44	0	29	4
Packaging materials	11	0	19	1	69	0
Day-old chicks	0	100	0	0	0	0

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SUPPLY CHAIN MANAGEMENT (continued)

EUROPEAN OPERATING SEGMENT ("PP")						
SUPPLIER TYPE	SUPPLIERS					
	Large %		Medium %		Small %	
	Domestic	Non-Domestic	Domestic	Non-Domestic	Domestic	Non-Domestic
Fertilisers	22	0	23	0	33	22
Seeds	29	0	29	0	42	0
Plant protection products	29	0	42	0	29	0
Fuels and lubricants	27	0	20	0	53	0
Gas	50	0	20	0	30	0
Laboratory materials	0	0	0	6	88	6
Veterinary products (medicine and vaccines)	19	0	28	0	53	0
Disinfectants and detergents	2	0	8	1	86	3
Spices and additives	9	16	16	13	32	14
Packaging materials	16	13	13	10	34	14
Day-old chicks	20	15	30	5	30	0
Work protection	3	0	13	0	81	3
Corn	1	3	6	1	88	1
Wheat	2	3	3	2	89	1
Soya (meal, bean, cake)	0	75	0	12	0	13
DDGS (Dried distillers grains with solubles)	0	100	0	0	0	0
Soya oil	11	11	11	67	0	0
Corn oil	0	0	0	100	0	0
Premixes	0	50	50	0	0	0
Amino acids	20	40	20	0	20	0

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MARKETING APPROACH

MHP strives for responsible marketing of all products and brands in both domestic and international markets.

The Company has a history of aligning its business strategy with the Sustainable Development Goals, its business goals, and MHP's Values.

This approach is the basis for creating marketing strategies that meet marketing goals and support the Group's reputation.

The Company encourages and supports moderate food consumption as part of a healthy, active, and balanced lifestyle, focussing on family values.

MHP's approach to marketing, as a global company operating in more than 70 countries, is consistent with the International Chamber of Commerce's Marketing and Advertising Code and its framework for responsible food marketing communications. The Group adheres to these guidelines in its marketing communications.

MHP'S APPROACH TO MARKETING, AS A GLOBAL COMPANY OPERATING IN MORE THAN 70 COUNTRIES, IS CONSISTENT WITH THE INTERNATIONAL CHAMBER OF COMMERCE'S MARKETING AND ADVERTISING CODE AND ITS FRAMEWORK FOR RESPONSIBLE FOOD MARKETING COMMUNICATIONS.

MHP'S MARKETING STRATEGY REFLECTS THE FOLLOWING PRINCIPLES:

PRINCIPLE 1

MHP will not advertise in any media that is specifically provided for children aged under 12 years old, including shows, print media, website, social networks, movies and SMS/ email marketing.

PRINCIPLE 2

MHP's marketing will be truthful and accurate, and not misleading.

PRINCIPLE 3

MHP's brands will be presented in a way that encourages healthy eating habits and a balanced, healthy lifestyle.

PRINCIPLE 4

MHP's online marketing adheres to the terms of COPPA in Ukraine (Ukraine Online Privacy Protection Act), including obtaining parental prior consent to collect information from children.

PRINCIPLE 5

MHP's marketing activity is permitted to support educational programmes for children under 12 years old in Ukraine. Any brand presence in these programmes will simply indicate and acknowledge financial support and will not be used for advertising purpose.

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IT INFRASTRUCTURE AND CYBER-SECURITY

MHP has, over several years, prioritised the digitisation of its business activities. This process continued across the business in 2023 and will continue in 2024 and beyond.

CYBER-SECURITY

The conditions created by the War in Ukraine clearly made robust cyber-security an essential aspect of MHP's business activities and this has been addressed in a variety of evolving ways. In 2023, MHP deployed Fortinet firewalls on all its large sites to increase network security and ensure reliability and availability. Other steps included moving computer resources to locations that are closer to the source of information generation such as MHP's manufacturing facilities. This facilitated more effective data leverage, operational efficiency, and enabled the business to respond quickly to sudden and unexpected changes in circumstances.

IT INFRASTRUCTURE DEVELOPMENTS

Set out below are the highlights of MHP's infrastructure developments.

- A data warehouse was constructed in Ukraine based on Microsoft best practice cloud architecture.
- The rollout of SAP infrastructure was continued around the Group. It was implemented in Croatia and in a new value-added production facility in Slovenia (see also the Strategy and Purpose section on page 18). In Serbia, the SAP rollout successfully completed the "prepare" and "explore" phases.
- A pilot project for the introduction of digital personal time and calendar planning was introduced at Myronivka slaughterhouse complex. This includes web applications with a mobile application for smartphones and tablets and it was synchronised with the MHP ERP system. The system also enables automated staff communications by sending alerts as text messages.
- Stage 1 of a digital project for managing transport logistics and service stations was launched and implemented at four logistics distribution centres.
- E-invoicing was introduced in the Kingdom of Saudi Arabia, and a Cloud for Customer ("C4C") solution was rolled out.

LEGAL AND RELATED MATTERS

In 2023, the Group did not receive any complaints from third parties (counterparties) or government agencies about breaches of client privacy or information. No material breaches of the Company's approach to anti-bribery and corruption policies were noted during 2023.

The Anti-Monopoly Committee of Ukraine ("AMCU") opened an investigation into the Company's market position in Ukraine in June 2019. At the time of publication of this Report, the process has not been concluded. MHP believes that it has always adhered to the relevant parts of the Company's policy framework and Ukraine's laws regarding anti-competitive activity. For the last four years, MHP has been actively maintaining communications with the AMCU, promptly providing all necessary information in accordance with official requests or the Committee's requirements.

In addition, in 2021, the AMCU opened an investigation in relation to possible signs of violation of the law on the protection of economic competition by the Company during its acquisition of Lubnimyaso LLC (manufacturers of meat products under the Skott Smeat trademark), without obtaining the appropriate permission. MHP believes that this asset purchase does not require a concentration permit. Information and documentary substantiation were provided to the AMCU in official responses to requests. The Company believes that after a detailed study of all the materials, this investigation will be closed.

Investigations into both cases are ongoing.

PLANS FOR 2024

The following IT infrastructure and cyber-security activities are planned for 2024.

- In Ukraine, there are plans to transform MHP's systems from traditional wide-area-network ("WAN") usage to software-defined WAN. This will provide all sites with better and more reliable digital connectivity.
- A new data governance strategy will be introduced to guarantee secure data throughout the Group.
- The SAP rollout will continue in Serbia.

MHP plans to implement an ambitious action plan to bring the Group's compliance system in accordance with best practice international standards, including a global update of the Group's compliance documents.

In 2024, MHP will take proactive steps towards raising awareness on prevention of gender-based and domestic violence. We will revise our existing worker's grievance mechanism with specific considerations related to gender-based harassment or violence grievances, in accordance with IFC's Performance Standards.

By the end of 2024, the establishment of a Compliance Committee is planned. This committee will ensure ongoing alignment of the Group's operational activities with compliance requirements, as well as the timely review and amendment of all regulatory documents related to compliance, including those in accordance with changes in existing legislation.

The rollout of MHP's electronic document circulation project will continue to progress with the aim of creating a paperless environment.

GROWTH PILLAR 6:

THE PLANET

OUR COMMITMENT

MHP recognises its role in ensuring that its business activities meet the expectations of its stakeholders in addressing the global climate change challenge and responsible management of environmental matters.

MANAGEMENT APPROACH

MHP's Board of Directors is responsible for ensuring compliance with the requirements of the Group's Environmental Policy and that the Policy is reviewed regularly. It is supported in the management of its approach to environmental and climate change matters by the Board's Sustainability and International Affairs ("S&IA") Committee.

The S&IA Committee has supported the formation of a climate risk assessment team consisting of Senior Management to encourage buy-in and contribute to the Group's sustainability goals and targets. The importance of departmental ownership will be pivotal to the success of this initiative. To expedite this exercise, internal experts will include representatives from environment, climate, production, finance, and agronomy.

In 2023, following the conduct of a rigorous analytical review, MHP centralised its environmental function and formed the Environmental Protection Department. The existing environmental team members who were previously employed at subsidiaries are now employed by the parent company, and the headcount was expanded to ensure MHP's policy commitments and stakeholder expectations are met and that MHP's environmental management approach continues to meet best practice standards.

MHP'S BOARD IS RESPONSIBLE FOR ENSURING THAT THE REQUIREMENTS OF THE GROUP'S ENVIRONMENTAL POLICY ARE ADHERED TO

IN 2023 MHP CENTRALISED ITS ENVIRONMENTAL FUNCTION AND FORMED THE ENVIRONMENTAL PROTECTION DEPARTMENT

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POLICY HIGHLIGHTS

MHP's Environmental Policy was authorised by the Chairman, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and the Deputy CEO when it was formalised in September 2020. It is available for download from the sustainable development section of the Group website.

KEY FEATURES OF THE ENVIRONMENTAL POLICY INCLUDE THE FOLLOWING COMMITMENTS:

The conduct of a plan to ensure that MHP's activities are carbon neutral by 2030.

MHP will deliver environmental programmes which will aim to consistently reduce waste generation.

MHP will comply with the applicable environmental legislation and global industry environmental best practice at all times.

MHP will design and maintain programmes which will preserve and conserve biodiversity in the areas in which it operates.

MHP will conduct regular dialogue with its stakeholders about its environmental approach, management and performance, and climate change considerations will be integrated into all major business decisions.

MHP will deliver a plan to reduce the use of energy from non-renewable sources through increasing its use of renewable energy.

MHP will deliver a plan that reduces freshwater consumption and discharges to water and ensure that any discharges are free of harmful polluting substances.

MHP will maintain comprehensive environmental performance data records that address matters such as waste, water use and discharges, emissions, energy use and environmental incidents.

MHP will provide regular training and education to its employees about MHP's expectations and requirements relating to environmental and climate change matters.

ADDRESSING THE ENVIRONMENTAL AND ENERGY SECURITY CHALLENGES PRESENTED BY THE WAR IN UKRAINE

Despite the numerous environmental and energy security challenges brought about by the War in Ukraine, MHP has remained steadfast in its commitment to its green transformation and climate change programmes. MHP has continued to integrate new technologies, pursue site certification, and ensure that its facilities remain fully operational with minimal disruption.

One of the most significant ongoing challenges for MHP is the energy shortages created by the War. This was anticipated by MHP's management team and consequently a wide range of measures were implemented from the outset of the War to address these issues and, as a result, business operations have been maintained with minimal interruptions. A variety of activities and projects were undertaken to bolster energy security.

DESPITE THE NUMEROUS ENVIRONMENTAL AND ENERGY SECURITY CHALLENGES BROUGHT ABOUT BY THE WAR IN UKRAINE, MHP HAS REMAINED STEADFAST IN ITS COMMITMENT TO ITS GREEN TRANSFORMATION AND CLIMATE CHANGE PROGRAMMES

THESE ACTIONS INCLUDE:

Sourcing different types of diesel generators which are used for electricity generation at all MHP's sites.

Ensuring all MHP's sites have access to sufficient quantities of diesel particularly during the winter months.

MHP has continued to operate and develop its biogas facilities to produce electricity, steam, and heating at the Ukraine sites where they are located.

Applying energy storage technology at MHP's smaller agricultural sites, retail outlets, data centre, and at the Culinary Centre in Kyiv. Going forward, the aim is to evolve this approach for use at larger sites and MHP is currently in discussions with business partners in Europe, North America, and South Korea to achieve this. This approach, when progressed, will reduce the use of diesel across MHP's enterprises.

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CARBON TRUST, GLOBALG.A.P. AND ISCC ACCREDITATIONS

The Carbon Trust Standard ("the Standard") is a world-leading, independent international certification which recognises best practice and achievements in carbon reduction.

Companies which achieve the Standard must be able to provide an accurate assessment of their carbon footprint, supported by robust data. They must be able to evidence that they have strong carbon management processes and demonstrate continuous improvement.

In September 2023, MHP obtained a certificate of assurance from Carbon Trust which remains valid for two years. It evidences that MHP's greenhouse gas emissions data in relation to its poultry production and marketing activities in Ukraine is in line with the following requirements:

- PAS 2050:2011 Specification for the assessment of the life-cycle greenhouse gas emissions and services.
- ISO14067:2018 Greenhouse gases, carbon footprint of products, requirements and guidelines for quantification and communication.
- Product carbon footprints: Requirements for Certification v2.0.
- Product consistency criteria.

In 2023, GlobalG.A.P. certifications were obtained for three compound feed plants and two poultry farms following the successful completion of audit procedures during the year. See Growth Pillar 4: Responsible Food Production on page 78 for more information.

INTERNATIONAL SUSTAINABILITY AND CARBON CERTIFICATION ("ISCC")

The following certifications were granted in 2023.

MHP PRJSC (ISSUED 6 JUNE 2023)

- Corn
- Rapeseed
- Sunflower
- Sunflower oil
- Sunflower husks
- Soybean
- Soybean oil
- Soybean husks

MHP FOOD TRADING LLC (ISSUED 5 JUNE 2023)

- Corn
- Rapeseed
- Sunflower
- Sunflower oil
- Sunflower husks
- Soybean
- Soybean oil

KATERYNOPIL ELEVATOR LLC (ISSUED X JUNE 2023)

- Corn
- Rapeseed
- Sunflower
- Sunflower oil
- Sunflower husks
- Soybean
- Soybean oil

VINNYTSIA POULTRY COMPLEX LLC (ISSUED 15 MAY 2023)

- Sunflower
- Sunflower oil
- Sunflower husks

VINNYTSIA POULTRY COMPLEX LLC (ISSUED 17 JULY 2023)

- Biogas (input material – manure)

PROGRESS TOWARDS GREATER USE OF RENEWABLE ENERGY

In 2023, MHP continued to make significant progress in its journey towards greater use of renewable energy and reducing the use of electricity from the grid.

Until recently, MHP's efforts have been focussed on biogas production. In 2022, MHP began to investigate the use of solar energy for the first time at Odesa. By the end of 2023, MHP had set up nine different solar powered facilities in different parts of Ukraine. Several are hybrid projects involving both solar generation and battery storage (battery energy storage system, "BESS"). The first hybrid project ensured that MHP's data centre has a constant and stable energy supply and the largest (2.6 MW) was installed at Ladyzhyn in July 2023. Towards the end of the year, Ukraine's first industrial BESS (20 MW) was installed at the Culinary Centre in Kyiv.

MHP has also been examining wind as a potential source of energy particularly during the winter months in Ukraine. At Ladyzhyn, a wind-monitoring tower was installed at the end of 2023 to investigate the feasibility of a wind power scheme and will remain in place for twelve months. If a positive outcome is achieved, MHP will proceed with a 60 MW project consisting of ten wind turbines.

Continued developments and progress at MHP Eco Energy Company has enabled the Group to strike up and foster business partner relationships and to invest in innovative new energy technologies with the aim of both further boosting energy security and reducing greenhouse gas emissions. These activities include the creation of a laboratory in Kyiv two years ago to analyse the use of different materials to produce biogas and biomethane. This project is part of the European Commission's Horizon Europe programme, and MHP's business partners include the German Centre for Biomass Research, and Ellmann Engineering, a German company. The focus of these activities is the integration of biogas and green hydrogen to increase the yield of biomethane produced. The current plan is to conduct a pilot project before the end of 2025.

GREENHOUSE GAS EMISSIONS

SOURCES AND METHOD OF CALCULATION

MHP calculates its greenhouse gas emissions applying the greenhouse gas protocol outlined by the IPCC (Fifth Assessment Report), the IFC Carbon Emissions Estimator Tool (further information at www.IFC.org), and the International Energy Agency (CO_2 Emissions from Fuel Combustion – 2013 Edition).

The financial control method was applied in compiling this data.

Emissions from biomass combustion (shown separately from the Scope 1 emissions, as in previous years) are shown in the table.

The increase in Scope 1 emissions of 2.52% was due to higher consumption of energy to facilitate corn drying in the first quarter of 2023, a change in the use of heating technology in the preparation of poultry houses for planting and disinfection, and delays at border crossings leading to greater use of diesel by MHP's truck fleet.

SCOPE 1 – DIRECT GREENHOUSE GAS EMISSIONS

UKRAINE METRIC TONNES OF CO_2-EQUIVALENT	2023	2022	2021
Combustion of natural gas	201,182	195,883	212,491
Diesel fuel use	149,315	145,529	148,446
Gasoline fuel use	7,757	7,820	8,335
Use of compressed / liquefied gas, propane, butane, methane, and mixtures	4,069	4,181	4,401
Total	**362,323**	**353,413**	**373,673**

EUROPEAN OPERATING SEGMENT METRIC TONNES OF CO_2-EQUIVALENT	2023	2022	2021
Combustion of natural gas	20,246	17,839	16,281
Diesel fuel use	5,963	6,752	6,556
Gasoline fuel use	372	303	288
Use of compressed / liquefied gas, propane, butane, methane, and mixtures	4,160	1,878	2,390
Coal combustion	1,021	2,726	2,242
Fuel oil combustion	950	1,754	3,600
Total	**32,712**	**31,252**	**31,357**

GREENHOUSE GAS EMISSIONS

SCOPE 1 - DIRECT GREENHOUSE GAS EMISSIONS FROM COMBUSTION OF BIOGAS

UKRAINE METRIC TONNES OF CO_2-EQUIVALENT	2023	2022	2021
Combustion of biomass	105,079	111,954	116,000
Combustion of sunflower husk and pellets	60,246	53,099	54,199
Total	**165,325**	**165,053**	**170,199**

Use of biogas remained stable in 2023 and resulted in an emissions growth of 0.2%. The prior year figures have been revised to reflect the greater scope of data capture applied in the 2023 figures.

SCOPE 2 – INDIRECT GREENHOUSE GAS EMISSIONS – FROM USE OF ELECTRICITY

The location-based method was chosen to calculate Scope 2 emissions. Ukraine does not provide the electricity consumer with a choice of differentiated electricity by origin.

UKRAINE METRIC TONNES OF CO_2-EQUIVALENT	2023	2022	2021
Scope 2 emissions	227,656	220,985	237,776
Total	**227,656**	**220,985**	**237,776**

BIOGAS PRODUCTION PERFORMANCE

UKRAINE KWH	2023	2022	2021
Biogas produced	311,971,097	294,944,656	314,031,146
Electricity produced	115,352,217	120,927,309	128,752,770
Heat produced	123,862,185	123,829,564	131,893,081

EUROPEAN OPERATING SEGMENT KWH	2023	2022	2021
Biogas produced	25,476,574	22,332,478	22,992,417
Electricity produced	7,884,915	7,499,836	7,493,893
Heat produced	5,215,699	5,074,247	5,184,600

ENERGY MANAGEMENT

In 2023, MHP continued its strategy of switching from non-renewable to renewable energy, in particular through the construction of its own biogas production facilities and investment in and roll out of solar power installations. MHP intends to further increase its use of renewable energy through increased use of biogas, solar energy, wind, and increased use of energy storage technology.

The adjustments to the biogas prior year figures have been conducted to reflect the better scope of data capture. MHP is continuing its efforts to improve the efficiency of electricity generation from biogas.

SALE OF ENERGY

UKRAINE TJ	2023	2022	2021
Sales	382	398	429

MHP's energy sales have been negatively affected as a result of the War in Ukraine.

CONVERSION RATES APPLIED:

4.184 joules = 1kWh = 3.6 megajoules ("MJ") 1 tonne (steam) = 2.256 MJ 1 tonne (liquefied gas) = 45.980 MJ

ENERGY MANAGEMENT CERTIFICATION

Four sites achieved ISO 50001 certification in 2022: the Starynska Nova breeding complex, the Vinnytsia fodder complex, the Myronivka fodder complex, and the Katerynopil fodder complex. A further three sites achieved this certification in 2023: the Myronivsky meat-processing plant, the Oril Leader broiler complex, and the Peremoga Nova breeding complex.

ENERGY CONSUMPTION

UKRAINE TJ	2023	2022	2021
Natural gas	3,599	3,504	3,802
Diesel	2,030	1,978	2,018
Petroleum	111	112	119
Compressed / liquefied gas	69	71	75
Electricity	1,937	1,768	1,902
Total from non-renewable sources	**7,746**	**7,433**	**7,916**
Biogas	1,394	1,483	1,533
Sunflower husk combination	687	676	626
Total from renewable sources	**2.081**	**2.159**	**2,159**
Total energy consumption	**9,827**	**9,592**	**10,075**
% from renewable sources	**21**	**23**	**21**

EUROPEAN OPERATING SEGMENT TJ	2023	2022	2021
Electricity	250	233	229
Thermal energy (generated by biogas plant)	19	18	19
Total energy consumption	269	251	248
% from renewable sources	7	7	8

WATER MANAGEMENT

One of MHP's main environmental priorities is to reduce the consumption of water. MHP's water use is regularly monitored, and metering units are subject to regular inspection and maintenance.

In 2021, the environmental specialists at each site updated the Register of Wells. This exercise included recording information relating to the physical location of underground water sources, flow rate, physical condition, need for repair, and water intake. This procedure ensures accurate monitoring of groundwater use and ensures that there is no impact on the resources available for local communities.

None of the operations of MHP's businesses affect the water balance in the regions where the Group operates. Each enterprise strictly adheres to the appropriate regulations including the restrictions on the use of land plots adjacent to coastal strips.

WATER USE

UKRAINE CUBIC METRES	2023	2022	2021
Surface water	7,906,287	7,056,687	6,741,560
Ground water	7,026.945	6,301,030	7,111,377
Wastewater from third-party organisations	-	439,820	438,000
Municipal and other water supply systems	201,299	254,576	250,888
Total	**15,134,531**	**14,052,113**	**14,451,825**

EUROPEAN OPERATING SEGMENT CUBIC METRES	2023	2022	2021
Subterranean water	1,384,545	1,305,125	1,258,150
Municipal and other wastewater systems	640,755	714,675	662,458
Total	**2,025,300**	**2,019,800**	**1,920,608**

Water consumption in Ukraine in 2022 fell because of the War in Ukraine. The rise in 2023 was a result of production increases and the expansion of irrigated crop production.

WASTEWATER DISCHARGES

UKRAINE CUBIC METRES	2023	2022	2021
Discharged by pipes to municipal treatment plants	642,445	312,421	594,289
Discharged to waste pits with removal to municipal wastewater plants	19,210	72,213	85,690
Released to surface water after treatment at MHP plants	4,659,003	4,506,253	4,408,033
Discharged to filtration fields	406,920	327,961	326,210
Taken to manure storage facilities	172,956	-	-
Total	**5,900,534**	**5,218,848**	**5,414,492**

EUROPEAN OPERATING SEGMENT CUBIC METRES	2023	2022	2021
Discharged from pipes to own wastewater plants	1,117,066	1,143,383	1,033,250
Discharged to public sewage systems	88,625	126,275	109,214
Discharged to a non-flow through septic tank	33,946	17,027	16,132
Discharged into lagoons	302,621	167,170	172,574
Discharged to subterranean water	166,973	213,993	244,697
Total	**1,690,228**	**1,667,848**	**1,575,867**

Wastewater that is transported to manure storage facilities is shown for the first time (previously analysed with manure data). This and increased production volumes resulted in an 13.06% increase in wastewater.

WASTE MANAGEMENT

All MHP's enterprises comply with the Group's Environmental Policy and with the appropriate waste management regulations. All the enterprises have implemented an effective waste management accounting system including for the disposal of hazardous waste.

Contractors involved in the disposal of hazardous waste are regularly checked to ensure that they have the appropriate regulatory certifications. The Group is focussed on developing its waste management processes to prioritise reuse and participate in the circular economy.

TOTAL WASTE BY TREATMENT METHOD

UKRAINE TONNES	2023	2022	2021
Reuse	25	47,579	63,017
Composting	2,680	1,947	3,283
Recovery, including energy recovery	536,868	41	59
Combustion	0	13,469	16,308
Disposal to landfill	25,002	7,663	11,412
Storage at MHP enterprises	3,905	3,691	2,484
Transferred to contracted third parties	33,364	26,471	28,867
Total	**601,844**	**100,861**	**125,430**

EUROPEAN OPERATING SEGMENT TONNES	2023	2022	2021
Reuse	1,536	1,736	1,410
Composting	14,744	13,967	10,348
Recovery, including energy recovery	22,219	25,754	27,505
Combustion	0	0	0
Disposal to landfill	0	0	0
Storage at PP enterprises	11,000	11,000	11,000
Transferred to contracted third parties	6,190	9,602	7,522
Total	**55,689**	**55,101**	**52,438**

The overall decrease recorded in this table between 2021 and 2022 was the result of the effects of the War in Ukraine and the consequent reduction in production.

On 9 July 2023 waste management regulations changed significantly in Ukraine. This required certain animal by-products not intended for human consumption to be categorised as waste. This accounts for the noted increase in 2023 and comprises, in the main, raw materials for biogas production. In line with the legislative change the 2023 data records sludge, manure and flotation waste as "Recovery, including energy recovery" (previously "Reuse").

KEY ACHIEVEMENTS IN 2023

MHP achieved energy security for its sites in Ukraine through a combination of innovative activities despite the challenges presented by the War.

MHP made significant progress in its aim to increase the use of renewable energy through innovation in the use of solar, wind and investigating higher biogas yields.

MHP progressed certifications of its sites in line with international best practice standards (Carbon Trust, ISCC, ISO 50001, GlobalG.A.P.).

PLANS FOR 2024

MHP plans to obtain GLOBALG.A.P. certificates for five sites (three compound feed plants and two poultry farms) with a new version of the standard.

MHP will work in partnership with Agreena, a Danish company, to generate carbon certificates to reduce tillage and other sustainable practices in crop production.

MHP will expand the list of sites for CO_2 calculations from 4 to 7, undertaking monitoring and verification by a third party with appropriate accreditations.

MHP has received a grant from the UK government for an algae project that is due to begin in the second quarter of 2024. The purpose is to investigate the use of algae to convert biomass into biomethane and to reduce associated greenhouse gas emissions through the consumption of CO_2 by the algae.

MHP will consider the expansion of its biogas production facilities and launch production of biomethane into LPG at Vinnytsia in 2024.

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TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

PURPOSE OF THIS STATEMENT

This is MHP's third annual statement which outlines the Group's alignment with the Taskforce on Climate-Related Financial Disclosures ("TCFD") reporting recommendations, together with explanations of how MHP intends to extend its alignment in the future.

The statement addresses the compliance requirements of Listing Rule 9.8.6.(8) R which applies to London listed issuers. MHP's greenhouse gas emissions ("GHG") data for 2023 appears in this Report on pages 96 to 97. Information which addresses the reporting requirements outlined in s414, s414CA and 414CB of the UK Companies Act 2006 is recorded on page 145.

As part of this statement MHP has reviewed and considered TCFD's All Sector Guidance (2021 TCFD Annex). MHP has also considered the recommendations for agriculture, food and forest product organisations that are explained within the Guidance.

The emphasis of the additional Guidance is to provide more granular and explicit disclosures. This is aligned with MHP's aim of progressing its transparency concerning climate change over time.

MHP'S APPROACH TO CLIMATE CHANGE

MHP understands that climate change presents the Group with a range of risks and opportunities. Its approach to climate change is reported in greater detail within Growth Pillar 6 on pages 92 to 101 of this Report.

MHP is working to better understand its environmental footprint to ensure the sustainable delivery of its products. The approach is guided by the activities of the Intergovernmental Panel on Climate Change ("IPCC"), the UN Framework Convention on climate change. It is also informed by a number of regulatory and stakeholder initiatives that aim to address climate change, reduce and eliminate global GHG emissions, and increase transparency.

Page 96 and 97 of this Report outlines MHP's Scope 1 and 2 emissions data and sources during 2023.

PAGE 96

For information on MHP's Scope 1 and 2 emissions data and sources

MHP's activities also create Scope 3 emissions (such as those generated by purchased goods and services). These are not currently reported. MHP is investigating the development of its Scope 3 reporting but does not expect to be able to put in place the processes to report on this basis until after the end of the War in Ukraine.

MHP IS WORKING TO BETTER UNDERSTAND ITS ENVIRONMENTAL FOOTPRINT TO ENSURE THE SUSTAINABLE DELIVERY OF ITS PRODUCTS.

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ALIGNMENT WITH THE TCFD RECOMMENDATIONS

MHP's approach to climate change is evolving and the Group intends to enhance its reporting as its approach matures and develops. This statement sets out the steps that have already been taken as well as steps planned in 2024 and beyond.

MHP has considered its "consistent or not consistent" obligation under the UK Financial Conduct Authority Listing Rules and has detailed its position at the end of 2023 in relation to the 11 TCFD recommendations in the table. Where sections are marked "not consistent", further explanation is provided beneath the table.

MHP'S APPROACH TO CLIMATE CHANGE IS EVOLVING AND THE GROUP INTENDS TO ENHANCE ITS REPORTING AS ITS APPROACH MATURES AND DEVELOPS.

11 TCFD RECOMMENDATIONS – MHP'S POSITION AT THE END OF 2023

	PROGRESS
GOVERNANCE	
Describe the Board's oversight of climate-related risks and opportunities	Consistent
Describe management's role in assessing and managing climate-related risks and opportunities	Not consistent
STRATEGY	
Describe the climate change risks and opportunities the organisation has identified over the short, medium and long term	Not consistent
Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	Consistent
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2-degree centigrade or lower scenario	Not consistent
RISK MANAGEMENT	
Describe the organisation's processes for identifying and assessing climate-related risks	Not consistent
Describe the organisation's processes for managing climate-related risks	Not consistent
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Not consistent
METRICS AND TARGETS	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Not consistent
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	Not consistent
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Not consistent

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GOVERNANCE

MHP's governance systems include regular review of the Board and Committee composition to ensure that they have the necessary combination of skills, experience, and knowledge. More information is included in the Corporate Governance report on page 111.

MHP's Chief Executive Officer is responsible for the executive management of MHP's businesses including its approach to climate change, strategy implementation and delivering performance against plans. MHP's Board of Directors is responsible for the Group's approach to climate change. It is supported in the management of its approach by the Board's Sustainability and International Affairs ("S&IA") Committee and these activities include regular discussion of climate change matters.

The Group is progressing the integration of climate change into its management procedures, and in 2024 a Climate Risk Management Group comprising Senior Management was formed to encourage buy-in and contribute to the progression of MHP's sustainability goals and targets including those relating to climate change.

Another important step which took place in 2023 was the centralisation of the environmental function and the expansion of the team headcount. Further information is recorded on page 92 of the Growth Pillar 6 section of this Report.

STRATEGY

MHP's previous announcement of a target to become carbon neutral by 2030 will be reviewed at the end of the War in Ukraine. MHP will also examine the introduction of other targets including those relating to emissions intensity as part of the post-War development of its approach to climate change.

MHP also intends to align its approach more closely with the TCFD recommendations for agriculture, food and forest product organisations that are explained within the Guidance within the next two years. The War in Ukraine may affect the timing of these activities.

In 2023, the Group achieved carbon accreditation with the Carbon Trust for its poultry production and marketing activities in Ukraine. Further details are recorded on page 95 of this Report.

MHP has established that significant cost savings and environmental benefits can be created through renewable energy generation, processing its waste to create biogas. Further information on the energy generated in 2023 is available on page 96 of this Report. This method has also contributed significantly to MHP's energy security since the outbreak of War on 24 February 2022.

MHP continues to investigate this opportunity and intends to expand its renewable energy generation within the short to medium-term. MHP is also conducting renewable energy projects with business specialist partners including wind and solar.

The Group also plans to continue engaging with stakeholders, including employees, customers, and suppliers, to raise awareness about climate change and promote sustainable practices.

RISK MANAGEMENT

Climate risks are evaluated using MHP's common risk assessment approach which includes consideration of qualitative criteria and likelihood of occurrence. These outcomes are incorporated into the risk assessment procedures which are performed regularly at each of MHP's enterprises. Climate change has been identified as a principal risk.

MHP has not yet conducted a qualitative and quantitative climate change scenario assessment to support and guide its climate change approach going forward. In 2024, the Group expects to make substantial progress in further understanding its climate change risks and opportunities and will be supported in this process by professional advisors.

METRICS AND TARGETS

MHP's greenhouse gas emissions calculations are conducted annually. The emissions data and methodology applied is recorded on pages 92 to 101 of this Report.

MHP expects to make substantial progress in 2024 in identifying relevant metrics and targets on both climate change mitigation and adaptation with the support of professional advisors.

MHP does not currently collect Scope 3 data. When the War finishes, MHP will investigate expanding its emissions data to include Scope 3 and the use of appropriate intensity metrics to monitor emissions performance and enable evaluation of robust target setting over and above the existing 2030 carbon neutral goal.

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NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

COMMITMENT TO TRANSPARENCY

MHP is committed to transparent reporting and disclosure of its financial and non-financial performance, risks and opportunities where this information is relevant to shareholders and other key stakeholders. MHP has supplied this information in alignment with the reporting requirements contained in Sections 414, 414CA and 14CB of the UK Companies Act 2006.

The information in the table on the next page is provided to aid understanding of MHP's approach, policies and performance relating to non-financial and sustainability matters. No material breaches of policy were identified during 2023.

It also highlights where further information, other than that disclosed within this Report, can be accessed.

MHP regularly conducts dialogue with investors and other stakeholders about non-financial and sustainability matters. More information can be found in the Stakeholder Engagement section of this Report.

HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

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BUSINESS MODEL

An explanation of MHP's business model

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RISK

A description of the principal risks and their potential impacts on the business

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SUSTAINABILITY

Information about MHP's sustainability approach, policies, management systems and performance

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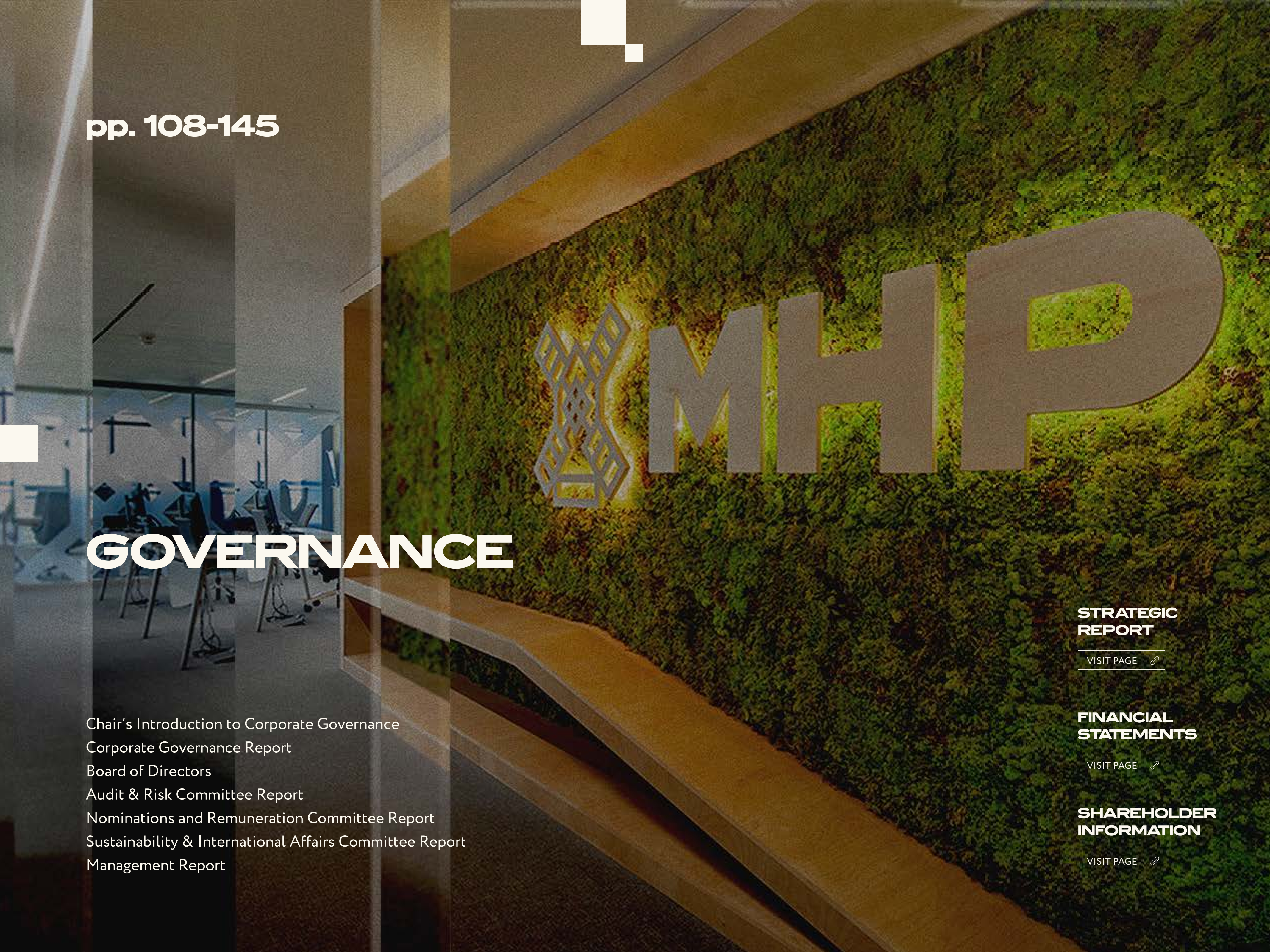
REPORTING REQUIREMENT	POLICIES AND STANDARDS WHICH GOVERN MHP'S APPROACH	WHERE TO READ MORE IN THE REPORT ABOUT MHP'S IMPACT INCLUDING THE PRINCIPAL RISKS RELATING TO THESE MATTERS	WHERE TO FIND FURTHER INFORMATION
Environmental Matters	→ MHP's Environmental Policy	→ Risk Management pages 50 to 56 → MHP's Growth Pillars introduction section pages 57 to 59 → Growth Pillar 6 pages 92 to 101	→ mhp.com.ua Sustainable Development section
Employees	→ MHP's Five Core Values page 23 → MHP's Code of Ethics → Conflict of Interest Management Policy	→ Chair's Statement pages 7 to 9 → MHP's Growth Pillars introduction section pages 57 to 59 → Growth Pillar 1 pages 60 to 64 → Growth Pillar 2 pages 65 to 75 → Growth Pillar 5 pages 84 to 91	→ mhp.com.ua Sustainable Development section → mhp.com.ua Corporate Ethics and Compliance section
Social Matters	→ MHPs Five Core Values page 23 → MHP's Code of Ethics → MHP Business Partner Code of Conduct	→ Chair's Statement pages 7 to 9 → MHP's Growth Pillars introduction section pages 57 to 59 → MHP's Growth Pillars 1 to 6 pages 60 to 101	→ mhp.com.ua Sustainable Development section → mhp.com.ua Corporate Ethics and Compliance section
Human Rights	→ MHP's Stakeholder Engagement Plan → MHP's Code of Ethics → MHP Business Partner Code of Conduct	→ MHP's Growth Pillars introduction section pages 57 to 59 → Growth Pillar 3 pages 76 to 77	→ mhp.com.ua Sustainable Development Section → mhp.com.ua Corporate Ethics and Compliance Section
Anti-Corruption And Anti-Bribery	→ MHP's Code of Ethics → Conflict of Interest Management Policy → MHP Business Partner Code of Conduct → MHP Integrity Statement	→ MHP's Growth Pillars introduction section pages 57 to 59 → Growth Pillar 5 pages 84 to 91	→ mhp.com.ua Corporate Ethics and Compliance Section
Description Of The Business Model		→ Our Business Model page 16	→ mhp.com.ua About Company Section
Description Of Principal Risks And Impact Of Business Activity		→ Risk Management pages 50 to 56	
Non-Financial Key Performance Indicators		→ Growth Pillars 1 to 6 pages 60 to 101	
Climate-Related Disclosures	→ MHP's Environmental Policy → MHP Business Partner Code of Conduct	→ MHP's Growth Pillars introduction section pages 57 to 59 → Growth Pillar 6 pages 92 to 101 → TCFD Statement pages 102 to 104	→ mhp.com.ua Sustainable Development Section



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CHAIR'S INTRODUCTION TO CORPORATE GOVERNANCE

ON BEHALF OF THE BOARD, I AM PLEASED TO PRESENT OUR CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023. THIS SETS OUT OUR APPROACH TO GOVERNANCE, REPORTS THE IMPORTANT AREAS OF FOCUS OF THE BOARD'S ACTIVITIES DURING THE YEAR AND DESCRIBES HOW THE BOARD AND ITS COMMITTEES OPERATE.

DURING THE CONTINUATION OF THE WAR IN UKRAINE, THE BOARD'S MAIN AREAS OF FOCUS HAVE BEEN AND WILL CONTINUE TO BE:

- To maintain the successful continuation and ongoing development of MHP's business activities despite the many and evolving challenges presented by the War
- To support, guide and advise the executive management team as effectively as possible
- To ensure food security for the Ukrainian population
- To maintain the Group's liquidity and solvency
- To ensure the safety, security and wellbeing of MHPs employees

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GOVERNANCE AND BOARD PERFORMANCE

MHP has a well-established approach to governance and continues to look for opportunities to develop it in line with best practice. This provides a robust platform for the Board's management processes and decision-making and has played a crucial role in MHP's successful approach to maintaining and expanding its business activities.

MHP has continued to adapt and conduct its operations with remarkable speed, innovation and efficiency. All Board members contributed effectively throughout the year and provided leadership to ensure that a multitude of challenging and uncertain issues were addressed creatively, rapidly, and effectively.

In recognition of the Group's commitment to embedding corporate responsibility in its operations, the Sustainability and International Affairs Committee initiated a creation of a sub-committee comprised of the Company.

This reflects not only the Board's governance approach but also a bottom-up drive. The goal of this sub-committee will be to consolidate the importance of ESG and provide the vision over the medium- to long-term. It will integrate sustainability principles into the core strategies and operations of MHP, as well as to contribute to the creation of long-term value for all stakeholders, including shareholders, employees, customers and communities. By prioritising sustainability and responsible business practices, we aim to enhance our resilience, reputation and competitiveness in the global marketplace.

BOARD COMPOSITION AND SUCCESSION PLANNING

The Board welcomed Mr Oscar Chemerinski to the Board in 2023 and his appointment added a significant skill set and levels of business experience. He became Chair of the Audit & Risk Committee at the beginning of 2024, replacing John Grant who will continue as a member of the Audit & Risk Committee until he retires from the Board at the AGM in June 2024.

We continue to conduct a phased succession plan to ensure replenishment of the Board to maintain and enhance the levels of skills, knowledge and independence whilst being mindful of stakeholder expectations concerning diversity and the relevant guidelines including the FTSE Women Leaders Review and the Parker Review. Further information can be found in my Chair's Statement on page 7 and in the Nominations and Remuneration Committee Report on page 135.

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Nominations and Remuneration Committee Report

ENGAGEMENT WITH SHAREHOLDERS, BONDHOLDERS, FINANCIERS AND OTHER STAKEHOLDERS

The ongoing War in Ukraine continues to create high levels of concern amongst stakeholders particularly in view of the evolving aspects of the War which, at the date of this Report, shows no sign of ending. The Group has maintained open and clear lines of communication with shareholders, bondholders, lenders and other stakeholders.

The Board has played and will continue to play an essential leadership and advisory role in the conduct of this dialogue. Highlights during the year included completion of important new lending agreements and successful completion of bondholder tender offers.

CONDUCT OF BOARD MEETINGS

Due to the ongoing War, our Board has had to adapt its meeting format, conducting sessions either in person or virtually to accommodate the varying circumstaces of our Board members. We expect this dual format to continue until the situation stabilises. MHP has continued to invest in strengthening its IT infrastructure to facilitate these requirements and ensure security and cinfidentiality of virtual meetings.

This allowed efficient levels of communication between Board members, executive management and other stakeholders during the War.

HIGHLIGHTS DURING THE YEAR INCLUDED COMPLETION OF IMPORTANT NEW LENDING AGREEMENTS AND SUCCESSFUL DELIVERY OF BONDHOLDER TENDER OFFERS

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NON-EXECUTIVE DIRECTOR INDEPENDENCE DURING THE WAR

The Board continues to take all steps necessary to safeguard the interests of all stakeholders. In 2023 the independent stance of the Non-Executive Directors was weighed against the requirement for them to act in the way they consider that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. As such, it has become necessary for the nature of the activities conducted by the Non-Executive Directors to change from time-to-time so that their skills, networks and attributes are drawn on in ways which, under usual circumstances, might be viewed as affecting independence through the conduct of a material business relationship.

The Board continues to believe that these actions are essential to maintain the stability and liquidity of the Group for the duration of the War. They include, for example, guiding the Management Team in finance negotiations and maintaining key stakeholder relations. The involvement of the Independent Non-Executive Directors in this manner is infrequent and necessitated by the challenges the Group focused on as result og the War.

The Group therefore considers that Non-Executive Director occasional involvement in this way does not materially affect independence and that this approach is in the best interests of the Company, its shareholders, bondholders and other stakeholders.

The independence information within this Corporate Governance Report and the UK Corporate Governance Code compliance statement has been prepared applying this view on Non-Executive Directors independence.

MOVING FORWARD

The Board will continue to successfully lead and advise the business with confidence in 2024 and beyond despite the uncertainties and challenges presented by ongoing warfare. The resilience of the Board and of our workforce means that we will continue to deliver on the key areas of focus for as long as combat persists. In addition, the culture of the Group in this extremely challenging and uncertain environment has stood up to the test, as witnessed by the recent Business Culture Awards – Best CSR Initiative.

PAGE 9
See recent business culture award

I should like to take this opportunity to thank my colleagues on the Board and MHP's Senior Management Team for their immense efforts and contributions to the Group during the year. Everyone at MHP is very proud of what we have all managed to achieve and the way in which we have all collaborated as part of an enormous and remarkable team-effort across the Group.

Dr John Rich
Executive Chair, MHP Board
02 May 2024

MHP HAS A WELL-ESTABLISHED APPROACH TO GOVERNANCE, WHICH SERVES AS THE FOUNDATION FOR THE BOARD'S MANAGEMENT PROCESSES AND DECISION MAKING

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CORPORATE GOVERNANCE REPORT

DOMICILE AND BACKGROUND INFORMATION

MHP was originally established in 2006 and registered in Luxembourg. On 7 August 2017, the Company converted from a public limited company ("Societe Anonyme") into a European company ("Societas Europaea").

On 27 December 2017, the Company's registered office and central administration was transferred to Cyprus. MHP is currently registered in the Cyprus Registry of SE Companies under number SE 27. The registered address of MHP SE is 16-18 Zinas Kanther Street, Agia Triada, 3035 Limassol, Cyprus.

In December 2017 the Company adopted a new Memorandum and Articles of Association to comply with the provisions of company law within Cyprus. This is available for download at the Group websites.

MHP's GDRs are listed and traded on the London Stock Exchange.

The Company's corporate governance structures, processes and procedures are outlined in its Code of Corporate Governance which is also available for download at the Group websites.

MHP aims to uphold and practice the highest standards of corporate governance. It regularly consults and discusses its approach with professional advisors, shareholders, bondholders, investment analysts, its workforce, governments, and regulators.

STATEMENT OF COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE 2018

MHP's Board, executive management and advisors have been actively developing MHP's corporate governance processes and procedures. The Group is a GDR issuer on London Stock Exchange and aims to follow best practice in line with established international standards. The Board regards the UK Corporate Governance Code 2018 provisions required by the LSE's Premium Segment as the appropriate international benchmark for its approach. MHP also complies with the governance requirements of Cypriot law.

Recent developments include expanding the remit of one of the Board Committees to specifically include sustainability. This change underpins the Board's commitment to integrate sustainability robustly within MHP's corporate governance.

MHP continues to seek ways to strengthen the diversity and experience of the Board and announced the appointment of Mr Oscar Chemerinki as an independent Non-Executive Director during the year.

It is the opinion of the Board that, during 2023, MHP complied with the principles and requirements of the UK Corporate Governance Code except in relation to the matters noted below.

MHP REGARDS THE UK CORPORATE GOVERNANCE CODE 2018 AS THE APPROPRIATE INTERNATIONAL BENCHMARK FOR ITS APPROACH

PROVISION NUMBER	PROVISION REQUIREMENT	EXPLANATION
9	The Chair should be independent on appointment under the criteria outlined in Provision 10.	On his appointment in 2017, the Chair had served on the Board as a Non-Executive Director since 2006. At the time of his appointment, he was also employed by the International Finance Corporation as a Senior Regional Consultant in Agribusiness Industry. This role ended in 2021. After considering the Chair's credentials, experience, expertise, and independence of thought, it was the Board's view that the Chair was independent at the time of his appointment. In 2018, at the request of the Board, the Chair agreed to support the Chief Executive Officer with certain specific strategic projects where his extensive knowledge and expertise is particularly helpful. Subsequently, in March 2019 his role was designated as Executive Chair and no longer independent. The Board continues to be satisfied that these arrangements are in the best interests of the Company, its shareholders, and other stakeholders.
10	The Board should identify in the annual report each Non-Executive Director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a Non-Executive Director's independence include whether a Director has served on the Board for more than nine years from the date of their first appointment. A clear explanation should be provided if the Board nonetheless considers the Non-Executive Director to be independent.	John Grant has served as a Non-Executive Director of the Company since 2006 and is the Senior Independent Director. The Board values his business perspective in view of his extensive experience as a director of a wide range of major public companies in a variety of business sectors and is satisfied that he possesses the necessary independence of thought to be regarded as independent. He intends to retire from the Board at the AGM in June 2024.
19	The Chair should not remain in post beyond nine years from the date of their first appointment to the Board. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the Chair was an existing Non-Executive Director on appointment.	The Chair became a Non-Executive Director in 2006 and was appointed Chair in 2017, at which time the Board was satisfied of his independence of thought and viewed the appointment as in the best interests of the Company, its shareholders, and other stakeholders. His subsequent adoption of executive responsibilities was also, and continues to be, viewed as being in the best interests of these parties.
32	The Board should establish a remuneration committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies, two. In addition, the Chair of the board can only be a member if they were independent on appointment and cannot chair the committee. Before appointment as Chair of the remuneration committee, the appointee should have served on the remuneration committee for twelve months.	The Nominations and Remuneration Committee currently comprises Philip J Wilkinson OBE and John Grant who are both Independent Non-Executive Directors. The third member is the Executive Chair, Dr John Rich. Philip J Wilkinson OBE is the Committee Chair. These arrangements are considered by the Board to be in the best interests of the Company and its material stakeholders.
36	Remuneration schemes should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. Share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The remuneration committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.	At the EGM on 28 December 2021, MHP's shareholders approved a new Directors' Remuneration Policy which better aligned the interests of the Executive Directors with those of shareholders. This document defers the setting of a Company policy in relation to long-term incentives, including share awards, until a later date. Given the wartime environment and the Group's need to focus on War-related considerations, the long-term incentives policy will remain as approved in 2021, see also NRC Report on page 135.

PROVISION NUMBER	PROVISION REQUIREMENT	EXPLANATION
38	Only basic salary should be pensionable. The pension contribution rates for executive directors, or payments in lieu should be aligned with those available to the workforce. The pension consequences and associated costs of basic salary increases and any other changes in pensionable remuneration, or contribution rates, particularly for directors close to retirement, should be carefully considered when compared with workforce arrangements.	Directors' pensionable salaries are calculated on the basis of salary plus performance related bonuses in line with local legislation and are in line with general workforce arrangements. The Company previously planned to update the Directors' Remuneration Policy to specifically address this area not later than the end of 2023. Given the wartime environment and the Group's need to focus on War-related considerations, the calculation of directors' pensionable salaries will remain as approved in 2021, see also NRC Report on page 135.
40	When determining executive remuneration policy and practices, the remuneration committee should address the following: → Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce; → Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand; → Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans are identified and mitigated; → Predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy; → Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance; and → Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values, and strategy.	At the EGM on 28 December 2021, the Company's shareholders approved (over 97% in favour) a new Directors' Remuneration Policy which had been formulated with the assistance of Deloitte, MHP's remuneration consultant. In common with many companies from the region, MHP does not currently disclose individual executive director remuneration data. This policy is regularly reviewed and discussed with MHP's shareholders.

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BOARD OF DIRECTORS

THE MEMBERS OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2023 ARE RECORDED BELOW TOGETHER WITH INFORMATION ABOUT EACH MEMBER INCLUDING CAREER HIGHLIGHTS AND AN OVERVIEW OF THEIR SKILLS AND EXPERIENCE. THIS YEAR, AS PART OF OUR COMMITMENT TO TRANSPARENCY, WE HAVE SUPPLEMENTED THIS INFORMATION WITH A SKILLS AND DIVERSITY MATRIX.

Dr John Rich
Executive Chair
NR SI

John Grant
Senior Independent Director
AR NR

Philip J Wilkinson OBE
Independent Non-Executive Director
NR SI AR

Christakis Taoushanis
Independent Non-Executive Director
AR

Oscar Chemerinski
Independent Non-Executive Director
SI AR

Yuriy Kosyuk
Chief Executive Officer

Andriy Bulakh
Deputy Chief Executive Officer, People

Viktoriia Kapeliushnaya
Chief Financial Officer

Committee member key

NR	Nominations and Remuneration Committee
SI	Sustainability and International Affairs Committee
AR	Audit & Risk Committee
□	Chair of Committee
○	Member of Committee

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NR SI

DR JOHN RICH
Executive Chair

John Rich is a highly experienced senior business executive with a strong background in agribusiness operations, development banking and investment. He also contributes to MHP considerable experience in animal production, and in the development of animal welfare and sustainable agriculture.

Nationality: Australian
Appointed to the Board: 2006
Career and prior experience:

- Member of the Australian College of Veterinary Science and a registered financial member of the Australian College of Veterinary Surgeons;
- 1990-2003: Executive Director, Austasia Pty Ltd (agribusiness conglomerate SE Asia);
- 1995-2002: Director AN-OSI Pty Ltd (supply chain management for feedlot beef, poultry and dairy operations SE Asia/China);
- 2006-2019: Senior Consulting Agribusiness Industry Specialist IFC (World Bank Group), and Agribusiness consultant to IFC-invested clients until 2020; and
- 2017-2021: Financial Board Advisor to ADM Capital and Independent Non-Executive Director at three other poultry-related companies.

Current roles:

- Director of Australian Agricultural Nutrition and Consulting Pty Ltd (AANC);
- Member of the Food and Agribusiness Advisory Council of London-based finance institution, British International Investment (BII) (formerly CDC);
- Non-Executive director of Zambeef Product Limited (Zambia); and
- Non-Executive Director of Zalar Holdings (Morocco).

AR NR

JOHN GRANT
Senior Independent Director

John Grant brings to MHP extensive, board-level finance, risk management, strategy, governance, and operational experience from a wide range of international businesses and sectors.

Nationality: British
Appointed to the Board: 2006
Career and prior experience:

- Senior Independent Director, Augean plc, Melrose plc, Pace plc and Wolfson Microelectronics plc;
- Non-Executive Director, National Grid plc;
- Audit Committee Chair: Augean plc, Melrose plc, National Grid plc, Pace plc;
- Remuneration Committee Chair: Augean plc, National Grid plc;
- 1989: Director of Corporate Strategy, Ford Motor Company;
- 1990-1992: Executive Deputy Chair, Jaguar Cars; and
- 1992-1996: Finance Director, Lucas Industries plc, LucasVarity plc.

NR SI AR

PHILIP J WILKINSON OBE
Independent Non-Executive Director

Philip Wilkinson contributes to MHP extensive experience in the strategic and commercial leadership of international agribusinesses, in particular in the international poultry industry.

Nationality: British
Appointed to the Board: 2020
Career and prior experience:

- Commercial Director of Arla Foods;
- Poultry industry: Managing Director of Grampian Country Food Group, in 2006 joined 2 Sisters Food Group; in 2015 joined Inghams, Australia; and
- Dairy industry: awarded an OBE in 2003 for Services to the Dairy Industry; Chair of the National Dairy Council and of the National Dairy Farm Assured Ltd.

Current roles:

- Director of Red Tractor Poultry Sector Board;
- Council Member of AVEC, Association of Poultry Processors and Poultry Trade in the EU;
- Advisor to the Board of Alltech, USA;
- Advisor to the Board of eggXYt, Israel;
- Board member of the British Poultry Council; and
- Board member of Paramount 21.

AR

CHRISTAKIS TAOUSHANIS
Independent Non-Executive Director

Christakis Taoushanis contributes to MHP over 35 years of finance, capital markets and management experience.

Nationality: Cypriot
Appointed to the Board: 2018
Career and prior experience:
- 35 years of banking experience including four years at Continental Illinois National Bank of Chicago, 18 years at HSBC Group in Hong Kong and Cyprus, and 8 years as Chief Executive Officer at Cyprus Development Bank; and
- Independent Non-Executive Director with significant (over 20 years) experience, including regulated and listed companies.

Current roles:
- Advisor through his private firm, TTEG & Associates.

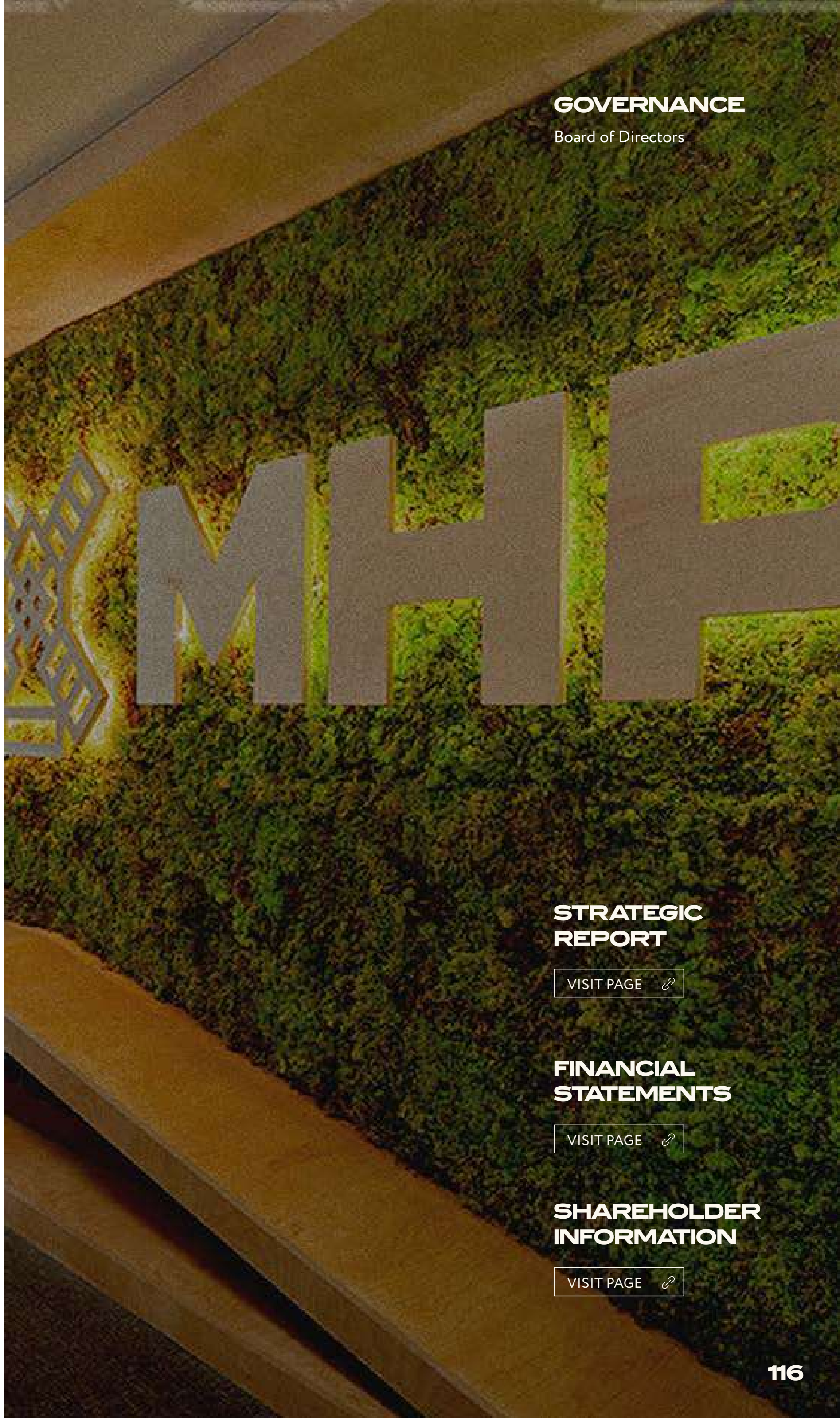
AR SI

OSCAR CHEMERINSKI
Independent Non-Executive Director

Oscar Chemerinski contributes to MHP significant experience in finance, business leadership, and strategic thinking, with a strong background in the food production and agribusiness sectors, and in International Development.

Nationality: Argentinian
Appointed to the Board: 2023
Career and prior experience:
- A graduate of the Universidad de Belgrano with a Master's in Economics and Accounting (CPA), and of the University of Chicago with an MBA in Finance;
- Over 30 years of global exposure to the private sector, through project finance and advisory services working with boards, NGOs, CSOs, governments, MFIs, and Banks, and including over 20 years with the International Finance Corporation (IFC);
- Board member of Cofco International (Hong Kong); and
- Board member of Bridge Academies (Kenya).

Current roles:
- Board member of Hans Merensky Holdings (South Africa);
- Board member of Westfalia Fruit (UK);
- Board member of Copeval (Chile);
- Board member of ProducePay (Mexico);
- Board member of Merensky Timber (South Africa); and
- Co-Managing Partner, Ballard Partners.



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YURIY KOSYUK
Chief Executive Officer

Yuriy Kosyuk has been Chief Executive Officer of MHP since he founded the Company in 1998. He contributes over 30 years' experience in the agribusiness and food production industries.

Nationality: Ukrainian
Appointed to the Board: 2006 (founded MHP in 1998)
Career and prior experience:

- 1992: graduated as a process engineer in meat and milk production from the Kyiv Institute of the Food Industry; and
- 1995: founded the Business Centre for the Food Industry in Kyiv.

ANDRIY BULAKH
Deputy Chief Executive Officer, People

Andriy Bulakh contributes to MHP more than 20 years' broad management, auditing, and consulting experience.
Since joining the Group, Mr. Bulakh has initiated and actively implemented a goal-setting system for MHP. He is also in the process of transforming the HR function and increasing the efficiency of the Group's processes.

Nationality: Ukrainian
Appointed to the Board: 2021 (joined MHP in 2020)
Career and prior experience:

- Managing Partner and Head of Consulting (Deloitte Ukraine); and
- Master's Degree in International Economic Relations, Taras Shevchenko National University of Kyiv.

VIKTORIIA KAPELIUSHNA
Chief Financial Officer

Viktoriia Kapeliushnaya contributes to MHP extensive financial experience and business acumen gained from over 30 years in the agribusiness and food production industries.

Nationality: Ukrainian
Appointed to the Board: 2006 (joined MHP in 1998)
Career and prior experience:

- Diplomas in Processing Engineering (1992) and Financial Auditing (1998) from the Kyiv Institute of the Food Industry; and
- Deputy and Chief Accountant at the Ukraine Business Centre for the Food Industry (BCFI).

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BOARD SKILLS AND DIVERSITY MATRIX

The skills and diversity matrix reflects the balance of knowledge, skills, diversity, and experience required to establish and deliver the Group's strategy and business objectives.

SKILLSET AND EXPERIENCE

The skills matrix demonstrates that there are no substantial gaps in the composition of the Board and ensures robust Board skills diversity. MHP will continue to monitor the appropriateness of Board skills for the dynamic markets in which it operates, and against a backdrop of an increasing need for expertise and knowledge in sustainability, innovation, and technology.

DIVERSITY

Diversity is essential in making the Board of Directors effective and the diversity matrix details the gender, nationality, ethnic background, and age of each Board member. Further information about alignment with UK Listing Rules requirements and MHP's approach to Board and executive management diversity is outlined on page 136.

NAME	DR JOHN RICH	JOHN GRANT	OSCAR CHEMERINSKI	PHILIP J WILKINSON OBE	CHRISTAKIS TAOUSHANIS	YURIY KOSYUK	ANDRIY BULAKH	VIKTORIIA KAPELIUSHNA
ROLE	Executive Chair	Senior Independent Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Chief Executive Officer	Deputy Chief Executive Officer – People	Chief Financial Officer
Audit & Risk Committee		●[1]	●[1,2]	●	●			
Nominations & Remuneration Committee	●	●		●[2]				
Sustainability & International Affairs Committee	●		●	●[2]				
SKILLSET & EXPERIENCE								
Accounting and finance	●	●	●	●	●	●	●	●
Agribusiness	●			●		●	●	●
Banking and capital markets	●	●	●		●	●	●	●
Business strategy	●	●	●	●	●	●	●	●
Corporate governance, legal and regulatory	●	●	●		●			
Technology and innovation	●					●		●

[1] In January 2024, Oscar Chermerinski was appointed Chair of the Audit & Risk Committee replacing John Grant
[2] Committee Chair

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NAME	DR JOHN RICH	JOHN GRANT	OSCAR CHEMERINSKI	PHILIP J WILKINSON OBE	CHRISTAKIS TAOUSHANIS	YURIY KOSYUK	ANDRIY BULAKH	VIKTORIIA KAPELIUSHNA
ROLE	Executive Chair	Senior Independent Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Chief Executive Officer	Deputy Chief Executive Officer – People	Chief Financial Officer
SKILLSET & EXPERIENCE (CONTINUED)								
Health and safety	●				●	●	●	
Human resources, talent, and remuneration	●	●		●		●	●	●
External quoted boardroom experience	●	●	●	●	●			
Retail	●			●		●		
Risk oversight and management	●	●	●	●	●	●	●	●
Responsible business and sustainability	●		●	●			●	
INTERNATIONAL EXPERIENCE								
Africa			●					
Asia	●		●		●			
CIS	●	●	●	●	●	●	●	●
Europe (including UK)	●	●	●	●	●	●	●	●
MENA	●		●					
Other	●		●		●			

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NAME		DR JOHN RICH	JOHN GRANT	OSCAR CHEMERINSKI	PHILIP J WILKINSON OBE	CHRISTAKIS TAOUSHANIS	YURIY KOSYUK	ANDRIY BULAKH	VIKTORIIA KAPELIUSHNA
ROLE		Executive Chair	Senior Independent Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Chief Executive Officer	Deputy Chief Executive Officer – People	Chief Financial Officer
DIVERSITY									
GENDER	Male (87%)	●	●	●	●	●	●	●	
	Female (13%)								●
	Not specified / prefer not to say (0%)								
NATIONALITY	Argentinian			●					
	Australian	●							
	British		●		●				
	Cypriot					●			
	Ukrainian						●	●	●
ETHNIC	White British or other White (including minority-white groups)	●	●		●	●	●	●	●
	Mixed/ Multiple Ethnic Groups								
	Asian/Asian British								
	Asian/Asian British								

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NAME		DR JOHN RICH	JOHN GRANT	OSCAR CHEMERINSKI	PHILIP J WILKINSON OBE	CHRISTAKIS TAOUSHANIS	YURIY KOSYUK	ANDRIY BULAKH	VIKTORIIA KAPELIUSHNA
ROLE		Executive Chair	Senior Independent Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Chief Executive Officer	Deputy Chief Executive Officer – People	Chief Financial Officer
DIVERSITY (CONTINUED)									
ETHNIC (continued)	Other ethnic group, including Arab			●					
	Not specified / prefer not to say								
AGE	< 55 years							●	●
	55 to 65 years			●			●		
	> 65 years	●	●		●	●			

DIRECTORS WHO SERVED DURING THE YEAR

The directors who served during the year were:

- Dr John Rich (Executive Chair)
- John Grant (Senior Independent Director)
- Philip J Wilkinson OBE (Independent Non-Executive Director)
- Christakis Taoushanis (Independent Non-Executive Director)
- Oscar Chemerinski (Independent Non-Executive Director)
- Yuriy Kosyuk (Chief Executive Officer)
- Andriy Bulakh (Deputy Chief Executive Officer – People)
- Viktoriia Kapeliushna (Chief Financial Officer)

Excluding the Chair, there is a balance on the Board between executive directors and the directors who the Board considers to be independent. Further Board details are set out on pages 114 to 117. This information includes biographical details of the Directors.

The only change to the Board composition during the year was the appointment of Oscar Chemerinski as an Independent Non-Executive Director in March 2023. He also became a member of the Audit & Risk Committee and the Sustainability and International Affairs Committee.

POST YEAR-END BOARD CHANGES

John Grant has indicated his intention to retire from the Board in 2024 and he stepped down from his role as Chair of the Audit & Risk Committee at the beginning of 2024. He was replaced by Oscar Chemerinski. John Grant will remain on the Committee until his retirement.

BOARD MEETING ATTENDANCE AND ARRANGEMENTS DURING THE WAR

The Board conducted six meetings during 2023. All the Non-Executive Directors and the Chair attended these meetings. The Chief Executive Officer attended one of the meetings where the most material and strategic decisions were discussed.

As a result of the War in Ukraine, the majority of Board meetings were conducted using a blend of in-person and conference call facilities. The Board of Directors also approved certain decisions through 18 circular resolutions.

DIRECTOR	MEETINGS ATTENDED / INVITED
Dr John Rich	6/6
John Grant	6/6
Christakis Taoushanis	6/6
Philip J Wilkinson OBE	6/6
Oscar Chemerinski	5/5
Yuriy Kosyuk	1/6
Andriy Bulakh	5/6
Viktoriia Kapeliushna	6/6

DIVISION OF RESPONSIBILITIES AND BOARD GOVERNANCE FRAMEWORK

BOARD

The Board is responsible for ensuring there is a robust and transparent governance framework in place

CHAIR

The Chair is responsible for the proper and efficient functioning of the Board.

The Chair determines the calendar of Board meetings and the agenda of the Board's meetings after consultation with the CEO.

The Chair will also make sure that there is sufficient time and debate for making decisions.

The Chair is also responsible for ensuring that new Directors receive a complete and tailored induction to the Company prior to joining the Board and that existing Directors continually update their skills and the knowledge and familiarity with the Company required to fulfil their role both on the Board and on the Board Committees.

The Chair represents the Board to shareholders and the public and chairs Shareholders' Meetings.

CHIEF EXECUTIVE OFFICER

The CEO is entrusted by the Board with the day-to-day management of the Company within the strategic parameters established by the Board.

The CEO oversees the organisation and efficient day-to-day management of subsidiaries, affiliates, and joint ventures.

The CEO is responsible for the execution and management of the outcome of all Board decisions.

CHIEF FINANCIAL OFFICER

The Chief Financial Officer is responsible for overseeing financial-related activities including the development of financial strategies, financial reporting, audit, and risk.

SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director acts as a sounding board for the Chair and can be an intermediary for the other Directors and shareholders when required.

They lead the other Non-Executive Directors in the annual performance evaluation of the Chair.

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DIVISION OF RESPONSIBILITIES AND BOARD GOVERNANCE FRAMEWORK (continued)

BOARD (CONTINUED)

The Board is responsible for ensuring there is a robust and transparent governance framework in place

NON-EXECUTIVE DIRECTORS	COMPANY SECRETARY
Through their broad range of skills and experience, the Non-Executive Directors bring judgement, oversight, and constructive challenge to the Executive Directors, holding their performance to account against agreed performance objectives. They bring an external perspective to Board discussions as well as specialist advice and strategic guidance to the Executive Directors.	The Company Secretary ensures that the Board receives appropriate and timely information and provides advice and support to the Chair, Board, and senior management on regulatory and governance matters.

BOARD COMMITTEES

The Board has established three Committees to support it in fulfilling its oversight responsibilities.

AUDIT & RISK COMMITTEE	NOMINATIONS AND REMUNERATION COMMITTEE	SUSTAINABILITY AND INTERNATIONAL AFFAIRS COMMITTEE
This Committee conducts oversight of financial reporting, audit, and risk.	The Committee conducts oversight of Board and Committee composition, succession planning and the link of reward to strategy.	The Committee is responsible for developing the Company's approach to sustainability and international affairs and reflecting the changing business and political environment in which the Company operates.

PRINCIPAL RESPONSIBILITIES OF THE BOARD

The primary role of the Board is to lead MHP in a way that promotes its long-term sustainable success for the benefit of all its stakeholders and contributing optimally to wider society. It provides strategic leadership and oversight of MHP's operations either directly or through the work of its principal committees.

The Board is responsible for the overall conduct of the Company's business and has the powers, authorities and duties vested in it by and pursuant to the relevant Cyprus laws and regulations and the Articles of Association of the Company. MHP's Articles of Association can be viewed at MHP's corporate websites (mhp.com.cy, mhp.com.ua).

The Company has a unitary governance structure, and the Board is the ultimate decision-making body, except for the powers reserved for the Shareholders' Meeting by law or as specified in the Articles of Association.

The Board has a schedule of matters that are assigned to it for discussion, debate, and approval in line with the requirements of the UK Corporate Governance Code and the applicable laws and regulations.

PRINCIPAL RESPONSIBILITIES OF THE BOARD (CONTINUED)

These principal responsibilities include:

- Establishing MHP's purpose and values which underpin the culture of the business;
- MHP's long-term strategy, aims and objectives and review of performance against those goals;
- Conduct of business and support for the population during the current War in Ukraine;
- Mergers and acquisitions strategy;
- Ensuring that a robust and transparent governance framework is in place;
- Sustainability and responsible business (or "ESG") strategy and KPIs;
- Budgets, financial and operational targets;
- Annual, half yearly and quarterly financial results;
- Annual Report and Accounts;
- Dividend policy;
- Appointments to the Board and removal of Board members;
- Remuneration of Directors;
- Senior management appointments, removals and remuneration arrangements;
- Appointments to Board committees;
- Board and senior management succession planning;
- Approval of major capital expenditure projects, acquisitions and divestments;
- Significant variations in borrowings or borrowing facilities;
- Financial and risk management policies and procedures; and
- Appointment and removal of the Company Secretary.

The Chair serves as the interface between the Board and major shareholders of the Company on matters of corporate governance.

DIVISION OF RESPONSIBILITIES

A clear division of responsibilities is maintained between the Chair and the CEO. The CEO may not carry out the duties of the Chair and vice versa except in extraordinary circumstances limited to no more than 12 months.

The Chair is required to maintain close relations with the CEO by giving him support and advice while respecting the executive responsibilities of the CEO. The CEO provides the Chair with all the information required to carry out the role.

There is a clear division of responsibilities between the leadership of the Board and the executive leadership of the business. The roles of Chair, Chief Executive Officer and Senior Independent Director are clearly separated and set out in writing. Their division of responsibilities, plus the matters reserved for the Board and the terms of reference for each principal Committee, ensure that no single individual can have unfettered powers of decision-making.

The Board considers the independence of its Non-Executive Directors annually, based on the criteria in the UK Corporate Governance Code and following consideration by the Nominations and Remuneration Committee.

The Board considers all Non-Executive Directors to be independent.

BOARD PROCESSES AND THE ROLE OF THE COMPANY SECRETARY

The Company Secretary is responsible for ensuring that Board procedures are complied with and that the Board receives appropriate and timely information; and provides advice and support to the Chair, Board, and senior management on regulatory and governance matters.

Board meetings are scheduled well in advance. Where it is necessary to call meetings at short notice, efforts are made to find suitable times when all Directors can attend.

Where this is not possible, Directors are provided with briefing materials and can discuss any agenda item with the Chair, Chief Executive Officer, or relevant Committee Chair.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

There is a formal and rigorous procedure for the appointment of new Directors to the Board.

The process for new appointments is led by the Nominations and Remuneration Committee which makes a recommendation to the Board. Any Member of the Board so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

In line with the UK Corporate Governance Code, all members of the Board are subject to annual re-election by a majority of shareholders at the Annual General Meeting. Directors may be re-elected an unlimited number of times.

Shareholders have the power to appoint or remove any Board Director at a General Meeting of the Company.

The Board may also revoke or terminate Board appointments.

BOARD EFFECTIVENESS

At the end of each year, the Board and Committees undertake an assessment of their own effectiveness. In parallel, the Non-Executive Directors meet to discuss and evaluate the performance of the Executive Chair. The results are considered by the Board at the first Board meeting of the following year.

ACCESS TO INFORMATION, ADVICE, AND PROFESSIONAL DEVELOPMENT

The Board ensures that Directors, especially Non-Executive Directors, have access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors. Board Committees are also provided with sufficient resources to undertake their duties.

All Directors have access to the advice and services of the Company Secretary.

The Chair is responsible for ensuring that the Directors receive accurate, timely and clear information.

MHP's Executive Management team is obliged to provide such information and Directors may seek clarification or amplification where necessary.

The Chair ensures that Directors continually update their skills, knowledge and understanding of the Company's activities to enable them to fulfil their role effectively both on the Board and on the Board Committees.

OTHER PROFESSIONAL COMMITMENTS

Every Director is required to allocate the time and attention required for the proper fulfilment of his or her duties. This commitment includes limiting the number of other professional commitments to the extent required.

CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

The Board has formal procedures in place to manage conflicts of interest. Each Director is required to inform the Board of any other directorship, office, or responsibility, including executive positions that are taken up outside the Company during the term of office. If, in the opinion of the Board, a conflict of interest exists, the relevant Director does not participate in discussions and will abstain from a Board vote on the affected matter.

The Company's Conflict of Interest Policy covers any transactions involving conflict of interest (whether actual or potential) of MHP's Management Team members, including Directors of subsidiaries and branches ("key management"):

- MHP's line managers who have authority to authorise transactions on behalf of MHP ("line managers"); and
- Other MHP employees who are authorised to internally approve any decisions as significant transactions based on internal policies and instructions ("responsible employees") or who have power to influence such decisions.

In July 2020, the Board approved a Related Party Transactions Policy, which tightened controls over all related party transactions.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors is ultimately responsible for the Company's governance, risk management, internal control environment and processes and reviews their effectiveness at least annually. Once identified, risks are evaluated to establish their potential financial or non-financial impact and the likelihood of their occurrence.

For risks assessed as significant, a mitigation action plan is determined by the relevant operational business management team.

The summary of key risks is regularly discussed with MHP's Management Team and reported at least annually to the Board through the Audit & Risk Committee. The Company has an independent risk and process management department whose activities are overseen by the CFO and reported to the Audit & Risk Committee.

A summary of the Company's framework for managing risks, and the Company's key business risks together with the risks related to War can be found on pages 50 to 56 of this Report.

PAGES 50 TO 56
Key business risks together with the risks related to War

CONFIDENTIAL INFORMATION

All Board Directors are required to keep confidential information received in their capacity as Directors and are not permitted to use it for any other purpose other than for fulfilling their remit to MHP.

MAJORITY SHAREHOLDER AND DIRECTORS' INTERESTS IN GDRS

The majority shareholder of MHP SE is Mr. Yuriy Kosyuk ("Principal Shareholder"), who owns 100% of the shares of WTI Trading Limited ("WTI"). This company is the majority shareholder of MHP SE, owning 59.7% of the total outstanding share capital.

The interests of the other Directors in MHP's GDRs at 31 December 2023 are shown in the table below.

DIRECTOR	NUMBER OF GDRS HELD
Dr John Rich	25,000
John Grant	17,000

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ENGAGEMENT WITH SHAREHOLDERS AND BONDHOLDERS

The Board recognises the importance of regular, effective, and constructive communications with its shareholders and bondholders. It maintains a dedicated investor relations department to facilitate this supported by professional advisors.

Following the outbreak of the War in Ukraine, the Board endeavoured to regularly engage with the financial and investment communities to communicate its effects on the business and to update them on actions of the management. More information about these activities is recorded in the Chair's Introduction to Corporate Governance on page 108.

The principal opportunity for shareholders to engage with the Board is at the Annual General Meeting.

MHP announces its financial results on a quarterly basis. This information is released through the appropriate regulatory news services and recorded on the Company's websites. Each results announcement is accompanied by a conference call with MHP's finance and investor relations team during which investors and analysts can discuss and ask questions about MHP's performance.

Further information can also be found in the S172 Statement in Growth Pillar 1: Stakeholder Engagement on pages 60 to 64.

PAGE 60
Growth Pillar 1: Stakeholder Engagement

WORKFORCE ENGAGEMENT

MHP works closely with its workforce who play an active role in the management of the business through day-to-day dialogue and engagement with the senior management team. See also Growth Pillar 2: Our People and their Wellbeing on pages 65 to 75.

Clearly, following the outbreak of the War in Ukraine it became vital that the Company remained in close contact with, and supported all, of its workforce.

PAGE 65
Growth Pillar 2: Our People and their Wellbeing

ANNUAL GENERAL MEETING

The next Annual General Meeting is scheduled to take place on 19 June 2024 at 11 am at 16-18 Zinas Kanther Street, Agia Triada, 3035 Limassol, Cyprus. The 2024 AGM notice will be published in due course.

DIRECTORS AND OFFICERS' LITIGATION STATEMENT

No member of the Board of Directors or of MHP's Senior Management has, for at least five years:

- Any convictions relating to fraud;
- Been a senior manager or a member of the administrative or supervisory bodies of any company at the time of, or preceding, any bankruptcy, receivership or liquidation; or
- Been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) nor ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company, or from acting in the management or conduct of the affairs of a company.

MHP WORKS CLOSELY WITH ITS WORKFORCE WHO PLAY AN ACTIVE ROLE IN THE MANAGEMENT OF THE BUSINESS THROUGH DAY-TO-DAY DIALOGUE AND ENGAGEMENT WITH THE SENIOR MANAGEMENT TEAM

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AUDIT & RISK COMMITTEE REPORT

THE AUDIT & RISK COMMITTEE IS RESPONSIBLE FOR THE INTEGRITY OF THE GROUP'S FINANCIAL REPORTING AND OVERSEES ITS INTERNAL FINANCIAL CONTROLS AND RISK MANAGEMENT PROCESSES. THE COMMITTEE ALSO MAKES RECOMMENDATIONS TO THE BOARD ON THE APPOINTMENT OF EXTERNAL AND INTERNAL AUDITORS AND OVERSEES THEIR ACTIVITIES.

Oscar Chemerinski
Chair, Audit & Risk Committee

During the year and as at the date of this Report members of the Committee and the number of meetings they have attended have been as follows:

MEMBER	MEETINGS ATTENDED
Oscar Chemerinski (Chair)[1]	5/6
John Grant[2]	5/6
Christakis Taoushanis	6/6
Philip J Wilkinson OBE	6/6

This Report describes how the Committee carried out its responsibilities during the year and how it addressed significant issues relating to the 2023 Financial Statements.

[1] Oscar Chemerinski was appointed a member of the Committee on 4 April 2023 and succeeded John Grant as Committee. Chair as from 23 January 2024
[2] John Grant stood down as Committee Chair on 23 January 2024 and remains a member of the Committee

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ROLE AND RESPONSIBILITIES

The Committee's role and responsibilities are set out in its terms of reference. In line with best practice, these were last reviewed in November 2023 and can be viewed on the Company's website at Annex C of the Corporate Governance Charter.

The Committee recognises its responsibility for protecting the interests of all stakeholders with respect to the integrity of financial information published by the Company and the effectiveness of the audit.

THE COMMITTEE'S PRIMARY RESPONSIBILITIES INCLUDE:

Financial and Narrative Reporting

- reviewing and monitoring the integrity of the Company's financial statements, including its Annual, Interim and Quarterly Reports, and any other formal announcements relating to its financial performance;
- reviewing and reporting to the Board on significant financial reporting issues and judgements;
- ensuring compliance with relevant accounting standards and consistency and appropriateness of accounting policies, and challenging the validity of assumptions underlying accounting estimates and judgements, taking into account the views of the external auditors;
- reviewing, challenging and reporting to the Board on the assumptions underlying the going concern basis and the longer-term viability assessment, drawing the Board's attention to any qualifications as necessary, and approving statements to be included in the Annual Report in relation to going concern and viability; and
- reviewing the Annual Report and Accounts to ensure they are fair, balanced and understandable, that they provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and advising the Board accordingly.

Internal Controls and Risk Management

- overseeing the Group's processes for monitoring and managing risk and reporting to the Board on the effectiveness of those processes, including the emergence of potential new risks;
- keeping under review the effectiveness of the Company's internal financial controls and internal control and risk management systems; and
- in relation to disclosures required in the Annual Report, review and approve statements concerning internal controls and risk management.

Whistleblowing and Fraud

- reviewing the adequacy and security of arrangements for employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, in accordance with the Company's whistleblowing policy;
- ensuring that arrangements are in place for the proportionate and independent investigation of any matters raised by whistleblowers and appropriate follow-up action; and
- reviewing the Group's systems and controls for ensuring ethical behaviour, detecting fraud and preventing bribery.

Internal Audit

- approving the appointment and, where necessary, removal of the head of internal audit;
- approving the remit of the internal audit function, ensuring it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;
- approving the internal audit plan and receiving periodic reports on the results of the internal auditor's work;
- monitoring management's responsiveness to the internal auditor's findings and recommendations; and
- monitoring and reviewing the effectiveness of the Group's internal audit function in the context of the Company's overall risk management system.

External Audit

- reviewing and assessing annually the independence, objectivity and effectiveness of the external auditors, making recommendations to the Board to be put to shareholders for approval regarding their appointment, re-appointment and removal, and approving the terms of their engagement;
- ensuring that, at least once every ten years, the audit services contract is put out to tender and, in respect of such tender, overseeing the selection process;
- reviewing policy and practice regarding the provision of non-audit services by the external auditor and, where necessary, challenging the provision of such services;
- assessing annually the auditor's independence and objectivity taking account of relevant regulatory requirements and the relationship between fees for audit and non-audit services; and
- reviewing and approving the annual audit plan, reviewing the findings of the audit with the auditor and informing the Board of the outcome of the audit.

COMPOSITION

The Committee comprises only non-executive directors, each of whom is deemed by the Board to be independent, with a minimum of three members. Two members constitute a quorum. Until 23 January 2024, the Chair of the Committee was John Grant, who has significant and relevant financial experience in a wide range of senior non-executive roles including chairing audit committees in a number of major international businesses.

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See biographies on page 114

As from 23 January 2024, Oscar Chemerinski succeeded John Grant as Chair of the Committee. He also has significant and relevant financial experience (see biography on page 116) and was appointed a member of the Committee on 4 April 2023. Christakis Taoushanis (see biography on page 116) and Philip J Wilkinson OBE (see biography on page 115) have been members of the Committee since November 2018 and June 2020 respectively.

The Committee Chair invites the Chief Financial Officer, the Head of Internal Audit and senior representatives of the external auditor to attend meetings as appropriate. The Committee has the right to invite any other director or employee to attend meetings as it considers appropriate.

MEETINGS

The Committee meets at least four times a year. The scheduling of meetings is intended to align with the financial reporting timetable, enabling the Committee to review the annual and quarterly financial statements, to agree the plan for the full year audit and to maintain oversight of the Group's internal controls and processes throughout the year. In 2023, the Committee met six times. The attendance of members at these meetings is shown in the table above. During the year, because of ongoing War-related travel restrictions, a number of members and invitees necessarily attended certain meetings by video conference.

The Committee meets with the external auditors at least once a year in the absence of Management.

The Committee Chair reports the outcome of meetings to the Board.

PERFORMANCE

The performance of the Committee is assessed annually as part of a formal Board evaluation process. As in previous years, the 2023 evaluation, undertaken towards the end of the 2023 audit, took the form of questionnaires completed by Committee members and other Committee-meeting participants, followed by discussion among Committee members only.

The process revealed that Committee members came to meetings well prepared and offered robust challenge to Management and the auditors. The evaluation also confirmed that meeting agendas were structured so as to enable the Committee to cover effectively all the matters in its terms of reference, in addition to considering and responding to the additional risks resulting from the ongoing War.

KEY ACTIVITIES DURING THE YEAR

In addition to matters relating to the 2023 financial statements (see below), other key activities addressed by the Committee during the year included:

- considering the ongoing financial implications for the Group of the Russian invasion of Ukraine in February 2022 and the associated risks, ensuring appropriate and accurate communication to the financial markets throughout the year and advising the Board accordingly;
- supporting the Board in considering how best to preserve liquidity for the Group while maintaining positive relationships with bondholders, banks and other stakeholders;
- considering potential further development of the Group's reporting of the potential impacts of climate change in line with the recommendations and recommended disclosures of the Task Force on Climate-related Financial Disclosures ("TCFD") and other evolving requirements; and
- supporting the Board on the identification and mitigation of cybersecurity risks to the confidentiality, integrity and availability of the Group's data and systems, and on actions to safeguard the Group's assets, information and reputation.

SIGNIFICANT ISSUES RELATING TO THE FINANCIAL STATEMENTS

The Committee undertook the following recurring activities in relation to the financial statements:

- considered and approved the auditor's independence and fee;
- reviewed and agreed the scope of work to be undertaken by the external auditor;
- considered the external auditor's review of the interim financial report and their report on the audit of the full year results;
- reviewed the annual and quarterly financial statements and Annual Report to ensure they were fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and advised the Board accordingly;
- considered the processes in place for the valuation of assets, including the reasonableness and consistency of assumptions; and
- reviewed the effectiveness of the Company's risk management and internal controls.

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In addition, the Committee gave particular consideration to the following significant issues and risks relating to the 2023 financial statements:

SIGNIFICANT ISSUE OR RISK CONSIDERED	HOW THIS WAS ADDRESSED BY THE COMMITTEE
GOING CONCERN	
The Russian invasion of Ukraine in February 2022 resulted in serious disruption throughout Ukraine, with devastating consequences which continue to the date of this Report. This has created a highly unusual degree of uncertainty not just in Ukraine but also in global markets, making it more-than-usually difficult to predict the future. In addition, financial markets are effectively closed to Ukrainian entities, at least until the situation stabilises. This necessitates a particular focus on MHP's ability to maintain operations and to continue to meet its liabilities as they fall due.	Throughout 2023, the Committee was kept informed by Management of the likely impact of the War on financial forecasts, taking account of various war scenarios, the associated risks and the actions taken to mitigate them. Actions taken by the Company enabled it to maintain full utilisation of production capacity throughout the year, and to continue to deliver adequate profitability and cash generation. On 20 October 2023, the Company signed agreements with three international financial institutions to provide up to US$ 400 million of long-term loans to facilitate refinancing of the US$ 500 million of Eurobonds maturing in May 2024 and to fund certain essential capital expenditures. On 10 November 2023, following a tender offer, the Group purchased for US$ 128 million bonds with a principal value of US$ 151 million. On 23 January 2024, following a second Tender Offer, Noteholders who validly tendered their Notes were paid the consideration of US$ 950 per US$ 1,000 principal amount of Notes (with total consideration paid US$ 131 million) and, on the same date, Notes in the amount of US$ 138 million have been cancelled. As of the date of this Report, all bond coupons and the payments deferred in May 2022 have been paid on their due dates. Nevertheless, in view of the continuing War there remains some uncertainty over the ability of MHP to continue to service its debts in full, either because of restrictions that may be imposed by the National Bank of Ukraine or further adverse War developments. The Committee agrees with Management's view that, if necessary, the Company will continue to be able to negotiate acceptable arrangements with bondholders, banks and other lenders to enable it to continue to meet its liabilities as they fall due at least for the next 12 months from the date of this Report. Accordingly, it accepted Management's recommendation, and recommended to the Board, that the financial statements should be prepared on a going concern basis, while acknowledging a material uncertainty. The Committee also agreed that there had been full and proper disclosure of the going concern matter in the Report and Accounts. EY concluded that the going concern assumption and the related disclosure were appropriate but, in view of war-related uncertainties, and as required by ISA 570 (revised), they would add to their Report a separate section to emphasise a material uncertainty relating to an event or condition that may cast significant doubt on the entity's ability to continue as a going concern.
REVENUE RECOGNITION	
There is a presumed risk of overstatement of revenue due to fraud.	The Committee, having discussed revenue recognition processes with Management and reviewed the tests and analyses conducted by EY, was satisfied that adequate processes and controls were in place to manage the risk of overstatement of revenue.
VALUATION OF BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE	
Forecasting models used to determine the fair value of biological assets and agricultural produce require extensive management judgements and the use of complex models. There is a risk of misstatement due to incorrect assumptions or estimates.	The Committee reviewed the assumptions and judgements applied by Management and discussed with EY the adequacy of internal controls around the valuation process and the tests and analyses they had performed to assess the reasonableness of input data and the accuracy of calculations.

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SIGNIFICANT ISSUE OR RISK CONSIDERED	HOW THIS WAS ADDRESSED BY THE COMMITTEE
VALUATION AND IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE	
Testing of impairment of goodwill is inherently subjective as calculation of value in use of the relevant asset or cash generating unit ("CGU") requires judgements and assumptions regarding future cashflows and the appropriate discount rate. As a consequence of the War in Ukraine, there is a heightened risk that certain facilities in Ukraine may be impaired.	The Committee challenged Management's assumptions and analysis underlying their review of potential impairment in respect of goodwill and intangible assets of Perutnina Ptuj and reviewed the audit work undertaken by EY. The Committee was satisfied that no impairment of goodwill or intangible assets with indefinite useful life was required.
COMPLIANCE WITH FINANCIAL COVENANTS	
Compliance with covenants included in bond and bank debt agreements is an important ongoing focus for the Committee. If the Consolidated Leverage Ratio of Net Debt to LTM-adjusted EBITDA (as defined in Eurobond indenture agreements) exceeds 3.0 to 1 the Group is not permitted to make certain restricted payments or to pay dividends in excess of US$ 30 million.	The Committee noted that the Consolidated Leverage Ratio had improved from 3.22 to 1 as at 31 December 2022 to 2.47 to 1 as at 31 December 2023. As the Consolidated Leverage Ratio has been below 3.0 to 1 from 31 March 2023, no restrictions have been in effect since publication of the Group's three-month 2023 results on 18 May 2023. The Committee confirmed that full and proper disclosure had been made in the Financial Statements in respect of the covenants.

EXTERNAL AUDIT

In addition to matters relating to the 2023 financial statements (see below), other key activities addressed by the Committee during the year included:

APPOINTMENT OF EXTERNAL AUDITOR AND ASSESSMENT OF EFFECTIVENESS

Ernst & Young ("EY") was appointed as the external auditor of the Company with effect from the 2020 financial year, replacing the previous auditor Deloitte, following a comprehensive tender and selection process in the fourth quarter of 2019. The Committee assessed the effectiveness of EY following completion of their audit of the 2022 and 2023 accounts and concluded that it was satisfied with the quality, integrity and effectiveness of their work.

NON-AUDIT SERVICES

A policy is in place covering engagement of the external auditor for the supply of non-audit services to ensure that its independence and objectivity are not impaired. This requires the Audit Committee to approve all non-audit services in advance of the service being provided. Cumulative non-audit fees are reviewed periodically at scheduled meetings of the Committee. A breakdown of fees earned by the external auditor for audit and non-audit services can be found in Note 8 to the financial statements.

It is the Committee's intention to ensure that non-audit services are provided by a number of different firms both to protect independence of the external audit and ensure best quality and best value provision of non-audit services.

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AUDITOR INDEPENDENCE AND OBJECTIVITY

The Committee has a policy and procedures in place to ensure that auditor independence and objectivity are never compromised. These include approval requirements for engagement of the external auditor for non-audit services, periodic review of the cost of non-audit services provided by the external auditor and requirements for rotation of the audit partner every 7 years. Each year, the auditor is required to provide to the Committee evidence of how it believes its independence and objectivity have been maintained. Based on these requirements and procedures, the Committee remains confident that auditor independence and objectivity have been and will be maintained.

THE COMMITTEE ASSESSED THE EFFECTIVENESS OF EY FOLLOWING COMPLETION OF THEIR AUDIT OF THE 2022 AND 2023 ACCOUNTS

INTERNAL AUDIT

The Company has an in-house Internal Audit function whose primary purpose is to provide independent assurance to Management and the Committee, and hence the Board, on the Company's risk management and control environment. Internal Audit coverage includes all the Company's operations, resources, services and responsibilities to other bodies, with no department or business unit of the Company being exempt from review.

Internal Audit responsibilities include:

- examining and evaluating the adequacy of the Company's system of internal control;
- assessing the reliability and accuracy of information provided to stakeholders;
- assessing compliance with statutory and regulatory requirements;
- assessing compliance with Company policies and procedures;
- ensuring that the Company's assets are properly accounted for and safeguarded;
- assessing the efficiency and effectiveness with which resources are employed;
- liaising with external auditors in audit planning and assisting the external auditors as required; and
- investigating any instances of fraud, irregularity or corruption.

The Internal Audit programme is approved annually by the Committee and the Head of Internal Audit reports findings periodically to the Committee.

At least annually, the Committee considers the role and effectiveness of the Internal Audit function, taking account of the resources available and required, the experience and expertise of personnel and the quality of service delivered. The Committee concluded that during 2023 the Internal Audit function was continuing to deliver the level of service required, notwithstanding the operational challenges resulting from the War.

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RISK MANAGEMENT AND INTERNAL CONTROL

The Committee monitors the effectiveness of the Company's risk management and control systems through regular updates from Management, reviews of the key findings of the external and internal auditors and an annual review of the risk management process and risk matrix. Results are reported regularly to the Board, which has overall responsibility for risk management.

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See biography on page 114

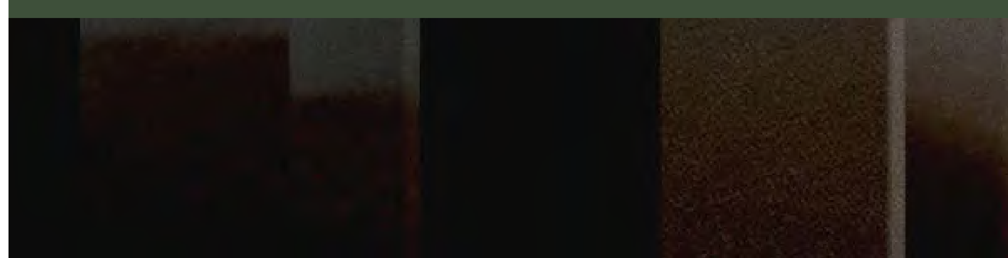
The annual review covers key risks that could potentially impact the achievement of the Group's strategic and financial objectives. New risks and changes in existing risks are identified on a continuous basis. A risk scoring system is used to help quantify both the probability and potential impact of each major risk after the effect of mitigating actions, to assess residual risks against the Company's risk appetite and to prioritise further risk management actions. The Company's approach to the identification and assessment of risks, and the response to risks, is based on best business practices and international COSO Enterprise Risk Management standards.

As a result of the operational disruptions since the Russian invasion of Ukraine in February 2022, there has been a necessary shift in emphasis to prioritise management of war-related risks. Specific priorities included the safety of personnel, protection of Company facilities and resolving supply chain challenges affecting both delivery of essential supplies and distribution of production. For further information, please see the Risk Management section on pages 50 to 56 of this Annual Report.

In spite of the ongoing disruption and dislocation of personnel, no incidents of significant control weaknesses or failures were identified at any time during the year.

Oscar Chemerinski
Chair, Audit & Risk Committee
02 May 2024

FOLLOWING THE OPERATIONAL DISRUPTION THAT RESULTED FROM THE RUSSIAN INVASION OF UKRAINE IN FEBRUARY 2022, THERE WAS A NECESSARY SHIFT IN EMPHASIS TO PRIORITISE MANAGEMENT OF WAR-RELATED RISKS



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NOMINATIONS AND REMUNERATION COMMITTEE REPORT

THE NOMINATIONS AND REMUNERATION COMMITTEE ("NRC" OR "THE COMMITTEE") IS RESPONSIBLE FOR MAKING RECOMMENDATIONS TO THE BOARD ON THE APPOINTMENT OF DIRECTORS AND FOR DETERMINING THE REMUNERATION OF EXECUTIVE DIRECTORS.

MEMBER	PHILIP J WILKINSON OBE (CHAIR)	DR JOHN RICH	OSCAR CHEMERINSKI
NO OF MEETINGS	7/7	7/7	7/7

ROLE AND RESPONSIBILITIES

The Committee's role and responsibilities are set out in its Terms of Reference, which can be viewed on the Company's website in the Corporate Governance Charter (Annex E). Further details regarding the Committee's composition, areas of focus in 2023, and its approach to diversity and inclusion are set out below.

COMPOSITION

The Committee comprises a minimum of three Independent Non-Executive Directors. The Chair of the Company may also serve as a member. The Chair of the Committee is Philip J Wilkinson OBE, an Independent Non-Executive Director (see biography on page 115). The other members of the Committee are the Executive Chair, John Rich (biography on page 115), and John Grant, Senior Independent Director (biography on page 115). On occasion, the Committee invites the CEO, the Chief Financial Officer or Deputy CEO, People to attend discussions where their input is required.

MEETINGS IN THE YEAR

The Committee meets not less than twice a year. During 2023, the Committee met nine times as they considered business as usual matters plus other initiatives requiring detailed discussions including succession planning, a new Pay Philosophy and the impact of War on the workforce, see below for further detail. Members' attendance is shown in the table above four of which were held by video conference due to the impact of the War.

AREAS OF FOCUS IN 2023

The focus of the Committee continued to be impacted by War. In practice this means that over and above the corporate governance points that the NRC normally reports on, the Committee has been kept informed of, and supports, certain workforce-related initiatives established in response to the War.

The principal matters considered by the Committee in 2023 are set out below.

BOARD COMPOSITION AND SUCCESSION PLANNING

MHP continues to conduct a phased succession plan to ensure replenishment of the Board to maintain and enhance the levels of skills, knowledge and independence whilst also being mindful of stakeholder expectations concerning diversity and the relevant guidelines.

As has been noted elsewhere in this Report, a succession plan for the Chair of the Audit & Risk Committee has been implemented post year-end with the appointment of a new Chair and the scheduled retirement from that Committee and the Board of John Grant, the former ARC Chair. For detailed information, see the Chair's Statement on page 7.

We will also be reviewing the membership of the NRC in 2024 in light of Mr Grant's intended retirement.

The Board has determined that it will not set specific targets with respect to Board diversity but recognises the significant benefits that diversity of gender, social and ethnic backgrounds bring to Board effectiveness. Furthermore, the Board is committed to promoting diversity throughout the Group.

MHP values its distinctive culture and its proactive approach to creating senior management and development opportunities for women. MHP believes that a proactive approach to diversity and inclusion supports innovation, continuous improvement and increases efficiency. The Board is mindful of the recommendations contained within the FTSE Women Leaders Review (diversity) and Parker (gender) Review. With regard to women being represented in a senior Board position, MHP's Chief Financial Officer is female.

The Board reviews its approach to diversity regularly and considers that it remains diverse, drawing on the knowledge, skills, and experience of directors from a range of backgrounds. It will seek to take opportunities to further improve the diversity of the Board, where this is consistent with the skills, experience and expertise required at a particular point in time. The Board currently comprises a wide range of nationalities (Australia, Cyprus, Argentina, Ukraine, and the United Kingdom). Further information can be found in the Board Skills and Diversity Matrix on page 118.

DIVERSITY AND INCLUSION

I reported last year that we were in the process of drafting a Diversity Statement for Board approval in 2023. This Statement sets out our commitment to creating an equal and inclusive working environment for people of all backgrounds. I am pleased to confirm that this has been approved and adopted and can be found on the Group website here.

The table on the following page provides an overview of the ethnic diversity of the Board and executive management team at 31 December 2023.

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ETHNIC BACKGROUND REPORTING UNDER LR9.8.6R(10)

	NUMBER OF BOARD MEMBERS	PERCENTAGE OF THE BOARD	NUMBER OF SENIOR POSITIONS ON THE BOARD (CEO, CFO, SID, AND CHAIR)	NUMBER IN EXECUTIVE MANAGEMENT[1]	PERCENTAGE OF EXECUTIVE MANAGEMENT
WHITE BRITISH OR OTHER WHITE (INCLUDING MINORITY-WHITE GROUPS)	7	87	4	17	100
MIXED/MULTIPLE ETHNIC GROUPS	-	-	-	-	-
ASIAN/ASIAN BRITISH	-	-	-	-	-
BLACK/AFRICAN/ CARIBBEAN/BLACK BRITISH	-	-	-	-	-
OTHER ETHNIC GROUP, INCLUDING ARAB	-	-	-	-	-
NOT SPECIFIED / PREFER NOT TO SAY	1	13	-	-	-

The following table provides a gender identity overview of the Board and executive management team at 31 December 2023.

GENDER IDENTITY REPORTING UNDER LR9.8.6R(10)

	NUMBER OF BOARD MEMBERS	PERCENTAGE OF THE BOARD	NUMBER OF SENIOR POSITIONS ON THE BOARD (CEO, CFO, SID, AND CHAIR)	NUMBER IN EXECUTIVE MANAGEMENT[1]	PERCENTAGE OF EXECUTIVE MANAGEMENT
MEN	7	87	3	15	88
WOMEN	1	13	1	2	12
NOT SPECIFIED / PREFER NOT TO SAY	-	-	-	-	-

[1] To give a more accurate representation of the executive management team, "executive management" includes executive members of the Board of Directors.

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REMUNERATION

At the EGM at the end of 2021, shareholders approved a remuneration policy. The document stated that long-term incentives would be decided "at a later date but no later than the end of 2023". Given the wartime environment and the Group's need to focus on War-related considerations, the long-term incentives policy and the calculation off directors' pensionable salaries will remain as approved in 2021. See also the Corporate Governance Report exceptions 36 and 38 on page 112.

I reported in 2022 that we were intending to implement a new Pay Philosophy for Senior Management, but that this had been slowed by the War and we would look to make further progress in 2023. I am pleased to advise that all Top Management[1] assessments have been undertaken. A 360-degree programme has recently been launched supported by a business simulation exercise that assesses areas such as leadership skills and strategic thinking. The outcome is a comprehensive report on each participant together with personal development plans that may be augmented by external mentors and coaches.

The NRC supported the alignment of Senior Manager[2] Grades A and B's pay reviews to 1 January, in line with Top Management. The remainder of the workforce will stay on a 1 April pay review date. Senior Manager A grades will be rewarded in US$ from 1 January 2024. MHP is committed to ensuring that equality is preserved within its remuneration arrangements for all its workforce throughout the business.

POST YEAR-END REMUNERATION CHANGES

At the EGM held on 11 March 2024, MHP's shareholders approved the remuneration of four Non-Executive Directors (Christakis Taoushanis, Philip J Wilkinson OBE, John Grant and Oscar Chemerinski) for 2024.

IMPACT OF WAR ON WORKFORCE

The NRC stays informed of workforce issues resulting from the War. It has become increasingly difficult for MHP's operations in Ukraine to attract labour as 5.6-6.7 million civilians[3] have left the country since the outbreak of War and many males aged 27-60 have been mobilised. MHP Ukraine's vacancies are now higher than pre-War numbers which is driving up wage inflation. Post-War, the Group believes MHP may need to recruit from outside Ukraine to fill the vacancies. The Group's objective is to balance not falling behind the salary curve and thereby losing quality people, at the same time as not unnecessarily driving wage inflation: we will continue to monitor the situation.

I am proud to advise that a Post-Traumatic Stress Disorder Department has been set up to provide psychological and medical assessments together with treatments for colleagues returning from mobilisation, currently over 300 people. MHP has also formed a Rehabilitation Department for its War veterans, currently staffed with 20 personnel including doctors and psychologists. The Company is proud to be credited by third parties[4] as a role model in this respect. The Group is regarded as setting new, high, standards that other companies are either adopting themselves or consulting with MHP in order to learn how they too can support their War veterans For further information, please see Growth Pillar 2: Our People and their Wellbeing on page 65 and Growth Pillar 3: Our Role in Society and our Licence to Operate on page 76.

Philip J Wilkinson OBE
Chair, Nominations and Remuneration Committee
02 May 2024

[1] Top Management includes VPs and is the level below the Board
[2] Senior Managers are the level below Top Management
[3] Source: Centre for Economic Strategy research as of Sept 2023
[4] The Group has been recognised as can been seen by awards voted by other businesses in Ukraine and by the Government

SUSTAINABILITY AND INTERNATIONAL AFFAIRS COMMITTEE REPORT

THE SUSTAINABILITY AND INTERNATIONAL AFFAIRS COMMITTEE ("S&IA" OR "THE COMMITTEE") IS RESPONSIBLE FOR SETTING THE STRATEGY AND OBJECTIVES OF THE GROUP'S CORPORATE RESPONSIBILITY AND INTERNATIONAL AFFAIRS EFFORTS.

MEMBER	PHILIP J WILKINSON OBE (CHAIR)	DR JOHN RICH	OSCAR CHEMERINSKI
NO OF MEETINGS	5/5	5/5	5/5

ROLES AND RESPONSIBILITIES

The Committee's role and responsibilities are set out in its Terms of Reference which can be viewed on the Company's website in the Corporate Governance Charter (Annex F). These Terms of Reference were adopted in September 2023 to reflect the Board's increasing focus on the Group's approach to responsible business.

The Committee addresses strategy, policy, governance, management systems, performance and performance measurement, target setting, reporting and communications relating to sustainability and international affairs matters. More specifically, the Committee is responsible for developing the Group's approach to sustainability. It aligns with the United Nations Sustainable Development Goals and is managed by applying six growth pillars: Stakeholder Engagement; Our People and Their Wellbeing; Our Role in Society and Our Licence to Operate; Responsible Food Production; Business Conduct; and The Planet.

The Committee is also responsible for developing the Group's approach to international affairs. This encompasses MHP's relationships with key international stakeholders including governments, regulators, industry organisations, peer group companies, capital providers, suppliers and customers.

COMPOSITION

The Committee comprises the Chair of the Board of MHP and at least two other Non-Executive Directors. The Chair of the Committee is Philip J Wilkinson OBE. Mr Wilkinson has significant and relevant experience in international agricultural politics, has historically chaired agricultural sector boards, and holds several non-executive directorships and advisory positions in global agribusinesses (see biography on page 115). The other members of the Committee are Dr John Rich (see biography on page 115) and Oscar Chemerinski (see biography on page 116).

The Committee has the right to invite any other director or employee to attend meetings as it considers appropriate. Andriy Bulakh, Deputy CEO - People, is often invited to attend.

MEETINGS IN THE YEAR

The Committee meets at least quarterly each year. Five meetings were held during the year, two of which were held by video conference due to the impact of the War.

OUR APPROACH TO RESPONSIBLE BUSINESS

The Group's approach to responsible business is a key tenet of its strategy and of the Group's transformation to a world-leading sustainable food producer. Whilst never welcomed, adversity often presents opportunities, and the Group has capitalised upon these to make rapid advances over the past 18 months in a broad range of areas including energy usage and the transformation of waste into further processed stages of biofuel. The Committee is also proud of the continued evolution of support provided to our workforce and their families which reflects our growing business culture.

AREAS OF FOCUS IN 2023 AND ACHIEVEMENTS SUSTAINABILITY

We are increasingly embedding ESG into our operations as demonstrated by developments during the year. These are important steps in the right direction and highlight the Group's commitment to responsible business.

Carbon Trust
In my 2022 Report, I highlighted that the Group was awaiting validation from the Carbon Trust and I am delighted to report that we received validation status on 11 September 2023. The Group was advised that our poultry emissions are world-leading. The Carbon Trust particularly referenced our poultry production due to our ability to source lower carbon-burdened protein ingredients through our own supply chain.

For more information on our transition to net zero including our first steps towards our goal of Group-wide science-based target setting, see the TCFD Disclosures on page 102 and Growth Pillar 6 on page 92. This Report marks the second year we have reported in line with the TCFD framework.

Responsible food production
Animal welfare remains a top priority. We are committed to reducing the use of antibiotics in our production processes to further improve the world-class safety standards which are already applied by all the Group's businesses. During the year, we achieved and ISCC certification at a combined total of ten of our sites for our sustainable farming practices. For more information on our approach to responsible food production see Growth Pillar 4 on page 78.

While MHP has not been directly affected, outbreaks of Avian Influenza ("AI") remain a clear and present danger for the global poultry industry. Coordinated inter-governmental management of these outbreaks remains critical.

Ukraine's accession to the EU would potentially enable MHP to contribute a more sustainable supply chain solution to European soybean requirements.

Governance
To date the sustainability challenge has been embraced by all involved which is so encouraging in the current difficult climate. This can be seen in the decision to establish an operational sub-committee to the S&IA Committee, the goal of which will be to consolidate the importance of ESG and provide the vision over the medium- to long-term; the centralisation of our Ecology team, which is developing governance and working with municipalities; and the increasing incorporation of ESG-related OKRs (Objectives & Key Results) into management performance targets that will be measured at their annual performance reviews.

The S&IA Committee has supported the formation of a Climate Risk Management Group comprising Senior Management to encourage buy-in and contribute to the Group's sustainability goals and targets. This is a new arena for many colleagues who are also managing their day-to-day responsibilities amidst the stresses and challenges of War. The importance of departmental ownership will be pivotal to the success of this initiative. To expedite this exercise, experts from within MHP will be actively involved and will include representatives from environment, climate, production, finance, and agronomy.

The Committee has reviewed the ESG regulatory requirements for the next five-year period. These include the latest developments in global standards, the Corporate Sustainability Reporting Directive ("CSRD") together with its reporting timetable, and the formation of a Sustainable Standards Board. We are working with our auditors towards the implementation of the requirements of CSRD from the Annual Report for the year ended 31 December 2025 onwards.

Training and development
Since the formation of the S&IA Committee, we have undertaken two training and development programmes with Board and Committee members covering best practice governance structures and reporting frameworks for addressing sustainability and ESG matters at Committee, Board and Senior Management Team level. These can then be used to transparently communicate to stakeholders across MHP's suite of investor and other communication vehicles including this Report.

INTERNATIONAL AFFAIRS

Since the invasion of Ukraine, the Group has faced challenges of doing business that could not have been foreseen, with historic transport routes being destroyed. This has created new challenges and opportunities. Our key objective is to maintain existing sales markets as well as to work to find new opportunities for the sustainable future of the Group. We are focussing our attention on strengthening the Group's position in the domestic market and the international arena.

The EU and the UK have been supportive of Ukraine through the struggle by awarding Autonomous Trade Measures ("ATMs") to preserve preferential trade, meaning that customs duties, quotas and trade defence mechanisms are suspended on Ukrainian exports to the EU and the UK. The importance of maintaining these agreements is a powerful tool for enhancing the resilience of the Ukrainian economy. The agreements are due to be reviewed by the EU by May 2025 and by the UK Government in 2 years' time.

Relations between Ukraine and the United Kingdom remain as strong as ever. Discussions with a view to the continuation of the Free Trade Agreement for 2024 are in advanced stages.

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We will continue our engagement with the Ukrainian Government and EU officials in Brussels with a view to the continuance of this initiative. Over recent weeks, however, we have witnessed an element of resistance from a number of EU agricultural trade bodies culminating in a meeting on 10 January 2024 between a number of trade bodies and EU Commissioner Wojciechowski. At this meeting, the trade bodies expressed their concerns that EU markets are being detrimentally affected by the liberalisation of trade and requested that the Commission revisit this initiative to lessen the burden on EU producers.

We will make every effort to provide accurate information to the Ukrainian Government for onward distribution to the Commission to ensure that there are no technical misunderstandings from a volume perspective.

It is encouraging to note that Ukrainian EU Candidacy Status was advanced to Accession Status from December 2023 and that open accession negotiations are now underway.

It was encouraging also to learn that the EU Council commended the substantial progress Ukraine has made towards the objectives underpinning its candidate status, despite the fact that it is a country under attack.

I am pleased to report that relations with the Kingdom of Saudi Arabia are at a strategic partner level resulting in our broiler parent stock commercial venture becoming operational from September 2023. First broiler hatching eggs were laid at the end of February 2024 whilst additional stocks are being shipped monthly as new farms come on stream. We are very optimistic for the future of this commercial initiative.

The Group is committed to fully engaging Ukrainian Embassies abroad to assist in establishing a network of contacts in third countries that are of interest to us. MHP will also participate in foreign visits with the Ministry of Foreign Affairs to help expedite these objectives.

Philip J Wilkinson OBE
Chair, Sustainability and
International Afairs Committee
02 May 2024

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MANAGEMENT REPORT

THE INFORMATION WITHIN THIS REPORT IS ALIGNED WITH THE REPORTING REQUIREMENTS OF THE UK COMPANIES ACT 2006, THE UK DISCLOSURE AND TRANSPARENCY RULES, THE UK LISTING RULES, AND CYPRUS COMPANIES LAW (CHAPTER 113).

MHP'S PURPOSE

MHP provides high quality, sustainable proteins, food products and culinary solutions to its customers in a sustainable and responsible manner. MHP's customer-centric and innovation-driven approach drives value creation. The Group continues to provide its products worldwide whilst predominantly focussing on food security and food supply to the population of Ukraine notwithstanding the current risky and challenging operational environment. For further information see the We are MHP section on page 14.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

MHP Group is a leading food and agrotech company that has, since the outbreak of the War in Ukraine in February 2022, played a leading role in supporting the Ukrainian population with access to food during these terrible times. Moreover, despite logistics challenges, MHP continues to serve more than 70 countries of the world with chicken meat, grains and vegetable oils, in many cases at its own risk.

MHP in Ukraine and Perutnina Ptuj in the Balkans operate vertically integrated business models, owning and operating each of the key stages of the chicken production process. The business models support the circular economy with the processing of biological production waste into clean energy/fuel and organic fertiliser.

In order to accurately reflect the diverse nature of the Group's business operations and improve the granularity of reporting, MHP has implemented changes to its presentation of business segment information.

These changes include:

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

Detailed information on the Group's four business segments and the business model is set out in the Our Business Model section on page 16 and the Financial and Operational Review on page 35.

During 2022-2023, the principal activities of the Group remained unchanged year-on-year, although they were clearly significantly affected by the War in Ukraine. Until the War ceases, MHP's objectives in Ukraine are to continue operating its businesses as effectively as possible and to support the population with access to food and nutrition. MHP's long-term strategic objectives remain unchanged and are set out in the Strategy & Purpose section on page 18.

Detailed information on the Group's performance during the year can be found in the KPIs section and the Financial and Operational Review on pages 35 to 46 respectively.

FUTURE DEVELOPMENTS

The Executive Management team believes that, following the cessation of War, there will be ample opportunities for growth at MHP Ukraine, both internationally and domestically, with medium- to long-term market dynamics remaining favourable.

Perutnina Ptuj, which has been relatively unaffected by the War in Ukraine, continues to operate in accordance with its strategy, growth, and expansion plans.

Information on the Group's strategy and outlook may be found in the Strategy and Purpose section and Chair's Statement on pages 18 and 7 respectively.

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SUBSEQUENT EVENTS

As a result of the ongoing War, MHP has experienced significant disruption and operational issues in its Ukraine-based businesses which may have continued in 2024 and will continue until the War ends.

All subsequent events are disclosed in the Financial and Operational Review section on page 35 and in Note 40 on page 208 of this Report.

DIVIDEND POLICY

No dividend is likely to be paid whilst the War in Ukraine continues. This is due to the risks and uncertainties the War has created, the resulting need to preserve liquidity to support MHP's ongoing business operations, and MHP's obligations in connection with supporting and sustaining the population of Ukraine.

By way of background, in March 2013, the Board of Directors approved the adoption of a dividend policy that maintains a balance between the need to invest in further development and the right of shareholders to share the net profits of the Company.

RESEARCH AND DEVELOPMENT

Sustaining significant investment in R&D and innovation is fundamental to the Group's long-term growth strategy including its transformation to a culinary company and the development of a culinary ecosystem to create customer value. It also underpins the development of the Group's responsible business approach, its sustainability commitments, the workforce, the environment, and animal welfare.

During the year, despite the War, MHP continued to invest, where possible, in R&D, driven by our innovation function which is integrated across all business operations. MHP's focus on innovation spans three broad categories: product development; services; and business models and partnerships.

Many initiatives are being developed and a small selection includes ECO Energy (alternative energy projects), Culinary Centre (new product development), SAP rollout in PP countries of operation, and precision farming projects like the GeoPard project.

BUSINESS REVIEW AND RISKS

A review of the Group's performance and the key risks and uncertainties which face the business, as well as details on likely developments, can be found in the Financial and Operational Review on page 35, the Risk Management section on page 50, and the Audit & Risk Committee Report on page 127.

NON-FINANCIAL REPORTING AND ESG DIALOGUE

MHP initiated corporate responsibility or non-financial reporting in 2015 and issued a separate Non-Financial Report annually until 2021. This Report is MHP's second integrated report and includes information for all MHP's material stakeholders. For clarity, this Integrated Report includes both MHP Ukraine and PP financial, operational and limited amount of PP non-financial data. However, PP will publish its own standalone Non-Financial Report in June (https://perutninaptujgroup.com/en/reports).

This non-financial reporting applies the latest applicable Global Reporting Initiative's ("GRI") reporting framework (Core Compliance). MHP has historically participated in a variety of ESG research exercises conducted by specialist investor research agencies and readily responded to questions and information requests from shareholders concerning this aspect of its activities.

Whilst the War is being fought, the ESG research agencies do not require these exercises to be completed. Once the War is concluded, the Group will resume this level of dialogue. In the meantime, ESG agencies continue to publish their own self-generated research on the Group.

MHP is in ongoing dialogue with its professional advisors about the EU CSRD reporting requirements and is preparing to comply with its related disclosure obligations. MHP's systems transformation to align them to produce this information is being initiated in 2024 ahead of producing the first CSRD-compliant report in 2026 (covering the year ended 31 December 2025). This is in line with the European Commission's requirements published on 31 July 2023.

FINANCIAL REPORTING PROCESS

MHP has a comprehensive financial review cycle which includes a detailed annual budgeting process. The annual budget and the business plan, upon which the budget is based, are reviewed and approved by the Board of Directors. Major commercial and financial risks are assessed as part of the business planning process. There is a comprehensive system of financial reporting, with monthly performance reports and regular forecast updates presented to the Board of Directors.

At Group level, MHP has in place common accounting policies and procedures on financial reporting and closing. Management monitors the publication of new reporting standards and works closely with the external auditors in evaluating in advance the potential impact of changes in these standards.

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BRANCHES

MHP does not have any branches.

SHARE CAPITAL

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

As at 31 December 2023, the Group had a direct holding of 3,731,792 treasury shares represented by an equal number of GDRs.

All shares have equal voting rights and rights to receive dividends, which are payable at the discretion of the Company. There was no change in share capital during the year ended 31 December 2023 (Note 39, page 208).

DIRECTORS AND THEIR INTERESTS

Biographies for the Directors who served during the year ended 31 December 2023 are set out on page 114.

Details of Directors' Interests in the Company's GDRs are found on page 125 of the Corporate Governance Report. Note 1 to the Financial Statements on page 160 reports the details of the controlling interest in the Company's ordinary shares.

POWERS OF DIRECTORS

The Directors are responsible for managing the business of the Company and may exercise all the powers of the Company, subject to the provisions of the Company's Articles of Association. Powers relating to the issuing of shares are also included in the Articles of Association.

CHANGES TO THE BOARD

Oscar Chemerinski joined the Board in 2023 as an independent Non-Executive Director. There were no other changes to the composition of the Board during the year.

As noted in the Chair's Statement on page 7, post year-end, the Audit & Risk Committee appointed a new Chair. The former Chair is expected to retire from the Board at the AGM in June 2024.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

Total compensation of the Group's key management personnel, included primarily in selling, general and administrative expenses in the accompanying consolidated statements of profit and loss and other comprehensive income, amounted to US$ 23.6 million and US$ 15.3 million for the years ended 31 December 2023 and 2022 respectively. Compensation of key management personnel consists of contractual salary and performance bonuses paid.

Key management personnel totalled 21 and 20 individuals at 31 December 2023 and 2022 respectively, including four and three independent non-executive directors at 31 December 2023 and 2022 respectively.

The table below shows the total remuneration of Board members.

DIRECTOR	2023 US$000	2022 US$000
Executive Chair	588	571
NEDs	771	597
Executive Directors	8,249	6,164

SHARE OPTIONS

At the date of this Report, neither the Company nor PJSC MHP has a share option plan and no share options have been granted to Directors, members of MHP's Senior Management or employees.

AUDITOR APPOINTMENTS

Ernst & Young was appointed as the auditor of the Company with effect from the 2020 financial year, replacing the previous auditor Deloitte, following a comprehensive tender and selection process in the fourth quarter of 2019. The auditor position is regularly reviewed by the Audit & Risk Committee.

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AUDITORS' REMUNERATION AND INDEPENDENCE

Remuneration to the auditors, included in the Services above, amounted to US$ 1.2 million for the year ended 31 December 2023 (2022: US$ 0.9 million). This consists of both audit and non-audit services, with the statutory audit fees amounting to US$ 0.9 million for the year ended 31 December 2023 and other assurance services in the amount of US$ 0.2 million (2022: US$ 0.7 million and US$ 0.2 million respectively), while the rest of fees relate to tax advisory and other non-audit services.

The Company has rules and processes in place to ensure the independence of the auditors, including non-audit fee limitations set by the Board, and prior approvals by the Audit & Risk Committee to ensure any services provided are compatible with the independence of the auditors.

INTERNAL AUDIT

The Company maintains an internal audit function. The Head of Internal Audit has the right of access to the Audit & Risk Committee and the Chair. Further details can be found in the Audit & Risk Committee Report on page 127.

GOING CONCERN

In 2023, the Group has continued its operations in an environment severely affected by the Russian invasion of Ukraine since 24 February 2022. Having reviewed financial forecasts, the Directors agreed with the recommendation of the Audit & Risk Committee which accepted Management's recommendation that, at the time of the approval of the financial statements, it was appropriate to adopt the going concern basis in preparing the financial statements of the Group.

DISCLOSURE OF INFORMATION TO AUDITORS

As far as each Director is aware, all information relevant to the audit of the Group's consolidated financial statements has been supplied to the Group's auditors. Each Director has taken all steps that they ought to have taken in their duty as Director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

POLITICAL DONATIONS

The Group did not make any political donations or incur any political expenditure during the year.

ADDITIONAL DISCLOSURES

If a change in control occurs following receipt of a takeover bid then according to the terms of the Senior Notes, the Company may be required to offer to repurchase the Senior Notes from holders. At the date of this Report, no takeover bids have been made for the Company's shares. There are no agreements between the Company and its Directors or employees providing for compensation on loss of office or employment (whether through resignation, purported redundancy or otherwise) that would occur because of a takeover bid.

OTHER RELEVANT INFORMATION WITHIN THIS REPORT

Other information that is relevant to the Management Report, and which is incorporated by reference into this Report, can be located on the pages recorded in the following table.

SECTION	PAGE NUMBER
Strategy & Purpose	18
Our Business Model	16
KPIs	28
Financial and Operational Review including Segment Information	35
Risk Management	50
Alternative Performance Measures	47
Corporate Governance Report	111

The Company has chosen, in accordance with Section 414 C(11) of the UK Companies Act 2006, and as noted in this Management Report, to include certain matters in its Strategic Report that would otherwise be required to be disclosed in this Management Report. A non-financial and sustainability information statement in line with Section 414CA and 414CB of the UK Companies Act 2006 can be found on page 102.

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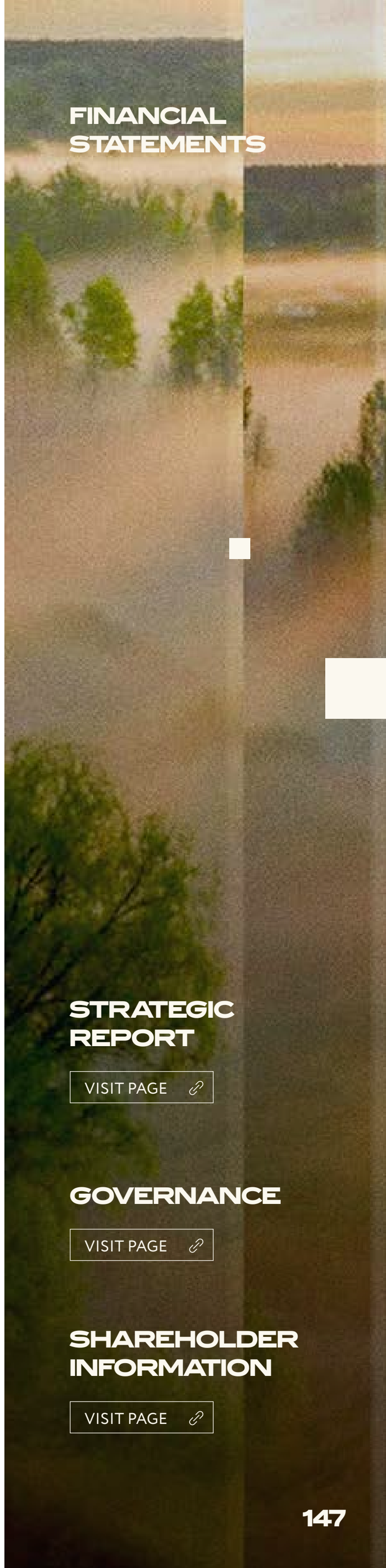

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STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

→ properly selecting and consistently 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 Group's consolidated financial position and financial performance;
→ making an assessment of the Group'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 Group;
→ maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group 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 Group; and
→ preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group as of and for the year ended 31 December 2023 were authorized for issue by the Board of Directors on 02 May 2024.

BOARD OF DIRECTORS' RESPONSIBILITY STATEMENT

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 consolidated financial statements of MHP SE for year ended 31 December 2023, hereby declare that to the best of our knowledge:

a) the consolidated 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 and the undertakings included in the consolidation 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, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board:

Yuriy Kosyuk
Director

John Grant
Director

Viktoriia Kapeliushna
Director

John Clifford Rich
Director

Philip J Wilkinson
Director

Andriy Bulakh
Director

Christakis Taoushianis
Director

Oscar Chemerinski
Director

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TO THE MEMBERS OF MHP SE

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

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

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated 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 Consolidated Financial Statements section of our report. We remained independent of the Group 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 consolidated 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 2 to the consolidated financial statements, which indicates that the Group's operations are negatively affected by the Russian Federation`s military invasion of Ukraine, with the magnitude of further developments or the timing of their cessation being uncertain. These conditions, along with other matters as set forth in Notes 2 and 34 indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 consolidated 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each 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 consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
REVENUE RECOGNITION	
The total amount of revenue recognised in 2023 was USD 3,021 million. Revenue recognition was one of the matters of most significance in our audit since the amount of revenue is material to the consolidated financial statements and management judgment is involved in the interpretation of contract terms and timing of revenue recognition, in particular – close to the end of the reporting period. Additionally, revenue is one of the key performance measures of the Group, giving rise to a potential incentive for revenue to be recognized prior to control over goods and services been transferred, to achieve performance targets. Information on the accounting policy for revenue recognition is disclosed in Note 2 of the consolidated financial statements and disclosures related to revenue are included in Note 6 of the consolidated financial statements.	We considered the Group's accounting policy in respect of revenue recognition. We assessed the design and operating effectiveness of relevant internal controls over the revenue recognition process. We analysed sales contracts terms and assessed the moment of transfer of control over goods and services. On a sample basis, we compared the date of transfer of control over goods and services with the date of revenue recognition. We also tested, on a sample basis, data of transaction records in the system to their respective customer contracts, underlying invoices and cash receipts. On a sample basis, we obtained confirmations of sales and accounts receivable balances from customers. We tested a sample of revenue transactions recognised shortly before and after the year end and assessed the period these transactions relate to. We performed analytical procedures in respect of revenue that included, among others, the analysis of monthly sales to detect unusual fluctuations and reconciliation with comparative information for prior periods. We assessed disclosures in respect of revenue included in the notes to the consolidated financial statements

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KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
VALUATION OF BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE	
The Group measures biological assets at fair value less costs to sell in accordance with IAS 41 Agriculture and IFRS 13 Fair Value Measurement. As at 31 December 2023, the carrying value of biological assets was USD 187 million, out of which USD 171 million was classified within current assets and USD 16 million within non-current assets. Agricultural produce harvested from biological assets is measured at fair value less costs to sell at the point of harvest in accordance with IAS 41 Agriculture and IFRS 13 Fair Value Measurement. As at 31 December 2023, the carrying value of agricultural produce was USD 370 million. The Group assesses the fair value of the biological assets based on the discounted cash flow technique. The key assumptions and inputs used in the measurement are average meat output, average productive life, expected yields, expected market prices, estimated future production costs and costs to sell and discount rates. The fair value of agricultural produce is determined by reference to market prices at the point of harvest. The valuation of biological assets and agricultural produce is one of the matters of most significance in our audit since the assessment of fair value requires assumptions as described above, including those based on the unobservable inputs, and significant level of management judgement, and, therefore, is inherently susceptible to the risk of material misstatement. Information on the accounting policy and key judgements and estimates for biological assets and agricultural produce is disclosed in Note 2 and 4 of the consolidated financial statements and disclosures related to the biological assets and agricultural produce are included in Notes 20 and 22 of the consolidated financial statements.	We analysed the Group's accounting policy in respect of biological assets and agricultural produce in accordance with the requirements of IAS 41 and IFRS 13. We obtained an understanding of the internal controls surrounding the valuation process for biological assets and agricultural produce and assessed their design and implementation. For biological assets, we analysed the valuation methods used by management. Further, we compared management's assumptions to the Group's historical data and, where applicable, to market data and external benchmarks. We analysed costs required to sell biological assets and how they are taken into consideration in the calculation of fair value less cost to sell. We considered the discount rate used, with the support of our internal valuation specialists. For agricultural produce, we analysed management's identification of the principal market, we compared the prices used by management to the market data. We analysed costs required to sell agricultural produce and analysed how they are taken into consideration in the calculation of fair value less cost to sell. We tested the mathematical accuracy of the models prepared by management. We also tested completeness and accuracy of input data, including the physical quantities and crop areas, where applicable, used in the valuation. We assessed the disclosures in respect of biological assets and agricultural produce made in the consolidated financial statements.

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KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE	
As at 31 December 2023, the Group had significant balance of goodwill and intangible assets with indefinite useful life of USD 62 million and USD 31 million respectively. As required by IAS 36, management performed an impairment test for goodwill and intangible assets with indefinite useful life. An impairment assessment of goodwill and intangible assets with indefinite useful life is a key audit matter due to the range of judgements and assumptions used in the impairment model for each CGU, as well as the significance of the carrying amount of goodwill and intangible assets with indefinite useful life. Disclosure relating to the impairment of goodwill and intangible assets with indefinite useful life is presented in Note 17 and Note 18 to the consolidated financial statements.	Our procedures included assessment of the assumptions and methodologies used by the Group in its value-in-use calculation of cash-generating units. We compared the Group's assumptions to externally derived data and our internal information on key inputs such as projected economic growth, sales volumes, inflation and discount rates. We analysed, for each cash generating unit, the excess of the recoverable amount over carrying amount. We tested sensitivity of the value in use to key assumptions. We have involved our internal valuation experts to analyze the scope of appraisal, the data, application of methods, and the methodology used in the valuation process and the assumptions made by the Group's management specialists and management. We tested mathematical accuracy of management's impairment analyses and sensitivity calculations. We analysed the disclosures related to impairment of goodwill and intangible assets with indefinite useful life presented in the Notes to the consolidated financial statements.

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Reporting on other information

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

Our opinion on the consolidated 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 consolidated 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 consolidated 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 Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

REPORT ON OTHER LEGAL REQUIREMENTS

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

- In our opinion, based on the work undertaken in the course of our audit, the consolidated 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 consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated 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.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023
(in millions of US dollars, unless otherwise indicated)

	NOTES	2023	2022
Revenue	5, 6	3,021	2,642
Net change in fair value of biological assets and agricultural produce	5	(48)	(128)
Cost of sales	7	(2,334)	(1,906)
Gross profit		**639**	**608**
Selling, general and administrative expenses	8	(270)	(254)
Other operating income	9	19	13
Other operating expenses	10	(49)	(83)
Loss on impairment of goodwill and property, plant and equipment	18	-	(29)
Operating profit		**339**	**255**
Finance income	12	37	6
Finance costs	13	(163)	(155)
Foreign exchange loss	37	(40)	(365)
Profit/(loss) before tax		**173**	**(259)**
Income tax (expense)/benefit	14	(31)	28
Profit/(loss) for the year		**142**	**(231)**

The accompanying notes on the pages 160 to 208 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023
(in millions of US dollars, unless otherwise indicated)

	NOTES	2023	2022
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
Increase in revaluation reserve of property, plant and equipment	15	-	351
Deferred tax charged directly to revaluation reserve	4,14	-	(81)
Deferred tax on revaluation of property, plant and equipment		-	(59)
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:			
Cumulative translation difference		(20)	(326)
Other comprehensive loss		**(20)**	**(115)**
Total comprehensive income/(loss) for the year		**122**	**(346)**
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent		144	(226)
Non-controlling interests	28	(2)	(5)
		142	**(231)**
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent		125	(337)
Non-controlling interests		(3)	(9)
		122	**(346)**
EARNINGS/(LOSS) PER SHARE			
Basic and diluted earnings/(loss) per share (USD per share)	**39**	**1.35**	**(2.11)**

On behalf of the Board:

Chief Executive Officer **Yuriy Kosyuk**

Chief Financial Officer **Viktoriia Kapeliushna**

The accompanying notes on the pages 160 to 208 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2023
(in millions of US dollars, unless otherwise indicated)

	NOTES	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	1,885	1,856
Right-of-use assets	16	248	223
Intangible assets	17	75	80
Goodwill	18	62	60
Non-current biological assets	20	16	21
Non-current financial assets	19	8	8
Long-term deposits		2	3
Deferred tax assets	14	2	2
		2,298	**2,253**
CURRENT ASSETS			
Inventories	21	333	414
Biological assets	20	171	177
Agricultural produce	22	370	361
Prepayments		28	30
Other current financial assets	25	34	22
Taxes recoverable and prepaid	23	30	69
Trade accounts receivable	24	186	183
Cash and cash equivalents	26	436	300
		1,588	**1,556**
TOTAL ASSETS		**3,886**	**3,809**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	27	285	285
Treasury shares		(45)	(45)
Additional paid-in capital		174	174
Revaluation reserve		706	792
Retained earnings		1,793	1,559
Translation reserve		(1,356)	(1,337)
Equity attributable to equity holders of the Parent		**1,557**	**1,428**
Non-controlling interests	28	10	18
Total equity		**1,567**	**1,446**

	NOTES	2023	2022
NON-CURRENT LIABILITIES			
Bank borrowings	29	234	118
Bonds issued	30	891	1,383
Lease liabilities	31	180	164
Deferred income	11	36	37
Deferred tax liabilities	14	123	124
Other non-current liabilities		5	4
		1,469	**1,830**
CURRENT LIABILITIES			
Bank borrowings	29	145	176
Bonds issued	30	348	-
Lease liabilities	31	76	65
Trade accounts payable		142	123
Contract liabilities		18	31
Interest payable	29, 30	22	42
Other current liabilities	32	99	96
		850	**533**
TOTAL LIABILITIES		**2,319**	**2,363**
TOTAL EQUITY AND LIABILITIES		**3,886**	**3,809**

On behalf of the Board:

Chief Executive Officer **Yuriy Kosyuk**

Chief Financial Officer **Viktoriia Kapeliushna**

The accompanying notes on the pages 160 to 208 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023
(in millions of US dollars, unless otherwise indicated)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								
	SHARE CAPITAL	TREASURY SHARES	ADDITIONAL PAID-IN CAPITAL	REVALUATION RESERVE	RETAINED EARNINGS	TRANSLATION RESERVE	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 1 January 2022	**285**	**(45)**	**174**	**812**	**1,557**	**(1,018)**	**1,765**	**29**	**1,794**
Loss for the year	-	-	-	-	(226)	-	(226)	(5)	(231)
Other comprehensive income/(loss)	-	-	-	208	-	(319)	(111)	(4)	(115)
Total comprehensive income/(loss) for the year	-	-	-	208	(226)	(319)	(337)	(9)	(346)
Transfer from revaluation reserve to retained earnings	-	-	-	(50)	50	-	-	-	-
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(2)	(2)
Translation differences on revaluation reserve	-	-	-	(178)	178	-	-	-	-
Balance at 31 December 2022	**285**	**(45)**	**174**	**792**	**1,559**	**(1,337)**	**1,428**	**18**	**1,446**
Profit/(loss) for the year	-	-	-	-	144	-	144	(2)	142
Other comprehensive loss	-	-	-	-	-	(19)	(19)	(1)	(20)
Total comprehensive income/(loss) for the year	-	-	-	-	144	(19)	125	(3)	122
Transfer from revaluation reserve to retained earnings	-	-	-	(59)	59	-	-	-	-
Non-controlling interests arising in a business combination	-	-	-	-	4	-	4	(5)	(1)
Translation differences on revaluation reserve	-	-	-	(27)	27	-	-	-	-
Balance at 31 December 2023	**285**	**(45)**	**174**	**706**	**1,793**	**(1,356)**	**1,557**	**10**	**1,567**

On behalf of the Board:

Chief Executive Officer **Yuriy Kosyuk**

Chief Financial Officer **Viktoriia Kapeliushna**

The accompanying notes on the pages 160 to 208 form an integral part of these consolidated financial statements

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023
(in millions of US dollars, unless otherwise indicated)

	NOTES	2023	2022
OPERATING ACTIVITIES			
Profit/(loss) before tax		173	(259)
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization expense	5	169	159
Net change in fair value of biological assets and agricultural produce	5	48	128
Change in allowance for expected credit losses and direct write-offs		10	38
Loss on impairment of goodwill and property, plant and equipment	15, 18	-	29
Loss on disposal of property, plant and equipment and other non-current assets		2	1
Finance income		(37)	(6)
Finance costs	13	163	155
Released deferred expense		(1)	(1)
Foreign exchange loss		40	365
Operating cash flows before movements in working capital		**567**	**609**
WORKING CAPITAL ADJUSTMENTS			
Change in inventories		66	(161)
Change in biological assets		(2)	(54)
Change in agricultural produce		(55)	(60)
Change in prepayments made		-	(3)
Change in other current financial assets		4	(3)
Change in taxes recoverable and prepaid		35	(24)
Change in trade accounts receivable		(3)	(60)
Change in contract liabilities		(13)	(10)
Change in other current liabilities		(2)	21
Change in trade accounts payable		31	14
Cash generated by operations		**628**	**269**
Interest received		11	3
Interest paid		(178)	(126)
Income taxes paid		(23)	(8)
Net cash flows from operating activities		**438**	**138**

	NOTES	2023	2022
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(212)	(159)
Proceeds from disposals of property, plant and equipment		7	5
Purchases of intangible assets		(4)	(6)
Purchases of non-current biological assets		(3)	(3)
Prepayments and capitalized initial direct costs under lease contracts		(6)	(12)
Government grants received		1	4
Withdrawals/(investments) in short-term deposits		6	(1)
Loans provided		(10)	(5)
Loans repaid		2	3
Divestments/(Investments) in financial assets		(9)	-
Net cash flows used in investing activities		**(228)**	**(174)**
FINANCING ACTIVITIES			
Proceeds from bank borrowings		280	232
Repayment of bank borrowings		(208)	(160)
Repayment of bonds issued		(128)	-
Repayment of lease liabilities		(28)	(14)
Dividends paid by subsidiaries to non-controlling shareholders		(2)	-
Consent solicitation payment		-	(1)
Net cash flows used in/(from) financing activities		**(86)**	**57**
Net increase in cash and cash equivalents		124	21
Net foreign exchange difference on cash and cash equivalents		12	4
Cash and cash equivalents at 1 January	26	**300**	**275**
Cash and cash equivalents at 31 December	**26**	**436**	**300**

On behalf of the Board:

Chief Executive Officer **Yuriy Kosyuk**

Chief Financial Officer **Viktoriia Kapeliushna**

The accompanying notes on the pages 160 to 208 form an integral part of these consolidated financial statements

(in millions of US dollars, unless otherwise indicated)

1. CORPORATE INFORMATION

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

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

The principal business activities of the Group are poultry and related operations, vegetable oil, and agriculture operations. The Group's poultry and related operations integrate all functions related to chicken production, including hatching, fodder manufacturing, raising chickens to marketable age ("grow-out"), processing and sale of frozen and chilled chicken meat, as well as processed meat products. Agriculture operations comprise producing and selling grains and cattle breeding for milk production. Vegetable oil operations include the production and sale of vegetable oil, cake, and husk. As of 31 December 2023 the Group employed 33,169 people (31 December 2022: 31,701 people).

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

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

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

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

BASIS OF PRESENTATION AND ACCOUNTING

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the requirements of the Cyprus Companies Law Cap 113. The operating subsidiaries of the Group maintain their accounting records under local accounting standards.

The financial statements of the subsidiaries of the Group are prepared for the same reporting period as the parent, using consistent accounting policies. Adjustements are made to align any dissimilar accounting policies, that may exist, with the Group`s accounting policies.

BASIS OF PREPARATION

The consolidated financial statements of the Group are prepared on the basis of historical cost except for revalued amounts of buildings and structures, grain storage facilities, production machinery, vehicles and agricultural machinery, biological assets, agricultural produce, and specific financial instruments, which are carried at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the date of initial recognition of an item.

GOING CONCERN

In 2023, the Group has continued its operations in an 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 facilty with 34,000 tonnes annual capacity located in the Konstiantynivka) that was temporarily suspended due to its proximity to the front line and continuing military attacks in the Donetsk region;
- production and sale volumes have already returned to pre-war levels in H2 2022 despite a limited capacity of existing delivery routes and active hostilities in the southern and eastern regions of Ukraine. As a result, as of 31 December 2023 and 2022, the Group operated at its normal capacity utilization after decline in production 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, as presented in Note 34 Operating environment;
- for the period after the Russian invasion of Ukraine more than 2,380 MHP employees joined the Ukrainian military forces and territorial defence;
- 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 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 and other logistic challenges;
- equipped its key assets with diesel generators and continued to operate two biogas facilities to produce electricity, industrial steam and heating to mitigate the impact of power outages on its business;
- in view of continuing War-related uncertainties and the resulting need to preserve liquidity to support the Group's ongoing business operations, the Directors decided not to declare a final dividend for the 2022 financial year. No dividend has been declared for the year ended 31 December 2023;
- taking into account its debt maturity profile, the Group shaped 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 29, 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 30).

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

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

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The following standards and amendments were adopted by the Group on 1 January 2023:
- 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;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12;
- International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12;

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

The Amendments are effective for annual periods beginning on or after 1 January 2023 and provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Group has revised disclosures of accounting policies 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 Group's consolidated 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 Group's consolidated financial statements as discussed in Note 14.

Other new IFRS and amendments to IFRS effective since 1 January 2023 have no impact on the Group`s consolidated 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 are not expected to have a material impact on the Group's consolidated financial statements.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT EFFECTIVE (continued)

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 are not expected to have a material impact on the Group's consolidated financial statements.

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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 Group's consolidated 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 Group's consolidated 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.

FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Ukrainian companies of the Group is the Ukrainian Hryvnia ("UAH"); the functional currency of the Cyprus companies and Luxembourg company of the Group is the US Dollar ("USD"); the functional currency of the European companies of the Group is the Euro ("EUR"); the functional currency of the United Arab Emirates companies is the Dirham ("AED"); the functional currency of the UK company is the British Pound ("GBP"); the functional currency of the Saudi Arabia company is the Saudi Riyal ("SAR").

Transactions in currencies other than the functional currency of the entities concerned are treated as transactions in foreign currencies.

Such transactions are initially recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated prevailing rates on the reporting date. All realized and unrealized gains and losses arising on exchange differences are recognised in the consolidated statement of profit or loss and other comprehensive income for the period.

(in millions of US dollars, unless otherwise indicated)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

FUNCTIONAL AND PRESENTATION CURRENCY (continued)

These consolidated financial statements are presented in US Dollars ("USD"), the Group's presentation currency, and all values are rounded to the nearest million, except when otherwise indicated.

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

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

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

The relevant exchange rates were:

CURRENCY	CLOSING RATE AS OF 31 DECEMBER 2023	AVERAGE FOR 2023	CLOSING RATE AS OF 31 DECEMBER 2022	AVERAGE FOR 2022
UAH/USD	37.9824	36.5750	36.5686	32.3684
UAH/EUR	42.2079	39.5619	38.9510	33.9954
USD/EUR	1.1112	1.0817	1.0651	1.0503
USD/GBP	1.2766	1.2434	1.2033	1.2318
AED/USD	3.67	3.67	3.67	3.67
SAR/USD	3.75	3.75	3.75	3.75

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of MHP SE and its subsidiaries. Control is 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 changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the Company's owners to the non-controlling interests. The total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All significant intercompany transactions, balances, and unrealized gains or losses on transactions are eliminated on consolidation, except when the intragroup losses indicate an impairment that requires recognition in the consolidated financial statements.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those adopted by the Group.

FAIR VALUE MEASUREMENT

Fair value is the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability occurs either in the central market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most beneficial market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

FAIR VALUE MEASUREMENT (continued)

For assets and liabilities that are recognized in the financial statements regularly, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

BORROWING COSTS

Borrowing costs include interest expense, finance charges on leases and other interest-bearing long-term payables and debt servicing costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are not recognised in the consolidated financial statements. Rather, they are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are recognised only when it has become virtually certain that an inflow of economic benefits will arise.

SEGMENT INFORMATION

Segment reporting is presented on the basis of Management's perspective and relates to the parts of the Group that are defined as operating segments. Operating segments are identified on the basis of internal reports provided to the Group's chief operating decision maker ("CODM"). The Group has identified its top Management team as its CODM and the internal reports used by the top Management team to oversee operations and make decisions on allocating resources serve as the basis of information presented. These internal reports are prepared on the same basis as these consolidated financial statements.

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

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

The corresponding segment information for the year ended 31 Deceber 2022 have been restated accordingly to ensure comparability.

Based on the current management structure, the Group identifies the following reportable segments that fairly represent principal business activities: Poultry and related operations, Vegetable oils operations, Agriculture operations, Europe operating segment. For more details on segmentation refer to Note 5 Segment information.

REVENUE RECOGNITION

The Group generates revenue primarily from selling of agricultural products to the end customers. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers product or service control to a customer.

Revenue is adjusted for estimates of known or expected variable consideration, which includes consumer incentives, trade promotions, and allowances, such as rebates, volume-based incentives and other programs. Variable consideration related to these programs is recorded as a reduction to revenue based on amounts the Group expects to pay. These estimates are based on current performance, historical utilization, and projected redemption rates of each program. The Group reviews and updates these estimates regularly until the incentives are realized and the impact of any adjustments are recognized in the period the adjustments are identified. Non-monetary exchanges or swaps of goods that are of similar nature and value are not treated as transactions that generate revenue.

The Group recognises revenue from the following major sources:

- poultry meat and related sales (delivery services, eggs, meat and bone meal, and other);
- processed meat and culinary products;
- vegetable oil and related products (sunflower and soybean meals, sunflower husk) ;
- grains, oilseeds and other agriculture products (milk, catlle, feed grains and other).

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue at a point in time when it transfers control of a product or service to a customer.

A major part of the Group's sales is generated from the wholesale market. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location or delivered to major Ukrainian sea ports. Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on-selling the goods, and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional. Under the Group's standard contract terms, customers have no right of return.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

Contract liability is recognised if a payment is received from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract.

Sales price of products for domestic market predominantly includes shipping and handling costs in the price of the product. Export sales price may include the shipping and handling costs depending on specific incoterms applied.

TAXES RECOVERABLE AND PREPAID

Taxes recoverable and prepaid primarily include value-added tax ("VAT") recoverable. VAT recoverable is reviewed at each reporting date and reduced to the extent that it is no longer probable that a reimbursement or VAT liabilities for settlement will be available. The Group considers that the outstanding amount due from the state at the reporting date will be either recovered in cash or reclaimed against the VAT liabilities related to sales.

PREPAYMENTS

Prepayments are carried at cost excluding VAT less provision for impairment, when applicable.

GOVERNMENT GRANTS

Government grants are recognised as income over the periods necessary to match them with the related costs, or as an offset against finance costs when received as compensation for the finance costs for agricultural producers. When the grant relates to an asset, the received funds are recorded in the Group's consolidated financial statements as deferred income, which is recognised in profit or loss on a systematic basis over the useful life of the related assets.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

PROPERTY, PLANT, AND EQUIPMENT

All Group property, plant, and equipment are carried at revalued amounts, being their fair value at the date of the revaluation less any subsequent depreciation and impairment losses, except land and other fixed assets that are carried at historical cost less (for the other fixed assets) accumulated depreciation.

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

Subsequently, capitalized costs include major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue-generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalization are charged to the consolidated statement of profit or loss as incurred.

For all Group`s property, plant, and equipment carried at revalued amounts, the revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. If the asset's carrying amount is increased as a result of a revaluation, the increase is credited to equity through other comprehensive income as a revaluation reserve. However, such an increase is recognized in the consolidated statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in the consolidated statement of profit or loss. If the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in the consolidated statement of profit or loss. However, such a decrease is debited to the revaluation reserve through other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The carrying amount of the asset is adjusted by eliminating accumulated depreciation against the gross carrying amount and subsequent increase or decrease of the gross carrying amount to fair value.

Depreciation on revalued assets is charged to the consolidated statement of profit or loss. The excess depreciation charge on the revalued asset over the depreciation that would have been charged based on the historical cost of the asset is transferred from the revaluation reserve directly to retained earnings over the assets useful life. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

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

Buildings and structures	5 - 60 years
Grain storage facilities	10 - 60 years
Production machinery	5 - 35 years
Auxiliary and other machinery	5 - 30 years
Utilities and infrastructure	15 - 60 years
Vehicles and agricultural machinery	7 - 40 years
Other fixed assets	3 - 10 years

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

PROPERTY, PLANT, AND EQUIPMENT (continued)

The residual value, the useful lives, and the depreciation method are reviewed at each financial year-end. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. Furthermore, the Group considers climate-related matters, including physical and transition risks. Specifically, the Group determines whether climate-related legislation and regulations might impact either the useful life or residual values. The effect of any changes from previous estimates is accounted for prospectively as a change in an accounting estimate.

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

Construction in progress comprises costs directly related to the construction of property, plant, and equipment, including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Construction in progress is not depreciated. Depreciation of construction in progress commences when completed construction in progress is transferred to the relevant class of property, plant, and equipment.

INTANGIBLE ASSETS

Intangible assets consist primarily of land lease rights, trademarks, and customer relationships, which are acquired in a business combination.

Intangible assets acquired in a business combination are identified and recognized separately from goodwill, where they satisfy the definition of an intangible asset. The cost of such intangible assets is their fair value at the acquisition date.

Intangible assets assessed as having an indefinite useful life are not amortized and are examined for impairment annually or more frequently where there is an indication of impairment. Where the carrying amount of an asset is greater than the amount estimated to be recoverable, it is written down to its recoverable amount. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Subsequent to initial recognition, intangible assets assessed as having finite valuable lives are reported at cost less accumulated amortization and accumulated impairment losses. Amortization of intangible assets is recognized on a straight-line basis over their estimated useful lives. The period of estimated useful life of intangibles is as follows:

Land lease rights	3 - 15 years
Customer relationship	20 years
Trademarks	not amortized
Other intangible assets	3 - 10 years

The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

RIGHT-OF-USE ASSETS

Right-of-use assets mainly represents the rent of land from individuals (Ukrainian citizens) for agricultural purposes as well as trucks, agricultural machinery and equipment essential for farm operation, also office buildings, facilities used as culinary centers, warehouses, and retail store spaces. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the lease term. The depreciation starts at the commencement date of the lease. The Group recognizes depreciation of right-of-use assets based on the lease term, presented within the cost of goods sold in the consolidated statement of profit or loss. The average maturity of land lease agreements is 7 years, 5 years for lease agreements for agricultural machinery and equipment, 10 years for buildings and facilities and 4 years for retail store spaces.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets with definite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment annually or more frequently when there is an indication that they might be impaired.

To assess impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Recoverable amount is the higher fair value, less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount. In that case, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease through other comprehensive income.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase through other comprehensive income.

IMPAIRMENT OF GOODWILL

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the consolidated profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

The Group assesses whether climate-related risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts.

INCOME TAXES

Income taxes have been computed by the laws currently enacted or substantially enacted in jurisdictions where operating entities are located. Income tax is calculated based on the year's results as adjusted for items that are non-assessable or non-tax deductible. It is calculated using tax rates that have been enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method regarding temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is charged or credited to the consolidated statement of profit or loss, except when it relates to items credited or charged directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income.

Deferred tax assets and liabilities are offset when:

- The Group has a legally enforceable right to set off the recognized amounts of current tax assets and current tax liabilities;
- The Group has an intention to settle on a net basis or to realize the asset and settle the liability simultaneously;
- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

The Group companies involved in agricultural production (those engaged in grain and oilseeds growing) benefit substantially from the status of an agricultural producer. These companies are exempt from income taxes and pay the Fixed Agricultural Tax (FAT) instead (Note 13).

INVENTORIES

Inventories are stated at the lower cost and net realizable value. Costs comprise raw materials and, where applicable, direct labor costs and overheads incurred in bringing the inventories to their present locations and condition.

Cost is calculated using the FIFO (first-in, first-out) method. Net realizable value is determined as the estimated selling price less all estimated completion costs and costs to be incurred in marketing, selling, and distribution. The agriculture-related production process results in the production of joint products: main and by-products. A by-product arising from the process is measured at net realizable value and deducted from the main product`s cost.

BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE

Agricultural activity is defined as a biological transformation of biological assets for sale into agrarian produce or into additional biological assets. The Group classifies hatchery eggs, live poultry, cattle and other animals and crops in fields as biological assets.

The Group recognizes a biological asset or agricultural produce when the Group controls the asset as a result of past events, it is probable that future economic benefits associated with the asset will flow to the Group, and the fair value of the asset can be measured reliably.

Biological assets are stated at fair value minus estimated costs to sell at both initial recognition and as of the reporting date, with any resulting gain or loss recognized in the consolidated profit or loss.

Costs to sell include all costs necessary to sell the assets, including costs necessary to get the assets to market.

The difference between fair value less costs to sell and total production costs is allocated to biological assets as of each reporting date as a fair value adjustment.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE (continued)

The change in this adjustment from one period to another is recognised as a "Net change in fair value of biological assets and agricultural produce" in the consolidated profit or loss.

Agricultural produce harvested from biological assets is measured at its fair value less costs to sell at the point of harvest. A gain or loss arising on initial recognition of agricultural produce at fair value, less costs to sell, is included in the consolidated profit or loss.

Based on the above policy, the principal groups of biological assets and agricultural produce are stated as follows:

Biological Assets

(i) Broiler chickens
Broilers comprise poultry held for chicken meat production. The fair value of broilers is determined by reference to the cash flows obtained from the sales of 42-day-aged chickens, with an allowance for costs to be incurred and risks to be faced during the remaining transformation process.

(ii) Breeders held for hatchery egg production
The fair value of breeders is determined using the discounted cash flow approach based on hatchery eggs' and meat market prices.

(iii) Cattle
Cattle comprise cows and bulls held for the regeneration of the livestock population and animals raised for milk and beef meat production. The fair value of livestock is determined based on cash flows obtained from sales of milk, calves and meat during the life of cattle.

(iv) Crops in fields
The fair value of crops in fields is determined by reference to the cash flows obtained from sales of harvested crops, with an allowance for costs to be incurred and risks to be faced during the remaining transformation process.

(v) Hatchery eggs
The fair value of hatchery eggs is determined by reference to market prices at the point of harvest.

Agricultural Produce

(i) Dressed poultry, beef, and pork
The fair value of dressed poultry, beef and pork is determined by reference to market prices at the point of harvest.

(ii) Grain and oilseeds
The fair value of fodder grain and oilseeds is determined by market prices at the point of harvest.

The Group's biological assets are classified into bearer and consumable biological assets depending upon the function of a particular group of biological assets in the Group's production process. Consumable biological assets are those to be harvested as agricultural produce, including hatchery eggs and live broiler chickens intended for the production of meat, as well as pork and meat cows. Bearer biological assets include poultry held for hatchery egg production, milk cows, and breeding bulls.

FINANCIAL INSTRUMENTS

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

The financial assets and financial liabilities of the Group are represented by cash and cash equivalents, bank deposits, bank borrowings, bonds issued and other financial liabilities. The accounting policies for initial recognition and subsequent measurement of financial instruments are disclosed in the respective accounting policies below in this Note.

Financial assets and financial liabilities are initially recognised 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 are 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 recognized financial assets are measured subsequently at either amortized 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 amortized cost (this category is the most relevant to the Group):

- the financial asset is held within a business model whose objective is to have financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment.

The effective interest method is a method calculates the amortized cost of a debt instrument and allocates interest income over the relevant period.

The amortized 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 amortization 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 amortized cost of a financial asset before adjusting for any loss allowance.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

FINANCIAL ASSETS (continued)

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are estimated as the difference between all contractual cash flows due to the Group per the contract and all the cash flows that the Group 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 the initial recognition of the respective financial instrument.

The Group applies a simplified approach to calculating ECLs for trade accounts receivable and contract assets. Therefore, the Group does not track changes in credit risk but instead recognizes a loss allowance based on ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial instruments, a financial instrument not credit-impaired on initial recognition is classified in Stage 1. Suppose the credit risk on the financial instrument has not increased significantly since initial recognition. In that case, the Group measures the loss allowance for that financial instrument (Stage 1) at an amount equal to 12-month ECLs. If the Group identifies a significant increase in credit risk since initial recognition, the financial instrument is transferred to Stage 2, but it is not considered credit-impaired, the Group recognizes lifetime ECLs. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3, and its ECLs are measured as Lifetime ECLs.

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group 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 Group 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 the economic situation of countries and the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relates to the Group's core operations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

Low credit risk financial instruments

Despite the preceding, the Group 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 chosen to have low credit risk if:

a) the financial instrument has a low risk of default,

b) the debtor has a solid capacity to meet its contractual cash flow obligations in the near term and

c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

Default definition

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

Credit-impaired financial assets

A financial asset is credit-impaired (Stage 3) when one or more events that have a detrimental impact on that financial asset's estimated future cash flows 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 reorganization; or

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

Write-off policy

The Group writes off a financial asset when information indicates the debtor has severe financial difficulty. There is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade accounts receivable, when the amounts are over three years past due, whichever occurs sooner. Written-off financial assets may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in the consolidated statement of profit or loss. Inputs, assumptions, and estimation techniques used by measurement and recognition of expected credit losses are disclosed in respective Notes 19 and 23 on financial assets.

FINANCIAL LIABILITIES

Initial recognition and measurement

The Group's financial liabilities include loans and borrowings, lease liabilities, and trade and other accounts payable.

Financial liabilities are recognized at fair value and are measured at amortized cost using the effective interest method.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

FINANCIAL LIABILITIES (continued)

The effective interest method calculates the amortized cost of a financial liability and allocates 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 amortized cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges one debt instrument with the existing lender into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new one.

TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are recognised if an amount of consideration that is unconditional is due from the customer. Trade accounts receivable that do not contain a significant financing component are measured at the transaction price.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash with banks, deposits, and government bonds with maturity of less than three months from the date of acquisition.

BANK BORROWINGS, CORPORATE BONDS ISSUED, AND OTHER LONG-TERM PAYABLES

Interest-bearing bank borrowings, bonds issued, and other long-term payables are initially measured at fair value that is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). They are subsequently measured at amortized cost using the EIR method, where amortization is included as finance costs in the statement of profit or loss. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

TRADE AND OTHER ACCOUNTS PAYABLE

Accounts payable are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method.

LEASE LIABILITIES

The Group assesses whether a contract is or contains a lease at the inception of the contract.

The Group recognizes lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments. The Group does not apply the short-term and low-value lease exemptions.

The Group measures the lease liability at the present value of the lease payments not paid at the commencement date, discounted by using the incremental borrowing rate, because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of equal value to the right-of-use asset in a similar economic environment.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. The Group recognizes interest on lease liabilities and presents it within interest expenses in the consolidated profit or loss.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed, or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or market rate. In these cases, the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a fixed discount rate.

In the statement of cash flows, the Group separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities).

PROVISIONS

Provisions are recognized when the Group has a present legal or constructive obligation (either based on legal regulations or implied) due to past events, and an outflow of resources will probably be required to settle the obligation, and a reliable estimate of the obligation can be made.

FINANCE INCOME AND FINANCE COSTS

The Group's finance income and finance costs include:

- Interest income (e.g. on bank deposits and loans provided);
- Interest expense (e.g. on corporate bonds and bank borrowings; on obligation under leases);
- Income/expense from derecognition of financial assets/financial liabilities.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

FINANCE INCOME AND FINANCE COSTS (continued)

Interest income or expense is recognized under the effective interest method.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applies to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying effective the interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3. CHANGES IN THE GROUP STRUCTURE

CHANGES IN NON-CONTROLLING INTERESTS IN SUBSIDIARIES

During the year ended 31 December 2023, the Group increased its effective ownership interest in MHP Saudi Arabia Trading to 100% through the purchase of a non-controlling interest for the amount USD 1.8 million. The difference between the carrying value of the net assets acquired and the consideration paid was recognised directly to retained earnings in the amount of USD 3.6 million. This investing non-cash transaction was excluded from the consolidated statement of cash flows.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies described in Note 2, management must make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects both current and future periods.

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The following are the essential judgments, apart from those involving estimations (see below), that management has made using the Group's accounting policies and have the most significant effect on the amounts recognized in the consolidated financial statements.

Going concern

The Group has concluded that applying the going concern basis of accounting in preparing these consolidated financial statements is appropriate. Management exercises significant judgment in the assessment of the existence of a material uncertainty related to going concerned by taking into consideration the effects of the ongoing War on the Group`s activities. The information about material uncertainties related to events or conditions that may doubt the Group's ability to continue as a going concern is disclosed in Note 2.

Determination of variable lease payments

As described in Note 2, the Group measures lease liabilities at the present value of future lease payments, discounted using the lessee's incremental borrowing rate. Future lease payments consist of fixed payments (including in-substance fixed payments) and variable lease payments that depend on an index or rate, including payments that vary to reflect changes in market rental rates. Management must make a significant judgment in determining whether variable lease payments depend on an index or rate. Regardless of the lease payments stated in the lease contracts, customary business practices complement the contractual terms so that at each particular date, the rate is a market rate. Since the entire market operates on the basis of expectations of a periodic revision of rates (based on current market rates), Management has concluded that the market mechanism determines the rates. In substance, non-contractual changes in lease payments are driven by competitive forces. Pay changes are based on the average changes in lease payments in the region, meaning that the variable component of lease payments depends on a market index.

Revaluation of property, plant, and equipment

As described in Note 2, the Group applies the revaluation model to the measurement of all groups of property, plant, and equipment, except land and other fixed assets (Note 15). At each reporting date, the Group reviews the carrying amount of items of property, plant, and equipment accounted for using a revaluation model to determine whether the amount differs materially from fair value.

When determining whether to perform a fair value assessment in a given period, Management considers the development of macroeconomic indicators, including changes in prices (producer price indices, price indices for non-residential buildings, transport facilities, utilities, and other engineering structures), inflation rates, GDP growth rates and changes of the Ukrainian Hryvnia ("UAH") against USD and EUR. Also, different internal and external factors, such as political, legislative and economic situations, are reviewed.

Based on the results of this review, the management of the Group concluded that the carrying value of the property, plant and equipment, accounted for using revaluation model, as at 31 December 2023 was not materially different from those which would arise as a result of new revaluation.

Change in income tax status of certain Group's subsidiaries

Starting from 1 January 2022, the change in tax status of poultry producers has become effective as the respective amendments to the Tax Code of Ukraine came into force. As a result, starting from 1 January 2022, profits of agricultural producers engaged in rearing chickens, chicken meat, and eggs production are subject to a regular 18% income tax. Until 31 December 2021, the profits of the chicken and egg producers were non-taxable as these entities had an exempt status for corporate income tax purposes and were subject to the fixed agricultural tax, similar to other agribusinesses.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES (continued)

Management has applied significant judgment to consider that the new tax law effected a change in tax status for the Group`s subsidiaries rather than a change in tax law or tax rates, and given that there is no specific guidance in IAS 12 Income tax for when to account for a change in tax status, significant judgment was applied in considering the timing of deferred tax recognition. As the above has caused a shift in the tax status, for certain subsidiaries of the Group, from non-taxpayer to tax payers by becoming income taxpayers from 1 January 2022, the Group has recognized deferred tax liabilities in the amount of USD 81 million as of this date. These deferred tax liabilities of the Group`s poultry farms arise from temporary tax differences from property, plant, and equipment measured using the revaluation model. Accordingly, the resulting deferred tax liabilities on 1 January 2022 were recognized through other comprehensive income and presented separately as Deferred tax charged directly to the revaluation reserve.

Presentation of the expenses as war-related

Several critical assumptions have been used to determine if the expenses incurred by the Group relate to war and should be presented accordingly in Note 34. These assumptions include but are not limited to the timing of the costs, their nature, prerequisites of their incurrence, ordinariness, and necessity of expenses, and the possibility of their incurrence in significant amounts during routine operations during the pre-war period.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill and intangibles with indefinite useful lives

As disclosed in Notes 17 and 18, the Group determines on an annual basis at least whether indefinite life intangible assets and goodwill have been impaired. This requires an estimate of an asset's recoverable amount, which is the higher of an asset's or cash generating unit's (CGU's) fair value less costs of disposal and its value in use and it is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Estimating a value-in-use amount requires management to estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate and growth rates in order to calculate the present value of those cash flows.

When assessing impairment of goodwill and intrangible assets with indefinite useful lives, the Group constantly monitors climate-related matters affecting the value-in-use of intangibles and goodwill. As at 31 December 2023, the Group concluded that the climate-related risks did not have material impact of the value-is-use amounts for intangibles and goodwill. The Group will adjust the critical assumptions used in value-in-use calculations should a change be required in the future.
Determination of incremental borrowing rate

As described in Note 2, the Group uses incremental borrowing rate as the discounting factor to calculate lease liability if the rate implicit in the lease is not readily determinable. The incremental borrowing rate is determined as the available rate for the Group adjusted for the specifics of particular lease contracts.

Fair value less costs to sell biological assets and agricultural produce

Biological assets are recorded at fair values, less costs to sell. The Group estimates the fair values of biological assets based on the following key assumptions:

- Average meat output for broilers and livestock for meat production;
- Average productive life of breeders and cattle held for regeneration and milk production;
- Expected crop output;
- Estimated changes in future sales prices;
- Projected production costs and costs to sell; and,
- Discount rate.

During the year ended 31 December 2023 the fair value of biological assets was estimated using discount factors of 23.7% and 24.4% (31 December 2022: 25.0% and 42.7%) for non-current and current assets, respectively. Although some of these assumptions are obtained from published market data, the majority of these assumptions are estimated based on the Group's historical and projected results (Note 20).

The impact of potential climate-related matters, including legislation, climate change, and company climate objectives, which may affect the fair value measurement of biological assets and agricultural produce, has been considered in determining fair value measurement. The impact of climate-related matters is not material to the Group's financial statements.

Revaluation of property, plant, and equipment

The latest revaluation of the of buildings and structures, grain storage facilities, production machinery, utilities and infrastructure, vehicles and agricultural machinery, and auxiliary and other machinery has been performed as of 31 December 2022 with engagement of an independent appraiser. As stated above, Management concluded that that the carrying value of these groups of property, plant and equipment as of 31 December 2023 was not materially different from their fair values, so that no new revaluation has been required.

During the latest revaluation of property, plant and equipment at 31 December 2022, the independent appraiser has performed the valuation according to International Valuation Standards by applying the following techniques:

- depreciated replacement cost for grain storage facilities;
- market comparable approach for vehicles and agricultural machinery; and
- depreciated replacement cost and market comparable approach, if applicable, for buildings and structures, utilities and infrastructure, production, auxiliary, and other machinery.

Key assumptions used by the independent appraiser in assessing the fair value of property, plant, and equipment using the depreciated replacement cost and market comparable methods were as follows:

- changes in market prices of assets and construction materials from the date of their acquisition/construction/date of previous valuation to the date of this valuation;
- external market prices for vehicles and equipment;
- normative and remaining useful lives;
- rates of physical depreciation.

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4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Revaluation of property, plant, and equipment (continued)

The revaluation results using the depreciated replacement cost and market-comparable approaches were compared with a revaluation performed using the income approach to identify the level of economic obsolescence, if any. As at December 2022, Management used probability-based discounted cash flow scenarios, where all possible impacts of war were incorporated in cash flows, while all CGUs in Ukraine were discounted by a factor of 19.1%, reflecting risks except for uncertainties related to the war. If the above impacts and uncertainties had been considered in determining the discount factor as an alternative to incorporating them into the cash flows, the discount factor would have been approximately 25%. An increase of 100 basis points in the discount rate would result in a decrease in the fair value of property plant and equipment by USD 24 million.

For CGUs in Ukraine, the terminal growth rate of 5.0% was used for all cash flows beyond the five-year projected period, while the average revenue growth rates within the five years ranged from 10.9% to 11.4%. A decrease in the terminal growth rate by 100 basis points or in the revenue growth rates by 100 basis points would lead to a decrease in the fair value of property, plant, and equipment by USD 15 million or USD 29 million, respectively. Key assumptions used for the identification of economic obsolescence, if any, for the European operating segment are described in Note 17.

In determining fair value measurement, the impact of potential climate-related matters, including legislation, climate change, and company climate objectives that may affect the fair value measurement of property, plant, and equipment, has been considered. The impact of climate-related matters is not material to the Group's financial statements.

Useful lives of property, plant, and equipment

The estimation of the useful life of an item of property, plant, and equipment is a matter of management based upon experience with similar assets. In determining the useful life of an asset, Management considers the expected usage, estimated technical obsolescence, physical wear and tear, the physical environment in which the asset is operated, and other factors (including climate-related matters). Changes in any of these conditions or estimates may result in adjustments for future depreciation rates. The Group concluded that, as of 31 December 2023, climate-related matters had no material impact on the useful lives of property, plant and equipment.

Deferred tax assets

Deferred tax assets, including those arising from unused tax losses, are recognized to the extent that they will probably be recovered, which is dependent on the generation of sufficient future taxable profit. Based on Management's assessment, the Group determined it was appropriate to recognize deferred tax assets on unused tax losses, which will be utilized against existing deferred tax liabilities and available future tax profits.

The estimation uncertainty, therefore, pertains to the level of deferred tax assets to be recognized.

5. SEGMENT INFORMATION

The Group's business is managed worldwide but main manufacturing facilities and sales offices are located primarily in Ukraine, Europe and Middle East.

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

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

Poultry and Related Operations Segment:	→ sales of poultry meat → sales of processed meat and culinary products → sales of other poultry related products
Vegetable oils operations segment:	→ sales of vegetable oil and related products
Agriculture operations segment:	→ sales of grains and oilseeds → other agricultural operations (milk, feed grains and other)
European Operating Segment:	→ sales of poultry meat and processed meat products in Southeast Europe

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

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

The Group does not present information on segment assets and liabilities as the CODM does not review such information for decision-making purposes.

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5. SEGMENT INFORMATION (continued)

As of 31 December 2023 and for the year that ended, the Group's segment information from continuing operations was as follows:

YEAR ENDED 31 DECEMBER 2023	POULTRY AND RELATED OPERATIONS	VEGETABLE OILS OPERATIONS	AGRICULTURE OPERATIONS	EUROPEAN OPERATING SEGMENT	TOTAL REPORTABLE SEGMENTS	ELIMINATIONS	CONSOLIDATED
External sales	1,643	606	227	545	3,021	-	3,021
Sales between segments	10	170	207	-	387	(387)	-
Total revenue	**1,653**	**776**	**434**	**545**	**3,408**	**(387)**	**3,021**
Segment results	**238**	**77**	**6**	**72**	**393**	**-**	**393**
Unallocated corporate expenses							(54)
Other expenses, net[1]							(166)
Profit before tax							**173**
OTHER INFORMATION:							
Additions to property, plant and equipment[2]	130	3	25	50	208	-	208
Depreciation and amortization expense[3]	84	4	56	22	166	-	166
Net change in fair value of biological assets and agricultural produce	15	-	(63)	-	(48)	-	(48)

[1] Includes finance income, finance costs, foreign exchange loss (net);
[2] Additions to property, plant, and equipment in 2023 do not include unallocated additions in the amount of USD 11.2 million;
[3] Depreciation and amortization for the year ended 31 December 2023 does not include unallocated depreciation and amortization in the amount of USD 2.9 million.

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5. SEGMENT INFORMATION (continued)

As of 31 December 2022 and for the year that ended, the Group's segment information from continuing operations was as follows:

YEAR ENDED 31 DECEMBER 2022	POULTRY AND RELATED OPERATIONS	VEGETABLE OILS OPERATIONS	AGRICULTURE OPERATIONS	EUROPEAN OPERATING SEGMENT	TOTAL REPORTABLE SEGMENTS	ELIMINATIONS	CONSOLIDATED
External sales	1,525	464	189	464	2,642	-	2,642
Sales between segments	9	114	344	-	467	(467)	-
Total revenue	**1,534**	**578**	**533**	**464**	**3,109**	**(467)**	**2,642**
Segment results	**131**	**69**	**91**	**45**	**336**	**-**	**336**
Unallocated corporate expenses							(52)
Loss on impairment of property, plant and equipment[4]	(18)	(1)	(8)	(2)	(29)	-	(29)
Other expenses, net[1]							(514)
Profit before tax							**(259)**
OTHER INFORMATION:							
Additions to property, plant and equipment[2]	67	4	22	63	156	-	156
Depreciation and amortization expense[3]	73	2	62	20	157	-	157
Net change in fair value of biological assets and agricultural produce	13	-	(143)	2	(128)	-	(128)

[1] Includes finance income, finance costs, foreign exchange loss (net);
[2] Additions to property, plant, and equipment in 2022 do not include unallocated additions of USD 12.3 million;
[3] Depreciation and amortization for the year ended 31 December 2022 does not include the unallocated amount of USD 1.4 million.
[4] Loss on impairment of property, plant, and equipment for the year ended 31 December 2021 includes an unallocated loss of USD 0.5 million.

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5. SEGMENT INFORMATION (continued)

Non-current assets (excluding deferred tax assets, long-term deposits, and non-current financial assets) based on the geographic location of the manufacturing facilities were as follows as of 31 December 2023 and 31 December 2022:

	2023	2022
Ukraine	1,913	1,922
Europe	367	315
The Middle East and North Africa (MENA)	8	2
	2,288	**2,239**

No single customer contributed more than 10% of the Group's revenue in either 2023 or 2022.

6. REVENUE

Revenue for the years ended 31 December 2023, and 2022 was as follows:

	2023	2022
POULTRY AND RELATED OPERATIONS SEGMENT		
Chicken meat	1,402	1,328
Processed meat	111	93
Other poultry related sales	130	104
	1,643	**1,525**
VEGETABLE OIL OPERATIONS SEGMENT		
Vegetable oil	565	448
Oil related products	41	16
	606	**464**
AGRICULTURAL OPERATIONS SEGMENT		
Grain	186	157
Other agricultural sales	41	32
	227	**189**
EUROPEAN OPERATING SEGMENT		
Chicken meat	316	266
Processed meat	164	141
Other agricultural sales	65	57
	545	**464**
	3,021	**2,642**

The geographic structure of revenue for the years ended 31 December 2023, and 2022 was as follows:

	2023	2022
Export[1]	1,807	1,601
Domestic	1,214	1,041
	3,021	**2,642**

[1] Includes revenue generated outside of the Group's production entity residency

The Group's export sales to external customers by major product types were as follows during the years ended 31 December 2023 and 2022:

	2023	2022
Poultry and processed meat	1,026	992
Vegetable oil and related products	597	458
Grain	148	124
Other agricultural products	36	27
	1,807	**1,601**

Export sales include revenue from shipping and handling services in the amount of USD 191 million for the year ended 31 December 2023 (2022: USD 149 million).

Export sales of vegetable oil and related products and export sales of grains are primarily made to global trading companies. The sales of poultry meat to the most significant external markets – MENA and EU amounted to 34% and 45% of total export sales respectively (2022: 34% and 36%).

Advances received from third parties as of 31 December 2022 in the amount of USD 31 million were recognized as revenue during the year ended 31 December 2023. Advances received from third parties as of 31 December 2021 in the amount of USD 42 million were recognized as revenue during the year ended 31 December 2022.

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7. COST OF SALES

Cost of sales for the years ended 31 December 2023, and 2022 was as follows:

	2023	2022
Poultry and related operations segment	1,246	1,140
Vegetable oil operations segment	509	323
Agricultural operations segment	164	91
European operating segment	415	352
	2,334	**1,906**

Cost of sales included shipping and handling expenses and was for the years ended 31 December 2023 and 2022 as follows:

	2023	2022
Poultry and related operations segment	101	105
Vegetable oil operations segment	96	58
Agricultural operations segment	29	18
European operating segment	9	9
	235	**190**

Revenue includes shipping and handling costs in the price of the product.

For the years ended 31 December 2023 and 2022, the cost of sales comprised the following:

	2023	2022
Costs of raw materials and other inventory used	1,579	1,274
Payroll and related expenses	352	287
Services	255	204
Depreciation and amortization expense	148	141
	2,334	**1,906**

Social security contributions, included in Payroll and related expenses above, amounted to USD 52 million for the year ended 31 December 2023 (2022: USD 46 million).

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended 31 December 2023, and 2022 were as follows:

	2023	2022
Payroll and related expenses	136	119
Services	73	79
Depreciation and amortization expense	20	18
Advertising expense	15	13
Representative costs and business trips	9	10
Fuel and other materials used	8	7
Insurance expense	3	3
Other	6	5
	270	**254**

Payroll and related expenses include social security contributions, which amounted to USD 14 million for the year ended 31 December 2023 (2022: USD 13 million).

Remuneration to the auditors, included in the Services above, amounted to USD 1.2 million for the year ended 31 December 2023 (2022: USD 0.9 million). This consists of both audit and non-audit services, with the statutory audit fees amounting to USD 0.9 million for the year ended 31 December 2023 and other assurance services in amount of USD 0.2 million (2022: USD 0.7 million and USD 0.2 million respectively), while the rest of fees relate to tax advisory and other non-audit services.

9. OTHER OPERATING INCOME

Other operating income for the years ended 31 December 2023, and 2022 was as follows:

	2023	2022
Government grants	9	5
Gain on extinguisment of trade accounts payable	7	2
Insurance compensation	1	2
Other income	2	4
	19	**13**

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10. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December 2023, and 2022 were as follows:

	2023	2022
Charity expenses and community support donations	17	25
Write-off of prepayments and taxes recoverable and prepaid	9	7
Expected credit losses and write-off of financial assets	7	30
Other operating war-related expenses	7	3
Loss on disposal of property, plant and equipment	2	4
Provision for claims, penalties and indemnification	2	2
Written-off inventories and biological assets	-	10
Other expenses	5	2
	49	**83**

11. DEFERRED INCOME

During the years ended 31 December 2023 and 2022, the Group received government compensation from the EU farming subsidies policy and other compensations by the EU national employment programs, assigned contributions for employees, and refunds of excise duties in total amount of USD 7 million and USD 4 million respectively.

Government grants for the construction and reconstruction of livestock farms and compensation of the cost of machinery and equipment are presented in the Statement of Financial Position as deferred income, which is recognized in profit or loss on a systematic basis over the useful life of the related assets. All other compensations received were recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in full. There are no unfulfilled conditions or contingencies attached to these grants.

12. FINANCE INCOME

Finance income for the years ended 31 December 2023 and 2022 were as follows:

	2023	2022
Gain on bonds early redemption (Note 30)	22	-
Interest received from deposits and bank accounts	12	3
Other interest received	2	1
Other finance income	1	2
	37	**6**

13. FINANCE COSTS

Finance costs for the years ended 31 December 2023 and 2022 were as follows:

	2023	2022
Interest on corporate bonds	105	109
Interest on obligations under leases	40	39
Interest on bank borrowings	18	8
Bank commissions and other charges	3	2
Total finance costs	**166**	**158**
LESS:		
Finance costs included in the cost of qualifying assets	(3)	(3)
	163	**155**

For qualifying assets, the weighted average capitalization rate on funds borrowed during the year ended 31 December 2023 was 7,80% (2022: 7.80%).

Interest on corporate bonds for the years ended 31 December 2023 and 2022 includes the amortization of premium and debt issue costs on bonds issued in USD 6 million and USD 6 million, respectively.

14. INCOME TAX

The Group carries its operations in various jurisdictions, but most of the Group's operating entities are located in Ukraine.

During the year ended 31 December 2023, the Group's companies that have the status of Corporate Income Tax (the "CIT") payers in Ukraine were subject to 18% income tax. The deferred income tax assets and liabilities as of 31 December 2023 and 2022 are measured based on the tax rates expected to be applied to the period when the temporary differences are expected to reverse.

Starting from 1 January 2022, the change in tax status of poultry producers has become effective as the respective amendments to the Tax Code of Ukraine came into force. As a result, starting from 1 January 2022, profits of the agricultural producers engaged in rearing chickens, chicken meat, and eggs production are subject to a regular 18% income tax, as described in Note 4.

The components of income tax expense/(benefit) were as follows for the years ended 31 December 2023 and 2022:

	2023	2022
Current income tax expense	24	9
Withholding tax	2	-
Deferred tax expense/ (benefit)	5	(37)
Income tax expense/ (benefit)	**31**	**(28)**

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14. INCOME TAX (continued)

The reconciliation between (loss)/profit before tax from continuing operations multiplied by the statutory tax rate and the tax expense for the years ended 31 December 2023 and 2022 was as follows:

	2023	2022
Accounting profit/(loss) before tax	**173**	**(259)**
Income tax expense/(benefit) calculated at rates effective during the year ended in respective jurisdictions	31	(47)
TAX EFFECT OF:		
Income generated by FAT payers and other exempt from income tax	6	2
Effect on income tax generated by non-Ukrainian companies	(5)	3
Change in unrecognised deferred tax asset	(6)	(1)
Withholding tax	2	-
Non-deductable expenses and non-taxable income, net	4	15
Translation loss	(1)	0
Income tax expense/ (benefit)	**31**	**(28)**

As of 31 December 2023 and 2022, deferred tax assets and liabilities comprised:

	2023	2022
DEFERRED TAX ASSETS ARISING FROM:		
Other current liabilities	5	4
Current assets	-	1
Tax losses	26	48
Total deferred tax assets	**31**	**53**
DEFERRED TAX LIABILITIES ARISING FROM:		
Property, plant and equipment	(152)	(171)
Current assets	-	(3)
Total deferred tax liabilities	**(152)**	**(174)**
Net deferred tax liabilities	**(121)**	**(121)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to cancel current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are presented in the consolidated statement of financial position as of 31 December 2023 and 2022:

	2023	2022
Deferred tax assets	2	2
Deferred tax liabilities	(123)	(124)
	(121)	**(122)**

As at 31 December 2023 and 2022 the Group did not recognize deferred tax asset in respect of tax losses carried forward in the amount of USD 2.0 million (USD 0.4 million of deferred tax assets), USD 1.8 million (USD 0.3 million of deferred tax asset), respectively, as the Group did not intend to deduct the relevant expenses for tax purposes in subsequent periods, as there are uncertainties as to whether particular companies of the Group will generate sufficient taxable profits in the future. According to the Tax Code of Ukraine, there is no expiration date for accounting tax losses.

As at 31 December 2023 and 2022, the Company did not recognize deferred tax liability in respect of taxable temporary differences, associated with investments in subsidiaries as the Company is able to control the timing of the reversal of such temporary differences and it is probable that they will not reverse in the foreseeable future.

The movements in net deferred tax position of the Group for the years ended 31 December 2023 and 2022 were as follows:

	2023	2022
Net deferred tax liabilities as of beginning of the year	(121)	(43)
Deferred tax charged directly to revaluation reserve (Note 4)	-	(81)
Deferred tax benefit	(5)	37
Deferred tax on revaluation of property, plant and equipment charged directly to other comprehensive income	-	(59)
Translation difference	5	25
Net deferred tax liabilities as of end of the year	**(121)**	**(121)**

The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) and 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 Group does not expect a material impact of the Pillar Two legislation on the consolidated 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.

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15. PROPERTY, PLANT AND EQUIPMENT

The following table represents movements in property, plant and equipment for the year ended 31 December 2023:

	LAND	BUILDINGS AND STRUCTURES	GRAIN STORAGE FACILITIES	PRODUCTION MACHINERY	AUXILIARY AND OTHER MACHINERY	UTILITIES AND INFRA-STRUCTURE	VEHICLES AND AGRICULTURAL MACHINERY	OTHER FIXED ASSETS[1]	CONSTRUCTION IN PROGRESS[2]	TOTAL
COST OF FAIR VALUE:										
At 31 December 2022	31.7	863.8	82.3	377.2	69.0	131.8	186.5	31.8	108.4	1,882.5
Additions	1.7	43.7	0.2	70.2	14.6	4.7	24.6	9.5	47.7	216.9
Transfer from Right-of-use assets	-	-	-	-	-	-	3.1	-	-	3.1
Transfers	0.2	2.4	-	6.3	0.1	0.2	1.2	0.7	(11.1)	-
Disposals	(0.2)	(4.6)	-	(1.6)	(0.2)	(0.1)	(2.9)	(2.4)	(1.7)	(13.7)
Translation difference	0.9	(20.9)	(3.1)	(12.1)	(2.5)	(4.9)	(7.4)	(0.9)	(3.2)	(54.1)
At 31 December 2023	**34.3**	**884.4**	**79.4**	**440.0**	**81.0**	**131.7**	**205.1**	**38.7**	**140.1**	**2,034.7**
ACCUMULATED DEPRECIATION:										
At 31 December 2022	-	-	-	5.6	0.7	0.6	1.8	18.0	-	26.7
Depreciation charge for the year	-	33.5	5.2	38.4	7.7	6.9	33.3	3.6	-	128.6
Disposal	-	(0.4)	-	(0.8)	-	(0.1)	(1.3)	(0.4)	-	(3.0)
Transfers	-	0.1	-	-	-	-	-	(0.1)	-	-
Transfer from Right-of-use assets	-	-	-	-	-	-	0.8	-	-	0.8
Translation difference	-	(0.8)	(0.2)	(0.7)	(0.2)	(0.2)	(1.0)	(0.6)	-	(3.7)
At 31 December 2023	**-**	**32.4**	**5.0**	**42.5**	**8.2**	**7.2**	**33.6**	**20.5**	**-**	**149.4**
NET BOOK VALUE										
At 31 December 2022	**31.7**	**863.8**	**82.3**	**371.6**	**68.3**	**131.2**	**184.7**	**13.8**	**108.4**	**1,855.8**
At 31 December 2023	**34.3**	**852.0**	**74.4**	**397.5**	**72.8**	**124.5**	**171.5**	**18.2**	**140.1**	**1,885.3**

[1] Other fixed assets include bearer plants, office furniture and equipment;
[2] Construction in progress include advances for property plant and equipment, machinery and equipment not in use, construction materials and spare parts, projects in progress.

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15. PROPERTY, PLANT AND EQUIPMENT (continued)

The following table represents movements in property, plant, and equipment for the year ended 31 December 2022:

	LAND	BUILDINGS AND STRUCTURES	GRAIN STORAGE FACILITIES	PRODUCTION MACHINERY	AUXILIARY AND OTHER MACHINERY	UTILITIES AND INFRA-STRUCTURE	VEHICLES AND AGRICULTURAL MACHINERY	OTHER FIXED ASSETS[1]	CONSTRUCTION IN PROGRESS[2]	TOTAL
COST OF FAIR VALUE:										
At 31 December 2021	34.6	951.3	102.0	388.0	81.7	148.9	212.1	27.9	112.8	2,059.3
Additions	1.6	52.7	2.5	38	12.8	4.6	22.8	6.5	25.2	166.7
Transfer from Right-of-use assets	-	-	-	-	-	-	4.9	-	-	4.9
Transfers	-	-	-	-	(7.7)	1.5	-	6.2	-	-
Disposals	(1.1)	(8.1)	(0.1)	(1.8)	(0.4)	(0.3)	(4.1)	(1.5)	(1.0)	(18.4)
Revaluation	-	94.6	4.7	55.0	5.0	15.9	9.6	-	-	184.8
Impairment loss	-	(6.1)	(0.6)	(11.4)	(2.7)	(0.5)	(3.8)	-	(2.3)	(27.4)
Translation difference	(3.4)	(220.6)	(26.2)	(90.6)	(19.7)	(38.3)	(55.0)	(7.3)	(26.3)	(487.4)
At 31 December 2022	**31.7**	**863.8**	**82.3**	**377.2**	**69.0**	**131.8**	**186.5**	**31.8**	**108.4**	**1,882.5**
ACCUMULATED DEPRECIATION:										
At 31 December 2021	-	81.9	-	-	0.3	17.4	-	20.1	-	119.7
Depreciation charge for the year	-	29.9	3.9	30.7	5.6	8.6	27.8	3.5	-	110.0
Disposal	-	(0.7)	-	(0.5)	(0.1)	(0.2)	(0.4)	(0.3)	-	(2.2)
Elimination upon revaluation	-	(90.8)	(3.4)	(21.9)	(4.2)	(20.1)	(25.6)	-	-	(166.0)
Transfers	-	0.2	(0.2)	-	0.2	(0.2)	-	-	-	-
Transfer from Right-of-use assets	-	-	-	-	-	-	3.3	-	-	3.3
Translation difference	-	(20.5)	(0.3)	(2.7)	(1.1)	(4.9)	(3.3)	(5.3)	-	(38.1)
At 31 December 2022	**-**	**-**	**-**	**5.6**	**0.7**	**0.6**	**1.8**	**18.0**	**-**	**26.7**
NET BOOK VALUE										
At 31 December 2021	**34.6**	**869.4**	**102.0**	**388.0**	**81.4**	**131.5**	**212.1**	**7.8**	**112.8**	**1,939.6**
At 31 December 2022	**31.7**	**863.8**	**82.3**	**371.6**	**68.3**	**131.2**	**184.7**	**13.8**	**108.4**	**1,855.8**

[1] Other fixed assets include bearer plants, office furniture and equipment;
[2] Construction in progress include advances for property plant and equipment, machinery and equipment not in use, construction materials and spare parts, projects in progress.

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15. PROPERTY, PLANT AND EQUIPMENT (continued)

As of 31 December 2023, included within construction in progress were prepayments for property, plant, and equipment in the amount of USD 23 million (2022: USD 28 million).

As of 31 December 2023, included within property, plant and equipment were fully depreciated assets with the original cost of USD 19 million (2022: USD 6 million).

As of 31 December 2023, certain of the Group's property, plant and equipment with the collateral amount of USD 127 million (2022: USD 101 million) were pledged as collateral to secure its bank borrowings.

REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The latest revaluation of buildings and structures, grain storage facilities, production machinery, utilities and infrastructure, vehicles and agricultural machinery and auxiliary and other machinery has been performed as of 31 December 2022 as described in Note 4.

Based on analysis of fluctuations of the cumulative index of producer's prices, the cumulative index of inflation of construction works, the index of physical depreciation and the functional currency depreciation, Management concluded that the carrying value of these groups of property, plant and equipment was not materially different from their fair values as at 31 December 2023.

The Group reviews its property, plant and equipment each period to determine if any indication of impairment exists. Based on these reviews, there have been no additional indicators of impairment as of 31 December 2023 comparing to those indicators existed as of December 2022.

During the year ended 31 December 2022, impairment loss (in profit or loss) and increase in revaluation (in other comprehensive income) as a result of the latest regular valuation procedures amounted to USD 16 million and 360 million respectively. Additionally, during the year ended 31 December 2022, the Group has recognized an impairment loss of USD 11 million (in profit or loss) and a decrease in revaluation reserve of USD 9 million (in other comprehensive income) in respect of specific property, plant and equipment of its subsidiary, Ukrainian Bacon, located in Donetsk region as described in Notes 2 and 34.

The following unobservable inputs were used as at 31 December 2022 to measure Buildings and structures, Utilities and infrastructure, Grain storage facilities, Vehicles and agricultural machinery, Auxiliary and other machinery, and Production machinery:

DESCRIPTION	VALUATION TECHNIQUE(S)	UNOBSERVABLE INPUTS	RANGE OF UNOBSERVABLE INPUTS 2022 (AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Buildings and structures	Depreciated replacement cost method	Index of physical depreciation	0 – 80% (30.12%)	The higher the index of physical depreciation, the lower the fair value
		Cumulative index of inflation of construction works	1.00– 18.13 (3.29)	The higher the index, the higher the fair value
Utilities and infrastructure	Depreciated replacement cost method	Index of physical depreciation	0 – 80% (31.16%)	The higher the index of physical depreciation, the lower the fair value
		Cumulative index of inflation of construction works	1.00 – 18.45 (2.93)	The higher the index, the higher the fair value
Grain storage facilities	Depreciated replacement cost method	Index of physical depreciation	0 – 80% (43.68%)	The higher the index of physical depreciation, the lower the fair value
		Cumulative index of inflation of construction works	1.00 – 19.71 (3.96)	The higher the index, the higher the fair value
Vehicles and agricultural machinery	Market comparable approach	Index of physical depreciation	0 – 90% (41.59%)	The higher the index of physical depreciation, the lower the fair value
Auxiliary and other machinery	Depreciated replacement cost method	Index of physical depreciation	0 – 90% (31.55%)	The higher the index of physical depreciation, the lower the fair value
		Cumulative index of producer inflation	1.00 – 19.71 (2.51)	The higher the index, the higher the fair value
Production machinery	Depreciated replacement cost method	Market comparable approach	0 – 90% (41.71%)	The higher the index of physical depreciation, the lower the fair value
		Cumulative index of producer inflation	1.00–19.71 (3.32)	The higher the index, the higher the fair value

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15. PROPERTY, PLANT AND EQUIPMENT (continued)

Had the Group's property plant and equipment been measured on a historical cost basis, their carrying amount would have been as follows:

	FAIR VALUE HIERARCHY	NET BOOK VALUE UNDER REVALUATION MODEL		NET BOOK VALUE IF CARRIED AT COST	
		2023	2022	2023	2022
Buildings and structures	Level 3	852	864	235	249
Production machinery	Level 2, 3	398	372	175	171
Utilities and infrastructure	Level 3	125	131	52	54
Vehicles and agricultural machinery	Level 2	172	185	100	81
Grain storage facilities	Level 3	74	82	23	23
Auxiliary and other machinery	Level 2, 3	73	68	58	40
		1,694	**1,702**	**643**	**618**

16. RIGHT-OF-USE ASSETS

The following table represents movements in right-of-use assets for the years ended 31 December 2023 and 2022:

	LAND	BUILDINGS AND VEHICLES	TOTAL
NET BOOK VALUE:			
As of 31 December 2021	**245**	**32**	**277**
Additions	10	12	22
Depreciation charge for the year	(32)	(6)	(38)
Termination of the lease	(6)	(2)	(8)
Reassessment of the lease	39	-	39
Translation difference	(63)	(6)	(69)
As of 31 December 2022	**193**	**30**	**223**
Additions	13	30	43
Depreciation charge for the year	(30)	(9)	(39)
Termination of the lease	(12)	(2)	(14)
Reassessment of the lease	44	1	45
Translation difference	(8)	(2)	(10)
As of 31 December 2023	**200**	**48**	**248**

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17. INTANGIBLE ASSETS

The following table represents movements in intangible assets for the year ended 31 December 2023:

	LAND LEASE RIGHTS	TRADEMARKS	CUSTOMER RELATIONS	OTHER INTANGIBLE ASSETS	TOTAL
COST:					
As of 31 December 2022	**54**	**30**	**19**	**28**	**131**
Additions	-	-	-	5	5
Disposals	-	-	-	(1)	(1)
Translation difference	(2)	1	-	(1)	(2)
As of 31 December 2023	**52**	**31**	**19**	**31**	**133**
ACCUMULATED AMORTIZATION:					
As of 31 December 2022	**37**	**-**	**4**	**10**	**51**
Amortization charge for the year	5	-	1	4	10
Translation difference	(2)	-	-	(1)	(3)
As of 31 December 2023	**40**	**-**	**5**	**13**	**58**
NET BOOK VALUE:					
As of 31 December 2022	**17**	**30**	**15**	**18**	**80**
As of 31 December 2023	**12**	**31**	**14**	**18**	**75**

The following table represents movements in intangible assets for the year ended 31 December 2022:

	LAND LEASE RIGHTS	TRADEMARKS	CUSTOMER RELATIONS	OTHER INTANGIBLE ASSETS	TOTAL
COST:					
As of 31 December 2021	**72**	**32**	**20**	**28**	**152**
Additions	-	-	-	8	8
Disposals	-	-	-	(1)	(1)
Translation difference	(18)	(2)	(1)	(7)	(28)
As of 31 December 2022	**54**	**30**	**19**	**28**	**131**
ACCUMULATED AMORTIZATION:					
As of 31 December 2021	**42**	**-**	**3**	**8**	**53**
Amortization charge for the year	6	-	1	4	11
Translation difference	(11)	-	-	(2)	(13)
As of 31 December 2022	**37**	**-**	**4**	**10**	**51**
NET BOOK VALUE:					
As of 31 December 2021	**30**	**32**	**17**	**20**	**99**
As of 31 December 2022	**17**	**30**	**15**	**18**	**80**

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17. INTANGIBLE ASSETS (continued)

The Group has recognized certain trademarks and customer relationships as a part of intangible assets through the acquisition of subsidiaries in previous years. The remaining useful life of customer relationships was estimated at 20 years.

The trademarks acquired by the Group mainly consist of the PP and Topiko poultry meat brands and the Poli meat processing products brand. The Group believes that, since trademarks are well-positioned and recognizable on a stable and mature market, there are no technical barriers that would limit their lifetime. As a result of further promotion of the trademarks, the Group expects obtain economic benefits from them indefinitely. Accordingly, the trademarks held by to the Group are considered to have an indefinite useful life and thus are not amortized but tested for impairment by comparing their recoverable amount with their carrying amount annually.

The Group allocates trademarks to individual entities as separate cash-generating units (CGU). A summary of the allocation of trademark values to separate CGUs is presented below:

SEGMENT	COUNTRY	TRADEMARKS CARRYING VALUE	
		2023	2022
European operating	Slovenia	18	17
	Bosnia and Herzegovina	6	6
	Croatia	5	5
	Serbia	2	2
		31	**30**

The impairment testing of the value of trademarks was performed by internal specialists. The recoverable amount of trademarks of all cash-generating units is determined based on the value-in-use method, which uses cash flow projections covering a five year period.

Discount rates incorporate the current market assessment of the risks specific to each CGU, considering the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the separate CGUs and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors.

The weighted average discount rate of 16.9% (2022: 18.1%) was used. An increase of 1,146 basis points in the weighted average discount rate would result in impairment in 2023 (2022: 1,048 basis points).

The revenue for the next five years was estimated using a weighted average 2.4% sales growth rate and 2.1% the terminal growth rate for revenue beyond this period (2022: 4.8% and 2.7% respectively). A reduction of 1,583 basis points in the budgeted sales growth would result in impairment in 2023 (2022: 1,887 basis points).

Weighted average royalty rate used in calculation of cash flows was set at a level of 2.6% (2022: 2.2%). A reduction by 81 basis points in the weighted average royalty rate would result in impairment in 2023 (2022: 83 basis points).

As of 31 December 2023 and 2022 no impairment of trademarks was identified.

18. GOODWILL

The following table represents movements in goodwill for the years ended 31 December 2023 and 2022:

	2023	2022
NET BOOK VALUE:		
As of 1 January	**60**	**66**
Impairment recognized	-	(2)
Translation difference	2	(4)
As of 31 December	**62**	**60**

(in millions of US dollars, unless otherwise indicated)

18. GOODWILL (continued)

The Group allocates goodwill to individual entities as separate cash-generating units (CGU). A summary of goodwill allocation to separate CGUs is presented below:

SEGMENT	COUNTRY	GOODWILL CARRYING VALUE		METHODOLOGY ASSUMPTIONS AND METHODS USED FOR GOODWILL
		2023	2022	2023 (2022)
Poultry and related operations	Ukraine	1	1	Average sales growth: 5.8%(11.0%) Terminal sales growth: 5.0% (5.0%) Discount rate: 16.9% (19.1%) Projection period: 5 years
European operating	Slovenia	38	37	Average sales growth: 3.0% (7.0%) Terminal sales growth: 1.8% (2.1%) Discount rate: 8.2% (9.9%) Projection period: 5 years
	Serbia	4	4	Average sales growth: 4.4%(8.2%) Terminal sales growth: 3.0%(3.0%) Discount rate: 10.8%(13.0%) Projection period: 5 years
	Bosnia and Herzegovina	11	11	Average sales growth: 2.1%(4.8%) Terminal sales growth: 2.0%(2.1%) Discount rate: 15.9%(19.0%) Projection period: 5 years
	Croatia	8	7	Average sales growth: 3.2%(7.3%) Terminal sales growth: 2.1%(1.8%) Discount rate: 9.2%(11.1%) Projection period: 5 years
		62	**60**	

The recoverable amount of cash-generating units is determined based on a value-in-use calculation, which uses cash flow projections based on financial forecasts approved by the Directors.

The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC), adjusted on segment-specific risk by applying individual beta factors. An increase of 808 basis points in the weighted average discount rate to 17.9% would result in impairment in 2023 (2022: 338 basis points to 15.0%).

The growth rates and gross margins used for cash flow extrapolations are supported by industry trends such as consumer prosperity and dietary trends. The Directors estimated these inputs based on the past performance of the cash-generating unit and their expectations of market development. A reduction by 897 basis points in the budgeted sales growth or a decrease in gross margin by 554 basis points would result in impairment in 2023 (2022: 225 and 1,198 respectively).

As of 31 December 2023, no impairment was identified. As of 31 December 2022, an impairment of the outstanding goodwill in the amount of USD 2 million attributable to the Agriculture segment was recognized due to lower projected cash flows from operations and a substantial increase in the discount rate.

19. NON-CURRENT FINANCIAL ASSETS

The balances of non-current financial assets were as follows as of 31 December 2023 and 2022:

	2023	2022
Loans provided to third parties	26	24
Loans and finance aid provided to related parties (Note 32)	3	3
Other financial assets	1	1
Less: expected credit losses	(22)	(20)
	8	**8**

Loans receivable are mainly represented by loans with a fixed interest rate of 2.5% in US dollars (Effective Interest Rate of 4.25%) and at a rate of 19% in Ukrainian hryvnia with maturities as of 31 December 2025, 2026 and 2027.

The Group determines the expected credit loss of other non-current loan receivables and other financial assets based on different scenarios of probability of default and expected loss applicable to each of the material underlying balances. The expected credit losses relate to loans provided to third parties and loans and finance aid provided to related parties in amounts of USD 21.5 million and USD 0.4 million, respectively (2022: USD 20.1 million and USD 0.3 million, respectively).

The movement in loss allowance for loan receivables and other financial assets classified at amortized cost is detailed below:

	2023	2022
1 January	**(20)**	**(5)**
Charged during the year	(2)	(15)
31 December	**(22)**	**(20)**

(in millions of US dollars, unless otherwise indicated)

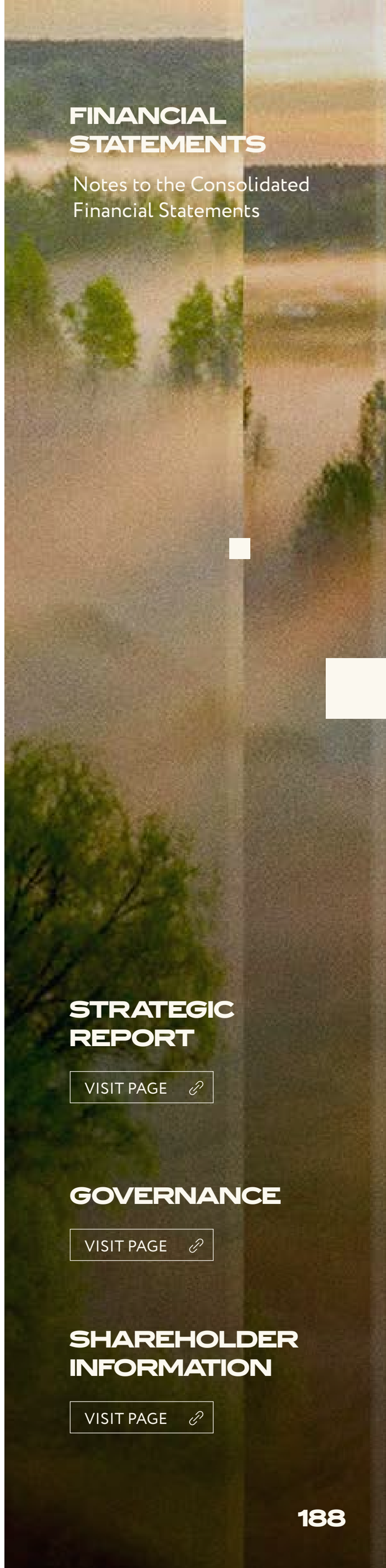
20. BIOLOGICAL ASSETS

The balances of non-current biological assets were as follows as of 31 December 2023 and 2022:

	THOUSAND UNITS	CARRYING AMOUNT	THOUSAND UNITS	CARRYING AMOUNT
	2023		2022	
Milk cows and other non-current bearer biological assets, units	15.7	12	15.2	17
Non-current comsumable cattle and pigs, units	5.0	4	4.9	4
Total non-current biological assets		**16**		**21**

The balances of current biological assets were as follows as of 31 December 2023 and 2022:

	THOUSAND UNITS	CARRYING AMOUNT	THOUSAND UNITS	CARRYING AMOUNT
	2023		2022	
Bearer breeders held for hatchery eggs production, units	4,865	65	4,943	60
Broiler chickens, units	52,239	73	53,561	75
Hatchery eggs, units	43,430	11	42,041	11
Crops in fields, hectare	78	21	82	30
Cattle, pigs and other consumable current biological assets , units	3,5	1	3.5	1
Total consumable current biological assets		**106**		**117**
Total current biological assets		**171**		**177**



(in millions of US dollars, unless otherwise indicated)

20. BIOLOGICAL ASSETS (continued)

The following table represents movements in significant biological assets for the years ended 31 December 2023 and 2022:

	MILK COWS	BREEDERS HELD FOR HATCHERY EGGS PRODUCTION	BROILER CHICKENS	CROPS IN FIELDS
As of 31 December 2021	**22.7**	**79.6**	**89.3**	**33.6**
Costs incurred	11.9	126.8	935.4	330.8
Gains arising from change in fair value of biological assets less costs to sell	7.1	55.1	453.8	93.0
Transfer to consumable biological assets	-	(156.5)	156.5	-
Increase due to birth and weight increase	6.9	-	-	-
Decrease due to sale	-	(2.7)	-	-
Decrease due to harvest/slaughtering	(25.8)	(23.7)	(1,538.0)	(418.7)
Translation difference	(5.6)	(18.8)	(21.8)	(9.0)
As of 31 December 2022	**17.2**	**59.8**	**75.2**	**29.7**
Costs incurred	9.4	115.7	957.9	349.6
Gains arising from change in fair value of biological assets less costs to sell	5.9	57.3	454.5	0.9
Transfer to consumable biological assets	-	(130.8)	130.8	-
Increase due to birth and weight increase	5.1	-	-	-
Decrease due to sale	(0.3)	(3.9)	-	-
Decrease due to harvest/slaughtering	(24.9)	(31.3)	(1,544.0)	(358.4)
Translation difference	(0.6)	(1.7)	(1.9)	(0.8)
As of 31 December 2023	**11.8**	**65.1**	**72.5**	**21.0**

Information on movements in hatchery eggs and cattle and pig groups has been considered immaterial for disclosure.

(in millions of US dollars, unless otherwise indicated)

20. BIOLOGICAL ASSETS (continued)

Biological assets of the Group are measured at fair value within Level 3 of the fair value hierarchy, except for cattle and pigs that can be calculated based on market prices of livestock of a similar age, breed and genetic merit, and which are therefore measured at fair value within Level 2 of the fair value hierarchy. There were no transfers between any levels during the year.

The following unobservable inputs were used to measure biological assets:

DESCRIPTION	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE	RANGE OF UNOBSERVABLE INPUTS (AVERAGE)	SENSITIVITY OF THE INPUT TO FAIR VALUE INCREASE/ (DECREASE) USD MILLION	
					INPUT 5% HIGHER	INPUT 5% LOWER
Crops in fields	DCF method	Crops yield – tonnes per hectare	The higher the crops yield, the higher the fair value	2023: 3.8 – 9.9 (6.8)	3.8	(3.8)
				2022: 3.6 – 7.2 (5.4)	4.4	(4.4)
		Crops price – per tonne	The higher the market price, the higher the fair value	2023: USD 114 – 350 (232)	3.8	(3.8)
				2022: USD 157 – 498 (328)	4.4	(4.4)
		Discount rate	The higher the discount rate, the lower the fair value	2023: 24.4%	(0.1)	0.1
				2022: 42.7%	(0.2)	0.2
Breeders held for hatchery eggs production	DCF method	Number of hatchery eggs produced by one breeder	The higher the number, the higher the fair value	2023: 165	1.2	(1.2)
				2022: 165	1.2	(1.2)
		Hatchery egg price – per egg	The higher the market price, the higher the fair value	2023: USD 0.24	4.1	(4.1)
				2022: USD 0.25	4.3	(4.3)
		Discount rate	The higher the discount rate, the lower the fair value	2023: 24.4%	(0.2)	0.2
				2022: 42.7%	(0.3)	0.3
Broiler chickens	Cash flows method	Average weight of one broiler – kg	The higher the weight, the higher the fair value	2023: 2.32	5.8	(5.8)
				2022: 2.40	6.2	(6.2)
		Poultry meat price – per kg	The higher the market price, the higher the fair value	2023: UAH 42.09 1.20 EUR*	6.3	(6.3)
				2022: UAH 40.64 1.39 EUR*	6.7	(6.7)
Milk cows	DCF method	Daily milk yield – litre per cow	The higher the milk yield, the higher the fair value	2023: 20.56 – 22.44 (21.71)	0.5	(0.5)
				2022: 20.19 – 21.91 (21.40)	0.8	(0.8)
		Weight of the cow – kg per cow	The higher the weight, the higher the fair value	2023: 566 – 599 (584)	0.2	(0.2)
				2022: 559 – 587 (570)	0.1	(0.1)
		Milk price – per litre	The higher the market price, the higher the fair value	2023: UAH 14.03 – 14.54 (14.29)	4.4	(4.4)
				2022: UAH 12.42 – 12.99 (12.73)	4.1	(4.1)
		Meat price – per kg	The higher the market price, the higher the fair value	2023: UAH 21.77 – 35.00 (25.68)	0.2	(0.2)
				2022: UAH 15.58 – 18.09 (16.77)	0.1	(0.1)
		Discount rate	The higher the discount rate, the lower the fair value	2023: 23.7%	(0.3)	0.4
				2022: 25.0%	(0.5)	0.5

*data of European operating segment

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21. INVENTORIES

The balances of inventories were as follows as of 31 December 2023 and 2022:

	2023	2022
Components for mixed fodder production	104	157
Other raw materials	62	50
Work in progress	44	40
Fertilizers	34	50
Vegetable oil	25	49
Spare parts	21	16
Gas and fuel	15	26
Mixed fodder	9	15
Other inventories	19	11
	333	**414**

As of 31 December 2023 and 2022 work in progress was mainly comprised of expenses incurred in cultivating fields to be planted in the years 2024 and 2023 in amounts of USD 42 million and USD 38 million, respectively.

As of 31 December 2023, components for mixed fodder production mostly consist of sunflower seeds in the amount of USD 57 million (31 December 2022: USD 96 million), corn in the amount of USD 10 million (31 December 2022: USD 20 million), and soybeans in the amount of USD 7 million (31 December 2022: USD 7 million).

Inventory is stated at the lower of cost and net realizable value. As of 31 December 2023, there were no significant inventory write-downs to bring them to net realizable value (2022: USD 3 million).

22. AGRICULTURAL PRODUCE

The balances of agricultural produce were as follows as of 31 December 2023 and 2022:

	Thousand tonnes	Carrying amount	Thousand tonnes	Carrying amount
	2023		2022	
Grain	1,632	243	1,050	224
Chicken meat	59.8	113	70.6	128
Other various crops		14		9
		370		**361**

The fair value of Agricultural produce was estimated based on market price as of the date of harvest and is within Level 2 of the fair value hierarchy.

As of 31 December 2023, agricultural produce in the amount of USD 13 million was pledged as collateral to secure bank borrowings (2022: USD 38 million).

23. TAXES RECOVERABLE AND PREPAID

Taxes recoverable and prepaid were as follows as of 31 December 2023 and 2022:

	2023	2022
VAT recoverable	29	68
Miscellaneous taxes prepaid	1	1
	30	**69**

24. TRADE ACCOUNTS RECEIVABLE

The balances of trade accounts receivable were as follows as of 31 December 2023 and 2022:

	2023	2022
Poultry meat	132	126
Processed meat	21	19
Vegetable oil	22	30
Agriculture	14	11
Energy and fuel resources	5	5
Other*	5	5
Less: expected credit losses	(13)	(13)
	186	**183**

* – includes trade accounts recivables due from related parties (Note 33) in total amount of USD 391 thousands as of 31 December 2023 (31 December 2022: USD 106 thousands)

The average credit period for poultry sales is 30 days, and for sales of agricultural goods is 60 days. No interest is charged on outstanding trade accounts receivable. The expected credit losses on trade accounts receivable are estimated collectively using a provision matrix and on individually using different scenarios of the probability of default.

The provision matrix is used by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Thus, due to the worsening of current economic and political situation in Ukraine as a result of the Russian invasion, and in order to ensure that expected credit losses accurately reflects the credit risk of domestic trade accounts receivable in Ukraine, the credit default swap rate of 9.18%, was incorporated in calculation of expected credit losses as at 31 December 2023 and as at 31 December 2022.

An individual assessment is used for individually significant debtors with credit risk characteristics that are not aligned with others.

As at 31 December 2023, the Group has recognized a loss allowance of USD 6 million against all trade accounts receivable over 270 days past due, which are assessed on a collective basis because historical experience has indicated that these trade accounts receivable are generally not recoverable.

(in millions of US dollars, unless otherwise indicated)

24. TRADE ACCOUNTS RECEIVABLE (continued)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The Group writes off a trade accounts receivable 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 or when the trade accounts receivable are over 3 years past due, whichever occurs earlier. None of the written-off trade accounts receivable are subject to enforcement activities.

The following table details the trade accounts receivable risk profile based on the Group's provision matrix. It discloses poultry meat Ukraine, poultry meat export and other products Ukraine, other products export sales, and European operating segment as separate financial instruments. It applies the simplified approach to its trade accounts receivable so that the loss allowance is always measured at an amount equal to lifetime expected credit losses.

The following table illustrates the use of a provision matrix as a risk profile disclosure under the simplified approach as of 31 December 2023:

31 DECEMBER 2023	TRADE ACCOUNTS RECEIVABLE – DAYS PAST DUE					
	NOT PAST DUE	< 30	31-90	91-270	>270	TOTAL
PORTFOLIO ASSESSMENT:						
POULTRY MEAT UKRAINE[1]						
ECL rate, %	9.20%	9.28%	9.49%	9.79%	100%	
Estimated total gross carrying amount at default	22.4	5.0	2.1	0.3	1.1	30.9
Lifetime ECL	(2.1)	(0.5)	(0.2)	-	(1.1)	(3.9)
POULTRY MEAT EXPORT[1]						
ECL rate, %	0.03%	0.07%	0.23%	1.07%	100%	
Estimated total gross carrying amount at default	35.6	11.0	1.9	0.6	0.5	49.6
Lifetime ECL	-	-	-	-	(0.5)	(0.5)
OTHER PRODUCTS UKRAINE[2]						
ECL rate, %	9.29%	9.45%	9.71%	9.91%	100%	
Estimated total gross carrying amount at default	13.6	4.5	1.8	0.9	3.6	24.4
Lifetime ECL	(1.2)	(0.4)	(0.2)	(0.1)	(3.6)	(5.5)
OTHER PRODUCTS EXPORT[3]						
ECL rate, %	0.00%	0.00%	0.01%	0.13%	100%	
Estimated total gross carrying amount at default	1.2	13.7	9.7	0.4	0.4	25.4
Lifetime ECL	-	-	-	-	(0.4)	(0.4)
EUROPEAN OPERATING SEGMENT						
ECL rate, %	0.00%	0.03%	0.23%	0.04%	100%	
Estimated total gross carrying amount at default	46.2	9.6	2.0	4.3	0.1	62.2
Lifetime ECL	-	-	-	-	(0.1)	(0.1)
Estimated total gross carrying amount at default						**192.5**
Total lifetime ECL						**(10.4)**
INDIVIDUAL ASSESSMENT[4]:						
ECL rate, %	21.11%	0.00%	21.11%	35.22%	45.03%	
Estimated total gross carrying amount at default	0.5	-	-	1.2	4.5	6.2
Lifetime ECL	(0.1)	-	-	(0.4)	(2.0)	(2.5)
Estimated total gross carrying amount at default						**198.7**
Total lifetime ECL						**(12.9)**

[1] Poultry meat consists only trade accounts receivables from sales of raw poultry meat and other raw poultry components
[2] Other products Ukraine mostly consists of trade accounts receivables from sales of processed meat and agricultures products (milk, grain, cattle and different agricultural services)
[3] Other products export mostly consists of trade accounts receivables from sales of vegetable oil and grain
[4] Individually assessed trade accounts receivable mainly consists of accounts receivable from sales of energy

(in millions of US dollars, unless otherwise indicated)

24. TRADE ACCOUNTS RECEIVABLE (continued)

The following table illustrates the use of a provision matrix as a risk profile disclosure under the simplified approach as of 31 December 2022:

31 DECEMBER 2022	TRADE ACCOUNTS RECEIVABLE – DAYS PAST DUE					
	NOT PAST DUE	< 30	31-90	91-270	>270	TOTAL
PORTFOLIO ASSESSMENT:						
POULTRY MEAT UKRAINE[1]						
ECL rate, %	9.19%	9.26%	9.53%	9.67%	100%	
Estimated total gross carrying amount at default	23.8	2.8	0.3	0.1	1.1	28.1
Lifetime ECL	(2.2)	(0.3)	-	-	(1.1)	(3.6)
POULTRY MEAT EXPORT[1]						
ECL rate, %	0.02%	0.06%	0.18%	0.79%	100%	
Estimated total gross carrying amount at default	34.7	16.1	4.5	0.6	0.5	56.4
Lifetime ECL	-	-	-	-	(0.5)	(0.5)
OTHER PRODUCTS UKRAINE[2]						
ECL rate, %	9.25%	9.35%	9.55%	9.74%	100%	
Estimated total gross carrying amount at default	10.8	3.9	1.0	0.4	3.8	19.9
Lifetime ECL	(1.0)	(0.4)	(0.1)	-	(3.8)	(5.3)
OTHER PRODUCTS EXPORT[3]						
ECL rate, %	0.00%	0.00%	0.16%	0.50%	100%	
Estimated total gross carrying amount at default	0.4	32.1	0.3	0.3	-	33.1
Lifetime ECL	-	-	-	-	-	-
EUROPEAN OPERATING SEGMENT						
ECL rate, %	0.01%	0.02%	0.25%	0.47%	100%	
Estimated total gross carrying amount at default	42.9	7.9	1.3	0.7	0.1	52.9
Lifetime ECL	-	-	-	-	(0.1)	(0.1)
Estimated total gross carrying amount at default						**190.4**
Total lifetime ECL						**(9.5)**
INDIVIDUAL ASSESSMENT[4]:						
ECL rate, %	41.82%	43.61%	46.83%	64.03%	77.38%	
Estimated total gross carrying amount at default	0.2	0.1	0.1	3.4	2.0	5.8
Lifetime ECL	(0.1)	(0.1)	(0.1)	(2.1)	(1.5)	(3.9)
Estimated total gross carrying amount at default						**196.2**
Total lifetime ECL						**(13.3)**

[1] Poultry meat consists only trade accounts receivables from sales of raw chicken meat and other raw chicken components
[2] Other products Ukraine consists of trade accounts receivables from sales of processed meat and agricultures products (milk, grain, cattle and differenct agricultural services)
[3] Other products export consists of trade accounts receivables from sales of vegetable oil and grain
[4] Individually assessed trade accounts receivable mainly consists of accounts receivable from sales of energy

(in millions of US dollars, unless otherwise indicated)

24. TRADE ACCOUNTS RECEIVABLE (continued)

The following table shows the movement in lifetime ECL that has been recognized for trade and other accounts receivable by the simplified approach set out in IFRS 9, in USD thousands:

	COLLECTIVELY ASSESSED	INDIVIDUALLY ASSESSED
1 January 2022	**(2.9)**	**(12.3)**
Charged during the year	(6.8)	(1.7)
Utilised	0.3	10.1
31 December 2022	**(9.4)**	**(3.9)**
Charged during the year	(1.8)	1.4
Utilised	0.8	-
31 December 2023	**(10.4)**	**(2.5)**

25. OTHER CURRENT FINANCIAL ASSETS

The balances of other current assets were as follows as of 31 December 2023 and 2022:

	2023	2022
Loans provided to third parties	13	8
Letters of credit	8	-
Government bonds	8	-
Loans and finance aid provided to related parties (Note 32)	4	4
Receivables for claims and indemnification	2	3
Short-term bank deposits	-	6
Other financial assets	6	6
Less: allowance for expected credit losses	(7)	(5)
	34	**22**

The Group determines the expected credit loss of loans and finance aid receivable, and other financial assets based on different scenarios of probability of default and expected loss applicable to each of the material underlying balances. The expected credit losses relate to loans provided to third parties, lending and finance aid provided to related parties, and receivables for claims and indemnification in amounts of USD 4.3 million, USD 2.1 million and USD 0.4 million, respectively (2022: USD 2.0 million, USD 2.1 million and USD 0.4 million, respectively).

The movement in allowance for expected credit losses is detailed below:

	2023	2022
1 January	(5)	(5)
Charged during the year	(2)	-
31 December	(7)	(5)

26. CASH AND CASH EQUIVALENTS

The balances of cash and cash equivalents were as follows as of 31 December 2023 and 2022:

	2023	2022
CASH AND CASH EQUIVALENTS AT BANKS AND ON HAND IN:		
US Dollars	136	82
Euro	89	88
Ukrainian Hryvnia	26	24
Bosnia-Herzegovina Convertible Mark	19	5
Pound Sterling	6	11
Other currencies	13	13
SHORT-TERM DEPOSITS WITH AN ORIGINAL MATURITY OF LESS THAN 90 DAYS:		
US Dollars	66	47
Ukrainian Hryvnia	43	13
Euro	38	17
Total cash and equivalents	**436**	**300**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits with the original maturity up to three months earn interest at the respective shotr-term deposit rates.

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

	2023	2022
International banks with A rating	191	157
International banks with B rating	7	12
Subsidiaries of international banks with A rating	71	40
Subsidiaries of international banks with B rating	107	60
Ukrainian banks with C rating	60	31
	436	**300**

Estimated credit losses relating to cash and cash equivalents held in Ukrainian state banks with C rating were immaterial as of 31 December 2023 and 2022.

27. SHAREHOLDERS' EQUITY

SHARE CAPITAL

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 shares issued and fully paid	110,770,000	110,770,000
Number of shares outstanding	107,038,208	107,038,208

*This number of outstanding shares is included in computation of the weighted average number of shsres used as a denominator in calculating earnings per share in Note 39

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

All shares have equal voting rights and rights to receive dividends, payable at the Company's discretion.

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28. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

NAME OF SUBSIDIARY	PROPORTION OF OWNERSHIP INTERESTS AND VOTING RIGHTS HELD BY NON-CONTROLLING INTERESTS		PROFIT/(LOSS) ALLOCATED TO NON-CONTROLLING INTERESTS		ACCUMULATED NON-CONTROLLING INTERESTS	
	2023	2022	2023	2022	2023	2022
MHP-Agro-S	49.0%	49.0%	(1.4)	2.1	7.8	9.5
MHP-AgroKryazh	49.0%	49.0%	(2.4)	(1.8)	4.1	6.6
Myronivsky Plant of Manufacturing Feeds and Groats	11.5%	11.5%	(0.7)	(2.4)	3.5	4.3
Other subsidiaries with immaterial non-controlling interests	n/a	n/a	2.8	(3.3)	(5.0)	(2.1)
	n/a	**n/a**	**(1.7)**	**(5.4)**	**10.4**	**18.3**

As described in Note 3, during the year ended 31 December 2023, the Group acquired 25% non-controling interest in MHP Saudi Arabia Trading, so the effective ownership interest of the Group increased to 100%. Respective information about non-controlling interest in this subsidiary was included into line “Other subsidiaries with immaterial non-controlling interests”.

Summarised financial information regarding each of the Group's subsidiaries with material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Summarised statement of financial position as of 31 December 2023 and 2022:

	MHP-AGRO-S		MHP-AGROKRYAZH		MYRONIVSKY PLANT OF MANUFACTURING FEEDS AND GROATS	
	2023	2022	2023	2022	2023	2022
Current assets	35.1	38.4	34.0	26.4	58.7	68.2
Non-current assets	22.4	21.9	18.4	19.1	99.1	106.5
Current liabilities	(38.9)	(32.4)	(39.6)	(27.7)	(124.2)	(131.8)
Non-current liabilities	(9.3)	(9.8)	(7.4)	(7.5)	(9.4)	(9.7)
Total equity	**9.3**	**18.1**	**5.4**	**10.3**	**24.2**	**33.2**
ATTRIBUTABLE TO:						
Owners of the Group	1.5	8.6	1.3	3.7	20.7	28.9
Non-controlling interest	7.8	9.5	4.1	6.6	3.5	4.3

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28. NON-CONTROLLING INTERESTS

Summarised statements of profit or loss and other comprehensive income for the years ended 31 December 2023 and 2022:

	MHP-AGRO-S		MHP-AGROKRYAZH		MYRONIVSKY PLANT OF MANUFACTURING FEEDS AND GROATS	
	2023	2022	2023	2022	2023	2022
Revenue	30.1	30.8	15.6	23.5	128.6	110.8
Expenses	(32.9)	(26.6)	(20.4)	(27.1)	(135.1)	(130.9)
Profit/(loss) for the year	**(2.8)**	**4.2**	**(4.8)**	**(3.6)**	**(6.5)**	**(20.1)**
PROFIT/(LOSS) ATTRIBUTABLE TO:						
Owners of the Group	(1.4)	2.1	(2.4)	(1.8)	(5.8)	(17.7)
Non-controlling interests	(1.4)	2.1	(2.4)	(1.8)	(0.7)	(2.4)
Total profit/(loss)	**(2.8)**	**4.2**	**(4.8)**	**(3.6)**	**(6.5)**	**(20.1)**
OCI ATTRIBUTABLE TO:						
Owners of the Group	(0.3)	(1.8)	(0.2)	(1.7)	(1.0)	13.4
Non-controlling interests	(0.3)	(1.8)	(0.1)	(1.7)	(0.1)	1.7
Total OCI	**(0.6)**	**(3.6)**	**(0.3)**	**(3.4)**	**(1.1)**	**15.1**
COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the Group	(1.7)	0.3	(2.6)	(3.5)	(6.8)	(4.3)
Non-controlling interests	(1.7)	0.3	(2.5)	(3.5)	(0.8)	(0.7)
Total comprehensive income/ (loss) for the year	**(3.4)**	**0.6**	**(5.1)**	**(7.0)**	**(7.6)**	**(5.0)**
Dividends declared to non-controlling interest	-	**(2.4)**	-	-	-	-

Summarised cash inflow/(outflow) for the years ended 31 December 2023 and 2022:

	MHP-AGRO-S		MHP-AGROKRYAZH		MYRONIVSKY PLANT OF MANUFACTURING FEEDS AND GROATS	
	2023	2022	2023	2022	2023	2022
Operating activities	6.4	1.2	1.2	(1.4)	8.8	2.7
Investing activities	(2.9)	(1.8)	(1.3)	(1.3)	(8.8)	(2.7)
Financing activities	(3.6)	(0.7)	-	-	-	-

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29. BANK BORROWINGS

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

		2023		2022	
	CURRENCY	WAIR[1]	USD' MLN	WAIR[1]	USD' MLN MLM000
NON-CURRENT					
	EUR	EURIBOR[2] + 1,05%	116	EURIBOR[2] + 1.35%	118
	USD	SOFR[3] + 3,70%	101		-
	USD	UIRD[5] + 6,76%	17		-
			234		**118**
CURRENT					
	USD	7,38%	47	6.06%	57
	USD		-	SOFR[3] + 2.20%	11
	EUR	6,26%	43	4,32%	57
	EUR		-	EURIBOR[2] +2,3%	26
	UAH	11,85%	13	20,00%[4]	2
Current portion of long-term bank borrowings	EUR	EURIBOR[2] + 1,05%	28	EURIBOR[2] + 1.35%	23
	USD	SOFR[3] + 3,70%	14		-
			145		**176**
Total bank borrowings			**379**		**294**

[1] WAIR represents the weighted average interest rate on outstanding borrowings;
[2] According to the terms of the agreement, if market EURIBOR becomes negative, it shall be deemed zero for the calculation of interest expense;
[3] The Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities;
[4] Deduction interest amount equal to 3m UIRD UAH will be applied as interest compensation from Government, where Ukrainian Index of Retail Deposit Rates (UIRD) - indicative rate calculated at 15:00 Kyiv time of each Banking Day in the Thomson Reuters system based on nominal rates on time deposits of individuals in hryvnia for a period of 3 months with interest paid upon the expiration of the deposit agreement, operating in 20 largest Ukrainian banks in the size of the deposit portfolio of individuals. As of 31 December 2023 3m UIRD rate is equal to 11.18% p.a;
[5] Ukrainian Index of Retail Deposit Rates (UIRD) - indicative rate calculated at 15:00 Kyiv time of each Banking Day in the Thomson Reuters system based on nominal rates on time deposits of individuals in US Dollars for a period of 3 months with interest paid upon the expiration of the deposit agreement, operating in 20 largest Ukrainian banks in the size of the deposit portfolio of individuals.

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29. BANK BORROWINGS (continued)

The Group's borrowings are drawn from various banks, mostly from international banks and their local subsidiaries of international banks in form of term loans, credit line facilities. Repayment terms of principal amounts of bank borrowings vary from monthly repayment to repayment on maturity depending on the terms of the agreement with each bank.

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

Term loans and credit line facilities were as follows as of 31 December 2023 and 2022:

	2023	2022
Credit lines	103	152
Term loans	276	142
	379	**294**

Maturity profile of the bank borrowings and credit lines outstanding as of 31 December 2023 and 2022 was as follows:

	2023	2022
Within one year	145	176
In the second year	49	27
In the third to fifth year inclusive	167	84
After five years	18	7
	379	**294**

As of 31 December 2023, the Group had undrawn facilities of USD 468 million (2022: USD 37 million). Most of these undrawn facilities expire during the period until July 2026.

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

As of 31 December 2023 the Group has complied with all bank covenants. As of 31 December 2023, the Group's leverage ratio decreased to 2.47 to 1, compared with 2.58 and 3.22 to 1 as of 31 March 2023 (unaudited) and 31 December 2022 respectively. Thus, as described in Note 30, the above restrictions, which were in place since 31 December 2022, had been lifted from 18 May 2023, the date of publication of unaudited interim condensed consolidated financial statements for the period from 1 January 2023 to 31 March 2023.

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

As of 31 December 2023, the Group had borrowings of USD 148 million that were secured by property, plant, and equipment with a collateral amount of USD 127 million (31 December 2022: USD 109 million and USD 101 million, respectively) (Note 15).

As of 31 December 2023, the Group had borrowings of USD 10 million that were secured by agricultural produce with a carrying amount of USD 13 million (31 December 2022: USD 31 million and USD 38 million, respectively) (Note 22).

As of 31 December 2023, the bank short-term deposits with a carrying amount of USD 19 million (31 December 2022: USD 23 million), was restricted as collateral to secure issued letters of credit. These amounts are presented within cash and cash equivalents and the letters of credit in other current financial assets.

As of 31 December 2023 and 31 December 2022, interest payable on bank borrowings was USD 2.4 million and USD 1 million, respectively.

LOAN AGREEMENT WITH INTERNATIONAL FINANCIAL INSTITUTIONS

With the purpose of refinancing the part of its Eurobond indebtedness maturing in 2024, on 20 October 2023 the Group signed agreements with three international and development financial institutions - DFC, IFC and EBRD - to provide facilities of up to USD 400 million in aggregate. First tranches in total amount of USD 107 million were received to partially finance the repurchase of Notes on 10 November 2023, under a Tender Offer, with a principal amount of USD 151 million for USD 128 million (for details refer to Note 30 Bonds issued). Subsequently, in 2024, second tranches (USD 113 million) were received to partially finance the repurchase of Notes on 23 January 2024, under a Tender Offer, with a principal amount of USD 138 million for USD 131 million (for details refer to Note 30 Bonds issued).

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30. BONDS ISSUED

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

	CARRYING AMOUNT		NOMINAL AMOUNT	
	31 DECEMBER 2023	31 DECEMBER 2022	31 DECEMBER 2023	31 DECEMBER 2022
NON-CURRENT				
7.75% Senior Notes due in 2024	-	494	-	500
6.95% Senior Notes due in 2026	543	541	550	550
6.25% Senior Notes due in 2029	348	348	350	350
	891	**1,383**	**900**	**1,400**
CURRENT				
7.75% Senior Notes due in 2024	348	-	349	-
	348	**-**	**349**	**-**
Unamortized debt issuance cost	-	-	(10)	(17)
Total bonds issued	**1 239**	**1,383**	**1 239**	**1,383**

As of 31 December 2023 and 2022 accrued interest payable on bonds issued was USD 19.2 million and USD 41 million, respectively.

6.25% SENIOR NOTES

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

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

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

6.95% SENIOR NOTES

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

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

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

7.75% SENIOR NOTES

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

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

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30. BONDS ISSUED (continued)

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 2.47 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 unaudited interim condensed consolidated financial statements for the three months ended 31 March 2023, published on 18 May 2023. Accordingly, the Group believes that the aforementioned restrictions are no longer applicable to the Group from 18 May 2023, the date of publication of unaudited interim condensed consolidated financial statements for the three months ended 31 March 2023.

CONSENT SOLICITATION IN 2022

On 30 March 2022, the Group received consent from the Holders to postpone the semi-annual interest payments on each of the 2024 Notes, the 2026 Notes, and the 2029 Notes scheduled for Spring 2022 for a period of up to 270 days (the "Support Period"). As a result, the Group postponed bond interest payments in a total amount of USD 49 million, and interest on postponed payments continued to accrue during the Support Period. As of 31 December 2022, two deferred semi-annual interest amounts of the 2026 Notes and the 2029 Notes in a cumulative amount of USD 32 million were paid by the Group on time. The last deferred coupon payment due in February 2023 in the amount of USD 21 million was paid on time.

TENDER OFFER TO REPURCHASE BONDS

On 25 September 2023 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. On 10 November 2023 Noteholders who validly tendered their Notes were paid the consideration of USD 850 per USD 1,000 principal amount of the Notes (with total consideration paid USD 128 million) and, on the same date, Notes in the amount of USD 151 have been cancelled. Finance income in the amount USD 22 million was recognized as a result of the Notes repurchase (Note 12).

On 5 January 2024 MHP SE launched an invitation to the Noteholders of its USD 349 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 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. On 23 January 2024 Noteholders who validly tendered their Notes were paid the consideration of USD 950 per USD 1,000 principal amount of the Notes (with total consideration paid USD 131 million) and, on the same date, the Notes in the amount of USD 138 million have been cancelled.

31. LEASE LIABILITIES

Long-term lease obligations represent amounts due under agreements for the leasing of agricultural land, trucks, agricultural machinery and equipment. As of 31 December 2023, the weighted average interest rates implicit in the lease were 3.89% (2022: 3.57%), 8.00% (2022: nil) and 20.08% (2022: 18.55%) for lease obligations denominated in EUR, USD and UAH respectively.

The carrying amount of lease liabilities as at 31 December 2023 includes USD 213 million of land lease liabilities (2022: USD 205 million).

The maturity profile of the lease agreements as of 31 December 2023 and 2022 was as follows:

	2023	2022
As at 1 January	**229**	**281**
Cash repayments of lease liabilities	(68)	(52)
Non-cash repayments of lease liabilities[1]	(7)	(9)
Foreign exchange movements	1	2
Non-cash additions and change in terms	69	44
Interest charged	40	39
Translation difference	(8)	(76)
As at 31 December	**256**	**229**
Current portion of lease liabilities	76	65
Long-term portion of lease liabilities	**180**	**164**

[1] Non-cash repayments are represented by grains and other agriculture produce provided to lessors of land in settlement of lease liabilities.

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32. OTHER CURRENT LIABILITIES

Other current liabilities were as follows as of 31 December 2023 and 2022:

	2023	2022
Accrued payroll and related taxes	75	67
Amounts payable for property, plant and equipment	12	13
Income tax payable	4	4
Provision for claims, penalties and indemnification	2	3
VAT paybable	2	5
Other financial liabilities	4	4
	99	**96**

33. RELATED PARTY BALANCES AND TRANSACTIONS

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

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

TRANSACTIONS WITH RELATED PARTIES UNDER COMMON CONTROL

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

Transactions with related parties during the years ended 31 December 2023 and 2022 were as follows:

IN THOUSAND USD	2023	2022
Loans and finance aid provided to related parties	46	1,096
Interest charged on loans and finance aid provided	322	293
Sales of goods	571	36
Purchases from related parties	460	410
KEY MANAGEMENT PERSONNEL OF THE GROUP:		
Loans provided	383	720
Loans repaid	337	867

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

IN THOUSAND USD	2023	2022
Loans and finance aid receivable (Notes 19, 25)	3,815	3,601
Less: expected credit losses	(2,101)	(2,117)
	1,714	**1,484**
Loans to key management personnel (Notes 19, 25)	3,564	3,656
Less: expected credit losses	(414)	(276)
	3,150	**3,380**
Trade accounts receivable (Note 24)	391	106
Payables due to related parties	53	21

LOANS AND FINANCE AID RECEIVABLE

For loans and finance aid receivable, credit risk increased to the point where it is considered credit-impaired. The expected credit loss for such loans amounted to USD 1,894 thousand and USD 1,882 thousand as of 31 December 2023 and 2022, respectively.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel totalled 21 individuals as of 31 December 2023 (31 December 2022: 20 individuals), including 4 and 3 independent non-executive directors as of 31 December 2023 and 2022 respectively.

Total compensation of the Group's key management personnel included primarily in selling, general and administrative expenses in the Consolidated Statements of Profit and Loss and Other Comprehensive Income amounted to USD 23,626 thousand and USD 15,341 thousand for the years ended 31 December 2023 and 2022, respectively. Compensation of key management personnel consists of contractual salary and performance bonuses paid.

Total compensation of the Group's non-executive directors, which consists of contractual salary, amounted to USD 771 thousand and USD 597 thousand in 2023 and 2022, respectively.

Total compensation of the Group's Executive Chairman, which consists of contractual salary, amounted to USD 588 thousand in 2023 (2022: USD 571 thousand).

LOANS TO KEY MANAGEMENT PERSONNEL

The Group has provided several of its key management personnel with unsecured loans. The loans to key management personnel granted during 2023 and 2022 mainly include loans provided by the Ukrainian subsidiaries to the Group's executive directors, which amounted to USD 383 thousand and USD 720 thousand, respectively.

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34.OPERATING ENVIRONMENT

On 24 February 2022, Russian forces commenced a military invasion of Ukraine, resulting in a full-scale war across the Ukrainian State. The ongoing military attack has led and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure, disruption to economic activity in Ukraine, and temporary occupation of some territories. 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 expansionary 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 5.3%.

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). Since 15 March 2024, the key policy rate was further decreased to 14.5%.

Since 22 July 2022 and up 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).

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 blockade of the Polish-Ukrainian border which commenced in November 2023 and intensified in January-February 2024, led to additional logistic challenges. During respective period, Ukraine export and import volumes dropped and businesses faced a need to establish alternative logistic routes.

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.

The Group considers the following losses and expenses incurred during the periods ended 31 December 2023 and 2022 to be directly related to or driven by the continuing war:

IN THOUSAND USD	2023	2022
Loss on impairment of property, plant and equipment	-	11.1
Community support donations[1]	7.8	17.9
Write-off of inventories and biological assets[1]	0.2	9.9
Salary to mobilized employees[2]	19.2	12.7
Expected credit losses of trade accounts receivable and non-current financial assets[1]	-	24.8
Other war-related expenses[1]	7.5	3.4
Total amount recognized in profit or loss	**34.7**	**79.8**
Decrease in revaluation reserve	-	9.5
	34.7	**89.3**

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

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34.OPERATING ENVIRONMENT (continued)

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

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.

35. CONTINGENCIES AND CONTRACTUAL COMMITMENTS

TAXATION AND LEGAL ISSUES

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

Management believes that the Group has complied with all requirements of effective tax legislation.

The Group exports vegetable oil, chicken meat, and related products and performs intercompany transactions, which may potentially be in the scope of the Ukrainian transfer pricing (“TP”) regulations. The Group has submitted the controlled transaction reports for the years ended 31 December 2022 and 31 December 2021 meeting the regulatory deadlines.

As of 31 December 2023 and 2022, management assessed the Group`s possible exposure to tax risks for a total amount of USD 4 million related to corporate income tax. No provision was recognized relating to such possible tax exposure.

Also, as of 31 December 2023, companies of the Group were engaged in ongoing litigations with tax authorities in the amount of USD 35 million (2022: USD 26 million), including USD 6 million (2022: USD 17 million) of litigations with the tax authorities related to disallowance of certain amounts of VAT refunds and deductible expenses claimed by the Group. Out of this amount, USD 5 million as of 31 December 2023 (2022: USD 20 million) relates to cases where court hearings have taken place and where the court in either the first or second instance has ruled in favour of the Group. In addition, the Group maintains disputes with tax authorities in the amount USD 26 million, which are not brought to the courts as at 31 December 2023.

Management believes that, based on the past history of court resolutions of similar disputes upheld by the Group, it is unlikely that a significant settlement would arise out of such lawsuits and, therefore, no respective provision is required in the Group’s financial statements.

CONTRACTUAL COMMITMENTS ON THE PURCHASE OF PROPERTY, PLANT, AND EQUIPMENT

During the year ended 31 December 2023, companies of the Group entered into a number of contracts with suppliers for the purchase of property, plant and equipment. These agreements are mainly related to maintenance and modernization projects, new product development in Ukraine, and expansion of Perutnina Ptuj production facilities. As of 31 December 2023, such purchase commitments amounted to USD 67 million (2022: USD 33 million).

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value is estimated to be the same as the carrying value for cash and cash equivalents, short-term bank deposits, trade accounts receivables, other current assets, and trade accounts payable due to the short-term nature of the financial instruments. The fair value of non-current financial assets is measured by discounting the estimated future cash outflows, with reference to market interest rates, and it approximates the carrying value of non-current financial assets.

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

	CARRYING AMOUNT		FAIR VALUE	
	2023	2022	2023	2022
FINANCIAL LIABILITIES				
Bank borrowings (Note 29)	381	295	382	296
Senior Notes due in 2024, 2026, 2029 (Note 30)	1,259	1,424	996	693

The fair value of bank borrowings was estimated by discounting the expected future cash outflows by a market rate of interest for bank borrowings, and is within Level 2 of the fair value hierarchy.

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

In determining the fair value of financial instruments, the impact of potential climate-related matters, including legislation, climate change, and company climate objectives, which may affect the fair value measurement of financial assets and liabilities, has been considered and found not to be material.

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36. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the changes in the Group's liabilities arising from financing activities, including 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 Group's consolidated statement of cash flows as cash flows from financing activities.

	BANK BORROWINGS	BONDS ISSUED	LEASE OBLIGATIONS	TOTAL
As of 31 December 2022	**294**	**1,383**	**229**	**1,906**
Cash flow from proceeds/(repayments)	71	(128)	(68)	(125)
NON-CASH MOVEMENTS				
Foreign exchange movements	20	-	1	21
Non-cash additions and change in terms	-	-	69	69
Non-cash repayments of lease liabilities[1]	-	-	(7)	(7)
Finance costs	18	111	40	169
Reclassification to interest payable	(18)	(103)	-	(121)
Translation difference	(6)	(24)	(8)	(38)
As of 31 December 2023	**379**	**1,239**	**256**	**1,874**

[1] Non-cash repayments are represented by grains and other agriculture produce provided to lessors of land as settlement of lease liabilities.

	BANK BORROWINGS	BONDS ISSUED	LEASE OBLIGATIONS	TOTAL
As of 31 December 2021	**225**	**1,377**	**281**	**1,883**
Cash flow from proceeds/(repayments)	72	-	(52)	20
NON-CASH MOVEMENTS				
Foreign exchange movements	47	-	2	49
Non-cash additions and change in terms	-	-	44	44
Non-cash repayments of lease liabilities[1]	-	-	(9)	(9)
Finance costs	7	113	39	159
Reclassification to interest payable	(7)	(106)	-	(113)
Translation difference	(50)	(1)	(76)	(127)
As of 31 December 2022	**294**	**1,383**	**229**	**1,906**

[1] Non-cash repayments are represented by grains and other agriculture produce provided to lessors of land as settlement of lease liabilities.

37. RISK MANAGEMENT POLICIES

During the years ended 31 December 2023 and 2022, there were no material changes to the objectives, policies, and processes for managing credit risk, capital risk, liquidity risk, currency risk, interest rate risk, livestock diseases risk, and commodity price and procurement risk.

CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities of the Group will be able to continue as a going concern while maximizing the return to the equity holders through maintaining a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position. The management of the Group reviews its capital structure regularly. Based on the results of this review, the Group takes steps to balance its overall capital structure through new share issues and the issue of new debt or the redemption of existing debt.

In addition to the target ratios of the covenants established under the terms of the bonds issued and bank borrowings (Notes 29 and 30), the Group's target is to achieve a gearing ratio that is not higher than 2.5. The Group defines its gearing ratio as the proportion of total liabilities to total equity.

As of 31 December 2023 and 2022 the gearing ratio was as follows:

	2023	2022
Total Liabilities	2,319	2,363
Total Equity	1,567	1,446
Total Liabilities to Equity	**1.48**	**1.63**

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37. RISK MANAGEMENT POLICIES (continued)

MAJOR CATEGORIES OF ASSETS AND LIABILITIES CONSIDERED BY THE GROUP FROM A RISK MANAGEMENT PERSPECTIVE

	2023	2022
ASSETS:		
Cash and cash equivalents (Note 26)	436	300
Trade accounts receivable (Note 24)	186	183
Other current financial assets (Note 25)	34	22
Non-current financial assets (Note 19)	8	8
Long-term bank deposits	2	3
	666	**516**
LIABILITIES:		
Bonds issued (Note 30)	1,239	1,383
Bank borrowings (Note 29)	379	294
Lease liabilities (Note 31)	256	229
Trade accounts payable	142	123
Accrued payroll and related taxes (Note 32)	75	67
Interest payable (Note 29, 30)	22	42
Amounts payable for property, plant and equipment (Note 32)	12	13
Income tax payable (Note 32)	4	4
Provision for claims, penalties and indemnification (Note 32)	2	3
VAT payable (Note 32)	2	5
Other financial liabilities (Note 32)	4	4
	2,137	**2,167**

The main risks inherent to the Group's operations are those related to credit risk, liquidity risk, currency risk, interest rate, and commodity price risk.

CREDIT RISK

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. The amount of financial assets disclosed in the table "Major categories of assets and liabilities considered by the Group from a risk management perspective" represents the maximum credit exposure.

The Group structures the levels of credit risk it undertakes by limiting the amount of risk accepted by one customer or group of customers. The approved credit period for significant customer groups, including franchisees, distributors, and supermarkets, is 30 days.

Limits on the level of credit risk by customers are approved and monitored regularly by the management of the Group. Management assesses amounts receivable from customers for recoverability starting from 30 and 60 days for receivables on sales of poultry meat and receivables on other sales, respectively. As of 31 December 2023, approximately 21% of trade accounts receivable relates to the top 10 customers, of which 56% belongs to customers outside of Ukraine (31 December 2022: 25% and 79%, respectively).

The credit risk on liquid funds is limited because almost all counterparties are banks with high credit ratings assigned by international credit-rating agencies; a relatively small portion of cash is held in Ukrainian state banks on current accounts.

LIQUIDITY RISK

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

The following table details the Group's financial liabilities by their remaining contractual maturity. The table has been drawn up based on the undiscounted cash flows of financial liabilities using the earliest date the Group can be required to pay. The table includes both interest and principal cash flows as of 31 December 2023 and 2022. The amounts in the table may not be equal to the carrying amounts in the statement of financial position since the table presents all cash outflows on an undiscounted basis.

	CARRYING AMOUNT	CONTRACTUAL AMOUNTS	LESS THAN 1 YEAR	FROM 2ND TO 5TH YEAR	AFTER 5TH YEAR
YEAR ENDED 31 DECEMBER 2023					
Bank borrowings	381	439	164	256	19
Bonds issued	1,259	1,490	423	695	372
Lease liabilities	256	510	76	230	204
Trade accounts payable	142	142	142	-	-
Other current liabilities	99	99	99	-	-
Total	**2,137**	**2,680**	**904**	**1,181**	**595**
YEAR ENDED 31 DECEMBER 2022					
Bank borrowings	295	310	183	120	7
Bonds issued	1,424	1,764	119	1,252	393
Lease liabilities	229	440	65	193	182
Trade accounts payable	123	123	123	-	-
Other current liabilities	96	96	96	-	-
Total	**2,167**	**2,733**	**586**	**1,565**	**582**

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37. RISK MANAGEMENT POLICIES (continued)

LIQUIDITY RISK (continued)

The Group's target is to maintain its current ratio, defined as the proportion of current assets to current liabilities, at the level of not less than 1.2. As of 31 December 2023 and 2022, the current ratio was as follows:

	2023	2022
Current assets	1,588	1,556
Current liabilities	850	533
	1.87	**2.92**

The reduction of the current ratio as at 31 December 2023 compared to 2022 is principally attributable to the reclassification of bonds scheduled to mature in May 2024 and totaling to USD 348 million, from long-term to short-term liabilities. In January 2024, the partial repurchase of the bonds amounting to USD 138 million was closed. The repurchase was predominantly financed by long-term loans from the international financial institutions (Note 30). The Group plans to settle the remaining outstanding bonds on their maturity dates. The repayment is planned to be also partially financed by additional long-term loan tranches from the same international financial institutions.

CURRENCY RISK

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

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

	2023		2022	
	USD	EUR	USD	EUR
Assets	255	107	178	117
Liabilities[1]	1,449	225	1,498	136
Net liabilities	**1,194**	**118**	**1,320**	**19**

[1] Currency-denominated liabilities consist primarily of bonds issued and bank borrowings.

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

	CHANGE IN FOREIGN CURRENCY EXCHANGE RATES	EFFECT ON PROFIT BEFORE TAX, GAIN/(LOSS)
2023		
Increase in USD exchange rate	10%	(119)
Increase in EUR exchange rate	10%	(12)
Decrease in USD exchange rate	2%	24
Decrease in EUR exchange rate	2%	2
2022		
Increase in USD exchange rate	20%	(264)
Increase in EUR exchange rate	20%	(4)
Decrease in USD exchange rate	2%	26
Decrease in EUR exchange rate	2%	-

During the year ended 31 December 2023 the Ukrainian Hryvnia depreciated against the EUR and USD by 7.72% and 3.72% respectively (2022: depreciated against the EUR by 20.61% and 25.41% against the USD). As a result, during the year ended 31 December 2023 the Group recognised net foreign exchange losses in the amount of USD 40 million (2022: foreign exchange losses in the amount of USD 365 million) and cumulative translation loss of USD 20 million (2022: USD 326 million) in the consolidated statement of profit or loss and other comprehensive income.

The currency risk exposure is mitigated by the USD-denominated cash from sales of sunflower oil, grain, and chicken meat, which are deemed sufficient for servicing the Group's foreign currency denominated liabilities. Information about export sales is presented in Note 6.

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37. RISK MANAGEMENT POLICIES (continued)

INTEREST RATE RISK

Interest rate risk arises from the possibility that interest rate changes will primarily affect borrowings by changing future cash flows. For variable rate borrowings, interest is linked to SOFR, EURIBOR or UIRD.

The table below illustrates the Group's sensitivity to increases or decreases in interest rates by 1%. The analysis was applied to interest-bearing bank borrowings and lease obligations based on the assumption that the amount of liability outstanding as of the reporting date was significant for the whole year.

	INCREASE/ (DECREASE) OF FLOATING RATE	EFFECT ON PROFIT BEFORE TAX, GAIN/(LOSS)
2023		
SOFR	1%	(1)
SOFR	-1%	1
EURIBOR	1%	(2)
EURIBOR	-1%	2
2022		
SOFR	1%	-
SOFR	-1%	-
EURIBOR	1%	(2)
EURIBOR	-1%	2

The effect of interest rate sensitivity on shareholders' equity is equal to that on the consolidated statement of profit or loss.

LIVESTOCK DISEASES RISK

The Group's agro-industrial business is subject to risks of outbreaks of various diseases. The Group faces the risk of outbreaks of diseases, which are highly contagious and destructive to susceptible livestock, such as avian influenza or bird flu, for its poultry operations. These and other diseases could result in mortality losses. The Group adopted disease control measures to minimize and manage this risk. Management is satisfied that its current risk management and quality control processes are adequate to prevent any outbreak of livestock diseases and related losses.

COMMODITY PRICE AND PROCUREMENT RISK

Commodity price risk arises from the risk of an adverse effect on current or future earnings from fluctuations in the prices of commodities. To mitigate this risk, the Group continues the expansion of its grain-growing segment as part of its vertical integration strategy. Also, it accumulates sufficient commodity stock to meet its production needs.

38. PENSIONS AND RETIREMENT PLANS

The Group's employees receive pension benefits from the government in accordance with the laws and regulations of their respective jurisdictions.

The Group contributed USD 73 million to the State Pension Fund for the year ended 31 December 2023, which is recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on an accrual basis (compared to USD 64 million in 2022). The Ukrainian companies of the Group are not responsible for providing any additional pensions, post-retirement healthcare, insurance benefits, or retirement indemnities to current or former employees, apart from pay-as-you-go expenses.

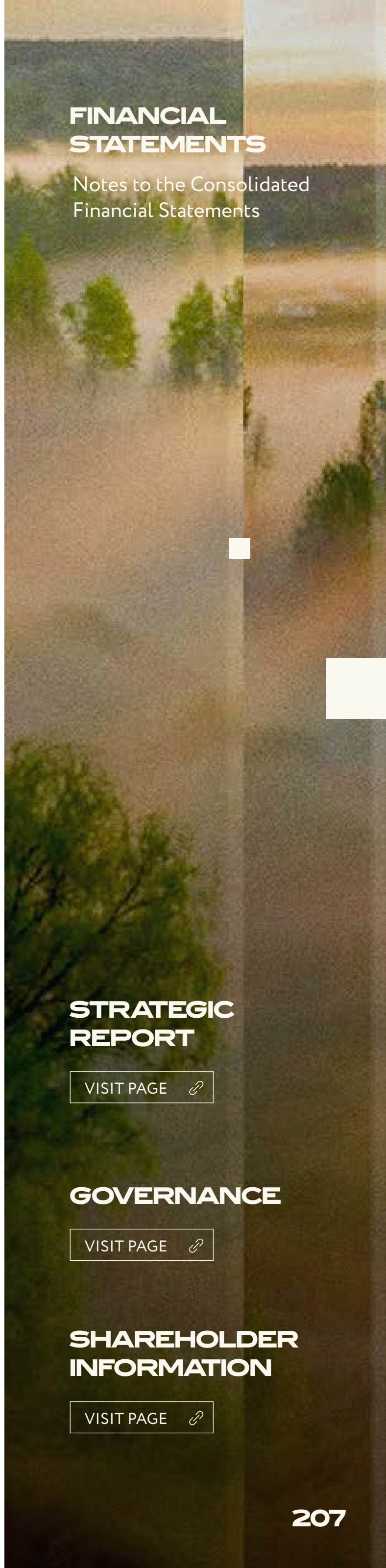
According to legislative regulations, collective contracts, and internal rules, the European Operating Segment companies are obligated to pay loyalty bonuses and severance payments to employees upon their retirement, for which long-term provisions are made. Provisions are recognised in other operating expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, and in other non-current liabilities in the Statement of Financial Position.

The balances of provisions for employee benefits are presented within other non-current liabilities and were as follows as of 31 December 2023 and 2022:

	2023	2022
Provisions for severance payments	4.8	3.9
Provisions for loyalty bonuses	1.0	0.9
	5.8	**4.8**

The following table represents movements in provisions for employee benefits for the years ended 31 December 2023 and 2022:

	PROVISIONS FOR SEVERANCE PAYMENTS	PROVISIONS FOR LOYALTY BONUSES	TOTAL
31 December 2021	**4.7**	**1.2**	**5.9**
Formation	0.4	0.1	0.5
Expenditure	(1.0)	(0.3)	(1.3)
Translation Differences	(0.2)	(0.1)	(0.3)
31 December 2022	**3.9**	**0.9**	**4.8**
Formation	1.1	0.2	1.3
Expenditure	(0.4)	(0.1)	(0.5)
Translation Differences	0.2	-	0.2
31 December 2023	**4.8**	**1.0**	**5.8**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39. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in calculation of earnings per share are as follows:

	2023	2022
Loss/(profit) for the year attributable to equity holders of the Parent	144	(226)
(Loss)/earnings used in calculation of earnings per share	**144**	**(226)**
Weighted average number of shares outstanding (Note 27)	107,038,208	107,038,208
Basic and diluted (loss)/earnings per share (USD per share)	**1.35**	**(2.11)**

The Group has neither potentially dilutive ordinary shares nor other dilutive instruments; therefore, the diluted earnings per share equal basic earnings per share.

40. SUBSEQUENT EVENTS

TENDER OFFER TO REPURCHASE BONDS AFTER THE REPORTING DATE

As described in Notes 29 and 30, on 23 January 2024 the Group 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 29).

PLANNED ACQUISITIONS IN 2024

On 29 December 2023, the Group entered into an agreement to acquire 81% of corporate rights in business engaged in poultry farming and meat processing in Albania for an estimated consideration of EUR 16.8 million (equivalent of USD 18.1 million). Completion of this transaction is subject to approval by relevant regulatory bodies.

On 15 April 2024, the Group entered into a share purchase agreement to acquire 100% of the corporate rights in business engaged in meat processing in Ukraine for an estimated consideration of EUR 14.0 million (equivalent of USD 15.1 million). Up to the date of authorization of these financial statements, the Group made payment of EUR 3.5 million for 24.9% of respective corporate rights. This transaction is expected to be completed by the end of the 2024 but remains subject to certain conditions, including approval by relevant regulatory bodies.

41. AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issue by the Board of Directors of MHP SE on 02 May 2024.

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WEBSITE

Shareholders are encouraged to visit our websites to obtain information on the Company, including its history, reports, news and press information:

- www.mhp.ua
- www.mhp.com.cy

FINANCIAL CALENDAR

MHP's financial calendar can be found here: mhp.ua/en/mhp-se/financial-calendar

The calendar is updated to show relevant events and dates.

ANASTASIYA SOBOTYUK

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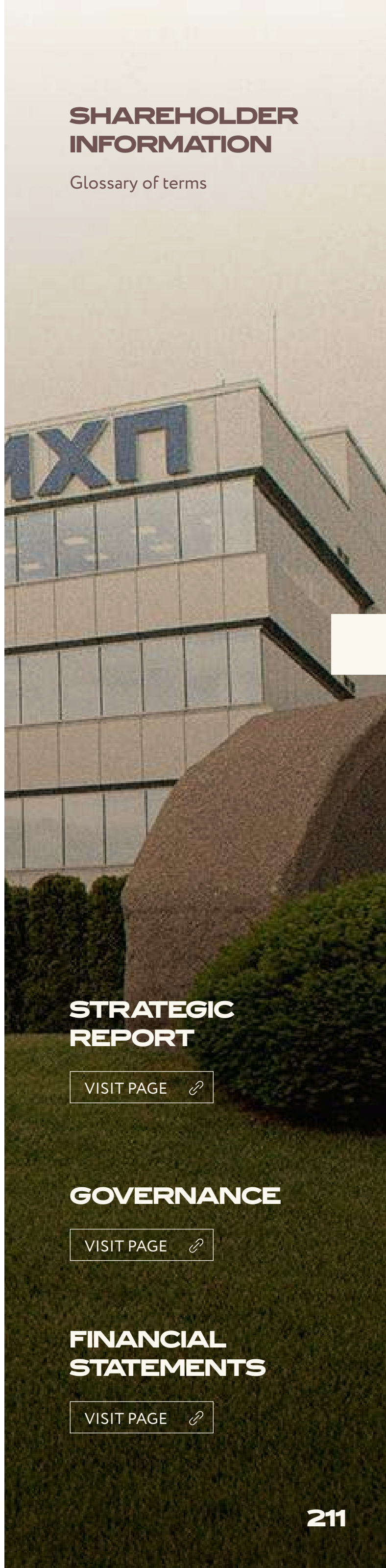
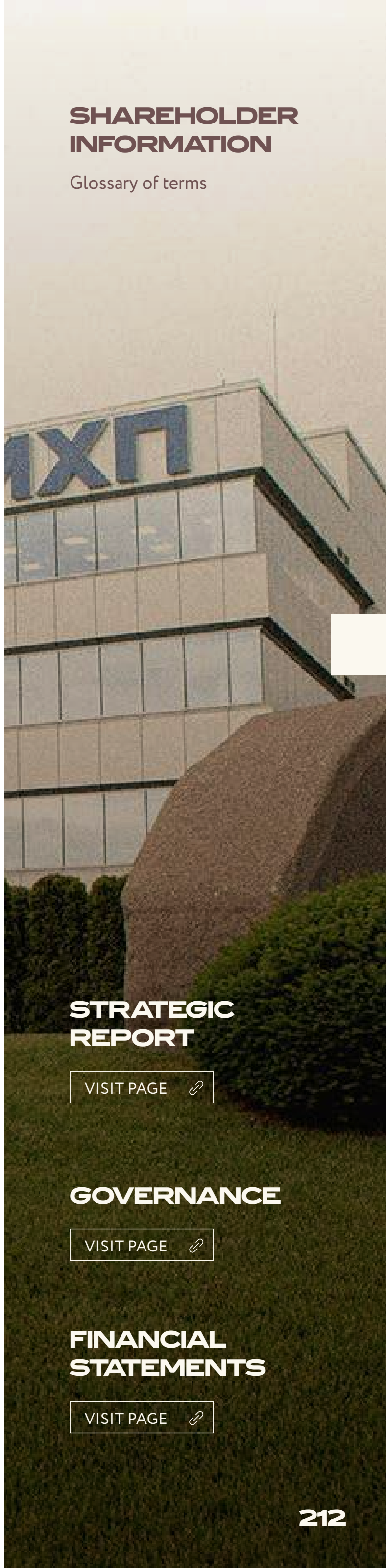
GLOSSARY OF TERMS

AGM	Annual general meeting
AI	Avian Influenza
AI	Artificial Intelligence
AMCU	Anti-Monopoly Committee of Ukraine
ARC	Audit & Risk Committee
B2B	Business-to-Business
B2C	Business-to-Customer
BESS	Battery Energy Storage System
BRCGS	Organisation that harmonises food safety standards across the supply chain. Also known as BRC Global Standard
Broiler	A young chicken raised for meat
BSFL	Black Soldier Fly Larvae
CAPEX	Capital expenditure
CBD	Client Business Development
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CIS	Commonwealth of Independent States
Company	MHP SE
CO_2	Carbon Dioxide
CO_2e	Carbon Dioxide Equivalent
COSO	Committee of Sponsoring Organisations of the Treadway Commission
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBRD	European Bank for Reconstruction and Development
EGM	Extraordinary general meeting
EOS	European Operating Segment
ERP	Enterprise Resource Planning
ESG	Environmental, Social and Governance
EU	European Union
EUR	Euro
Fodder	Food for livestock
FX	Foreign Exchange
GDR	Global depositary receipt
GFSI	Global Food Safety Initiative
GHG	Greenhouse gases
GMP	Good management practices
GRI	Global Reporting Initiative
Group	MHP SE and its subsidiaries
Grow-out	The period during which the broilers are raised
Ha	Hectares
HACCP	Hazard Analysis and Critical Control Points
HoReCa	HOtel, REtail and CAfe
HQ	Headquarters
HR	Human resources
IAS	International Accounting Standards
IFC	International Finance Corporation
IFI	International financial institution
IFRS	International Financial Reporting Standards
IR	Investor relations
ISCC	International Sustainability & Carbon Certification, a globally applicable sustainability certification system
JV	Joint venture
Kg	Kilogram



KPIs	Key performance indicators
KSA	Kingdom of Saudi Arabia
kWH	Kilowatt hour
KYC	Know Your Client
LTM	Last twelve months
M&A	Mergers and acquisitions
MENA	Middle East and North Africa region
MJ	Megajoule, a unit of measurement of energy
MW	Megawatt
NBU	National Bank of Ukraine
NED	Non-executive director
NGO	Non-governmental organisation
NRC	Nominations and Remuneration Committee
OKR	Objectives & Key Results
PP	Perutnina Ptuj, acquired during 2019
pps	Percentage Points
R&D	Research and development
RTC	Ready-to-cook
RTE	Ready-to-eat
S&IA	Sustainability and International Affairs (Committee)
SAP SF LMS	SAP Success Factos Learning Management System
SE	Societas Europaea
SKU	Stock keeping unit, or distinct type of item for sale
TCFD	Task Force on Climate-Related Financial Disclosures
TJ	Terajoule, a unit of measurement of energy
UAE	United Arab Emirates
UAH	Ukrainian Hryvnia
UK	United Kingdom
UN SDGs	(United Nations) Sustainable Development Goals
US	United States
US$/USD	United States Dollar
y/y	Year-on-year
VAT	Value-added tax



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