



4 June 2024, Limassol, Cyprus

MHP SE

Unaudited Financial Results for the First Quarter ended 31 March 2024

MHP SE (LSE:MHPC), the parent company of a leading international agro-industrial group with headquarters in Ukraine, today announces its unaudited results for the first quarter ended 31 March 2024. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

WAR IN UKRAINE - UPDATE

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. We have made arrangements for electricity outages and have alternatives ready to replace the supply from the national energy network that remains under constant threat of bombardment.

At the date of publication, all our production facilities in Ukraine continue to operate at close to full capacity.

MHP would like to inform its stakeholders that due to shelling by the occupying forces on May 17, in Odesa region, a warehouse partly leased by the Company to store frozen MHP chicken meat products was completely destroyed, resulting in the loss of poultry products worth US\$ 8 million (book value – around US\$ 7 million). MHP's employees, fortunately, were not put injured. Moreover, the Company provided comprehensive medical and psychological assistance to the employees.

Taking into account the war operational environment, we can give no assurance that this will not occur in the future and that our production facilities and the infrastructure that we use will not become a target of new attacks. In the event of adverse operational impacts, the Group is ready to respond immediately and to take all actions necessary to protect its employees and to rebuild, restore and restart production in the shortest time possible.

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

We have incurred substantial War-related costs since the start of the conflict. In Q1 2024, these amounted to US\$ 10 million (Q1 2023: US\$ 6 million).

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 Q1 2023, 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; and
- combining grain-growing operations (presented as a separate segment in Q1 2023) 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 Q1 2023 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.

OPERATIONAL HIGHLIGHTS

Q1 2024

- Poultry meat production volume in Ukraine was stable y/y at 178,487 tonnes (Q1 2023: 176,608 tonnes). Poultry meat production volumes of the European Operating Segment (PP) was up by 7% to 33,958 tonnes (Q1 2023: 31,780 tonnes).
- MHP Ukraine's average poultry meat price increased by 6% to US\$ 1.99 per kg (Q1 2023: US\$ 1.88 per kg) excluding VAT. The average price of poultry meat produced by PP was stable at EUR 3.44 per kg (Q1 2023: EUR 3.51 per kg).
- Poultry meat exports from Ukraine decreased by 12% to 98,055 tonnes (Q1 2023 - 111,873 tonnes).

FINANCIAL HIGHLIGHTS

Q1 2024

- Revenue decreased by 4% y/y to US\$ 719 million (Q1 2023: US\$ 746 million).
- Export revenue of US\$ 453 million, 63% of total revenue (Q1 2023: US\$ 465 million, 62% of total revenue).
- Operating profit of US\$ 84 million remained stable y/y while operating margin increased to 12% y/y (Q1 2023: US\$ 84 million and 11% respectively).
- Adjusted EBITDA (net of IFRS 16) was almost unchanged at US\$ 119 million (Q1 2023: US\$ 116 million); adjusted EBITDA margin (net of IFRS 16) increased y/y to 17% (Q1 2023: 16%).
- Net profit decreased to US\$ 16 million, compared to a profit of US\$ 49 million for Q1 2023.

FINANCIAL OVERVIEW

<i>(in mln. US\$, unless indicated otherwise)</i>	Q1 2024	Q1 2023	% change y/y ¹⁾	Q4 2023	% change q/q ¹⁾
Revenue	719	746	-4%	727	-1%
IAS 41 standard gain/(loss)	10	(37)	127%	26	-62%
Gross profit	170	144	18%	176	-3%
<i>Gross profit margin</i>	24%	19%	5pps	24%	0pps
War-related expenses	(10)	(6)	67%	(12)	-17%
Operating profit	84	84	0%	92	-9%
<i>Operating profit margin</i>	12%	11%	1pps	13%	-1pps
Adjusted EBITDA	127	124	2%	141	-10%
<i>Adjusted EBITDA margin</i>	18%	17%	1pps	19%	-1pps
Adjusted EBITDA (net of IFRS 16)	119	116	3%	116	3%
<i>Adjusted EBITDA margin (net of IFRS 16)</i>	17%	16%	1pps	16%	1pps
Net profit	16	49	-67%	20	-20%
<i>Net profit margin</i>	2%	7%	-5pps	3%	-1pps

¹⁾ pps – percentage points

Average official FX rate for Q1: UAH/US\$ 38.17 in 2024 and UAH/US\$ 36.57 in 2023.

DIAL-IN DETAILS

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

The dial-in details are:

Time: 13.00 London / 15.00 Kyiv / 08.00 New York

Title: Financial results for Q1 2024

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

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

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Segment Performance

Poultry and related operations

Poultry meat

<i>(in tonnes, unless indicated otherwise)</i>	Q1 2024	Q1 2023	% change y/y ²⁾	Q4 2023	% change q/q ²⁾
Sales volume of poultry meat¹⁾	164,087	183,121	-10%	156,779	5%
Export sales	98,055	111,873	-12%	84,945	15%
Domestic sales	66,032	71,248	-7%	71,834	-8%
Portion of export sales, %	60%	61%	-1pps	54%	6pps
Average price per 1 kg net of VAT, USD	1.99	1.88	6%	1.98	1%

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

²⁾ pps – percentage points

The total volume of poultry meat sold to third parties in Q1 2024 decreased by 10% y/y to 164,087 tonnes (Q1 2023: 183,121 tonnes) and increased by 5% compared to Q4 2023 mainly as a result of a significant decrease in export sales in Q4 2023 caused by logistical disruptions to EU countries.

Processed poultry meat

<i>(in tonnes, unless indicated otherwise)</i>	Q1 2024	Q1 2023	% change y/y ²⁾	Q4 2023	% change q/q ²⁾
Sales volume of processed meat¹⁾	9,715	8,172	19%	10,368	-6%
Export sales	2,429	1,062	129%	2,277	7%
Domestic sales	7,286	7,110	2%	8,091	-10%
Portion of export sales, %	25%	13%	12pps	22%	3pps
Average price per 1 kg net of VAT, USD	2.91	2.85	2%	3.09	-6%

¹⁾ Processed meat consists of meat after significant processing (added supplements like vegetables or breading), pre-cooked and ready-to-eat meat

²⁾ pps – percentage points

Total sales volume of processed poultry meat increased by 19% y/y to 9,715 tonnes in Q1 2024 compared to 8,172 tonnes in Q1 2023 due to the rise in production and the further transformation into a culinary company. The average price decreased by 6% q/q to USD\$ 2.91 per kg in Q1 2024 (Q4 2023: USD\$ 3.09 per kg) as a result of a change in sales product mix.

Financial result and trends

<i>(in mln. US\$, unless indicated otherwise)</i>	Q1 2024	Q1 2023	% change y/y ¹⁾	Q4 2023	% change q/q ¹⁾
Revenue	398	415	-4%	386	3%
- Poultry meat ²⁾	336	360	-7%	324	4%
- Processed meat	28	23	22%	32	-13%
- Complementary products and other sales	34	32	6%	30	13%
IAS 41 standard gain	12	3	300%	(1)	-1300%
Gross profit	114	92	24%	91	25%
Gross margin	29%	22%	7pps	24%	5pps
War-related expenses	(5)	(4)	25%	(5)	0%
Adjusted EBITDA	87	78	12%	60	45%
Adjusted EBITDA margin	22%	19%	3pps	16%	6pps
Adjusted EBITDA (net of IFRS 16)	86	78	10%	59	46%
Adjusted EBITDA margin (net of IFRS 16)	22%	19%	3pps	15%	7pps

¹⁾ pps – percentage points

²⁾ Revenue from poultry meat includes sales of offal, which doesn't include in table regarding sales volume and prices of poultry meat

In Q1 2024, revenue decreased by 4% y/y as a result of the sales volume decrease of poultry meat mainly on export markets, partly offset by elevated prices.

Gross profit in Q1 2024 increased to US\$ 114 million due to the positive effect of revaluation of biological assets and agriculture produce as a result of higher chicken meat stocks and higher prices.

In Q1 2024, adjusted EBITDA (net of IFRS 16) increased to US\$ 86 million, mainly as a result of higher gross profit.

Vegetable Oil Operations

Vegetable oil

<i>(in tonnes, unless indicated otherwise)</i>	Q1 2024	Q1 2023	% change y/y	Q4 2023	% change q/q
Sales volume of sunflower oil	110,440	77,201	43%	94,166	17%
Sales volume of soybean oil	11,747	14,400	-18%	11,640	1%

In Q1 2024 MHP's sales of sunflower oil increased by 43% y/y compared to Q1 2023 to 110,440 tonnes, mainly driven by an increase in production of sunflower cake due additional crushing capacity.

Sales of soybean oil decreased by 18% y/y to 11,747 tonnes in Q1 2024, compared with 14,400 tonnes in Q1 2023 but were stable compared to the previous quarter.

Financial result and trends

<i>(in mln. US\$, except margin data)</i>	Q1 2024	Q1 2023	% change y/y¹⁾	Q4 2023	% change q/q¹⁾
Revenue	116	129	-10%	114	2%
- Vegetable oil	112	116	-3%	102	10%
- Related products ²⁾	4	13	-69%	12	-67%
Gross profit	13	21	-38%	9	44%
Gross margin	11%	16%	-5pps	8%	3pps
Adjusted EBITDA	13	23	-43%	10	30%
Adjusted EBITDA margin	11%	18%	-7pps	9%	2pps
Adjusted EBITDA (net of IFRS 16)	12	22	-45%	9	33%
Adjusted EBITDA margin (net of IFRS 16)	10%	17%	-7pps	8%	2pps

¹⁾ pps – percentage points;

²⁾ Related products consist of meal, cake, husk.

The segment's revenue in Q1 2024 decreased by 10% y/y to US\$ 116 million, resulting in lower adjusted EBITDA (net of IFRS 16) of US\$ 12 million compared to US\$ 22 million in Q1 2023. The considerable increase in the volume of vegetable oils sold sector failed to sufficiently mitigate the decline of oil prices.

Agriculture operations

<i>(in mln. US\$, unless indicated otherwise)</i>	Q1 2024	Q1 2023	% change
Revenue	69	77	-10%
IAS 41 standard loss	1	(42)	102%
Gross profit	13	(2)	-750%
War-related expenses	(1)	(1)	0%
Adjusted EBITDA	22	10	120%
Adjusted EBITDA (net of IFRS 16)	17	3	467%

Agriculture Operations Segment's revenue in Q1 2024 amounted to US\$ 69 million compared to US\$ 77 million in Q1 2023. The decrease was mainly attributable to lower volumes of corn sales on the domestic market.

For Q1 2024, the IAS 41 standard showed a gain of US\$ 1 million, in contrast to a loss of US\$ 42 million in Q1 2023. This substantial loss in 2023 was mainly due to derecognition of the revaluation of agriculture produce, which was carried at a fair value higher than the production cost and had been consumed and sold. In 2024, the difference between fair value and cost is much smaller, so this effect is not material.

Additionally, Q1 2023 experienced a significant negative revaluation of winter crops in fields, adversely affecting both the IAS 41 standard and EBITDA. In Q1 2024, the relative stabilization of prices had no significant impact on these measures.

European Operating Segment (PP)

Poultry¹⁾	Q1 2024	Q1 2023	% change y/y	Q4 2023	% change q/q
Sales volume, third parties tonnes	21,102	18,216	16%	20,229	4%
Price per 1 kg net VAT, EUR	3.44	3.51	-2%	3.49	-1%

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 Q1 2024, poultry meat sales of the European Operating Segment increased by 16% to 21,102 tonnes. This was driven by an increase in production volume of poultry meat, both fresh and frozen.

Processed meat¹⁾	Q1 2024	Q1 2023	% change y/y	Q4 2023	% change q/q
Sales volume, third parties tonnes	11,397	10,722	6%	11,596	-2%
Price per 1 kg net VAT, EUR	3.37	3.30	2%	3.36	0%

¹⁾ includes sausages and convenience foods

Meat processing product sales were up by 6% y/y to 11,397 tonnes in Q1 2024 (Q1 2023: 10,722 tonnes) due to increased in production volumes of sausages and convenience products.

Financial result and trends

<i>(in mln. US\$, except margin data)</i>	Q1 2024	Q1 2023	% change y/y¹⁾	Q4 2023	% change q/q¹⁾
Revenue	136	125	9%	134	1%
IAS 41 standard gains	(3)	2	-250%	2	-250%
Gross profit	30	32	-6%	26	15%
<i>Gross margin</i>	22%	26%	-4pps	19%	3pps
Adjusted EBITDA	19	20	-5%	25	-24%
<i>Adjusted EBITDA margin</i>	14%	16%	-2pps	19%	-5pps
Adjusted EBITDA (net of IFRS 16)	18	19	-5%	24	-25%
<i>Adjusted EBITDA margin (net of IFRS 16)</i>	13%	15%	-2pps	18%	-5pps

¹⁾ pps – percentage points.

European Operating Segment's revenue in Q1 2024 increased by 9% y/y to US\$ 136 million (Q1 2023: US\$ 125 million), due to the increase in sales volumes of both poultry meat and processed meat.

Adjusted EBITDA (net of IFRS 16) of US\$ 18 million for Q1 2024 remained almost stable compared with US\$ 19 million for Q1 2023 in spite of the increase in revenue, which was offset by the decrease in IAS 41 standard results.

Current Group cash flow

<i>(in mln. US\$)</i>	Q1 2024	Q1 2023
Cash from operations	90	98
Change in working capital	12	(2)
Net Cash from operating activities	102	96
Cash used in investing activities	(65)	(36)
<i>Including:</i>		
CAPEX ¹⁾	(57)	(39)
Cash from financing activities	(73)	(14)
Total change in cash²⁾	(36)	46

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 Q1 2024 slightly decreased to US\$ 90 million (Q1 2023: US\$ 98 million), mainly as a result of the lower effect of revaluation of biological assets and agriculture produce partly mitigated by lower interest payments of US\$ 25 million in Q1 2024 compared to US\$ 59 million in Q1 2023. The difference in interest payments is mainly due to the early payment of a US\$ 20 million bond coupon in March 2023, that was due on 3 April 2023, alongside the payment of a coupon amounting to US\$ 21 million deferred from 2022.

The positive change of working capital in Q1 2024 compared to Q1 2023 was mainly attributed to higher trade accounts payable and other liabilities as a result of purchases of materials (energy supplies, fertilizers, plant protections materials, animal feed components) – for the spring sowing campaign.

In Q1 2024 total CAPEX amounted to US\$ 57 million mainly related to maintenance and modernization projects. The increase from US\$ 39 million in Q1 2023 is mainly due to significant investments in the maintenance of existing facilities and the construction of bioenergy production facilities.

Debt Structure and Liquidity

<i>(in mln. US\$)</i>	31 March 2024	31 December 2023	31 March 2023
Total Debt^{1) 2)}	1,513	1,537	1,534
LT Debt ¹⁾	1,240	1,141	1,509
ST Debt ¹⁾	326	499	176
Trade credit facilities ²⁾	(53)	(103)	(151)
Cash and bank deposits	(390)	(436)	(351)
Net Debt¹⁾	1,123	1,101	1,183
LTM Adjusted EBITDA ¹⁾	447	445	458
<i>Net Debt / LTM Adjusted EBITDA¹⁾</i>	<i>2.51</i>	<i>2.47</i>	<i>2.58</i>

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

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

As of 31 March 2023, MHP's cash and cash equivalents amounted to US\$ 390 million, of which US\$ 217 million was held by the Group's subsidiaries outside Ukraine.

The Net Debt / LTM adjusted EBITDA (net of IFRS 16) ratio was 2.51 as of 31 March 2024, well below the limit of 3.0 defined in the Eurobond agreement.

As of 31 March 2024, the share of long-term debt in the total outstanding debt was 82%.

Subsequent events

In the beginning of May 2024, the last tranches of IFIs loans were disbursed in the amount of US\$ 179.5 million. On 10 of May 2024, MHP SE Eurobonds 2024 (ISINs: XS157796500; US55302TAD72) was duly and fully repaid as per the terms and conditions stipulated. The Company has completely fulfilled its obligations regarding the MHP SE Eurobonds 2024.

Notes to Editors:

About MHP

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

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

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

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

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

Forward-Looking Statements

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

MHP SE AND ITS SUBSIDIARIES

Interim condensed consolidated Financial Statements

As of and for the three-month period ended 31 March 2024

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STATEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

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

- (a) The interim condensed consolidated financial statements for the period from 1 January 2024 to 31 March 2024 that are presented on pages 6 to 26:
- i. were prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union and in accordance with the provisions of Article 10 (4) of the Law, and
 - ii. give a true and fair view of the assets and liabilities, the financial position and the profits of MHP SE and the businesses that are included in the interim condensed consolidated financial statements as a whole, and
- (b) the interim management report gives a fair review of the information required under Article 10 (6) of the Law.

3 June 2024

Members of the Board of Directors:

Chief Executive Officer



Yuriy Kosyuk

Chief Financial Officer



Viktoriia Kapeliushna

Director



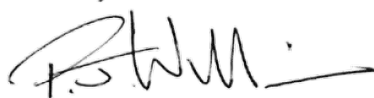
John Grant

Director



John Clifford Rich

Director



Philip J Wilkinson

Director



Andriy Bulakh

Director



Christakis Taoushanis

Director



Oscar Chemerinski

MANAGEMENT REPORT

Key financial highlights

During the three-month period ended 31 March 2024 consolidated revenue decreased by 4% to USD 719 million, compared to USD 746 million for the three-month period ended 31 March 2023. Export sales for the three-month period ended 31 March 2024 constituted 63% of total revenue and amounted to 453 USD million, compared to USD 465 million, 62% of total revenue for the three-month period ended 31 March 2023. The revenue decrease is chiefly attributed to reduced contributions from both Poultry and Vegetable Oil segments. The decline in Poultry revenue can be delineated by a decrease in chicken meat sales volumes, partly offset by elevated prices. The considerable increase in volumes sold within the vegetable oil sector mitigated only partly effect of a fall in oil prices.

Gross profit increased by 18% to USD 170 million for the three-month period ended 31 March 2024 compared to USD 144 million for the three-month period ended 31 March 2023. The increase was driven mainly by higher gross profit in the poultry and related operations segment due to the positive effect of the revaluation of biological assets and agriculture produce as a result of higher chicken meat stocks and higher prices.

Operating profit remained unchanged at USD 84 million for the three-month periods ended 31 March 2024 and 31 March 2023. This primarily stems from an escalation in gross profit offset by heightened payroll-related costs within the selling, general, and administrative expenses. The uptick in these expenditures is a result of substantial indexation efforts initiated since 1 April 2023 and thereafter. Notably, these increase was not accounted for in the three-month period ended 31 March 2023.

Profit for the three-month period ended 31 March 2024 amounted to USD 16 million, compared to USD 49 million for the three-month period ended 31 March 2023. The decrease is mainly due to depreciation of Ukrainian Hryvnia against US Dollar and EURO, which resulted in foreign exchange loss of USD 40 million for the three-month period ended 31 March 2024 compared to modest gain of USD 4 million for the three-month period ended 31 March 2023.

Dividends

In view of continuing War-related uncertainties and the resulting need to preserve liquidity to support the Company's ongoing business operations, the Directors decided not to declare a final dividend for the 2023 financial year. No interim dividend has been declared for the three-month period ended 31 March 2024.

Risks and uncertainties

Russian invasion

On February 24, 2022, Russian forces began a military invasion of Ukraine resulting in a full-scale war across the Ukrainian State (the "War"). Focused on continuity and sustainability of its business and the preservation of value for all stakeholders, the Group has concentrated on two key areas: the safety of its employees and the food security of the country by prioritizing a continuous supply of food to the population of Ukraine.

As a result of the War, MHP has experienced a number of significant disruptions and operational issues within its business, which are described in detail in Note 11 Operating environment. Detailed information on this matter can also be found on pages 202 to 203 of the 2023 Annual Report which is available at mhp.com.cy.

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

Other risks and uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Group's performance over the remaining nine months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the 2023 Annual Report on 2 May 2024. A detailed explanation of the risks, and how the Group seeks to mitigate them, can be found on pages 204 to 207 of the Annual Report which is available at mhp.com.cy.

3 June 2024

On behalf of the Board:

Chief Executive Officer



Yuriy Kosyuk

Chief Financial Officer



Viktoriia Kapeliushna

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the three-month period ended 31 March 2024
(in millions of US dollars, unless otherwise indicated)

	Notes	Three-month period ended 31 March 2024	Three-month period ended 31 March 2023
Revenue	3	719	746
Net change in fair value of biological assets and agricultural produce	3	10	(37)
Cost of sales		(559)	(565)
Gross profit	4	170	144
Selling, general and administrative expenses		(77)	(60)
Other operating income		3	5
Other operating expenses		(12)	(5)
Operating profit		84	84
Finance income		11	2
Finance costs	8, 9	(41)	(40)
Foreign exchange (loss)/gain, net	4, 14	(40)	4
Profit before tax	4	14	50
Income tax benefit/(expense)		2	(1)
Profit for the period		16	49
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Cumulative translation difference		(48)	8
Other comprehensive (loss)/profit for the period		(48)	8
Total comprehensive (loss)/profit for the period		(32)	57
Profit/(loss) attributable to:			
Equity holders of the Parent		17	52
Non-controlling interests		(1)	(3)
		16	49
Total comprehensive (loss)/profit attributable to:			
Equity holders of the Parent		(31)	60
Non-controlling interests		(1)	(3)
		(32)	57
Earnings per share			
Basic and diluted earnings/ per share (USD per share)		0.16	0.48

On behalf of the Board:

Chief Executive Officer



Yuriy Kosyuk

Chief Financial Officer



Viktoriia Kapeliushna

The accompanying notes on the pages 12 to 26 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of 31 March 2024

(in millions of US dollars, unless otherwise indicated)

	Notes	31 March 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,859	1,885
Right-of-use asset		258	248
Intangible assets		73	75
Goodwill		62	62
Non-current biological assets		20	16
Non-current financial assets		6	8
Long-term deposits		2	2
Deferred tax assets		1	2
		2,281	2,298
Current assets			
Inventories	6	400	333
Biological assets		178	171
Agricultural produce	6	288	370
Prepayments		22	28
Other current financial assets		38	34
Taxes recoverable and prepaid		39	30
Trade accounts receivable		194	186
Cash and cash equivalents		390	436
		1,549	1,588
TOTAL ASSETS		3,830	3,886
EQUITY AND LIABILITIES			
Equity			
Share capital	7	285	285
Treasury shares		(45)	(45)
Additional paid-in capital		174	174
Revaluation reserve		669	706
Retained earnings		1,847	1,793
Translation reserve		(1,405)	(1,356)
Equity attributable to equity holders of the Parent		1,525	1,557
Non-controlling interests		10	10
Total equity		1,535	1,567
Non-current liabilities			
Bank borrowings	8	327	234
Bonds issued	9	892	891
Lease liabilities		191	180
Deferred income		35	36
Deferred tax liabilities		119	123
Other non-current liabilities		6	5
		1,570	1,469
Current liabilities			
Bank borrowings	8	107	145
Bonds issued		211	348
Lease liabilities		86	76
Trade accounts payable		147	142
Contract liabilities		25	18
Interest payable	8,9	32	22
Other current liabilities		117	99
		725	850
TOTAL LIABILITIES		2,295	2,319
TOTAL EQUITY AND LIABILITIES		3,830	3,886

On behalf of the Board:

Chief Executive Officer

Chief Financial Officer



Yuriy Kosyuk

Viktoriia Kapeliushna

The accompanying notes on the pages 12 to 26 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**for the three-month period ended 31 March 2024***(in millions of US dollars, unless otherwise indicated)*

	<i>Attributable to equity holders of the Parent</i>						<i>Non-controlling interests</i>	<i>Total equity</i>	
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Additional paid-in capital</i>	<i>Revaluation reserve</i>	<i>Retained earnings</i>	<i>Translation reserve</i>			<i>Total</i>
Balance as of 1 January 2024	285	(45)	174	706	1,793	(1,357)	1,556	11	1,567
Profit/(loss) for the period	-	-	-	-	17	-	17	(1)	16
Other comprehensive loss	-	-	-	-	-	(48)	(48)	-	(48)
Total comprehensive income/(loss) for the period	-	-	-	-	17	(48)	(31)	(1)	(32)
Transfer from revaluation reserve to retained earnings	-	-	-	(16)	16	-	-	-	-
Translation differences on revaluation reserve	-	-	-	(21)	21	-	-	-	-
Balance as of 31 March 2024	285	(45)	174	669	1,847	(1,405)	1,525	10	1,535

On behalf of the Board:

Chief Executive Officer

Chief Financial Officer



Yuriy Kosyuk

Viktoriia Kapeliushna

The accompanying notes on the pages 12 to 26 form an integral part of these interim condensed consolidated financial statements

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

	<i>Attributable to equity holders of the Parent</i>						<i>Total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Additional paid-in capital</i>	<i>Revaluation reserve</i>	<i>Retained earnings</i>	<i>Translation reserve</i>			
Balance as of 1 January 2023	285	(45)	174	792	1,559	(1,337)	1,428	18	1,446
Loss for the period	-	-	-	-	52	-	52	(3)	49
Other comprehensive loss	-	-	-	-	-	8	8	-	8
Total comprehensive loss for the period	-	-	-	-	52	8	60	(3)	57
Transfer from revaluation reserve to retained earnings	-	-	-	(21)	21	-	-	-	-
Balance as of 31 March 2023	285	(45)	174	771	1,632	(1,329)	1,488	15	1,503

On behalf of the Board:

Chief Executive Officer

Chief Financial Officer



Yuriy Kosyuk

Viktoriia Kapeliushna

The accompanying notes on the pages 12 to 26 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three-month period ended 31 March 2024
(in millions of US dollars, unless otherwise indicated)

	Notes	<i>Three-month period ended 31 March 2024</i>	<i>Three-month period ended 31 March 2023</i>
Operating activities			
Profit before tax		14	50
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization expense	3	43	40
Net change in fair value of biological assets and agricultural produce	3	(10)	37
Change in allowance for irrecoverable amounts and direct write-offs		1	(2)
Loss on disposal of property, plant and equipment and other non-current assets		1	-
Finance income		(11)	(2)
Finance costs		41	40
Released deferred income		(1)	-
Foreign exchange loss/(gain), net		40	(4)
Operating cash flows before movements in working capital		118	159
<i>Working capital adjustments</i>			
Change in inventories	6	(72)	(81)
Change in biological assets		(16)	(19)
Change in agricultural produce	6	71	75
Change in prepayments made		5	4
Change in other current financial assets		2	-
Change in taxes recoverable and prepaid		(10)	5
Change in trade accounts receivable		(13)	(3)
Change in contract liabilities		7	3
Change in other current liabilities		22	6
Change in trade accounts payable		16	8
Cash generated by operations		130	157
Interest received		3	2
Interest paid		(25)	(59)
Income taxes paid		(6)	(4)
Net cash flows from operating activities		102	96
Investing activities			
Purchases of property, plant and equipment	5	(57)	(39)
Proceeds from disposals of property, plant and equipment		1	1
Purchases of intangible assets		(2)	(2)
Prepayments and capitalized initial direct costs under lease contracts		(1)	(1)
Withdrawals from short-term deposits		-	5
Loans provided		(4)	-
Investments in financial assets		(2)	-
Net cash flows used in investing activities		(65)	(36)

The accompanying notes on the pages 12 to 26 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*
for the three-month period ended 31 March 2024
(in millions of US dollars, unless otherwise indicated)

	<i>Three-month period ended</i>	<i>Three-month period ended</i>
<i>Notes</i>	<u>31 March 2024</u>	<u>31 March 2023</u>
Financing activities		
Proceeds from bank borrowings	131	12
Repayment of bank borrowings	(73)	(22)
Repayment of bonds issued	(128)	-
Repayment of lease liabilities	(3)	(4)
Net cash flows (used in)/from financing activities	<u>(73)</u>	<u>(14)</u>
Net decrease in cash and cash equivalents	(36)	46
Net foreign exchange difference	(10)	5
Cash and cash equivalents at 1 January	<u>436</u>	<u>300</u>
Cash and cash equivalents at 31 March	<u><u>390</u></u>	<u><u>351</u></u>

On behalf of the Board:

Chief Executive Officer

Chief Financial Officer



Yuriy Kosyuk

Viktoriiia Kapeliushna

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2024
(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 depository receipts (“GDRs”).

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

The principal business activities of the Group are poultry and related operations, 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 at 31 March 2024 the Group employed 34,036 people (31 December 2023: 33,169 people).

The primary subsidiaries, the principal activities of the companies forming the Group and the Parent’s effective ownership interest as of 31 March 2024 and 31 December 2023 were as follows:

<i>Name</i>	<i>Country of registration</i>	<i>Year established/ acquired</i>	<i>Principal activities</i>	<i>31 March 2024</i>	<i>31 December 2023</i>
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%
Vinnitska 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%	100.0%
MHP Food UK Limited	UK	2021	Trading in poultry meat	100.0%	100.0%

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2024 (in millions of US dollars, unless otherwise indicated)

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2024 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union (EU). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as of 31 December 2023, prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113.

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

Going concern

As a result of the Russian invasion, the Group has experienced a number of significant disruptions and operational issues within its business, which are described in Note 11 Operating Environment and on pages 202 to 203 of the annual report which is available at mhp.com.cy.

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

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

Adoption of new and revised International Financial Reporting Standards

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

Functional and presentation currencies

The functional currency of 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.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2024
(in millions of US dollars, unless otherwise indicated)

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

Functional and presentation currencies *(continued)*

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

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate as of the reporting date of that statement of financial position;
- Income and expenses for each consolidated statement of profit or loss are translated at exchange rates at the dates of the transactions;
- Exchange differences arising on translation for consolidation are recognised in other comprehensive income and presented as a separate 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 following exchange rates were used:

<i>Currency</i>	<i>Closing rate as of 31 March 2024</i>	<i>Average for three months ended 31 March 2024</i>	<i>Closing rate as of 31 December 2023</i>	<i>Average for three months ended 31 March 2023</i>
UAH/USD	39.2214	38.1727	37.9824	36.5686
UAH/EUR	42.3670	41.4668	42.2079	39.2233
USD/EUR	1.0802	1.0863	1.1112	1.0726
USD/GBP	1.2637	1.2683	1.2766	1.2139
AED/USD	3.67	3.67	3.67	3.67
SAR/USD	3.75	3.75	3.75	3.75

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

Seasonality of operations

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2024
(in millions of US dollars, unless otherwise indicated)

3. Segment information

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 31 March 2024:

	<i>Poultry and related operations</i>	<i>Vegetable oils operations</i>	<i>Agriculture operations</i>	<i>European operating segment</i>	<i>Total reportable segments</i>	<i>Eliminations</i>	<i>Consolidated</i>
External sales	398	116	69	136	719	-	719
Sales between segments	4	42	53	-	99	(99)	-
Total revenue	402	158	122	136	818	(99)	719
Segment results	66	12	8	13	99	-	99
Unallocated corporate expenses							(15)
Other expenses, net ¹⁾							(70)
Profit before tax							14
Other information:							
Depreciation and amortization expense ²⁾	21	1	14	6	42	-	42
Net change in fair value of biological assets and agricultural produce	12	-	1	(3)	10	-	10

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

²⁾ Depreciation and amortization for the three-month period ended 31 March 2024 does not include unallocated depreciation and amortization in the amount of USD 0.8 million.

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

	<i>Poultry and related operations</i>	<i>Vegetable oils operations</i>	<i>Agriculture operations</i>	<i>European operating segment</i>	<i>Total reportable segments</i>	<i>Eliminations</i>	<i>Consolidated</i>
External sales	415	129	77	125	746		746
Sales between segments	2	38	44	-	84	(84)	-
Total revenue	417	167	121	125	830	(84)	746
Segment results	57	23	(4)	15	91	-	91
Unallocated corporate expenses							(7)
Other expenses, net ¹⁾							(34)
Profit before tax							50
Other information:							
Depreciation and amortization expense ²⁾	21	-	14	5	40	-	40
Net change in fair value of biological assets and agricultural produce	3	-	(42)	2	(37)	-	(37)

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

²⁾ Depreciation and amortization for the three-month period ended 31 March 2023 does not include unallocated depreciation and amortization in the amount of USD 0.7 million.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2024

(in millions of US dollars, unless otherwise indicated)

4. Profit for the period

Gross profit increased by 18%, reaching USD 170 million for the three-month period ended 31 March 2024, up from USD 144 million for the same period in 2023. This growth was driven mainly by higher gross profit in the poultry and related as well as agriculture operations partly setoff by decrease in Vegetable oil segment.

Operating profit was stable at USD 84 million for the three-month periods ended 31 March 2024 and 31 March 2023. This stability resulted from an increase in gross profit offset by heightened expenses related to payroll within the selling, general, and administrative areas. The uptick in these expenditures is a result of substantial indexation efforts initiated since 1 April 2023 and thereafter. Notably, these increase was not accounted for in the three-month period ended 31 March 2023.

Profit for the three-month period ended 31 March 2024 was USD 16 million, down from USD 49 million for the same period in 2023. This decrease was mainly attributable to the depreciation of Ukrainian Hryvnia against US Dollar and EURO, leading to a foreign exchange loss of USD 40 million for the three-month period ended 31 March 2024, compared to a modest gain of USD 4 million for the same period in 2023.

5. Property, plant and equipment

During the three-month period ended 31 March 2024, the Group's additions to property, plant and equipment amounted to USD 59 million (three-month period ended 31 March 2023: USD 42 million) mainly related to maintenance and modernization projects. An increase is mainly due to significant investments in the maintenance of existing facilities and the construction of bioenergy production facilities.

There were no significant disposals of property, plant and equipment during the three-month period ended 31 March 2024.

6. Inventories and agricultural produce

An increase in inventory balance as of 31 March 2024 compared to 31 December 2023 is mainly attributable to costs incurred by grain growing entities in preparation for the upcoming spring sowing campaign. Additionally, increased acquisitions of sunflower seeds intended for vegetable oil production have contributed to this uptick.

A decrease of agricultural produce for three-month period ended 31 March 2024 was mainly as a result of consumption of internally produced grains that was partially mitigated by increase of chicken meat stocks.

7. Shareholders' equity

As of 31 March 2024 and 31 December 2023 the authorized, issued and fully paid share capital of MHP SE comprised the following number of shares:

	<u>31 March 2024</u>	<u>31 December 2023</u>
Number of shares issued and fully paid	110,770,000	110,770,000
Number of shares outstanding	107,038,208	107,038,208

The authorized share capital as of 31 March 2024 and 31 December 2023 was EUR 221,540 million represented by 110,770,000 shares with par value of EUR 2 each.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2024
(in millions of US dollars, unless otherwise indicated)

8. Bank borrowings

The following table summarizes bank borrowings and credit lines outstanding as of 31 March 2024 and 31 December 2023:

	Currency	2024		2023	
		WAIR ¹⁾	USD' mln	WAIR ¹⁾	USD' mln
Non-current					
	EUR	EURIBOR ²⁾ + 0,98%	112	EURIBOR ²⁾ + 1,05%	116
	USD	SOFR ³⁾ + 3,85%	199	SOFR ³⁾ + 3,70%	101
	USD	UIRD ⁴⁾ + 6,76%	16	UIRD ⁴⁾ + 6,76%	17
			327		234
Current					
	USD	6,40%	4	7,38%	47
	EUR	5,41%	49	6,26%	43
	UAH		-	11,85%	13
Current portion of long-term bank borrowings	EUR	EURIBOR ²⁾ + 0,98%	24	EURIBOR ²⁾ + 1,05%	28
	USD	SOFR ³⁾ + 3,85%	29	SOFR ³⁾ + 3,70%	14
	USD	UIRD ⁴⁾ + 6,76%	1		-
			107		145
Total bank borrowings			434		379

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

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

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

⁴⁾ 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.

The Group's borrowings are drawn from various banks, mostly from International Finance Institutions (IFIs), Ukrainian subsidiaries of international banks and Ukrainian State Banks as term loans, credit line facilities. Repayment terms of principal amounts of bank borrowings vary from monthly semi-annually repayment to repayment on maturity depending on the terms of the agreement with each bank.

As of 31 March 2024 and 31 December 2023, 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 March 2024 and 31 December 2023:

	31 March 2024	31 December 2023
Credit lines	53	103
Term loans	381	276
	434	379

Bank borrowings and credit lines outstanding as of 31 March 2024 and 31 December 2023 were repayable as follows:

	31 March 2024	31 December 2023
Within one year	107	145
In the second year	68	49
In the third to fifth year inclusive	222	167
After five years	37	18
	434	379

As of 31 March 2024, the Group had undrawn facilities of USD 448 million (31 December 2023: USD 468 million). These undrawn facilities expire during the period until February 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2024
(in millions of US dollars, unless otherwise indicated)

8. Bank borrowings *(continued)*

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, additional indebtedness and restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates.

As of 31 March 2024 the Group has complied with all bank covenants. As of 31 December 2023, the Group's leverage ratio slightly increased to 2.51 to 1, compared with 2.47 as of 31 December 2023. The restrictions described in Note 9, 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, Vinnytska Ptakhofabryka.

As of 31 March 2024, the Group had borrowings of USD 154 million that were secured by property, plant and equipment with a collateral amount of USD 133 million (31 December 2023: USD 148 million and USD 127 million respectively).

As of 31 March 2024, the Group had borrowings of USD 10 million that were secured by agricultural produce with a carrying amount of USD 13 million (31 December 2023: USD 10 million and USD 13 million respectively).

As of 31 March 2024, the bank short-term deposits with carrying amount of USD 19 million (31 December 2023: USD 19 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 March 2024 and 31 December 2023, interest payable on bank borrowings was USD 6.5 million and USD 2.4 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 9 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. The last tranches in total amount of USD 180 million were received during the period from 2 to 7 of May 2024 for partial repayment of Notes with the outstanding amount of USD 211 million (for details refer to Note 9 Bonds issued).

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9. Bonds issued

Bonds issued and outstanding as of 31 March 2024 and 31 December 2023 were as follows:

	Carrying amount		Nominal amount	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Non-current				
6.95% Senior Notes due in 2026	544	543	550	550
6.25% Senior Notes due in 2029	348	348	350	350
	892	891	900	900
Current				
7.75% Senior Notes due in 2024	211	348	211	349
	211	348	211	349
Unamortized debt issuance cost	-	-	(8)	(10)
Total bonds issued	1,103	1,239	1,103	1,239

As of 31 March 2024 and 31 December 2023 amount of accrued interest on bonds issued was USD 25.8 million and USD 19.2 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

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6.95% Senior Notes (continued)

Notes to be due and payable immediately. If a change of control occurs, the Group shall make an offer to each holder of the Senior Notes to purchase such Senior Notes at a purchase price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

7.75% Senior Notes

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

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

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

Covenants

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

As at 31 March 2024 the leverage ratio of the Group is 2.51 to 1 (31 December 2023: 2.47 to 1), lower than the defined limit 3.0 to 1. 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.

Repurchase of 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.

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9. Bonds issued (continued)

Repurchase of bonds (continued)

On 12 December 2023 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.

On 10 May 2024 MHP SE has successfully concluded the scheduled redemption of all outstanding 7.75% Senior Notes an amount of USD 211 million. The redemption of the initial Eurobond transaction and associated coupon payments were executed in accordance with the terms outlined in the Eurobond Prospectus, thereby fulfilling the company's obligations towards the respective bondholders in full.

10. 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 three-month periods ended 31 March 2024 and 31 March 2023 were as follows:

<i>in thousand USD</i>	<i>2024</i>	<i>2023</i>
Loans and finance aid provided to related parties	-	45
Interest charged on loans and finance aid provided	63	80
Sales of goods	227	26
Purchases from related parties	31	4
Key management personnel of the Group:		
Loans provided	131	98
Loans repaid	66	90

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10. Related party balances and transactions (continued)

Transactions with related parties under common control (continued)

The balances owed to and due from related parties were as follows as of 31 March 2024 and 31 December 2023:

<i>in thousand USD</i>	2024	2023
Loans and finance aid receivable	3,756	3,815
Less: expected credit losses	<u>(2,041)</u>	<u>(2,101)</u>
	1,715	1,714
Loans to key management personnel	3,515	3,564
Less: expected credit losses	<u>(385)</u>	<u>(414)</u>
	3,130	3,150
Trade accounts receivable	389	391
Payables due to related parties	42	53

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 1,851 thousand and USD 1,894 thousand as at 31 March 2024 and 31 December 2023 respectively.

Compensation of key management personnel

Total compensation of the Group's key management personnel included primarily in selling, general and administrative expenses in the Consolidated Statements of Profit and Loss and Other Comprehensive Income amounted to USD 2,843 thousand and USD 2,610 thousand for the periods ended 31 March 2024 and 2023, respectively. Compensation of key management personnel consists of contractual salary and performance bonuses paid.

11. Operating environment

On 24 February 2022, Russian forces commenced a military invasion of Ukraine resulting in a full-scale war across the Ukrainian State. The ongoing military attack has led, and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. Sea ports and airports remain closed and some have been damaged, and many roads and bridges have been damaged or destroyed, further crippling transportation and logistics.

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 the first quarter of 2024, economic activity continued to recover. However, the NBU estimates that real GDP growth was only 3.1%, which is lower than in the previous quarter and the estimate in the January 2024 Inflation Report - 3.6%. In the following periods, economic growth is expected to accelerate to 4.3% in 2024 and 6.4% in 2025, but the forecast could deteriorate sharply if the war continues.

In April, the NBU cut its key policy rate to 13.5% from 15% as at 31 December 2023.

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.

Consumer price growth continued to decelerate sharply in the first quarter of 2024, to 3.2% in March. The easing of inflationary pressure was facilitated by the sufficient supply of food staples and fuels and by recovery of the energy system from the consequences of Russia's terrorist attacks. According to the NBU's recent forecast, taking into account better actual inflation dynamics and improved inflation expectations, the inflation forecast for the end of this year was lowered from 8.6% to 8.2%.

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.

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11. Operating environment (continued)

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 the respective period, Ukraine export and import volumes dropped and businesses faced a need to establish alternative logistic routes.

In April, the EU extended duty-free trade agreement with Ukraine for another year, until June 5th, 2025. At the same time, quantitative restrictions were introduced for some types of products: poultry, eggs, sugar, oats, corn, cereals and honey. From June 6th, 2024, the quota for Ukrainian imports of these products to the EU is determined based on the average export volumes recorded in 2023, 2022 and the last half of 2021.

International organizations (IMF, EBRD, EU, World Bank), along with individual countries and charities, are providing Ukraine with financing, donations and material support. In March, the Ukraine received about USD 9 billion from international partners, which allowed it to increase its international reserves to almost USD 44 billion. In addition, in April, Ukraine received positive news from the United States about the approval of a military and financial assistance package and also received another tranche of EUR 1.5 billion from the EU. Given this, Ukraine can expect to receive USD 38 billion of external budgetary assistance this year.

The Group considers the following expenses incurred during the three-month periods ended 31 March 2024 and 31 March 2023 to be directly related to or driven by the continuing war:

	<u>2024</u>	<u>2023</u>
Salary to mobilized employees ²⁾	5.2	4.2
Donations of inventories to communities and Armed Forces ¹⁾	3.5	0.7
Other war-related expenses ¹⁾	1.0	1.2
Total amount recognized in profit or loss	<u>9.7</u>	<u>6.1</u>

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

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

The Group, working with volunteers, has 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.

12. 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 been in compliance with all requirements of effective tax legislation.

The Group exports vegetable oil, chicken meat, and related products and performs intercompany transactions, which may potentially be in the scope of the Ukrainian transfer pricing ("TP") regulations. The Group has submitted the controlled transaction reports for the years ended 31 December 2022 and 31 December 2021 meeting the regulatory deadlines.

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11. Contingencies and contractual commitments (continued)

Taxation and legal issues (continued)

As of 31 March 2024 and 31 December 2023, 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 recognised relating to such possible tax exposure.

As of 31 March 2024, companies of the Group were engaged in ongoing litigation with tax authorities for the amount of USD 34 million (31 December 2023: USD 35 million), including USD 6 million (31 December 2023: USD 6 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 24 million as of 31 March 2024 (31 December 2023: USD 5 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 maintained disputes with tax authorities in the amount of USD 26 million as at 31 December 2023, but there were not such disputes as at 31 March 2024.

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 purchase of property, plant and equipment

During the three-month period ended 31 March 2024, the companies of the Group entered into a number of contracts with foreign suppliers for the purchase of property, plant and equipment. These agreements are mainly related to maintenance and modernization projects, new product development in Ukraine, and expansion of Perutnina Ptuj production facilities. As of 31 March 2024, purchase commitments amounted to USD 73 million (31 December 2023: USD 67 million).

13. Fair value of financial instruments

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

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

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 March 2024</i>	<i>31 December 2023</i>
Financial liabilities				
Bank borrowings (Note 8)	441	381	446	382
Senior Notes due in 2024, 2026, 2029 (Note 9)	1,129	1,259	922	996

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13. Fair value of financial instruments (continued)

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.

14. Risk management policy

During the three-month period ended 31 March 2024 there were no material changes to the objectives, policies and process for credit risk, capital risk, liquidity risk, currency risk, interest rate risk, livestock diseases risk and commodity price and procurement risk managing.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies. The Group does not use any derivatives to manage foreign currency risk exposure. 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 March 2024 and 31 December 2023 were as follows:

	31 March 2024		31 December 2023	
	USD	EUR	USD	EUR
Assets	189	137	255	107
Liabilities ¹⁾	1,403	231	1,449	225
Net liabilities	1,214	94	1,194	118

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

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

	Change in foreign currency exchange rates	Effect on profit before tax
2024		
Increase in USD exchange rate	10%	(121)
Increase in EUR exchange rate	10%	(9)
Decrease in USD exchange rate	2%	24
Decrease in EUR exchange rate	2%	2
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

During the three-month period ended 31 March 2024, the Ukrainian Hryvnia depreciated against the EUR by 0.4% and the USD by 3.2% (three-month period ended 31 March 2023: depreciated against the EUR by 2.1% while was stable against the USD). As a result, during the three-month period ended 31 March 2024 the Group recognized net foreign exchange loss in the amount of USD 40 million (three-month period ended 31 March 2023: foreign exchange gain in the amount of USD 4 million) in the consolidated statement of profit or loss and other comprehensive income.

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15. Subsequent events

On 17 May 2024 due to shelling by occupying forces in the Odesa region, a warehouse partly leased by the Group to store frozen MHP chicken meat products was completely destroyed. This event resulted in the loss of poultry products with a total weight of 5,000 tonnes valued at approximately US\$ 8 million (book value – around US\$ 7 million).

16. Authorization of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors of MHP SE on 3 June 2024.