



11 April 2023, Limassol, Cyprus
MHP SE

Financial Results for the Fourth Quarter and Twelve Months ended 31 December 2022

MHP SE (LSE:MHPC), the parent company of a leading international food & agrotech group with headquarters in Ukraine, today announces its audited results for the fourth quarter and twelve months ended 31 December 2022. Hereinafter, MHP SE and its subsidiaries are referred to as "MHP", "The Company" or "The Group".

MHP today also publishes its first integrated Annual Report for 2022 (the period ended 31 December 2022). You can find the Report following the link: <https://mhp.com.ua/en/mhp-se/financial-reports>

WAR IN UKRAINE

The war in Ukraine continues and may escalate further in the coming months. There are ongoing risks to the Company's operations due to recurring attacks on the critical infrastructure of Ukraine; however, as of today all MHP's production facilities in Ukraine continue to operate at close to full capacity. After transforming its logistics arrangements in response to evolving wartime circumstances, the Company is again exporting to over 70 countries, providing grain, vegetable oils and poultry meat worldwide. The Company's management and operational teams continually seek new ways to adjust to the rapidly changing environment and to exploit opportunities that arise.

To date, MHP's own facilities have not sustained any physical damage as a result of war. In the event of any adverse impact to its operations, the Company has in place comprehensive contingency plans, ensuring that it is ready to take any actions necessary to rebuild, restore and re-start production in the shortest time possible.

The Group has incurred substantial war-related costs since the Russian invasion on 24 February 2022. For the year ended 31 December 2022 these amounted to US\$ 69 million, including community support donations, write-offs of inventories and biological assets, and other specific war-related expenses. Working with volunteers, since the beginning of the War the Group has provided extensive humanitarian aid, including the free supply of around 12,000 tonnes of poultry products to the population of Ukraine.

OPERATIONAL HIGHLIGHTS

Q4 2022

- Poultry production volume in Ukraine decreased 10% y/y to 181,583 tonnes (Q4 2021: 202,657 tonnes). Poultry production volumes for the European Operating Segment (Perutnina Ptuj, "PP") increased by 11% to 31,147 tonnes (Q4 2021: 28,043 tonnes).
- MHP average chicken meat price increased by 6% to US\$ 1.87 per kg (Q4 2021: US\$ 1.77 per kg) excluding VAT. The average price of chicken meat produced by PP increased by 25% to EUR 3.38 per kg (Q4 2021: EUR 2.70 per kg).
- Chicken meat export volumes from Ukraine increased by 6% to 111,130 tonnes (Q4 2021: 104,841 tonnes).

12M 2022

- Poultry production volume in Ukraine decreased by 8% y/y to 697,071 tonnes (12M 2021: 754,387 tonnes). Poultry production volumes for PP increased by 11% to 124,040 tonnes (12M 2021: 111,973 tonnes).
- MHP average chicken meat price increased by 17% y/y to US\$ 1.95 per kg (12M 2021: US\$ 1.67 per kg) excluding VAT. The average price of poultry meat produced by PP also increased by 25% to EUR 3.24 per kg (12M 2021: EUR 2.59 per kg).
- Chicken meat export volumes from Ukraine declined by 8% y/y to 368,379 tonnes (12M 2021: 402,388 tonnes).

FINANCIAL HIGHLIGHTS

Q4 2022

- Revenue increased by 6% y/y to US\$ 766 million, (Q4 2021: US\$ 725 million).
- Export revenue of US\$ 491 million, representing 64% of total Group revenue (Q4 2021: US\$ 422 million, 58% of total Group revenue).
- Operating profit of US\$ 79 million, an decrease of 12% y/y (Q4 2021: US\$ 90); operating margin decreased to 10% (Q4 2021: 12%).
- Adjusted EBITDA (net of IFRS 16) decreased 16% y/y to US\$ 109 million (Q4 2021: US\$ 129 million); adjusted EBITDA margin (net of IFRS 16) decreased to 14% (Q4 2021: 18%).

- Net profit of US\$ 38 million (Q4 2021: US\$ 16 million).

12M 2022

- Revenue increased by 11% y/y to US\$ 2,642 million (12M 2021: US\$ 2,372 million).
- Export revenue increased by 26% y/y to US\$ 1,601 million, representing 61% of total Group revenue (12M 2021: US\$ 1,265 million, 53% of total Group revenue).
- Operating profit decreased to US\$ 255 million, down by 49% y/y (12M 2021: US\$ 503 million) and operating margin decreased from 21% to 10%.
- Adjusted EBITDA (net of IFRS 16) decreased by 41% y/y to US\$ 384 million (12M 2021: US\$ 648 million); adjusted EBITDA margin (net of IFRS 16) decreased from 27% to 15%.
- Net loss of US\$ 231 million (12m 2021: profit of US\$ 393 million), primarily reflecting a US\$ 365 million non-cash foreign exchange loss in 12M 2022 (12M 2021: US\$ 40 million foreign exchange gain).

FINANCIAL OVERVIEW

<i>(in mln. US\$, unless indicated otherwise)</i>	Q4 2022	Q4 2021	% change¹⁾	12M 2022	12M 2021	% change¹⁾
Revenue	766	725	6%	2,642	2,372	11%
IAS 41 standard losses	(9)	9	-200%	(128)	185	-169%
Gross profit	210	172	22%	608	745	-18%
Gross profit margin	27%	24%	3 pps	23%	31%	-8 pps
War-related expenses	(24)	-	-100%	(69)	-	-100%
Operating profit	79	90	-12%	255	503	-49%
Operating profit margin	10%	12%	-2 pps	10%	21%	-11 pps
Adjusted EBITDA	138	157	-12%	443	709	-38%
Adjusted EBITDA margin	18%	22%	-4 pps	17%	30%	-13 pps
Adjusted EBITDA (net of IFRS 16)	109	129	-16%	384	648	-41%
Adjusted EBITDA margin (net of IFRS 16)	14%	18%	-4 pps	15%	27%	-12 pps
Net profit /(loss)	38	16	138%	(231)	393	-159%
Net profit/(loss) margin	5%	2%	3 pps	-9%	17%	-26 pps

¹⁾ pps - percentage points

Average official FX rate for Q4: UAH/US\$ 36.57 in 2022 and UAH/US\$ 26.68 in 2021.
Average official FX rate for 12M 2022 UAH/US\$ 32.37 and UAH/US\$ 27.28 for 12M 2021.

DIAL-IN DETAILS

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

The dial-in details are:

Time: 14.00 London / 16.00 Kyiv / 09.00 New York
Title: Financial results for Q4 and 12M 2022
UK: +44 203 984 9844
Ukraine: +380 89 324 0624
USA: +1 718 866 4614
PIN code: 645982

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

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

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Segment Performance

Poultry and Related Operations Segment

	Q4 2022	Q4 2021	% change y/y	Q3 2022	% change q/q	12M 2022	12M 2021	% change
Poultry								
Sales volume¹⁾, third party tonnes	188,907	180,028	5%	177,387	6%	665,975	704,010	-5%
Export sales volume, tonnes	111,130	104,841	6%	99,250	12%	368,379	402,388	-8%
Domestic sales volume, tonnes	77,777	75,187	3%	78,137	0%	297,596	301,622	-1%
Portion of export sales, %	59%	58%	2%	56%	5%	55%	57%	-4%
Average price per 1 kg net of VAT, USD	1.87	1.77	6%	2.00	-6%	1.95	1.67	17%
Average price per 1 kg net of VAT, UAH (Ukraine)	48.80	46.76	4%	47.30	3%	47.01	45.37	4%
Average price per 1 kg net of VAT, US\$ (Ukraine)	1.33	1.75	-24%	1.35	-1%	1.45	1.66	-13%
Average price per 1 kg net of VAT, US\$ (export)	2.22	1.77	25%	2.49	-11%	2.33	1.67	40%
Sunflower oil								
Sales volume, tonnes	95,895	79,480	21%	95,436	0%	272,807	207,240	32%
Soybeans oil								
Sales volume, tonnes	13,583	9,622	41%	7,716	76%	40,845	45,209	-10%

¹⁾ Total poultry sales include domestic sales, export sales and sales of culinary products; data for 2021 has been adjusted accordingly to this approach

Chicken meat

The total volume of chicken meat sold to third parties in 12M 2022 decreased by 5% to 665,975 tonnes (12M 2021: 704,010 tonnes) mainly due to logistical challenges for export sales and lower demand in Ukraine due to the effects of the War.

Poultry exports in Q4 2022 increased by 6% y/y and by 12% q/q mainly driven by an intentional decrease of poultry stocks in non-resident warehouses, which have been accumulated in significant volumes during 2022 to secure stable export contracts taking into account logistics challenges driven by the War in Ukraine. Poultry export prices in Q4 2022 increased by 25% y/y, mainly driven by product mix optimisation of sales as well as by substantial international price increases across all markets (particularly fillet prices in the EU and MENA and small bird prices in the MENA region).

Driven by War-related news and challenges as well as by seasonality, in Q2 2022, poultry prices increased significantly. However, from September 2022, due to changes in the economic environment in the EU and UK and increased competition in the MENA region poultry prices across all export markets (MENA, EU and CIS) from September 2022 started to decline sharply, which resulted in an 11% q/q decrease in price in Q4. Current prices remain substantially lower than in Q3 2022. Moreover, MHP has, since March 2022, been facing significant y/y increase in its export logistic cost, unlike our international competitors which have considerably lower logistics costs.

In Q4 2022 poultry prices in the domestic market (US\$ terms) decreased by 24% y/y, and by 1% q/q, predominantly driven by the significant depreciation of the UAH. In UAH terms, in Q4 2022, poultry prices remained stable y/y, while slightly increasing q/q.

Vegetable oil

In Q4 2022, sunflower oil sales volumes amounted to 95,895 tonnes, up 21% y/y. For the 12M 2022, MHP's sales of sunflower oil increased by 32% to 272,807 tonnes (12M 2021: 207,240 tonnes), mainly driven by an increase in production of sunflower cake (a change in the recipe), which was substantially lower in Q4 2021 (when the fodder recipe was based more on soyabean cake) as well as positive changes (in logistic with faster ships turnaround).

Sales of soybean oil were 13,583 tonnes in Q4 2022, 41% higher y/y, and 40,845 tonnes in 12M 2022, 10% lower y/y, mainly as a result of lower production volumes of soyabean cake required for the fodder recipe substituted by sunflower cake since Q2 2022, and challenges associated with export logistics because of the War in Ukraine.

Financial result and trends

(in mln. US\$, unless indicated otherwise)	Q4 2022	Q4 2021	% change y/y ¹⁾	Q3 2022	% change q/q ¹⁾	12M 2022	12M 2021	% change ¹⁾
Revenue	537	467	15%	541	-1%	1.887	1.607	17%

- Poultry and other	382	357	7%	392	-3%	1,425	1,305	9%
(in mln. US\$, unless indicated otherwise)	Q4 2022	Q4 2021	<i>change y/y¹⁾</i>	Q3 2022	<i>change q/q¹⁾</i>	12M 2022	12M 2021	<i>change</i>
IAS 41 standard gain	(11)	7	-257%	9	-222%	13	14	-7%
Gross profit	123	66	86%	105	17%	375	285	32%
Gross margin	23%	14%	9 pps	19%	4 pps	20%	18%	2 pps
War-related expenses	(3)	-	-100%	(4)	23%	(38)	-	-100%
Adjusted EBITDA	86	57	51%	84	2%	270	267	1%
Adjusted EBITDA margin	16%	12%	4 pps	16%	0 pps	14%	17%	-3 pps
Adjusted EBITDA per 1 kg (net of IAS 41)	0.51	0.28	82%	0.42	21%	0.39	0.36	8%

¹⁾ pps - percentage points

In 12M 2022, revenue increased by 17% y/y driven by price increases in export markets, and partly offset by lower sales volumes of meat. A 15% q/q increase of revenue in Q4 2022 was primary attributable to a substantial increase in sales volumes of vegetable oil due to the change in fodder recipe.

IAS 41 standard loss in Q4 2022 amounted to US\$ 11 million mainly due to a downward trend in export prices which continued during Q1 2022 and which resulted in a lower revaluation of chicken meat held on stock abroad.

Gross profit for 12M 2022 increased by 32% y/y to US\$ 375 million. The increase was mainly driven by an increase in the price of chicken meat and a higher sales volume and price of sunflower oil.

In 12M 2022, adjusted EBITDA remained unchanged y/y, mainly due to the impact of War-related expenses (including donations, damages and asset write-offs) which offset the price increases in export markets. The increase in Adjusted EBITDA in Q4 2022 compared to the same period last year is mainly related to the increased export price and sales volumes.

Grain Growing Segment

In 2022 MHP harvested around 341,000 hectares of land in Ukraine and gathered around 1.9 million tonnes of crops, 26% less than in 2021, mainly due to unfavorable weather condition during the summer and the harvesting season in autumn. MHP's average yields remain well above the average for Ukraine for all crops due to operational efficiency and employment of best practices.

Harvest results

	2022 ^[1]		2021 ^[1]	
	<i>Production volume</i>	<i>Cropped land</i>	<i>Production volume</i>	<i>Cropped land</i>
	<i>in tonnes</i>	<i>in hectares</i>	<i>in tonnes</i>	<i>in hectares</i>
Corn	1,088,476	151,850	1,624,173	163,295
Wheat	224,391	40,711	216,007	36,773
Sunflower	159,357	62,585	279,822	88,256
Rapeseed	104,849	27,520	71,055	21,522
Soya	109,240	44,953	57,208	22,879
Other ^[2]	248,334	13,129	348,590	18,715
Total	1,934,647	340,748	2,596,855	351,440

^[1] Only land of Grain Growing Segment;

^[2] Including barley, rye, sugar beet, sorghum and other and excluding land left fallow as part of crop rotation;

Yields

	2022		2021	
	<i>MHP's average¹⁾</i>	<i>Ukraine's average¹⁾</i>	<i>MHP's average¹⁾</i>	<i>Ukraine's average¹⁾</i>
	<i>tonnes per hectare</i>		<i>tonnes per hectare</i>	
Corn	7.2	6.6	10.0	8.0
Wheat	5.5	4.1	5.9	4.6
Sunflower	2.5	2.2	3.2	2.5
Rapeseed	3.8	2.9	3.3	3.0
Soya	2.4	2.4	2.5	2.7

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

Financial result and trends

<i>(in mln. US unless indicated otherwise)</i>	12M 2022	12M 2021	% change
Revenue	158	188	-16%
IAS 41 standard gain/(loss)	(142)	169	-184%
Gross profit	105	336	-69%
War-related expenses	(6)	-	-100%

Adjusted EBITDA	150	397	-62%
Adjusted EBITDA (net of IFRS 16)	93	338	-72%
<i>Adjusted EBITDA (net of IFRS 16) per 1 hectare</i>	<i>273</i>	<i>962</i>	<i>-72%</i>

The Grain Growing Segment's revenue for 12M 2022 was US\$ 158 million (12M 2021: US\$ 188 million). The 16% y/y decrease was mainly attributable to the lower volumes sold, as a result of the late finishing of the harvesting campaign and lower yields of corn, sunflower and wheat.

IAS 41 standard loss in 12M 2022 was US\$ 142 million (12M2021: a gain of US\$ 169 million), with the loss representing the net effect of the revaluation of agricultural produce (sunflower, corn, wheat and soya), as well as a revaluation of fields due to lower expected results from winter crops.

12M 2022 Adjusted EBITDA (net of IFRS 16) of the Segment decreased by 72% year-on-year, mainly due to the weaker harvest in 2022 compared to the one in 2021, as well as higher grain production costs due to increased prices for main raw materials.

Meat Processing and Other Agricultural Segment

Meat processing products	Q4 2022	Q4 2021	% change y/y	Q3 2022	% change q/q	12M 2022	12M 2021	% change
Sales volume, third party tonnes	2,872	8,507	-66%	3,108	-8%	14,284	33,954	-58%
Price per 1 kg net VAT, UAH	123.68	88.29	40%	106.27	16%	99.06	82.20	21%

Sales volumes of meat processing products decreased by 58% y/y to 14,284 tonnes in 12M 2022 (12M 2021: 33,954 tonnes) driven by War-related challenges that resulted in the temporary suspension of production facilities at "Ukrainian Bacon" in the Donetsk region and the subsequent partial redeployment of its operations to Central Ukraine. The average price increased by 21% y/y to UAH 99.06 per kg in 12M 2022, driven mainly by an increase in raw material prices (spices, packaging and other components).

Convenience food	Q4 2022	Q4 2021	% change y/y	Q3 2022	% change q/q	12M 2022	12M 2021	% change
Sales volume, third party tonnes	5,327	4,750	12%	5,421	-2%	18,159	18,857	-4%
Price per 1 kg net VAT, UAH	70.05	52.58	33%	61.91	13%	61.90	48.62	27%

Sales volumes of convenience food in 12M 2022 decreased by 4% to 18,159 tonnes (12M 2021: 18,857 tonnes), mainly driven by significant disruptions in HoReCa (both KFC and McDonalds temporarily ceased its operations in Ukraine in Q2 2022 because of the War). The average price in 12M 2022 increased by 27% to UAH 61.90 per kg (excluding VAT) mainly driven by raw material price increases as well as a focus on increased sales of higher-margin products.

Financial result and trends

<i>(in mln. US\$, except margin data)</i>	Q4 2022	Q4 2021	% change y/y ¹⁾	Q3 2022	% change q/q ¹⁾	12M 2022	12M 2021	% change
Revenue	39	49	-20%	32	22%	134	176	-24%
- Meat processing and convenience food	30	40	-25%	24	25%	102	143	-29%
- Other ²⁾	9	9	0%	8	13%	32	33	-3%
IAS 41 standard losses	(2)	(4)	50%	-	-100%	(1)	(1)	0%
Gross profit	4	-	100%	5	-20%	15	17	-12%
Gross margin	10%	0%	10 pps	16%	-6 pps	11%	10%	1 pps
War-related expenses	(1)	-	-100%	-	-100%	(5)	-	-100%
Adjusted EBITDA	4	(1)	-500%	4	0%	8	11	-24%
Adjusted EBITDA margin	10%	-2%	12 pps	13%	-3 pps	6%	6%	0 pps

¹⁾ pps - percentage points;

²⁾ includes milk, cattle and feed grains.

The Segment's 12M 2022 revenue decreased by 24% y/y to US\$ 134 million. Adjusted 12M 2022 EBITDA was US\$ 8 million (12M 2021: US\$ 11 million), mainly due to the effects of the War and significant disruptions in demand for HoReCa segment.

European Operating Segment (PP)

Poultry	Q4 2022	Q4 2021	% change y/y	Q3 2022	% change q/q	12M 2022	12M 2021	% change y/y
Sales volume, third party tonnes	19,141	17,924	7%	21,263	-10%	77,766	72,841	7%
Price per 1 kg net VAT, EUR	3.38	3.70	-25%	3.34	1%	3.34	3.50	-25%

Price per 1 kg net VAT, EUR	3.38	2.70	2.70	3.34	1.70	3.24	2.33	2.70
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In Q4 2022, poultry sales volumes of the European Operating Segment increased by 7% y/y to 19,141 tonnes, while decreasing by 10% q/q. This was driven by an increased production of chicken meat following the expansion of facilities in Croatia and Serbia. The average price of chicken meat increased by 25% y/y in Q4 2022 to EUR 3.38 (Q4 2021: EUR 2.70).

Meat processing products ¹⁾	Q4 2022	Q4 2021	% change y/y	Q3 2022	% change q/q	12M 2022	12M 2021	% change y/y
Sales volume, third party tonnes	11,162	10,321	8%	11,960	-7%	43,277	40,366	7%
Price per 1 kg net VAT, EUR	3.19	2.83	13%	3.11	3%	3.09	2.78	11%

¹⁾ includes sausages and convenience foods

Meat processing product sales at the European Operating Segments increased by 8% y/y to 11,162 tonnes in Q4 2022 (Q4 2021: 10,321 tonnes), but decreased 7% when compared with Q3. The average price of meat processing products in Q4 2022 increased by 13% to EUR 3.19.

Financial result and trends

(in mln. US\$, except margin data)	Q4 2022	Q4 2021	% change y/y ¹⁾	Q3 2022	% change q/q ¹⁾	12M 2022	12M 2021	% change y/y
Revenue	118	100	18%	121	-2%	464	401	16%
IAS 41 standard gains	(2)	2	-200%	(1)	-100%	2	3	-33%
Gross profit	23	21	10%	29	-21%	113	106	7%
Gross margin	19%	21%	-2 pps	24%	-5 pps	24%	26%	-2 pps
Adjusted EBITDA	7	13	-46%	21	-67%	65	66	-2%
Adjusted EBITDA margin	6%	13%	-7 pps	17%	-11 pps	14%	16%	-2 pps
Adjusted EBITDA (net of IFRS 16)	7	13	-46%	20	-65%	63	63	0%
Adjusted EBITDA margin (net of IFRS 16)	6%	13%	-7 pps	17%	-11 pps	14%	16%	-2 pps

¹⁾ pps - percentage points.

The European Operating Segment's revenue for 12M 2022 increased by 16% to US\$ 464 million (12M 2021: US\$ 401 million), mainly driven by an increase in poultry sales volumes and prices.

12M 2022 adjusted EBITDA (net of IFRS 16) was flat y/y at US\$ 63 million (12M 2021: US\$ 63 million), with the adjusted EBITDA margin (net of IFRS 16) declining from 16% to 14%.

Current Group cash flow

(in mln. US\$)	Q4 2022	Q4 2021	12M 2022	12M 2021
Cash from operations	101	91	479	370
Change in working capital	(93)	(224)	(341)	(245)
Net Cash from operating activities	8	(133)	138	125
Cash used in investing activities	(49)	(3)	(174)	(100)
Including:				
CAPEX ¹⁾	(54)	(51)	(160)	(143)
Cash from financing activities	14	130	57	35
Total change in cash²⁾	(27)	(6)	21	60

¹⁾ Calculated as cash used for purchases of property, plant and equipment plus cash used for purchases of other non-current assets.

²⁾ Calculated as net cash from operating activities plus cash used in investing activities plus cash used in financing activities.

Cash flow from operations for 12M 2022 amounted to US\$ 479 million (12M 2021: US\$ 370 million). Higher cash generation compared to EBITDA is mainly attributable to a non-cash IAS 41 gain/(loss) on revaluation of crops that will be realized the next year (in 2023). Despite an increase in cash obtained from operations, MHP needed to invest it in working capital.

Investment in working capital are mostly related to:

- An increase in trade accounts receivable for sunflower oil due to longer settlement periods as a result of increased delivery periods;
- Lower advances received for grains and meat; and
- Higher volumes of oils as at the end of 2022 designated for sale as well as increased investments in fertilizers and fuel before the spring sowing campaign.

In 12M 2022 total CAPEX was 12% higher compared to 2021 and amounted to US\$ 160 million. The increase in CAPEX year-on-year is mainly attributable to the expansion of operations and modernization of Perutina Ptuj production facilities (including facilities for environmental friendly production and compliance) as well as the War-resilience CAPEX (barges to facilitate exports, diesel generators etc).

Debt Structure and Liquidity

	31 December	31 December
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(in mln. US\$)	31 December 2022	30 September 2022	31 December 2021
Total Debt^{1) 2)}	1,537	1,503	1,505
LT Debt ¹⁾	1,507	1,480	1,489
ST Debt ¹⁾	182	168	126
Trade credit facilities ²⁾	(152)	(145)	(110)
Cash and bank deposits	(300)	(317)	(275)
Net Debt¹⁾	1,237	1,186	1,230
LTM Adjusted EBITDA ¹⁾	384	404	648
<i>Net Debt / LTM Adjusted EBITDA¹⁾</i>	<i>3.22</i>	<i>2.94</i>	<i>1.90</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 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

As of 31 December 2022, the share of long-term debt in the total outstanding debt remained unchanged at 98%.

As of 31 December 2022, MHP's cash and cash equivalents amounted to US\$ 300 million. Net debt remained broadly stable y/y at US\$ 1,237 million, compared to US\$ 1,230 million as at 31 December 2021, but increased compared to US\$ 1,186 as at 30 September 2022.

The Net Debt / LTM adjusted EBITDA (net of IFRS 16) ratio was 3.22 as of 31 December 2022, higher than the limit of 3.0 defined in the Eurobond agreement.

To reiterate the principles underlying its approach to balance sheet structure and funding mix, the Company remains committed to maintaining a robust liquidity position as well as sustainable debt leverage.

The Company's debt management strategy extends to both its private and public debt instruments. While the Company's bond, loan and revolving credit facilities remain largely unchanged from before the War, the Company expects to manage its debt portfolio proactively in response to evolving market conditions subject to the NBU restrictions.

Currency Risk

As a hedge for currency risks, revenue from the exports of grain, sunflower and soybean oil, sunflower husks and chicken meat which, are denominated in US Dollars and Euros, are more than sufficient to cover debt service expenses. Export revenue for 12M 2022 amounted to US\$ 1,601 million or 61% of total revenue (US\$ 1,265 million or 53% of total sales in 12M 2021).

Dividends

Taking into account 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 to help sustain the population of the country, the Board of MHP has decided that no dividend are likely to be paid for as long as the War continues.

Subsequent Events

Facility agreement with the EBRD

In February 2023, the Group entered into a facility agreement with the European Bank for Reconstruction and Development (EBRD) in the amount of US\$ 100 million (EBRD - US\$ 90 million and a third party lender - US\$ 10 million). The loan is for the purposes of financing the needs of the Poultry and Related Operations Segment. It is a seasonal loan, secured by sunflower seeds and oil stocks, with maturity in August 2023, and will be used to finance the purchase of sunflower seeds and other operational expenses associated with production of sunflower oil and related products. The loan includes a number of covenants and other terms and conditions, including a requirement that the Group maintain certain financial ratios consistent with those in the Group's Eurobond agreements. The loan also contains a number of reporting requirements.

Appointment of a new Non-Executive Director

Mr. Oscar Chemerinski was appointed as an Independent Non-Executive Director at the EGM held on 7 March 2023. On 04 April 2023, the Board appointed Mr. Chemerinski to become a member of the Sustainability & International Committee and a member of the Audit & Risk Committee.

Outlook

In Q1 2023, the Group was successful in maintaining operations at close to full capacity.

As the overall situation in Ukraine continues to be fluid, we are unable to provide any meaningful guidance as to the outlook for the Poultry segment for the 2023 full year. In the Grain growing segment, the Spring sowing campaign will start this month. With all our land located outside war zones, we are hopeful that we will be able to harvest the same 360,000 hectares as in 2022.

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, Macedonia and Romania and supply products to 15 countries in Europe. Perutnina Ptuj is a vertically integrated company across all states 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.

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