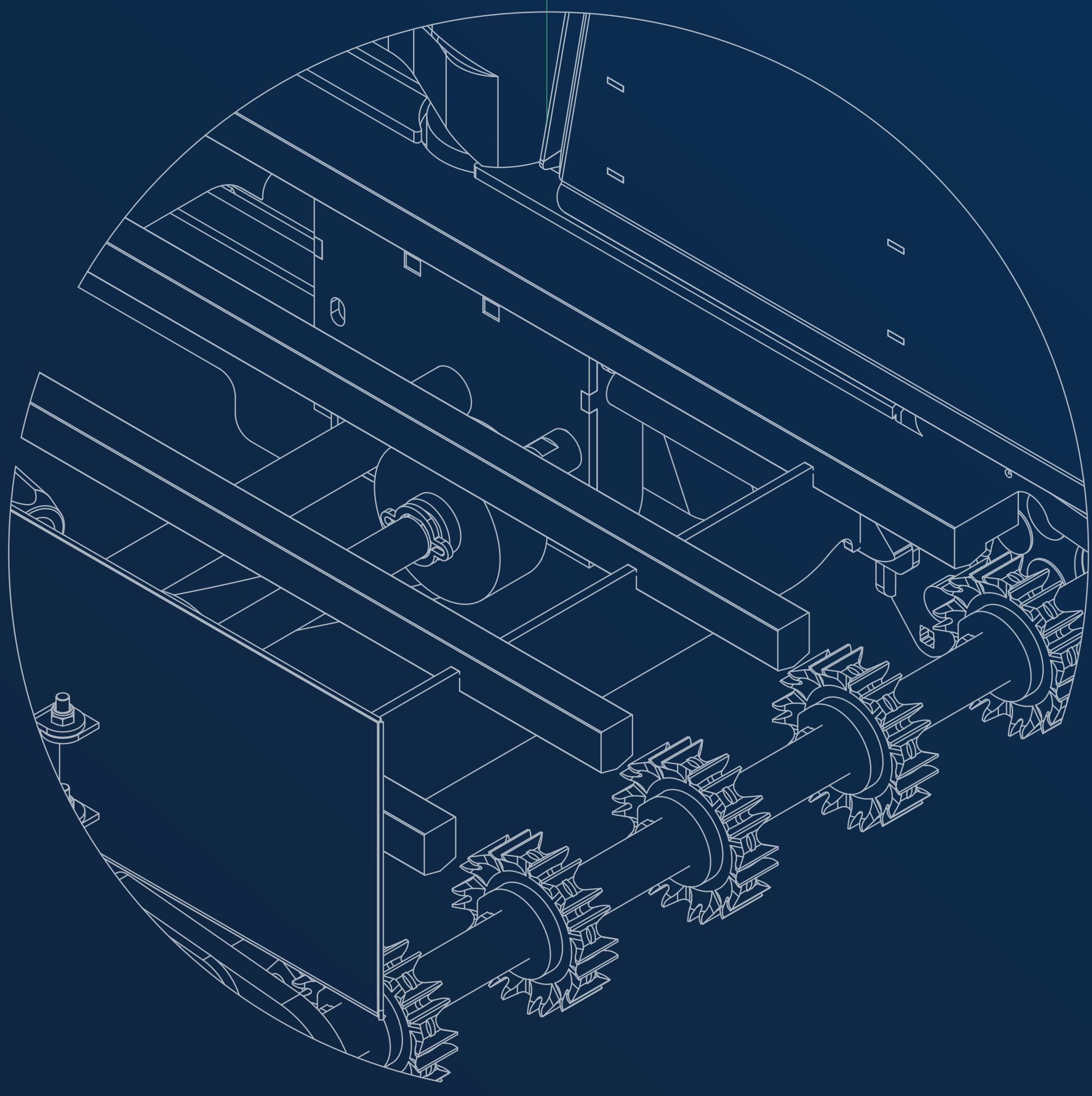
Consolidated Financial Statements

31 December 2023



Contents

The Board of Directors' and CEO's Report

Marel is a leading global provider of advanced processing equipment, systems, software and services to the food processing industry. Established in 1983, we have around 7,500 employees and a presence in more than 30 countries across six continents.

The Consolidated Financial Statements for the year ended 31 December 2023 comprise the financial statements of Marel hf. ("the Company") and its subsidiaries (together "the Group" or "Marel"). The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and additional Icelandic disclosure requirements.

Operations in 2023

The consolidated revenues for Marel for the full year 2023 are EUR 1,721.4 million (2022: EUR 1,708.7 million). The adjusted result from operations for the same period is EUR 153.1 million or 8.9% of revenues (2022: EUR 163.4 million or 9.6% of revenues).

The bridge between adjusted result from operations and result from operations as shown in the Consolidated Statement of Income is as follows:

	2023	2022
Adjusted result from operations[1]	153.1	163.4
Non-IFRS adjustments	(59.5)	(66.4)
Result from operations	**93.6**	**97.0**

[1] Result from operations is adjusted for PPA related costs, including depreciation and amortization, acquisition related expenses and restructuring costs. In Q4 2023, result from operations is also adjusted for one-off write-offs within "Other", related to rationalization of the product portfolio.

At 31 December 2023 the Company's order book amounted to EUR 580.1 million (at 31 December 2022: EUR 675.2 million). Orders received in 2023 amounted to EUR 1,626.3 million (2022: EUR 1,734.0 million).

The average number of full time employees (including 3rd party workers) was 7,789 in 2023 (2022: 8,018). Total salaries and wages were EUR 556.1 million (2022: EUR 546.1 million). Gender diversity (female/male ratio) within the Board of Directors remained stable at 43% (2022: 43%). Gender diversity of the Executive Board as of 31 December 2023 was 50% (2022: 40%). Gender diversity of the total company was 19% (2022: 18%).

According to the Consolidated Statement of Financial Position, the Group's assets amounted to EUR 2,599.8 million at the end of 2023 (2022: EUR 2,696.4 million). The decrease in assets is mainly related to lower inventory and contract assets positions per 31 December 2023. Total equity amounted to EUR 1,041.6 million at the end of 2023 (2022: EUR 1,028.1 million) or 40.1% of total assets (2022: 38.1%).

The goodwill of the Group was tested for impairment at year end by calculating its recoverable amount. The results of these impairment tests were that there was no impairment as the recoverable amount of the goodwill was well above book value. Further information is provided in note 16 of the Consolidated Financial Statements.

Net cash from operating activities during the year was EUR 138.1 million (2022: EUR 51.4 million). The increase in net cash from operating activities is mainly due to favorable movements in working capital.

Capital expenditures in 2023 were EUR 102.8 million (2022: EUR 101.2 million), focusing on initiatives to automate and digitize our manufacturing platform, supply chain and aftermarket business. After a period of elevated investments, cash capital expenditures excluding R&D investments are expected to be at normalized levels of 2-3%.

In 2023, Marel invested EUR 102.2 million (2022: EUR 97.5 million) excluding non-IFRS adjustments or 5.9% of revenues (2022: 5.7%) in innovation to support new product development and ensure continued competitiveness of existing product offering.

At 31 December 2023, net cash and cash equivalents were EUR 69.9 million (31 December 2022: EUR 75.7 million). Net interest-bearing debt decreased from EUR 816.7 million at the end of 2022 to EUR 790.9 million as per 31 December 2023. The decrease in net interest-bearing debt is mainly related to an increase in cash generated from operating activities used to repay debt.

Change of leadership

On 7 November 2023, Arni Oddur Thordarson, Chief Executive Officer of Marel, tendered his resignation with immediate effect, due to personal reasons. The Board of Directors of Marel accepted his resignation and appointed Arni Sigurdsson, Deputy Chief Executive Officer, as Interim Chief Executive Officer of Marel effective immediately.

On 11 December 2023, the Board of Directors appointed Arni Sigurdsson as Chief Executive Officer of Marel.

JBT proposal

On 19 January 2024, Marel received a third proposal from John Bean Technologies Corporation to acquire all issued and outstanding shares in Marel at EUR 3.60 per share. The proposal states an intention to merge the companies by launching a voluntary takeover offer in the first quarter of 2024.

Acquisition of E+V Technology

On 4 April 2023, Marel acquired 100% of the operating assets related to E+V Technology ("E+V"), a global provider of advanced vision systems for the meat and poultry industries. E+V was founded in 1992, has 19 employees and annual revenues are around EUR 5 million. The company is headquartered in Oranienburg, Germany. The acquisition provides a great opportunity to leverage E+V's long-standing customer relationships and Marel's global sales and service network to drive further sales of grading and classification solutions, enhance local service capabilities and provide a customer-centric experience.

Outlook

Market conditions remain challenging resulting in elevated uncertainty. Headwinds expected to moderate in coming quarters, supported by positive signs in the market. Labor scarcity and continued wage inflation, coupled with favorable secular trends, focused on automation, robotics technology and digital solutions that support sustainable food processing, will continue to support Marel's organic growth outlook.

The challenging market conditions have resulted in a decline of the order book in 2023. To deliver strong revenue growth and improved operational performance in the future, build up of the order book to a healthy level is needed.

Outlook for 2024 is for low single digit organic revenue growth , 14-15% adjusted EBITDA margin and 10-11% adjusted EBIT margin. Mid term outlook for revenues is expected to be above market growth (4-6% annually) with adjusted EBITDA margin above 18% and adjusted EBIT margin above 14%.

Growth is not expected to be linear but based on opportunities and economic fluctuations. Operational results may vary from quarter to quarter due to general economic developments, fluctuations in orders received and timing of deliveries of larger systems.

Treasury shares and stock options

At year end 2023 Marel's issued shares totaled 771.0 million (31 December 2022: 771.0 million). At the same time Marel holds 17.1 million treasury shares (31 December 2022: 18.3 million).

Stock options are granted to management and selected employees. Total granted and unexercised stock options at the end of the year 2023 were 23.5 million shares (2022: 23.1 million shares), of which 4.6 million are exercisable at the end of 2023 (2022: 6.2 million) and the remainder will vest in the years 2024 to 2026.

Further information is disclosed in note 21 to the Consolidated Financial Statements.

Dividend proposal

Based on the Company's 2023 Annual General Meeting ("AGM") resolution, a dividend was declared and paid to shareholders for the operational year 2022 amounting to EUR 11.7 million, EUR 1.56 cents per share. This corresponds to approximately 20% of net result for the operational year 2022 (in 2022: a dividend of EUR 38.7 million, EUR 5.12 cents per share, corresponding to approximately 40% of net result for the year 2021, was declared and paid out to shareholders for the operational year 2021).

The Board of Directors will propose to the 2024 Annual General Meeting that EUR 0.82 cents dividend per outstanding share will be paid for the operational year 2023, corresponding to approximately 20% of net results attributable to Shareholders of the Company of EUR 6.2 million for the year 2023, and refers to the Consolidated Financial Statements regarding appropriation of the profit for the year and changes in shareholders' equity.

This is proposed in accordance with Marel's dividend policy disclosed at Marel's Annual General Meeting in March 2011. Dividend or share buyback is targeted at 20-40% of the net result. Marel has a targeted capital structure of 2-3x net debt/EBITDA per Marel's credit agreements. Leverage was 3.45 times at year end 2023 with full focus on cash and EBITDA generation to reach Marel's targeted capital structure.

If approved by Marel's shareholders, the Company's shares traded on and after 22 March 2024 (Ex-date) will be ex-dividend and the right to a dividend will be restricted to shareholders identified in the Company´s shareholders registry at the end of 25 March 2024, which is the proposed record date. The Board will propose that payment date of the dividend is 11 April 2024.

Ten largest shareholders in ISK shares at year end

Marel keeps a share registry for the ISK shares listed on Nasdaq Iceland. Shares listed in EUR on Euronext Amsterdam are registered in the ISK share registry in a custody account in the name of ABN AMRO on behalf of Euroclear Nederland and are beneficially owned by all EUR shareholders proportionally in accordance with Dutch law. Marel is therefore unable to keep a share registry for the EUR shares listed on Euronext Amsterdam. Shareholders holding ISK shares can therefore have additional shareholding in EUR and shareholders only holding EUR shares can have up to 5% shareholding without Marel's knowledge.

Ten largest shareholders at year end		2023 Number of shares (million)	Shareholding (%) In ISK	In EUR	Total
ABN Amro on behalf of Euroclear[1]	Custody account	236.2	30.6%	-	-
Eyrir Invest hf.[2]	Investment company	98.4	12.8%	11.9%	24.7%
Gildi - lifeyrissjodur	Pension fund	51.2	6.7%	-	-
The Pension Fund of Commerce	Pension fund	51.0	6.6%	-	-
LSR A & B divisions	Pension fund	41.4	5.4%	-	-
Birta lifeyrissjodur	Pension fund	23.1	3.0%	-	-
Vanguard Funds	Asset management	21.5	2.8%	-	-
Frjalsi lifeyrissjodurinn	Pension fund	14.7	1.9%	-	-
Stapi - lifeyrissjodur	Pension fund	11.0	1.4%	-	-
Festa - lifeyrissjodur	Pension fund	11.0	1.4%	-	-
	Top 10 total	559.5	72.6%		
	Others	196.2	25.4%		
Marel hf.[3]	Treasury shares	15.3	2.0%	0.2%	2.2%
	Total issued shares	**771.0**	**100.0%**		

1 Custody account in ISK representing all EUR shareholders.
2 Eyrir Invest hf. has 24.7% shareholding in Marel. Eyrir Invest hf. informed Marel it holds 11.9% in EUR that are included in the custody account of ABN Amro on behalf of Euroclear.
3 Of Marel's treasury shares, 15.3 million shares are in ISK and 1.8 million shares are in EUR and therefore included in the custody account of ABN Amro on behalf of Euroclear.

Corporate Responsibility Statement

Corporate Governance

Marel's corporate governance consists of a framework of principles and rules, based on applicable laws, including its Articles of Association and the Guidelines on Corporate Governance issued in July 2021 by the Iceland Chamber of Commerce, Nasdaq OMX Nordic Iceland and the Confederation of Icelandic Employers, which are accessible on the website of the Iceland Chamber of Commerce.

The Company's management structure consists of the Board of Directors and the Executive Board, led by the Chief Executive Officer. The two bodies are separate, and no person serves as a member of both. The Board of Directors has supreme authority in company affairs between shareholders' meetings. It is elected by shareholders at the Annual General Meeting for a one year term and operates in accordance with applicable Icelandic laws and regulations, the Company's Articles of Association and the Board's Rules of Procedure. A share of the Board's work is carried out in its sub-committees: the Remuneration Committee, the Audit Committee and the Nomination Committee. Sub-committee members are appointed by the Board of Directors for a term of one year, in accordance with the rules set for each sub-committee by the Board.

The Board of Directors has prepared a Corporate Governance Statement in line with the guidelines, which is published in Marel's Annual Report, where the Company's corporate governance is discussed in detail.

Sustainability at Marel

Marel is guided by three pillars of responsibility: social, environmental, and economic. Each is equally important and guides decision-making processes at all levels.

Social Responsibility

Marel provides a safe and healthy working environment and equal opportunities. It fosters individual and team development and ensures the right to freedom of association for all its employees. Human rights violations, illegal labor conditions and illegal and unethical business behavior are never tolerated. Marel engages with local communities, where innovation and education serve as the main areas of social participation.

Environmental Responsibility

Marel encourages efficient use of resources in its value chain and promotes positive environmental impact and environmental protection. Innovation focuses on continuously creating new methods for improving yields and minimizing waste in food production, reducing the use of scarce resources such as energy and water, and promoting food safety and animal well-being. As environmental risk can translate into financial risk for Marel as well as its stakeholders, Marel is implementing the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). Marel has committed to reduce its carbon emissions in alignment with the Paris Agreement and has had its emission targets validated by the Science Based Targets initiative ("SBTi").

Economic Responsibility

Marel promotes long-term value creation, fair trade and good business practices in its value chain through transparency, innovation and collaboration with all its partners. Marel takes compliance with global anti-bribery and anti-corruption laws and regulations very seriously, and Marel's anti-bribery and anti-corruption policy applies to all employees, officers and directors as well as contractors, consultants, agents and other business partners of Marel.

Further information on sustainability at Marel is available on marel.com/sustainability.

Statement by the Board of Directors and the CEO

According to the Board of Directors' and CEO's best knowledge these Consolidated Financial Statements comply with International Financial Reporting Standards as adopted by the European Union and additional Icelandic disclosure requirements for Consolidated Financial Statements of listed companies.

Furthermore according to the Board of Directors' and CEO's best knowledge, these Consolidated Financial Statements give a true and fair view of the assets and liabilities, financial position and operating performance of the Group.

The report of the Board of Directors and CEO provides a clear overview of developments and achievements in the Group's operations and its situation, as well as describe the principal risk and uncertainty factors faced by the Group.

The management and the Board of Directors of the Group believe that they are taking all the necessary measures to support the sustainability and growth of the Group's business in the current environment. Accordingly they continue to adopt the going concern basis in preparing the Annual Report and Consolidated Financial Statements.

Management of the Group believes it is well placed to manage its business risks successfully based on the present economic outlook. Further information on the financial risks is disclosed in note 26 to the Consolidated Financial Statements.

The Board of Directors and CEO of Marel hf. hereby ratify the Consolidated Financial Statements of Marel hf. for the year 2023 with their signatures.

Gardabaer, 7 February 2024

Board of Directors

Arnar Thor Masson
Chairman of the Board

Ann Elizabeth Savage
Board Director

Astvaldur Johannsson
Board Director

Lillie Li Valeur
Board Director

Olafur S. Gudmundsson
Vice-Chairman

Svafa Grönfeldt
Board Director

Ton van der Laan
Board Director

Chief Executive Officer

Arni Sigurdsson

Independent Auditor's report

To the Board of Directors and Shareholders of Marel hf.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of Marel hf. ("the Group"), which comprise the Consolidated Statement of Financial Position as at 31 December, 2023, the Consolidated Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying Consolidated Financial Statements give a true and fair view of the consolidated financial position of the Group as at 31 December, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and additional disclosure requirements for listed companies in Iceland.

Our opinion is consistent with the additional report submitted to the Audit Committee and the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Iceland and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the audit.

We were first appointed as auditors by the Annual General Meeting on 10 March 2009. We have been re-appointed by resolutions passed by the annual general meeting uninterrupted since then.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in our audit
Recoverability of Goodwill	
Refer to note 2.9 and note 16. Goodwill amounted to EUR 859 million and represents 33% of total assets as at 31 December 2023. The Goodwill is allocated to four cash generating units (CGUs). Management prepared a value-in-use model to estimate the present value of forecasted future cash flows for each CGU, which was compared with the carrying value of the net assets of the CGU. Determining if an impairment charge is required for goodwill involves significant judgments about forecasted future performance and cash flows of the CGUs, including growth in revenues and operating profit margins. It also involves determining an appropriate discount rate and long-term growth rate. Based on the significance of the goodwill amount and judgments in the goodwill calculations, recoverability of goodwill is a key audit matter.	We have performed the following procedures to address this risk: • We evaluated the cash flow projections included in the goodwill impairment test by management. We considered the level of historical budgeting inaccuracies and how the assumptions compared with the actual performance achieved in prior years, also taking into account the best estimate of macro-economic developments on the business of Marel. • We assessed and tested the assumptions, methodologies, the weighted average cost of capital and other data used, for example by comparing them to external and historical data and by analyzing sensitivities in Marel's valuation model. • We included our valuation specialists in the team to assist us with these procedures. • We specifically focused on the sensitivity in the available headroom for the cash generating units, evaluating whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount and assessed the historical accuracy of management's estimates. • We also assessed the adequacy of the disclosures in note 16 to the Consolidated Financial Statements.
Revenue recognition	
Refer to note 2.4 and note 7. The Group's revenue is comprised of several types of customer contracts utilized, including sale of standard and customized equipment, service contracts and sale of spare parts. Revenue recognition for production contracts is based on over time accounting or point in time accounting. For over time accounting, the assessment of the stage of the contract is made by reference to the proportion of contract cost incurred for the work performed to the reporting date relative to the estimated total contract costs to completion. The recognition of revenue therefore relies on estimates in relation to the final outcome of expected costs on each contract, which can be judgmental and could be susceptible to a material misstatement. Revenue recognition is therefore a key audit matter.	We have performed the following procedures to address the risk: • We assessed the accuracy of the revenue streams by testing on a sample basis the revenue amounts recorded in the general ledger against the underlying contracts and orders, invoices, payments and if relevant proof of delivery. • We tested a sample of credit notes issued after year end to agree that revenue was not reversed after year end. • We performed procedures to test the correctness of the transactions in the appropriate period. • We performed test of details on a sample of year end open equipment projects. We selected projects based on size and risk assessment. We agreed the selected items to contracts, pre-calculations and invoices. • We considered the progress of per year end open equipment projects, agreed the accrued cost on the selected projects and agreed that the over time revenues are valid. • We scrutinized specific revenue journal entries in the context of journal entries testing, e.g. regarding manual entries on revenues. • We assessed whether the accounting policies for revenue recognition and other financial statements disclosures related to revenue were in accordance with International Financial Reporting Standards as adopted by the EU.

Other information

The Board of Directors and CEO are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Board of Directors and CEO for the Consolidated Financial Statements

The Board of Directors and CEO are responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with IFRSs as adopted by the European Union and additional disclosure requirements for listed companies in Iceland, and for such internal control as they determine is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Board of Directors and CEO are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors and CEO are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Report on European Single Electronic Format (ESEF Regulation)

As part of our audit of the Consolidated Financial Statements of Marel hf. we performed procedures to be able to issue an opinion on whether the Consolidated Financial Statements of Marel hf. for the year 2023 with the file name 5299008YTLEN09WTHW26-2023-12-31 is prepared, in all material respects, in compliance with the Act on disclosure obligation of issuers of securities and the obligation to flag no. 20/2021 relating to requirements regarding European single electronic format Regulation EU 2019/815 which include requirements related to the preparation of the Consolidated Financial Statements in XHTML format and iXBRL markup.

The Board of Directors and CEO are responsible for preparing the Consolidated Financial Statements in compliance with the Act on disclosure obligation of issuers of securities and the obligation to flag no. 20/2021. This includes preparing the Consolidated Financial Statements in an XHTML format in accordance with EU Regulation 2019/815 on the European single electronic format (ESEF Regulation).

Our responsibility is to obtain reasonable assurance, based on evidence that we have obtained, on whether the Consolidated Financial Statements is prepared in all material respects, in compliance with the ESEF Regulation, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirement set out in the ESEF Regulation, whether due to fraud or error.

In our opinion, the Consolidated Financial Statements of Marel hf. for the year 2023 with the file name 5299008YTLEN09WTHW26-2023-12-31 is prepared, in all material respects, in compliance with the ESEF Regulation.

Report on the Board of Directors' and CEO's report

Pursuant to the legal requirement under Article 104, Paragraph 2 of the Icelandic Financial Statements Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors and CEO accompanying the Consolidated Financial Statements includes the information required by the Financial Statements Act if not disclosed elsewhere in the Consolidated Financial Statements.

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

Reykjavik, 7 February 2024

KPMG ehf.

Audur Thorisdottir

Consolidated Statement of Income

In EUR million unless stated otherwise	Notes	2023	2022
Revenues	4 & 6 & 7	1,721.4	1,708.7
Cost of sales	4 & 8	(1,125.0)	(1,130.4)
Gross profit	4	**596.4**	**578.3**
Selling and marketing expenses	4 & 8	(249.1)	(236.2)
General and administrative expenses	4 & 8	(134.4)	(139.2)
Research and development expenses	4 & 8	(119.3)	(105.9)
Result from operations	4	**93.6**	**97.0**
Finance costs	9	(57.4)	(23.7)
Finance income	9	0.4	10.7
Net finance costs	9	**(57.0)**	**(13.0)**
Share of result of associates		(0.5)	(1.9)
Impairment loss of associates		-	(7.0)
Result before income tax		**36.1**	**75.1**
Income tax	12	(5.1)	(16.4)
Net result		**31.0**	**58.7**
Of which:			
- Net result attributable to Shareholders of the Company	13	31.0	58.7
- Net result attributable to non-controlling interests		-	0.0
Earnings per share for result attributable to Shareholders of the Company during the period (expressed in EUR cent per share):			
- Basic	13	4.11	7.78
- Diluted	13	4.11	7.75

The notes on pages 16-60 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

In EUR million	Notes	2023	2022
Net result		**31.0**	**58.7**
Items that are or may be reclassified to profit or loss:			
Foreign currency translation differences	21	(9.3)	(11.0)
Cash flow hedges	21	(2.1)	(0.8)
Deferred income taxes	19 & 21	0.4	0.2
Other comprehensive income / (loss) for the period, net of tax		**(11.0)**	**(11.6)**
Total comprehensive income for the period		**20.0**	**47.1**
Of which:			
- Total comprehensive income attributable to Shareholders of the Company		20.0	47.1
- Total comprehensive income attributable to non-controlling interests		-	0.0

The notes on pages 16-60 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Financial Position

In EUR million	Notes	2023	2022
Assets			
Property, plant and equipment	14	345.8	327.1
Right of use assets	15	39.3	39.8
Goodwill	16	859.0	859.2
Intangible assets	17	541.2	562.3
Investments in associates		3.3	4.0
Other non-current financial assets		3.5	3.7
Derivative financial instruments	26	0.6	1.5
Deferred income tax assets	19	38.9	31.6
Non-current assets		**1,831.6**	**1,829.2**
Inventories	20	352.5	403.6
Contract assets	7	36.3	65.8
Trade receivables	7 & 18	215.2	218.3
Derivative financial instruments	26	1.1	1.8
Current income tax receivables		7.3	3.0
Other receivables and prepayments	18	85.9	99.0
Cash and cash equivalents		69.9	75.7
Current assets		**768.2**	**867.2**
Total assets		**2,599.8**	**2,696.4**
Equity and liabilities			
Share capital	21	6.7	6.7
Share premium reserve	21	439.3	440.2
Other reserves	21	(44.4)	(33.4)
Retained earnings	21	640.0	614.6
Total shareholders' equity		**1,041.6**	**1,028.1**
Liabilities			
Borrowings	22	819.8	729.8
Lease liabilities	22	29.8	30.3
Deferred income tax liabilities	19	84.9	90.7
Provisions	23	5.5	6.9
Other payables	25	2.7	7.5
Derivative financial instruments	26	3.4	-
Non-current liabilities		**946.1**	**865.2**
Contract liabilities	7	295.0	324.3
Trade and other payables	25	290.4	316.8
Derivative financial instruments	26	0.6	3.5
Current income tax liabilities		4.9	14.2
Borrowings	22	0.0	121.5
Lease liabilities	22	11.2	10.8
Provisions	23	10.0	12.0
Current liabilities		**612.1**	**803.1**
Total liabilities		**1,558.2**	**1,668.3**
Total equity and liabilities		**2,599.8**	**2,696.4**

The notes on pages 16-60 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

In EUR million	Share capital	Share premium reserve[1]	Other reserves[2]	Other equity	Retained earnings[3]	Share-holders' equity	Non-controlling interests	Total equity
Balance at 1 January 2023	**6.7**	**440.2**	**(33.4)**	**-**	**614.6**	**1,028.1**	**-**	**1,028.1**
Net result for the period					31.0	31.0	-	31.0
Other comprehensive income			(11.0)			(11.0)		(11.0)
Total comprehensive income for the period	**-**	**-**	**(11.0)**	**-**	**31.0**	**20.0**	**-**	**20.0**
Transactions with owners of the Company								
Options granted / exercised / canceled	0.0	(0.9)			6.1	5.2		5.2
Dividend					(11.7)	(11.7)		(11.7)
Total transactions with owners of the Company	**0.0**	**(0.9)**	**-**	**-**	**(5.6)**	**(6.5)**	**-**	**(6.5)**
Balance at 31 December 2023	**6.7**	**439.3**	**(44.4)**	**-**	**640.0**	**1,041.6**	**-**	**1,041.6**

In EUR million	Share capital	Share premium reserve[1]	Other reserves[2]	Other equity	Retained earnings[3]	Share-holders' equity	Non-controlling interests	Total equity
Balance at 1 January 2022	**6.7**	**450.3**	**(22.1)**	**(13.6)**	**593.8**	**1,015.1**	**8.0**	**1,023.1**
Net result for the period					58.7	58.7	0.0	58.7
Other comprehensive income			(11.3)	(0.3)		(11.6)		(11.6)
Total comprehensive income for the period	**-**	**-**	**(11.3)**	**(0.3)**	**58.7**	**47.1**	**0.0**	**47.1**
Transactions with owners of the Company								
Treasury shares purchased	(0.0)	(19.8)				(19.8)		(19.8)
Treasury shares sold	0.0	4.2				4.2		4.2
Options granted / exercised / canceled	0.0	5.5			1.3	6.8		6.8
Transactions with non-controlling interests				13.9	(0.5)	13.4	(8.0)	5.4
Dividend					(38.7)	(38.7)		(38.7)
Total transactions with owners of the Company	**0.0**	**(10.1)**	**-**	**13.9**	**(37.9)**	**(34.1)**	**(8.0)**	**(42.1)**
Balance at 31 December 2022	**6.7**	**440.2**	**(33.4)**	**-**	**614.6**	**1,028.1**	**-**	**1,028.1**

[1] Includes reserve for share-based payments as per 31 December 2023 of EUR 13.5 million (31 December 2022: EUR 13.3 million).
[2] For details on other reserves refer to note 21.
[3] Includes a legal reserve for capitalized intangible assets related to product development projects as per 31 December 2023 of EUR 106.3 million (31 December 2022: EUR 102.8 million).

The notes on pages 16-60 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

In EUR million	Notes	2023	2022
Cash Flow from operating activities			
Result from operations		**93.6**	**97.0**
Adjustments to reconcile result from operations to net cash provided by / (used in) operating activities:			
Depreciation of property, plant and equipment and right of use assets	14 & 15	42.2	38.5
Amortization and impairment of intangible assets	17	55.6	43.1
Adjustments for other non-cash income and expenses		6.1	7.4
Working capital provided by / (used in) operating activities		**197.5**	**186.0**
Changes in:			
Inventories and contract assets and liabilities		49.5	(65.4)
Trade and other receivables		12.3	(59.7)
Trade and other payables		(30.3)	31.3
Provisions		(3.2)	4.2
Changes in operating assets and liabilities		**28.3**	**(89.6)**
Cash generated from operating activities		**225.8**	**96.4**
Income taxes paid		(32.2)	(28.0)
Interest received		0.2	1.2
Interest paid		(55.7)	(18.2)
Net cash from operating activities		**138.1**	**51.4**
Cash Flow from investing activities			
Purchase of property, plant and equipment	14	(49.9)	(52.8)
Investments in intangibles	17	(36.2)	(35.6)
Proceeds from sale of property, plant and equipment	14 & 17	1.9	1.9
Investments in other non-current financial assets		-	(2.9)
Acquisition of subsidiaries, net of cash acquired	5	(11.7)	(477.8)
Net cash provided by / (used in) investing activities		**(95.9)**	**(567.2)**
Cash Flow from financing activities			
Purchase of treasury shares	21	-	(19.8)
Options exercised	21	(1.0)	0.6
Dividends paid	21	(11.7)	(38.7)
Proceeds from borrowings	22	215.0	1,358.0
Repayments of borrowings	22	(233.1)	(763.6)
Payments of lease liabilities	22	(14.3)	(14.2)
Acquisition of non-controlling interests		-	(16.4)
Net cash provided by / (used in) financing activities		**(45.1)**	**505.9**
Net increase / (decrease) in cash and cash equivalents		**(2.9)**	**(9.9)**
Exchange gain / (loss) on cash and cash equivalents		(2.9)	8.5
Cash and cash equivalents at beginning of the period		75.7	77.1
Cash and cash equivalents at end of the period		**69.9**	**75.7**

The notes on pages 16-60 are an integral part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1 General information

1.1 Reporting entity
Marel hf. ("the Company") is a limited liability company incorporated and domiciled in Iceland. The address of its registered office is Austurhraun 9, Gardabaer.

The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as "the Group" or "Marel").

The Group is a leading global provider of advanced solutions, software and services to food processing industries and is involved in the manufacturing, development, distribution and sales of solutions for these industries.

These Consolidated Financial Statements have been approved for issue by the Board of Directors and CEO on 7 February 2024. These Consolidated Financial Statements as presented in this report are subject to the adoption by the Annual General Meeting of Shareholders, to be held on 20 March 2024.

The Company is listed on the Nasdaq Iceland ("Nasdaq") and on Euronext Amsterdam ("Euronext") exchanges.

1.2 Basis of Accounting
The Consolidated Financial Statements of the Group have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and additional Icelandic disclosure requirements for consolidated financial information of listed companies in accordance with Icelandic Financial Statements Act No. 3/2006 and rules for issuers of financial instruments at the Nasdaq Iceland. The accounting policies applied by Marel comply with IFRS as adopted by the EU and the pronouncements of the IFRS Interpretation Committee ("the Committee") effective at 31 December 2023.

The Consolidated Financial Statements have been prepared under the historical cost convention, except for the revaluation of financial assets and liabilities classified as 'fair value through profit or loss', as well as derivative financial instruments, which are reported in accordance with the accounting policies set out in note 2.

Details of the Group's material accounting policies are included in note 2.

1.3 Functional and presentation currency and exchange rates
Items included in the Consolidated Financial Statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The Consolidated Financial Statements are presented in Euro ("EUR"), which is the Group's reporting currency and the functional currency of Marel hf.

All amounts are in millions of EUR unless otherwise indicated.

Exchange rates
The currency exchange rates that were used in preparing the Consolidated Financial Statements are listed below for the most relevant currencies.

	2023		2022	
	Year end rate	Average rate	Year end rate	Average rate
1 euro =				
USD	1.10	1.08	1.07	1.05
GBP	0.87	0.87	0.89	0.85
ISK	150.42	149.08	152.00	142.19
BRL	5.36	5.40	5.64	5.44

1.4 Use of estimates and judgments
The preparation of the Consolidated Financial Statements in accordance with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in note 3. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values.

Further information about the assumptions made in measuring fair values is included in note 2, note 3 and note 26.

2 Summary of material accounting policies

2.1 General

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. The accounting policies set out in these Consolidated Financial Statements have been applied consistently for all periods presented.

Changes in accounting policies

Global minimum top-up tax

The Company has adopted International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12). The amendments provide temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure.

The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax recognized at that date, the retrospective application has no impact on the Group's Consolidated Financial Statements.

Material accounting policy information

The Company has also adopted Disclosure of Accounting Policies (Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in note 2 in certain instances in line with the amendments.

Other new and amended standards and interpretations

A number of other new and amended standards and interpretations are also effective for annual periods beginning on or after 1 January 2023, including:

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts;
- Definition of Accounting Estimates (Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12: Income Taxes).

The Group adopted the new/amended standards and interpretations in preparing the Group's 2023 Consolidated Financial Statements; none of which had a material impact.

Prior-year information

The presentation of prior-year disclosures is in line with the current year disclosures.

Presentation of the Consolidated Statement of Income

Marel presents expenses in the Consolidated Statement of Income in accordance with their function. This allows the presentation of gross profit on the face of the Consolidated Statement of Income, which is a widely used performance measure in the industry. The composition of the costs allocated to the individual functions is explained as follows:

- cost of sales encompasses all manufacturing costs (including raw materials, employee benefits, and depreciation and amortization) related to goods and services captured in revenues. They are measured at their actual cost based on “first in, first out” or weighted average cost;
- selling and marketing expenses relate to the selling and marketing of goods and services;
- research and development expenses consist of:
  - research, which is defined as original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding; and
  - development, which is defined as the application of research findings or other knowledge to a plan or (re-)design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use; and
- general and administrative expenses relate to the strategic and governance role of the general management of the Company as well as the representation of Marel as a whole in the financial, political or business community. General and administrative expenses also relate to business support activities of staff departments that are not directly related to the other functional areas.

Presentation of the Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows has been prepared applying the indirect method whereby result from operations is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Cash flows in foreign currencies have been translated, in principle, at average exchange rates; certain material (mainly financing) transactions are translated at the exchange rate at the day of translation. Exchange differences concerning cash items are shown separately in the Consolidated Statement of Cash Flows.

Relevance and importance of notes to the primary users of the Consolidated Financial Statements
In order to enhance the informational value of the Consolidated Financial Statements, the notes are prepared based on relevance and importance for the primary users of the Consolidated Financial Statements. This can result in information that has been evaluated as neither important nor relevant for the primary users of the Consolidated Financial Statements, not being presented in the notes.

2.2 Consolidation
Business combinations
The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

Acquisitions by Marel as part of business combinations will result in recognition of goodwill and other intangible assets. The amounts assigned to the acquired assets and liabilities are based on assumptions and estimates about their fair values. In making these estimates, management consults with independent, qualified appraisers, if appropriate. A change in assumptions and estimates could change the values allocated to certain assets and their estimated useful lives, which could affect the amount or timing of charges to the Consolidated Statement of Income, such as amortization of intangible assets.

The purchase consideration in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a purchase is recognized in the Consolidated Statement of Income immediately. Transaction costs are expensed as incurred, except if related to the issuance of debt or equity securities.

The purchase consideration does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the Consolidated Statement of Income.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the Consolidated Statement of Comprehensive Income.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions eliminated on consolidation
Intercompany transactions, balances and unrealized gains on transactions between Group entities are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.3 Foreign currency translation
Transactions and balances
Foreign currency transactions are translated into the respective functional currencies of Group entities, and from there into the Group's reporting currency using the exchange rates prevailing at the dates of the transactions or valuation where items are revalued.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Statement of Income, except when deferred in equity as a permanent loan, as qualifying cash flow hedges as explained in note 2.13. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents as well as all other foreign exchange gains and losses are recognized immediately in the Consolidated Statement of Income within finance income or finance costs.

Group entities
The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities presented are translated at the closing rate at the date of that Consolidated Statement of Financial Position;
- income and expenses for each transaction in the Consolidated Statement of Income are translated at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which

case income and expenses are translated at the dates of the transactions; and
- translation results of the consolidation of subsidiaries reporting in foreign currencies, as well as a currency revaluation related to financing of subsidiaries are recognized as a separate component of equity (translation reserve).

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recognized in other comprehensive income ("OCI") and accumulated in translation reserve. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in OCI are recognized in the Consolidated Statement of Income for the period as part of the gain or loss on sale.

Goodwill and fair value adjustments arising due to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

In case of a non-wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to the non-controlling interest ("NCI"). When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the Consolidated Statement of Income as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to OCI.

2.4 Revenue recognition

Marel recognizes revenue based on the considerations specified in contracts with customers using the five-step process as described in IFRS 15.

Revenue is recognized, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account the customer's creditworthiness. Revenue is the transaction price Marel expects to be entitled to.

If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably estimates those. Revenue is recognized for each performance obligation either at a point in time or over time. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

The following is a description of the nature and the timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Equipment revenue

In Marel's business model, equipment revenue relates to sales of standard equipment and sales of complete solutions or systems.

Standard equipment requires no or minor modifications as requested by customers. Sales of complete solutions or systems require significant modifications either requested by the customer or required to fulfill the customer's needs.

Revenues for standard equipment are recognized at a point in time when control of the goods passes to the customer, usually upon delivery of the goods. Invoices are issued at that point in time.

Revenues for complete solutions or systems will be recognized over time as all these complete solutions or systems are deemed to not have an alternative use and Marel has an enforceable right to payment. Revenue is recognized under the cost-to-cost (percentage-of-completion) method, based on the percentage of costs incurred to date compared to total estimated costs as based on Marel's assessment it best depicts the transfer of control to the customer. An expected loss on the contract is recognized as an expense immediately.

Complete solutions or systems have a similar margin for all components of the solution or system.

Aftermarket revenue

Aftermarket revenue relates to the sale of spare parts as well as performing related maintenance services to the equipment.

Revenues for spare part sales are recognized at a point in time when control of the goods passes to the customer, usually upon delivery of the goods. Invoices are issued at that point in time.

The total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions. Revenue relating to maintenance services is recognized over time under the percentage-of-completion method as described above. A contract liability is recognized for the payments received up-front and is recognized as revenue over the service period.

Payment terms
For the sale of complete solutions or systems and for most of the standard equipment down payments are obtained. Payment terms on invoices are usually 30 days from the date of invoice issued according to the contractual terms.

Commissions
The Group applies the practical expedient in relation to the incremental costs of obtaining a contract. The Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

Impairment of receivables
When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2.5 Contract assets and contract liabilities
The contract assets (cost exceed billing) primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities (billing exceed cost) primarily relate to the advance consideration received from customers for standard equipment for which revenue is recognized at a point in time and for the sale of complete solutions or systems for which revenue is recognized over time.

2.6 Employee benefits
Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based compensation
The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (stock options) of the Group. The fair value of the employee services received in exchange for the grant of the stock options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the stock options granted, excluding the impact of any service and non-market performance vesting conditions (for example: profitability, sales growth targets and remaining an employee of the entity over a specified time period). Service and non-market performance vesting conditions are included in assumptions about the number of stock options that are expected to vest. The total amount to be expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At reporting date, the entity revises its estimates of the number of stock options that are expected to vest based on the service and non-market performance vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the Consolidated Statement of Income, with a corresponding adjustment to the share premium reserve in equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the stock options are exercised. The fair value of the employee stock options granted is measured using the Black-Scholes formula.

Measurement inputs include exercise price of the stock options, expected volatility based on weighted average historic volatility adjusted for changes expected due to publicly available information, defined vesting period, expected dividends, and the risk-free interest rate based on government bonds. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Profit sharing and bonus plans
Under some circumstances, a liability for key employee benefits in the form of profit sharing and bonus plans is recognized in other payables when it is managements intention to settle the liability and at least the condition is met that there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Pension plans
Marel has several pension plans in accordance with local rules and conditions. These pension plans are classified as defined contribution pension plans. Obligations relating to defined contribution pension plans are charged to the Consolidated Statement of Income as employee benefit expenses when the contributions are payable. Contributions paid in advance are presented as assets to the extent that cash repayment or a reduction in future contributions is available.

2.7 Current and deferred income tax
The tax expense for the period comprises current and deferred tax. Tax is recognized in the Consolidated Statement of Income except to the extent that it relates to business combinations, or items recognized directly in shareholders' equity or in OCI. In case of recording directly in shareholders' equity, the tax on this item is included in deferred taxes; the net amount is recognized in shareholders' equity.

The Group has determined that the global minimum top-up tax, which it is required to pay under Pillar Two legislation, is an income tax in the scope of IAS 12. The Group has applied temporary mandatory relief from deferred tax accounting for the impact of the top-up tax and accounts for the top-up tax as a current tax when it is incurred.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividend income.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for unused tax losses, unused tax credits and temporary differences to the extent it is probable that future taxable profits will be available against which the assets can be used. Future taxable profits are determined based on managements internal forecasts for individual subsidiaries in the Group. Unrecognized deferred tax assets are reassessed at each reporting date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Such reductions are reversed when the probability of future taxable profits improves.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

2.8 Property, plant and equipment

Land and buildings comprise mainly factories, warehouses and offices. All property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Consolidated Statement of Income in the period in which they are incurred.

Land is not depreciated. Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

- Buildings: 30-50 years
- Plant and machinery: 4-15 years
- Vehicles and equipment: 3-7 years

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount (note 2.11).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the Consolidated Statement of Income when the disposal is completed.

Borrowing cost is expensed as incurred except when directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use. Such borrowing cost is capitalized as part of the cost of the asset when it is probable that it will result in future economic benefits to the entity and the cost can be measured reliably.

2.9 Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to Cash Generating Units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combinations in which the goodwill arose.

Technology, research and development

Technology costs have a finite useful life and are capitalized and amortized using the straight line method over the period of maximum 30 years.

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project will generate future economic benefits, considering its commercial and technological feasibility, costs can be measured reliably and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are recognized as an expense as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding five years.

Customer relationships, patents & trademarks

Customer relationships have been acquired as part of recent acquisitions and are capitalized and amortized using the straight line method over their useful life of maximum 20 years.

Expenditure to acquire patents, trademarks and licenses is capitalized and amortized using the straight-line method over their useful lives, but not exceeding 8 years in case of patents and licenses, or 20 years in case of trademarks.

Other intangible assets

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be measured reliably.

Directly attributable costs capitalized as part of the software product include the software development employee costs, consultancy costs and the license fees incurred during the development phase of the software product.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred.

Computer software development costs recognized as intangible assets are amortized over their estimated useful lives, which can vary from 3 to 5 years.

General

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the Consolidated Statement of Income as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets with an indefinite useful life or that are not amortized are tested annually for impairment.

2.10 Leases

Marel leases property, plant and equipment including manufacturing and demo facilities, office buildings, small equipment and cars. The leases for manufacturing and demo facilities can run up to 10 years. The leases for office buildings are typically annual, with an automatic renewal. The lease payments, if relevant, are adjusted every year based on the change in the consumer price index in the preceding year. The small equipment and car leases typically run for a period of 3-5 years.

Marel recognizes a right of use asset and a lease liability at the lease commencement date. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Right of use assets

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The lease liability is re-measured when there is a change in future lease payments.

Short-term leases and leases of low-value assets

Marel has elected not to recognize right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date. Assets held for sale which are valued at the lower of carrying amount and fair value less costs to sell, are reviewed at each reporting date.

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from business combinations is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in the Consolidated Statement of Income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.12 Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when Marel becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) and a financial liability are initially measured at fair value. In the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset are added to the fair value measurement. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, the Group classifies its financial assets as measured at amortized cost or fair value through profit or loss on the basis of both:

- the Company's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

Financial assets at amortized cost

Financial assets are measured at amortized cost if both:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, less any impairment losses.

Financial assets at fair value through profit or loss

When the above-mentioned conditions for classification as a financial asset at amortized cost are not met, a financial asset is classified as "at fair value through profit or loss" and measured at fair value with changes in fair value recognized in profit or loss.

A financial asset measured at fair value through profit or loss is recognized initially at fair value and its transaction costs are recognized in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognized in the Consolidated Statement of Income for the reporting period in which it arises.

The Company may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Fair value measurement

The fair values of quoted assets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The fair value of investments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Further information is included in note 26.

Impairment – Financial assets and contract assets

Loss allowances are measured based on the Expected Credit Losses ("ECL") that result from all possible default events over the expected life of a financial instrument. Marel's financial assets are currently limited to trade receivables and contract assets without significant financing components and are as such always impaired based on lifetime ECLs.

Based on materiality considerations, Marel reports impairment losses on trade receivables and contract assets as other expenses within selling and marketing expenses, instead of presented separately in the Consolidated Statement of Income. Impairment losses on other financial assets are presented under finance costs.

Cash and cash equivalents

Cash and cash equivalents can include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts which are part of the cash pool are netted against cash and cash equivalents; other bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

An entity has to account for modifications and revisions on its financial liabilities and report any (expected) gain or loss as a result in the Consolidated Statement of Income on the day of modification or revision.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

Derecognition of financial assets

The Group derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or

- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

2.13 Derivative financial instruments and hedging activities

The Group uses financial derivatives such as foreign currency forward contracts and interest rate swaps to hedge risks associated with foreign currency and interest rate fluctuations. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently revalued at their fair value and changes therein are recognized in profit or loss unless cash flow hedge accounting is applied. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risk of the host contract and the embedded derivative are not directly closely related.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- hedges of a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction (cash flow hedge); or
- derivatives at fair value through profit or loss.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedge reserve in equity are shown in the Consolidated Statement of Changes in Equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current asset or liabilities.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in OCI and presented in the hedge reserve in equity. The profit or loss relating to the ineffective portion (mainly as a result of changes in timing of the hedged transactions) is recognized immediately in the Consolidated Statement of Income within finance income or finance costs.

Amounts accumulated in equity are recycled in the Consolidated Statement of Income in the periods when the hedged item affects profit or loss. When the forecasted transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or non-current assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognized in the cost of goods sold for inventory or in depreciation for non-current assets.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

2.14 Inventories

Inventories are measured at the lower of historical cost or net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprise raw materials, direct labor, other direct costs and related production overhead based on normal operating capacity but exclude borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and any applicable variable selling expenses.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or stock options are shown in shareholders' equity as a deduction, net of tax, from the proceeds.

Transaction costs, net of tax, for transactions in shares are deducted from the share premium reserve.

When any Group entity purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's shareholders until the shares are canceled or reissued. Repurchased shares are classified as treasury shares. The nominal value of the treasury shares is presented in share capital; payments for treasury shares in excess of nominal value are presented in the share premium reserve. Where such shares are subsequently sold or reissued, any consideration received in excess of nominal value, net of any directly attributable incremental transaction costs and the related income tax effects is included within share premium.

Private placements need to be approved by the shareholders at the Company's Annual General Meeting. Based on such resolution, where the shareholders waive their pre-emptive rights, the Board of Directors can approve a private placement

2.16 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

A provision for guarantee commitments is recognized when the underlying product and services are sold based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Provisions are not recognized for future operating losses.

2.17 New standards and standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these Consolidated Financial Statements.

The following new and amended standards and interpretations are not expected to have a material effect on the Group's Consolidated Financial Statements:

- Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16); and
- Lack of Exchangeability (Amendments to IAS 21).

3 Use of judgments and estimates

In preparing these Consolidated Financial Statements, the Group has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results will, by definition, seldom be exactly equal to the related accounting estimates used.

Material judgments are described in the following table:

Revenue recognition	• Recognition of revenues from contracts over time or at a point in time.
Goodwill and other intangible assets	• Valuation based on management assumptions using the discounted cash flow method.
Leases	• Judgment whether certain property lease extension options will be exercised by the Group.

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognized prospectively.

Material estimates are described in the following table:

Goodwill and other intangible assets	• Determination of the discount rate using external market information about market risk, interest rates and some CGU specific elements like country risk. For further information refer to note 16. • Estimation of future cash flows. For further information refer to note 16 and note 17.
Income taxes	• Estimates of the recoverability of deferred tax assets, based on projected future taxable profits. For further information refer to note 12 and note 19. • The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.
Inventory obsolescence	• Determination of the allowance for inventory obsolescence is based on the estimated future selling price of the inventory. For further information refer to note 20.

4 Non-IFRS measurement

In this note to the Consolidated Financial Statements Marel presents certain financial measures when discussing Marel's performance that are not measures of financial performance or liquidity under IFRS ("non-IFRS"). Non-IFRS measures do not have standardized meanings under IFRS and not all companies calculate non-IFRS measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies that have the same or similar names. The non-IFRS measures are not meant to be considered in isolation or as a substitute for comparable IFRS measures and should be read only in conjunction with our Consolidated Financial Statements prepared in accordance with IFRS.

Management has presented adjusted result from operations ("adjusted EBIT"), result from operations before depreciation and amortization ("EBITDA") and adjusted result from operations before depreciation and amortization ("adjusted EBITDA") as performance measures because it monitors these performance measures at a consolidated level and believes that these measures are relevant to understanding the Group's financial performance.

Adjusted EBIT is calculated by adjusting result from operations ("EBIT") to exclude the impact of PPA related costs (consisting of depreciation and amortization of acquisition related (in)tangible assets, acquisition related expenses and restructuring costs. In Q4 2023, result from operations is also adjusted for one-off write-offs within "Other", related to rationalization of the product portfolio.

The reconciliation of adjusted EBIT to the most directly comparable IFRS measure EBIT, is included in the following table.

	As reported 2023	Non-IFRS adjustments 2023	Non-IFRS measures 2023	As reported 2022	Non-IFRS adjustments 2022	Non-IFRS measures 2022
Revenues	1,721.4	-	1,721.4	1,708.7	-	1,708.7
Cost of sales	(1,125.0)	15.8	(1,109.2)	(1,130.4)	26.6	(1,103.8)
Gross profit	**596.4**	**15.8**	**612.2**	**578.3**	**26.6**	**604.9**
Selling and marketing expenses	(249.1)	19.8	(229.3)	(236.2)	18.3	(217.9)
General and administrative expenses	(134.4)	6.8	(127.6)	(139.2)	13.1	(126.1)
Research and development expenses	(119.3)	17.1	(102.2)	(105.9)	8.4	(97.5)
Adjusted EBIT		**59.5**	**153.1**		**66.4**	**163.4**
Non-IFRS adjustments		(59.5)	(59.5)		(66.4)	(66.4)
EBIT	**93.6**	**-**	**93.6**	**97.0**	**-**	**97.0**

The non-IFRS adjustments to the result from operations includes the following:

	2023	2022
PPA related charges	40.7	43.5
Acquisition related expenses	4.3	14.5
Restructuring costs	7.4	8.4
Other	7.1	-
Total non-IFRS adjustments	**59.5**	**66.4**

The reconciliation of EBITDA and adjusted EBITDA to the most directly comparable IFRS measurement EBIT, is included in the table below.

	2023	2022
EBIT	93.6	97.0
Depreciation, amortization and impairment	97.8	81.6
EBITDA	**191.4**	**178.6**
Non-IFRS adjustments	26.0	42.8
Adjusted EBITDA	**217.4**	**221.4**

5 Business combinations

Under IFRS 3, up to one year from the acquisition date, the initial accounting for business combinations is to be adjusted to reflect new information that has been received about facts and circumstances that existed at the acquisition date and would have affected the measurement of amounts recognized as of that date. As a result of such adjustments the values of assets and liabilities recognized may change in the one-year period from the acquisition date.

E+V Technology

On 4 April 2023, Marel acquired 100% of the operating assets related to E+V, a global provider of advanced vision systems for the meat and poultry industries. E+V was founded in 1992, has 19 employees and annual revenues are around EUR 5 million. The company is headquartered in Oranienburg, Germany.

The total investment for the asset purchase amounted to EUR 10.0 million, of which EUR 8.0 million was paid at closing of the deal and the remaining EUR 2.0 million will be paid in one year after closing of the deal subject to certain conditions.

Goodwill of EUR 5.2 million is allocated to the poultry and meat segments, related to the opportunity to leverage E+V's product portfolio of vision solutions, its long-standing customer relationships and Marel's global sales and service network. The goodwill for the E+V acquisition is deductible for corporate income tax if certain conditions are met.

Impact on the Consolidated Statement of Financial Position in 2023	**E+V**
Property, plant and equipment	0.1
Intangible assets	4.5
Inventories	0.2
Assets acquired	**4.8**
Liabilities assumed	**-**
Total net identified assets	**4.8**
Purchase consideration	**10.0**
Goodwill on acquisition	**5.2**

Wenger

In 2023, the PPA for Wenger Manufacturing LLC ("Wenger") was finalized. No changes were recognized compared to the provisional PPA outcomes reported in the Group's Annual Consolidated Financial Statements for the year ended 31 December 2022.

As part of the acquisition of Wenger in 2022, Marel donated USD 4.0 million (EUR 3.7 million) founding the Wenger Marel Charitable Fund in 2023. The purpose of the Charitable Fund is to support the greater Sabetha community in sustainable development and community investments in the areas of 1) reading and STEM education, 2) food, nutrition and water, and 3) community support.

6 Segment information

Operating segments

The identified operating segments comprise the four core business segments. These operating segments form the basis for managerial decision taking.

The following summary describes the operations in each of the Group's reportable segments:

- Poultry processing: Our poultry full-line product range offers automated in-line solutions, software and services for all stages of processing broilers, turkeys and ducks;
- Meat processing: Our meat segment is a full line supplier for primary, secondary and further processing equipment, systems, software and services of pork, beef, veal and sheep;
- Fish processing: Marel provides advanced equipment, systems, software and services for processing salmon and whitefish, both farmed and wild, on-board and ashore;
- Plant, pet and feed: The plant, pet and feed segment provides solutions and services to the pet food, plant-based protein and aqua feed markets.

The reporting entities are reporting their revenues per operating segment based on the segment for which the customer is using Marel's product range. Therefore inter-segment revenues do not exist, only intercompany revenues within the same segment.

Results are monitored and managed at the operating segment level, up to the adjusted result from operations. Adjusted result from operations is used to measure performance as management believes that this information is the most relevant in evaluating the results of the respective Marel segments relative to other entities that operate in the same business segment.

The Group's CEO reviews the internal management reports of each segment on a monthly basis.

Fluctuations between quarters are mainly due to general economic developments, timing of receiving and delivery of orders, margin on projects and business mix. Decisions on tax and financing structures including cash and cash equivalents are taken at a corporate level and are not allocated to the operating segments. The profit or loss per operating segment is the adjusted result from operations; finance costs, taxes and results of associates are reported in the column total.

Intercompany transactions are entered at arm's length terms and conditions comparable to those available to unrelated parties. Information on assets per operating segment is reported; however, decisions on liabilities are taken at a corporate level and as such are not included in this disclosure.

31 December 2023	Poultry	Meat	Fish	Plant, pet and feed	Other	Total
Revenues	**832.3**	**443.0**	**193.6**	**232.3**	**20.2**	**1,721.4**
Adjusted result from operations	**125.2**	**2.9**	**(8.9)**	**35.3**	**(1.4)**	**153.1**
PPA related charges	(0.4)	(14.7)	(1.6)	(23.1)	(0.9)	(40.7)
Acquisition related expenses						(4.3)
Restructuring costs						(7.4)
Other						(7.1)
Result from operations						**93.6**
Net finance costs						(57.0)
Share of result of associates						(0.5)
Result before income tax						**36.1**
Income tax						(5.1)
Net result for the period						**31.0**
Assets excluding cash and cash equivalents	**867.0**	**817.8**	**255.7**	**549.9**	**39.5**	**2,529.9**
Capital expenditures	52.3	21.8	16.7	11.5	0.5	102.8
Depreciation and amortization	(27.1)	(32.7)	(12.3)	(17.3)	(1.2)	(90.6)
Impairment	(5.4)	(0.5)	(1.3)	-	-	(7.2)

31 December 2022	Poultry	Meat	Fish	Plant, pet and feed	Other	Total
Revenues	**832.1**	**514.1**	**191.5**	**144.2**	**26.8**	**1,708.7**
Adjusted result from operations	**118.3**	**21.0**	**(0.9)**	**21.4**	**3.6**	**163.4**
PPA related charges	(0.4)	(15.2)	(2.3)	(24.6)	(1.0)	(43.5)
Acquisition related expenses						(14.5)
Restructuring costs						(8.4)
Result from operations						**97.0**
Net finance costs						(13.0)
Share of result of associates						(1.9)
Impairment loss of associates						(7.0)
Result before income tax						**75.1**
Income tax						(16.4)
Net result for the period						**58.7**
Assets excluding cash and cash equivalents	**891.7**	**870.2**	**249.6**	**576.5**	**32.7**	**2,620.7**
Capital expenditures	47.9	29.7	16.2	6.3	1.1	101.2
Depreciation and amortization	(26.7)	(33.9)	(8.9)	(9.7)	(2.4)	(81.6)

Geographical information

The Group's operating segments operate in three main geographical areas, although they are managed on a global basis. The Group is domiciled in Iceland.

Assets excluding cash and cash equivalents	2023	2022
Europe, Middle East and Africa[1]	1,739.7	1,785.8
Americas	763.3	801.3
Asia and Oceania	26.9	33.6
Total	**2,529.9**	**2,620.7**

[1] Iceland accounts for EUR 276.8 million (31 December 2022: EUR 278.2 million).

Total assets exclude the Group's cash pool which the Group manages at a corporate level. Capital expenditures include investments in property, plant and equipment, right of use assets and intangible assets (including capitalized technology and development costs, refer to note 17).

Capital expenditure	2023	2022
Europe, Middle East and Africa[1]	88.4	88.8
Americas	13.6	11.0
Asia and Oceania	0.8	1.4
Total	**102.8**	**101.2**

[1] Iceland accounts for EUR 12.8 million (2022: EUR 14.1 million).

Cash capital expenditures are made up of capital expenditures excluding the investments in right of use assets. Cash capital expenditures for the year ended 31 December 2023 amount to EUR 86.1 million (2022: EUR 88.4 million).

7 Revenues

Revenues

The Group's revenue is derived from contracts with customers. Within the segments and within the operating companies, Marel is not relying on any individual major customers.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical markets (revenue is allocated based on the country where the customer is located):

Revenue by geographical markets	2023	2022
Europe, Middle East and Africa[1]	857.0	818.8
Americas	689.4	709.6
Asia and Oceania	175.0	180.3
Total	**1,721.4**	**1,708.7**

[1] Iceland accounts for EUR 10.3 million (2022: EUR 16.6 million).

In the following table revenue is disaggregated by equipment revenue (comprised of revenue from greenfield and large projects, standard equipment and modernization equipment) and aftermarket revenue (comprised of maintenance, service and spare parts):

Revenue by business mix	2023	2022
Equipment revenue	935.5	1,019.5
Aftermarket revenue	785.9	689.2
Total	**1,721.4**	**1,708.7**

Trade receivables and contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

Trade receivables and contract balances	2023	2022
Trade receivables	215.2	218.3
Contract assets	36.3	65.8
Contract liabilities	(295.0)	(324.3)

No information is provided about remaining performance obligations at 31 December 2023 that have an original expected duration of one year or less, as allowed by IFRS 15, "Revenues from Contracts with Customers".

Marel continuously reassesses the impaired trade receivables and contract assets. A part of the impairment is related to product risk, the contract assets were impacted by an impairment charge of EUR 1.3 million (2022: EUR 2.3 million).

8 Expenses by nature

Expenses by nature	2023	2022
Direct material costs	617.1	638.2
Employee benefits	681.8	662.4
Other personnel expenses	32.9	33.1
Depreciation, amortization and impairment	97.8	81.6
Other[1]	198.2	196.4
Total	**1,627.8**	**1,611.7**

[1] Other expenses include mainly consultancy, IT, maintenance, marketing, outsourcing services, travel and utilities.

9 Net finance costs

Net finance costs	2023	2022
Finance costs:		
Interest on borrowings	(49.3)	(18.4)
Interest on lease liabilities	(1.4)	(1.2)
Other finance expenses	(6.1)	(4.1)
Net foreign exchange loss	(0.6)	-
Subtotal finance costs	**(57.4)**	**(23.7)**
Finance income:		
Interest income	0.4	1.5
Net foreign exchange gain	-	9.2
Subtotal finance income	**0.4**	**10.7**
Total	**(57.0)**	**(13.0)**

10 Employee benefits

Employee benefit expenses	2023	2022
Salaries and wages	556.1	546.1
Social security contributions	75.8	68.9
Equity-settled share-based payment expenses	6.2	7.4
Post retirement costs	43.7	40.0
Total	**681.8**	**662.4**

The employee benefit expenses relate to employees who are working on the payroll of Marel, both with permanent and temporary contracts.

Employee benefit expenses are presented in the Consolidated Statement of Income as follows:

Employee benefit expenses	2023	2022
Cost of sales	349.7	337.2
Selling and marketing expenses	147.1	145.2
General and administrative expenses	97.0	96.5
Research and development expenses[1]	88.0	83.5
Total	**681.8**	**662.4**

[1] EUR 20.3 million were capitalized in 2023 (2022: EUR 21.7 million) as intangible assets.

For further information on post-employment benefit costs, refer to note 24.

For details on the remuneration of the members of the Board of Directors and Marel's management, refer to note 28.

The average number of employees in FTEs per cost category is summarized as follows:

Employees in FTEs	2023	2022
Cost of sales	4,203	4,245
Selling and marketing	1,378	1,426
General and administrative	795	767
Research and development	1,031	1,066
Employees	**7,407**	**7,504**
3rd party workers	382	514
Total	**7,789**	**8,018**

The average number of employees in FTEs per geography is summarized as follows:

Employees in FTEs	2023	2022
Europe, Middle East and Africa[1]	5,142	5,250
Americas	1,940	1,819
Asia and Oceania	325	435
Employees	**7,407**	**7,504**
3rd party workers	382	514
Total	**7,789**	**8,018**

[1] Iceland accounts for 778 FTE (2022: 835 FTE) excluding 3rd party workers.

Employees consist of those persons working on the payroll of Marel and whose costs are reflected in the employee benefit expenses table above. 3rd party workers consist of personnel hired on a per period basis, via external companies.

11 Fees to Auditors

The following table shows the fees to KPMG attributable to the fiscal years 2023 and 2022.

Audit fees	2023	2022
Financial Statement audit fees	1.7	1.5
Other fees, including tax services	0.1	0.1
Total	**1.8**	**1.6**

12 Income tax

Income tax recognized in the Consolidated Statement of Income	2023	2022
Current tax	(18.2)	(32.1)
Deferred tax	13.1	15.7
Total	**(5.1)**	**(16.4)**

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as shown in the next table.

Reconciliation of applicable to effective income tax	2023	%	2022	%
Result before income tax	36.1		75.1	
Income tax using Icelandic rate	(7.2)	20.0	(15.0)	20.0
Effect of tax rates in other jurisdictions	(1.0)	2.7	(4.2)	5.6
Weighted average applicable tax	(8.2)	22.7	**(19.2)**	**25.6**
Foreign exchange effect Iceland	0.1	(0.3)	(0.3)	0.4
Research and development tax incentives	4.0	(11.1)	5.0	(6.7)
Other permanent differences	(2.2)	6.2	(2.5)	3.3
(Impairment)/reversal of tax losses	(0.4)	1.1	(1.1)	1.5
Effect of changes in tax rates	0.1	(0.3)	(0.3)	0.4
Others	1.5	(4.2)	2.0	(2.7)
Tax charge included in the Consolidated Statement of Income	**(5.1)**	**14.1**	**(16.4)**	**21.8**

Global minimum top-up tax

The Group operates in a number of jurisdictions, among others the Netherlands, Germany, the United Kingdom, and Denmark, which have implemented the global minimum top-up tax.

The Group performed an assessment of its potential exposure to Pillar Two income taxes. This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Group and the country-by-country reporting. Based on the assessment performed, the Pillar Two effective tax rates in most of the jurisdictions in which Marel operates are above 15% and management is currently not aware of any circumstances under which this might change.

For the jurisdictions which do not meet the minimum Pillar Two effective tax rate of 15%, the transitional safe harbor would be applicable based on the available financial information. As such, Marel does not expect a significant impact of Pillar Two top-up taxes.

Tax rate change - Iceland

The Icelandic tax rate will change in 2024 (one-time) from 20% to 21%. The Group performed an assessment of the impact of this one-time tax rate change and concluded that this tax rate change does not have a material impact on the Group's tax position.

13 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to Shareholders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

Basic earnings per share (EUR cent per share)	**2023**	**2022**
Net result attributable to Shareholders (EUR millions)	31.0	58.7
Weighted average number of outstanding shares issued (millions)	753.5	754.3
Basic earnings per share (EUR cent per share)	**4.11**	**7.78**

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary shares: stock options. For the stock options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding stock options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the stock options.

Diluted earnings per share (EUR cent per share)	**2023**	**2022**
Net result attributable to Shareholders (EUR millions)	31.0	58.7
Weighted average number of outstanding shares issued (millions)	753.5	754.3
Adjustments for stock options (millions)	0.5	2.8
Weighted average number of outstanding shares for diluted earnings per share (millions)	754.0	757.1
Diluted earnings per share (EUR cent per share)	**4.11**	**7.75**

14 Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Under con-struction	Total
At 1 January 2023					
Cost	293.1	178.0	73.3	29.2	573.6
Accumulated depreciation	(87.6)	(103.2)	(55.7)	-	(246.5)
Net book value	**205.5**	**74.8**	**17.6**	**29.2**	**327.1**
Year ended 31 December 2023					
Opening net book value	205.5	74.8	17.6	29.2	327.1
Divestments	(0.8)	(0.9)	(0.2)	-	(1.9)
Effect of movements in exchange rates	(0.2)	(0.9)	(0.3)	(0.0)	(1.4)
Additions	5.4	9.4	6.7	28.4	49.9
Business combinations, note 5	-	-	0.1	-	0.1
Transfer between categories	20.1	6.8	0.6	(27.5)	-
Depreciation	(8.6)	(14.1)	(5.3)	-	(28.0)
Closing net book value	**221.4**	**75.1**	**19.2**	**30.1**	**345.8**
At 31 December 2023					
Cost	315.0	185.5	77.8	30.1	608.4
Accumulated depreciation	(93.6)	(110.4)	(58.6)	-	(262.6)
Net book value	**221.4**	**75.1**	**19.2**	**30.1**	**345.8**

	Land & buildings	Plant & machinery	Vehicles & equipment	Under con-struction	Total
At 1 January 2022					
Cost	233.0	103.9	61.4	16.1	414.4
Accumulated depreciation	(72.7)	(64.6)	(48.4)	-	(185.7)
Net book value	**160.3**	**39.3**	**13.0**	**16.1**	**228.7**
Year ended 31 December 2022					
Opening net book value	160.3	39.3	13.0	16.1	228.7
Divestments	(0.9)	(0.6)	(0.4)	-	(1.9)
Effect of movements in exchange rates	0.8	0.9	0.1	0.4	2.2
Additions	4.6	8.9	5.0	34.3	52.8
Business combinations	32.3	31.3	2.3	3.6	69.5
Transfer between categories	18.1	4.8	2.3	(25.2)	-
Depreciation	(9.7)	(9.8)	(4.7)	-	(24.2)
Closing net book value	**205.5**	**74.8**	**17.6**	**29.2**	**327.1**
At 31 December 2022					
Cost	293.1	178.0	73.3	29.2	573.6
Accumulated depreciation	(87.6)	(103.2)	(55.7)	-	(246.5)
Net book value	**205.5**	**74.8**	**17.6**	**29.2**	**327.1**

Depreciation of property, plant and equipment analyzes as follows in the Consolidated Statement of Income:

Depreciation of property, plant and equipment	2023	2022
Cost of sales	13.4	10.7
Selling and marketing expenses	1.1	0.9
General and administrative expenses	11.6	11.5
Research and development expenses	1.9	1.1
Total	**28.0**	**24.2**

15 Right of use assets

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2023				
Cost	44.6	2.8	29.2	76.6
Accumulated depreciation	(19.6)	(1.3)	(15.9)	(36.8)
Net book value	**25.0**	**1.5**	**13.3**	**39.8**
Year ended 31 December 2023				
Opening net book value	25.0	1.5	13.3	39.8
Divestments	(1.0)	-	(1.8)	(2.8)
Effect of movements in exchange rates	(0.2)	(0.0)	(0.0)	(0.2)
Additions	4.7	-	12.0	16.7
Depreciation	(6.6)	(0.3)	(7.3)	(14.2)
Closing net book value	**21.9**	**1.2**	**16.2**	**39.3**
At 31 December 2023				
Cost	47.8	2.8	35.6	86.2
Accumulated depreciation	(25.9)	(1.6)	(19.4)	(46.9)
Net book value	**21.9**	**1.2**	**16.2**	**39.3**

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2022				
Cost	39.5	1.8	27.7	69.0
Accumulated depreciation	(13.4)	(0.8)	(14.3)	(28.5)
Net book value	**26.1**	**1.0**	**13.4**	**40.5**
Year ended 31 December 2022				
Opening net book value	26.1	1.0	13.4	40.5
Divestments	(0.0)	(0.2)	(1.2)	(1.4)
Effect of movements in exchange rates	0.8	0.0	0.3	1.1
Business combinations	1.1	-	-	1.1
Additions	3.4	1.2	8.2	12.8
Depreciation	(6.4)	(0.5)	(7.4)	(14.3)
Closing net book value	**25.0**	**1.5**	**13.3**	**39.8**
At 31 December 2022				
Cost	44.6	2.8	29.2	76.6
Accumulated depreciation	(19.6)	(1.3)	(15.9)	(36.8)
Net book value	**25.0**	**1.5**	**13.3**	**39.8**

For the annual maturity of the lease liabilities, refer to note 22.

Depreciation of right of use assets analyzes as follows in the Consolidated Statement of Income:

Depreciation of right of use assets	2023	2022
Cost of sales	4.2	3.6
Selling and marketing expenses	2.5	2.3
General and administrative expenses	7.2	8.1
Research and development expenses	0.3	0.3
Total	**14.2**	**14.3**

16 Goodwill

	2023	2022
At 1 January		
Cost	859.2	705.2
Net book value	**859.2**	**705.2**
Year ended 31 December		
Opening net book value	859.2	705.2
Business combinations, note 5	5.2	152.7
Effect of movements in exchange rates	(5.4)	1.3
Closing net book value	**859.0**	**859.2**
At 31 December		
Cost	859.0	859.2
Net book value	**859.0**	**859.2**

For 2023 business combinations relate to the acquisition of E+V Technology (increase in goodwill of EUR 5.2 million).

For 2022 business combinations relate to the acquisition of Wenger (increase in goodwill of EUR 146.7 million), Sleegers (increase in goodwill of EUR 5.9 million) and Valka (increase in goodwill of EUR 0.1 million due to the finalization of the PPA).

Further information on the acquisitions is disclosed in note 5 of the Consolidated Financial Statements.

Impairment testing

Annually, goodwill is tested for impairment at the level of the CGUs, which are Marel's operating segments:

- Poultry
- Meat
- Fish
- Plant, pet and feed; and
- Other

Only at the level of the operating segments, the connection can be made between the businesses for which the goodwill was originally paid for and the results of the synergies after those acquisitions.

The annual impairment test includes property, plant and equipment, right of use assets, goodwill, other intangible assets and net working capital allocated to the CGUs to determine the final recoverable amount.

The purpose of impairment testing is to determine whether the recoverable amount exceeds the carrying amount of the above mentioned assets. The recoverable amount of an operating segment is determined as the present value of the future cash flows expected to be derived from a CGU, based on amongst others:

- the estimated future cash flows that the Group expects the CGU to earn;
- possible variations in the amount or timing of those future cash flows;
- the time value of money, which is reflected by using a discount rate based on the current market risk-free rate of interest; and
- the price for the uncertainty inherent in the CGU.

Key assumptions used in the impairment tests for the CGUs were sales growth rates, EBITDA and the rates used for discounting the projected cash flows.

The sales growth rates and EBITDA used to estimate future cash flows are based on past performance, external market growth assumptions and industry long-term growth averages. EBITDA in all segments is expected to increase over the projected period as a result of volume growth and cost efficiencies.

The cash flow projections for the period 2024-2026 are derived from Marel's business plan as aligned with the Board of Directors. The weighted growth rate for the years 2027 and 2028 of forecast cash flows is between 4.3% and 7.1% for all CGUs, which is management's best estimate. These growth rates are in line with external market predictions of the worldwide industry for providing equipment and solutions for the protein industry. Revenues, operating results and cash flows beyond the 5 year forecast period are extrapolated using estimated growth rates of 2.1% (31 December 2022: 2.2%). The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

The time value of money and price of uncertainty, calculated as the Weighted Average Cost of Capital ("WACC"), are based on external market information about market risk, interest rates and some CGU specific elements like country risk. The post-tax discount rate is calculated at CGU level and is in the range of 9.0% - 10.2% (2022: 9.5% - 10.1%) for all CGUs. The pre-tax discount rate for the CGUs is calculated in the range of 10.8% - 13.0% (2022: 11.9% - 13.0%).

The key assumptions used for the impairment tests are listed below.

2023	Poultry	Meat	Fish	Plant, pet and feed	Other	Total
Goodwill	342.4	315.4	52.2	142.2	6.8	859.0
Terminal growth rate[2]	2.1%	2.1%	2.1%	2.1%	2.1%	
Discount rate (post-tax)[3]	10.2%	9.4%	9.0%	10.0%	9.1%	

2022	Poultry	Meat	Fish	Plant, pet and feed[1]	Other	Total
Goodwill	347.4	311.0	46.8	147.2	6.8	859.2
Terminal growth rate[2]	2.2%	2.2%	2.2%	n/a	2.2%	
Discount rate (post-tax)[3]	10.1%	9.8%	9.7%	n/a	9.5%	

1 Since the PPA process for the acquisition of Wenger was not completed, no impairment test was performed in 2022.
2 Weighted average growth rate used to extrapolate cash flows beyond management's internal forecast period.
3 Discount rate applied to the cash flow projections.

The goodwill impairment test performed in the fourth quarter is rolled forward to 31 December 2023 and shows that there is sufficient headroom and that there are no triggers indicating that impairment is necessary. For all operating segments the recoverable amount exceeds the carrying amount by a substantial amount.

Sensitivity tests were performed on growth assumptions (a 50% reduction of the sales growth rate), adjusted EBITDA margin assumptions (a 1% decrease in EBITDA) and for WACC (a 1% increase in WACC). All sensitivity tests showed that the conclusions would not have differed if significant adverse changes in key parameters had been assumed.

The market capitalization of Marel at 31 December 2023 amounted to EUR 2.4 billion (31 December 2022: EUR 2.5 billion) which is clearly above the carrying amount of net assets, thus providing an additional indication that goodwill was not impaired.

17 Intangible assets

	Technology & development costs	Customer relations, patents & trademarks	Other intangibles	Total
At 1 January 2023				
Cost	469.4	388.0	101.7	959.1
Accumulated amortization	(211.8)	(104.1)	(80.9)	(396.8)
Net book value	**257.6**	**283.9**	**20.8**	**562.3**
Year ended 31 December 2023				
Opening net book value	257.6	283.9	20.8	562.3
Business combinations, note 5	1.1	3.4	-	4.5
Effect of movements in exchange rates	(2.5)	(3.7)	(0.0)	(6.2)
Additions	28.8	-	7.4	36.2
Impairment charge	(6.3)	-	(0.9)	(7.2)
Transfer between categories	-	(0.4)	0.4	-
Amortization	(22.8)	(18.8)	(6.8)	(48.4)
Closing net book value	**255.9**	**264.4**	**20.9**	**541.2**
At 31 December 2023				
Cost	487.5	385.4	109.0	981.9
Accumulated amortization	(231.6)	(121.0)	(88.1)	(440.7)
Net book value	**255.9**	**264.4**	**20.9**	**541.2**

	Technology & development costs	Customer relations, patents & trademarks	Other intangibles	Total
At 1 January 2022				
Cost	351.6	261.5	94.1	707.2
Accumulated amortization	(189.3)	(86.2)	(74.5)	(350.0)
Net book value	**162.3**	**175.3**	**19.6**	**357.2**
Year ended 31 December 2022				
Opening net book value	162.3	175.3	19.6	357.2
Business combinations	87.1	124.7	-	211.8
Effect of movements in exchange rates	0.8	0.0	0.0	0.8
Additions	28.0	-	7.6	35.6
Amortization	(20.6)	(16.1)	(6.4)	(43.1)
Closing net book value	**257.6**	**283.9**	**20.8**	**562.3**
At 31 December 2022				
Cost	469.4	388.0	101.7	959.1
Accumulated amortization	(211.8)	(104.1)	(80.9)	(396.8)
Net book value	**257.6**	**283.9**	**20.8**	**562.3**

Business combinations for 2023 relate to the acquisition of E+V Technology. Business combinations for 2022 relate to the acquisition of Wenger and Sleegers. Further information on the acquisitions is disclosed in note 5 of the Consolidated Financial Statements.

The additions for 2023 of EUR 36.2 million (2022: EUR 35.6 million) predominantly comprise internally generated assets for product development and for development of software products.

The recoverability of the capitalized development cost is subject to an annual impairment test, to verify if expected future economic benefits justify the values captured in the intangible fixed assets. The Group used a discounted cash flow analysis for this purpose based on a post-tax discount rate of 10.6%.

Amortization of intangible assets analyzes as follows in the Consolidated Statement of Income:

Amortization of intangible assets	2023	2022
Selling and marketing expenses	18.8	16.2
General and administrative expenses	7.0	6.4
Research and development expenses	22.6	20.5
Total	**48.4**	**43.1**

18 Trade receivables, other receivables and prepayments

Trade receivables, other receivables and prepayments	2023	2022
Trade receivables	217.4	221.3
Less: allowance for impairment	(2.2)	(3.0)
Trade receivables - net	**215.2**	**218.3**
Prepayments	31.2	27.7
Other receivables	54.7	71.3
Other receivables and prepayments	**85.9**	**99.0**

The carrying amounts of trade receivables and other receivables and prepayments approximate their fair value.

The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. There were no material reversal of write-downs of trade receivables. The impairment and reversals have been included in selling and marketing expenses in the Consolidated Statement of Income. Due to the insignificant amount impaired, these are not shown separately in the Consolidated Statement of Income.

The other receivables and prepayments do not contain impaired assets. Information about the Group's exposure to credit and market risks is included in note 26.

The aging of trade receivables is as follows:

Aging of trade receivables	2023	2022
Not overdue	134.9	124.8
Up to 90 days overdue	61.3	67.3
Over 90 days overdue	21.2	29.2
Total trade receivables	**217.4**	**221.3**
Allowance for impairment	(2.2)	(3.0)
Total trade receivables - net	**215.2**	**218.3**

The carrying amounts of the Group's trade receivables (current portion) are denominated in the following currencies:

Trade receivables in currencies	2023	2022
EUR	109.2	106.1
USD	82.6	85.3
GBP	2.7	4.3
BRL	7.8	6.6
Other currencies	15.1	19.0
Total trade receivables	**217.4**	**221.3**
Allowance for impairment	(2.2)	(3.0)
Total trade receivables - net	**215.2**	**218.3**

19 Deferred income tax

Deferred income taxes are calculated in full on temporary differences under the liability method.

The gross movement on the deferred income tax account is as follows:

Deferred income taxes	2023	2022
At 1 January	**(59.1)**	**(74.0)**
Exchange differences	(0.4)	0.4
Consolidated Statement of Income charge (excluding tax rate change)	12.9	16.0
Effect of changes in tax rates	0.2	(0.3)
Business combinations	-	(1.4)
Recognized in other comprehensive income	0.4	0.2
At 31 December	**(46.0)**	**(59.1)**

Deferred income taxes recognized in the Consolidated Statement of Financial Position are as follows:

Deferred income taxes	2023	2022
Deferred income tax assets	38.9	31.6
Deferred income tax liabilities	(84.9)	(90.7)
Total	**(46.0)**	**(59.1)**

The recoverability of deferred income tax assets recognized for tax loss carry forwards has been tested based on future profits expected in managements internal forecasts; in 2023, EUR 0.4 million tax losses were impaired (2022: an impairment of EUR 1.1 million). Sensitivity tests on impairment of tax losses were performed using the assumption of decreasing the forecasted profit before tax by 5%. The sensitivity test showed that the conclusions would not have been different if significant adverse changes had been assumed.

The Group has no unrecognized deferred tax liabilities.

Available tax losses will expire according to below schedule:

	2023		2022	
Tax losses	**Total tax losses**	**Of which not capitalized**	**Total tax losses**	**Of which not capitalized**
Less than 6 years	34.9	10.5	39.8	13.8
Between 6 and 10 years	37.3	6.5	34.4	6.3
More than 10 years	1.5	1.4	1.9	1.4
Indefinite	57.4	15.0	34.1	15.8
Total	**131.1**	**33.4**	**110.2**	**37.3**

Deferred tax assets and liabilities are attributable to the following:

Movement in deferred tax balances	**At 1 January 2023**	**Recognized in income statement**	**Other[1]**	**At 31 December 2023**	**Deferred Tax Assets**	**Deferred Tax Liabilities**
Property, plant and equipment	(12.9)	2.3	(0.6)	(11.2)	1.1	(12.3)
Right of use assets	0.2	-	0.1	0.3	10.0	(9.7)
Intangible assets	(85.5)	(1.8)	(0.1)	(87.4)	7.7	(95.1)
Other receivables	1.3	(0.5)	0.0	0.8	4.0	(3.2)
Other financial assets	(0.2)	(0.1)	0.8	0.5	0.9	(0.4)
Inventories	4.1	2.8	(0.2)	6.7	7.3	(0.6)
Non-current liabilities	2.1	4.8	(0.1)	6.8	7.0	(0.2)
Provisions	1.7	0.3	0.0	2.0	2.6	(0.6)
Current liabilities	13.6	(2.9)	0.1	10.8	11.1	(0.3)
Subtotal	**(75.6)**	**4.9**	**0.0**	**(70.7)**	**51.7**	**(122.4)**
Subtotal tax losses	16.5	8.0	0.2	24.7	31.2	(6.5)
Deferred tax assets (liabilities) before set-off	**(59.1)**	**12.9**	**0.2**	**(46.0)**	**82.9**	**(128.9)**
Set-off of tax				-	(44.0)	44.0
Net deferred tax assets (liabilities)				**(46.0)**	**38.9**	**(84.9)**

Movement in deferred tax balances	**At 1 January 2022**	**Recognized in income statement**	**Other[1]**	**At 31 December 2022**	**Deferred Tax Assets**	**Deferred Tax Liabilities**
Property, plant and equipment	(9.7)	(0.2)	(3.0)	(12.9)	1.0	(13.9)
Right of use assets	0.0	0.1	0.1	0.2	10.1	(9.9)
Intangible assets	(93.5)	(0.9)	8.9	(85.5)	10.7	(96.2)
Other receivables	0.6	0.7	(0.0)	1.3	5.2	(3.9)
Other financial assets	0.2	(0.4)	(0.0)	(0.2)	0.7	(0.9)
Inventories	5.4	5.9	(7.2)	4.1	8.1	(4.0)
Non-current liabilities	0.7	0.8	0.6	2.1	2.3	(0.2)
Provisions	1.3	0.4	0.0	1.7	2.2	(0.5)
Current liabilities	8.9	4.8	(0.1)	13.6	14.0	(0.4)
Subtotal	**(86.1)**	**11.2**	**(0.7)**	**(75.6)**	**54.3**	**(129.9)**
Subtotal tax losses	12.1	4.8	(0.4)	16.5	23.9	(7.4)
Deferred tax assets (liabilities) before set-off	**(74.0)**	**16.0**	**(1.1)**	**(59.1)**	**78.2**	**(137.3)**
Set-off of tax				-	(46.6)	46.6
Net deferred tax assets (liabilities)				**(59.1)**	**31.6**	**(90.7)**

[1] Other includes the effect of tax rate changes and movements of assets and liabilities recognized in OCI, which includes foreign currency translation differences, acquisitions and divestments.

20 Inventories

Inventories	2023	2022
Raw materials	21.5	34.8
Semi-finished goods	311.2	338.7
Finished goods	66.2	72.0
Gross inventories	**398.9**	**445.5**
Allowance for obsolescence and/or net realizable value	(46.4)	(41.9)
Net inventories	**352.5**	**403.6**

The cost of inventories recognized as an expense and included in cost of sales amounted to EUR 846.6 million (2022: EUR 834.5 million).

In 2023, inventories have been reduced by EUR 8.0 million (2022: EUR 9.0 million) as a result of write-down to net realizable value. This write-down was recognized as an expense during 2023 and included in cost of sales. There were no material reversals of write-downs to net realizable value.

21 Equity

Share capital	Ordinary shares (thousands)	Treasury shares (thousands)	Outstanding number of shares (thousands)
At 1 January 2023	**771,008**	**(18,293)**	**752,715**
Treasury shares - used	-	1,236	1,236
At 31 December 2023	**771,008**	**(17,057)**	**753,951**
	100.00%	2.21%	97.79%
At 1 January 2022	**771,008**	**(15,263)**	**755,745**
Treasury shares - purchased	-	(4,602)	(4,602)
Treasury shares - used	-	1,572	1,572
At 31 December 2022	**771,008**	**(18,293)**	**752,715**
	100.00%	2.37%	97.63%

Class of share capital	2023	2022
Nominal value	6.7	6.7
Share premium reserve	425.8	426.9
Reserve for share-based payments	13.5	13.3
Total share premium reserve	**439.3**	**440.2**

Share capital

The total authorized number of ordinary shares on the Nasdaq and Euronext exchanges is 771.0 million (31 December 2022: 771.0 million) with a nominal value of ISK 1 per share. All issued shares are fully paid.

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at shareholders meetings of the Company. Shareholders who hold shares in Marel on Nasdaq and Euronext have identical voting rights and the same rights to dividends. All rights attached to the Company's treasury shares are suspended until those shares are sold again.

Dividends

In 2023, a dividend of EUR 11.7 million (EUR 1.56 cents per share) was declared and paid to the shareholders for the operational year 2022. This corresponds to approximately 20% of net result for the operational year 2022 (in 2022, a dividend of EUR 38.7 million (EUR 5.12 cents per share) was declared and paid for the operational year 2021).

After the reporting date the Board of Directors will propose to the 2024 Annual General Meeting that EUR 0.82 cents dividend per outstanding share will be paid for the operational year 2023, corresponding to approximately 20% of net results.

Treasury shares

From time to time the Company purchases its own shares in the market. Treasury shares purchased by the Company are intended to be used for issuing stock options and as payment for potential future acquisitions. Buy and sell decisions are taken by the Board of Directors. Based on a motion approved in the Annual General Meeting of shareholders on 22 March 2023, the Board of Directors can purchase up to 10% of the Company's own shares. Requirements pursuant to Article 55 of the Icelandic Companies Act No. 2/1995 need to be taken into consideration when own shares are purchased on the basis of this authorization. This authorization is effective for 18 months following the motions approval.

In 2023, Marel used 1.2 million treasury shares (EUR 2.7 million) to fulfill obligations of a share based compensation program granted to the Wenger employees, as agreed during the acquisition, and to fulfill obligations of stock option agreements to Marel employees. At the end of 2023 Marel held 17.1 million treasury shares.

In 2022, Marel purchased 4.6 million treasury shares for a total amount of EUR 19.8 million. Marel used 0.6 million treasury shares (EUR 0.5 million) to fulfill obligations of stock option agreements to its employees and used 1.0 million treasury shares (EUR 4.2 million) as part of the purchase consideration for the acquisition of Wenger. At the end of 2022 Marel held 18.3 million treasury shares.

Stock options

Stock options are granted to management and selected employees in strategic positions. The exercise prices of options granted are originally the same as the market price at the date of each granting. The exercise prices are adjusted afterwards according to dividend per share when paid, i.e. the exercise prices are lowered by the same amount as the paid dividend per share (cent against cent).

The option holders in Marel's senior leadership are required to hold shares, corresponding to the net profit gained from the options (after tax) until the following holding requirements are reached, measured in total share value owned as a multiple of annual base salary: CEO three times, other members of the Executive Board two times, and other members in Marel's senior leadership, as decided by the Executive Board, one time.

Options are conditional on the employee completing particular periods' / years' service (the vesting period).

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of stock options outstanding and their related weighted average exercise prices are as follows:

Movements of stock options	Average exercise price per share	Stock options (thousands)
At 1 January 2023	**EUR 4.516**	**23,117**
Granted	EUR 3.768	10,440
Exercised	EUR 3.185	(3,998)
Forfeited / expired	EUR 4.306	(6,068)
At 31 December 2023	**EUR 4.450**	**23,491**
Exercisable stock options at 31 December 2023		**4,560**
At 1 January 2022	**EUR 4.005**	**18,419**
Granted	EUR 5.477	8,171
Exercised	EUR 2.459	(1,412)
Forfeited / expired	EUR 4.720	(2,061)
At 31 December 2022	**EUR 4.516**	**23,117**
Exercisable stock options at 31 December 2022		**6,220**

In 2023 the following stock options were exercised.

	Shares (thousands)	Exercise price per share (EUR)
Stock options granted 2019	3,998	3.185
Total	**3,998**	

In 2022 the following stock options were exercised.

	Shares (thousands)	Exercise price per share (EUR)
Stock options granted 2015	200	1.351
Stock options granted 2016	252	1.727
Stock options granted 2018	450	2.713
Stock options granted 2019	510	3.031
Total	**1,412**	

Outstanding stock options, if exercised, represent 3.05% (2022: 3.00%) of the total issued shares.

Stock options granted in the year Stock options expire in year	2020 2024	2021 2025	2022 2026	2023 2027
The exercise price per share after:[1]				
24 April 2023	EUR 3.679	-	-	-
5 February 2024	-	EUR 5.579	-	-
9 February 2025	-	-	EUR 5.473	-
3 May 2025	-	-	EUR 4.934	-
17 February 2026	-	-	-	EUR 3.784
16 May 2026	-	-	-	EUR 2.920

[1] Exercise prices after dividend payment in 2020; EUR 0.0579, after dividend payment in 2021; EUR 0.0545, after dividend payment in 2022; EUR 0.0512, and after dividend payment in 2023; EUR 0.0156.

The fair value of the employee stock options granted is measured using the Black-Scholes model. Variables used in the Black-Scholes calculation are shown in the table below.

	Exercise price per share (EUR)	Expected term (years)	Annual dividend yield	Expected risk-free interest rate[1]	Estimated volatility	Weighted average remaining contr. life in months[2]
Option plan April 2020						
100% exercisable > 24 April 2023	3.800	3.0	0.00%	0.00%	23.32%	4
Option plan February 2021						
100% exercisable > 5 February 2024	5.700	3.0	0.00%	0.00%	24.51%	13
Option plan February 2022						
100% exercisable > 9 February 2025	5.540	3.0	0.00%	0.00%	24.63%	26
Option plan May 2022						
100% exercisable > 3 May 2025	4.950	3.0	0.00%	0.48%	25.49%	28
Option plan February 2023						
100% exercisable > 17 February 2026	3.800	3.0	0.00%	2.63%	29.83%	38
Option plan May 2023						
100% exercisable > 16 May 2026	2.920	3.0	0.00%	2.40%	29.97%	41

1 If the expected risk-free interest rate is negative, 0.00% is used in the Black-Scholes calculation.
2 Based on last possible exercise dates in each stock option grant.

Share premium reserve

The share premium reserve is comprised of payments in excess of nominal value of ISK 1 per share that shareholders have paid for shares sold by the Company, less payments in excess of nominal value that the Company has paid for treasury shares. According to the Icelandic Companies Act, 25% of the nominal value share capital must be held in reserve which cannot be paid out as dividend to shareholders. Marel is compliant with this requirement.

Other reserves

Other reserves in shareholder's equity include the following:

- hedge reserve: comprises revaluations on derivatives, on which hedge accounting is applied. The value relates to derivatives for the Group, the interest rate swap contracts and the foreign exchange contracts; and
- translation reserve: comprises the translation results of the consolidation of subsidiaries reporting in foreign currencies, as well as a currency revaluation related to financing of subsidiaries.

Other reserves	Hedge reserve	Translation reserve	Total other reserves
Balance at 1 January 2023	**(0.0)**	**(33.4)**	**(33.4)**
Total other comprehensive income	(1.7)	(9.3)	(11.0)
Balance at 31 December 2023	**(1.7)**	**(42.7)**	**(44.4)**

Other reserves	Hedge reserve	Translation reserve	Total other reserves
Balance at 1 January 2022	**0.6**	**(22.7)**	**(22.1)**
Total other comprehensive income	(0.6)	(10.7)	(11.3)
Balance at 31 December 2022	**(0.0)**	**(33.4)**	**(33.4)**

Limitation in the distribution of Shareholders' equity

As at 31 December 2023, pursuant to Icelandic law, certain limitations exist relating to the distribution of shareholders' equity. Such limitations relate to legal reserves required by Icelandic law included under retained earnings for capitalized intangible assets related to product development projects and for legal reserves relating to any legal or economic restrictions to the ability of affiliated companies to transfer funds to the parent company in the form of dividends.

The legal reserve included under retained earnings for capitalized intangible assets related to product development projects amounted to EUR 106.3 million as at 31 December 2023 (31 December 2022: EUR 102.8 million).

Since the profits retained in Marel hf.'s subsidiaries can be distributed and received in Iceland, no legal reserve for any legal or economic restrictions to the ability of affiliated companies to transfer funds to the parent company in the form of dividends is required.

The amount of the legal reserve for the share of profit of affiliates is reduced by dividends received from those companies and those dividends from them which can be claimed. Therefore Marel could, based on its control as the parent company, decide to let its subsidiaries pay dividends. The dividends would lower the amount of legal reserves within equity and therefore leave more room for Marel to make dividend payments to its shareholders. The provision of the Icelandic Financial Statement Act No. 3/2006 does not prevent Marel from making dividend payments to its shareholders as the Company has sufficient retained earnings from previous years.

22 Borrowings and lease liabilities

Marel has the following main funding facilities in place:

Schuldschein promissory notes

On 7 December 2018 Marel finalized an issue of Schuldschein promissory notes for EUR 140.0 million. The investors were a mixture of Central European and Asian commercial banks. The notes were split in 5 and 7 year terms and a mixture of fixed and floating rates:

- EUR 15.5 million at 1.366% fixed interest for 5 years;
- EUR 8.5 million at 1.83% fixed interest for 7 years;
- EUR 106.0 million with floating EURIBOR rate and 1.1% margin for 5 years; and
- EUR 10.0 million with floating EURIBOR rate and 1.3% margin for 7 years.

In December 2023, Marel repaid notes with a 5 year term of EUR 121.5 million.

Syndicated revolving credit facility

On 5 February 2020 Marel signed a syndicated revolving credit facility of EUR 700.0 million with seven leading international banks: ABN AMRO, BNP Paribas, Danske Bank, HSBC, ING Bank, Rabobank and UniCredit. The facility is based on investment grade Loan Market Association documentation. The key elements of the syndicated revolving credit facility are:

- the term of the EUR 700.0 million syndicated revolving credit facility is for five years with two one-year extension options with final maturity in February 2027 if utilized;
- initial interest terms were EURIBOR/LIBOR +80bp and will vary in line with Marel's leverage ratio (per Marel's credit agreement) and the facility utilization level; and
- the credit facility includes an incentive structure based on a set of sustainability KPIs. Based on the extent to which the KPIs are met, Marel will either receive a margin reduction or increase.

In July 2023, Marel signed a two-year extension to the credit facility utilizing the extension options, with final maturity in February 2027.

Syndicated USD 300.0 million term loan

On 2 November 2022, Marel signed a USD 300.0 million term loan with the same group of banks as the EUR 700.0 million revolving facility. The key elements of the term loan are:

- the term of the USD 300.0 million loan is for three years with two uncommited one-year extension options;
- interest terms are SOFR +250bp and will vary in line with Marel's leverage ratio (per Marel's credit agreement).

Syndicated EUR 150.0 million term loan

On 17 July 2023, Marel signed a EUR 150.0 million term loan with its long standing partners: ABN AMRO, BNP Paribas, Danske Bank, HSBC, ING, and Rabobank. The liquidity provided by the term loan was used to repay the Schuldschein promissory notes with an initial 5 year term and to repay part of the revolving credit facility. The key elements of the term loan are:

- the term of the EUR 150.0 million loan is for two years with two uncommited one-year extension options;
- interest terms are SOFR +250bp and will vary in line with Marel's leverage ratio (per Marel's credit agreement).

All facilities include a 0% interest floor on the relevant base rates. At inception of the facilities, the 0% floors did not have an intrinsic value and have not been separated from the original contract in the Consolidated Statement of Financial Position.

Borrowings and lease liabilities

Borrowings and lease liabilities	2023	2022
Borrowings	819.8	729.8
Lease liabilities	29.8	30.3
Non-current	**849.6**	**760.1**
Borrowings	0.0	121.5
Lease liabilities	11.2	10.8
Current	**11.2**	**132.3**
Total	**860.8**	**892.4**
Borrowings	819.8	851.3
Lease liabilities	41.0	41.1
Total	**860.8**	**892.4**

As of 31 December 2023, interest bearing debt amounted to EUR 865.2 million excluding capitalized finance costs and including lease liabilities (31 December 2022: EUR 895.1 million).

The Group loan agreements contain restrictive covenants, relating to interest cover and leverage. At 31 December 2023 and 31 December 2022 the Group complies with all restrictive covenants.

Marel and it's banking group reached an agreement to increase covenant headroom in 2024 for more operational flexibility.

The Group has the following headroom in committed facilities:

Available headroom	2023	2022
Expiring within one year	-	-
Expiring beyond one year	313.7	243.8
Total	**313.7**	**243.8**

Borrowings and lease liabilities in currency recorded in EUR at 31 December 2023	Borrowings	Capitalized finance charges	Lease liabilities	Total
Liabilities in EUR	493.5	(3.1)	15.0	505.4
Liabilities in USD	329.9	(1.3)	10.0	338.6
Liabilities in other currencies	0.8	-	16.0	16.8
Total	**824.2**	**(4.4)**	**41.0**	**860.8**
Current maturities	(2.0)	2.0	(11.2)	(11.2)
Non-current maturities	**822.2**	**(2.4)**	**29.8**	**849.6**

Borrowings and lease liabilities in currency recorded in EUR at 31 December 2022	Borrowings	Capitalized finance charges	Lease liabilities	Total
Liabilities in EUR	510.1	(1.3)	14.0	522.8
Liabilities in USD	343.0	(1.4)	8.9	350.5
Liabilities in other currencies	0.9	-	18.2	19.1
Total	**854.0**	**(2.7)**	**41.1**	**892.4**
Current maturities	(123.2)	1.7	(10.8)	(132.3)
Non-current maturities	**730.8**	**(1.0)**	**30.3**	**760.1**

Annual maturity of non-current borrowings and lease liabilities at 31 December 2023	Borrowings	Capitalized finance charges	Lease liabilities	Total
Between 1 and 2 years	441.3	(1.8)	10.6	450.1
Between 2 and 3 years	1.3	(0.6)	7.4	8.1
Between 3 and 4 years	375.8	-	3.0	378.8
Between 4 and 5 years	1.0	-	4.2	5.2
After 5 years	2.8	-	4.6	7.4
Total	**822.2**	**(2.4)**	**29.8**	**849.6**

Annual maturity of non-current borrowings and lease liabilities at 31 December 2022	Borrowings	Capitalized finance charges	Lease liabilities	Total
Between 1 and 2 years	1.7	(0.6)	10.4	11.5
Between 2 and 3 years	722.8	(0.4)	6.5	728.9
Between 3 and 4 years	1.3	-	4.0	5.3
Between 4 and 5 years	1.1	-	4.9	6.0
After 5 years	3.9	-	4.5	8.4
Total	**730.8**	**(1.0)**	**30.3**	**760.1**

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Borrowings and lease liabilities	Interest rate swap and forward exchange contracts – assets	Interest rate swap and forward exchange contracts – liabilities	Share capital and share premium reserve	Other reserves	Retained earnings	Total
At 1 January 2023	**892.4**	**(3.3)**	**3.5**	**446.9**	**(33.4)**	**614.6**	**1,920.7**
Changes from financing cash flows							
Net proceeds from loans and borrowings	215.0						215.0
Purchase of treasury shares				-			-
Sale of treasury shares and options exercised				-			-
Repayment of borrowings	(233.1)						(233.1)
Payment of lease liabilities	(14.3)						(14.3)
Dividend paid						(11.7)	(11.7)
Acquisition of non-controlling interests							-
Total changes from financing cash flows	**(32.4)**	**-**	**-**	**-**	**-**	**(11.7)**	**(44.1)**
Changes arising from obtaining or losing control of subsidiaries or other businesses	**-**						**-**
The effect of changes in foreign exchange rates	**(12.1)**						**(12.1)**
Changes in fair value		**1.6**	**0.5**				**2.1**
Other changes							
Liability related	(2.1)						(2.1)
New leases	16.7						16.7
Borrowing costs expensed	(1.7)						(1.7)
Total liability related other changes	**12.9**	**-**	**-**	**-**	**-**	**-**	**12.9**
Total equity related other changes				(0.9)	(11.0)	37.1	25.2
At 31 December 2023	**860.8**	**(1.7)**	**4.0**	**446.0**	**(44.4)**	**640.0**	**1,904.7**

	Borrowings and lease liabilities	Interest rate swap and forward exchange contracts – assets	Interest rate swap and forward exchange contracts – liabilities	Share capital and share premium reserve	Other reserves	Other equity	Retained earnings	NCI	Total
At 1 January 2022	**276.3**	**(1.1)**	**1.2**	**457.0**	**(22.1)**	**(13.6)**	**593.8**	**8.0**	**1,299.5**
Changes from financing cash flows									
Net proceeds from loans and borrowings	1,358.0								1,358.0
Purchase of treasury shares				(19.8)					(19.8)
Sale of treasury shares and options exercised				0.6					0.6
Repayment of borrowings	(763.6)								(763.6)
Payment of lease liabilities	(14.2)								(14.2)
Dividend paid							(38.7)	-	(38.7)
Acquisition of non-controlling interests							-	(16.4)	(16.4)
Total changes from financing cash flows	**580.2**	**-**	**-**	**(19.2)**	**-**	**-**	**(38.7)**	**(16.4)**	**505.9**
Changes arising from obtaining or losing control of subsidiaries or other businesses	**13.2**								**13.2**
The effect of changes in foreign exchange rates	**9.9**								**9.9**
Changes in fair value		(2.2)	2.3						**0.1**
Other changes									
Liability related	(0.8)								(0.8)
New leases	12.8								12.8
Borrowing costs expensed	0.8								0.8
Total liability related other changes	**12.8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12.8**
Total equity related other changes				9.1	(11.3)	13.6	59.5	8.4	79.3
At 31 December 2022	**892.4**	**(3.3)**	**3.5**	**446.9**	**(33.4)**	**-**	**614.6**	**-**	**1,920.7**

23 Provisions

	Guarantee commitments	Other long-term employee benefits	Other provisions	Total
Balance at 1 January 2023	**9.6**	**3.5**	**5.8**	**18.9**
Additions	1.7	1.6	5.4	8.7
Effect of movements in exchange rates	-	(0.1)	(0.1)	(0.2)
Used	(0.8)	(1.9)	(6.2)	(8.9)
Released	(1.7)	-	(1.3)	(3.0)
Balance at 31 December 2023	**8.8**	**3.1**	**3.6**	**15.5**

	Guarantee commitments	Other long-term employee benefits	Other provisions	Total
Balance at 1 January 2022	**6.6**	**3.4**	**3.5**	**13.5**
Additions	2.9	1.0	10.2	14.1
Business combinations	1.3	-	-	1.3
Effect of movements in exchange rates	(0.1)	0.1	(0.1)	(0.1)
Used	(0.7)	(0.3)	(5.3)	(6.3)
Released	(0.4)	(0.7)	(2.5)	(3.6)
Balance at 31 December 2022	**9.6**	**3.5**	**5.8**	**18.9**

Analysis of provisions	**2023**	**2022**
Non-current	5.5	6.9
Current	10.0	12.0
Total	**15.5**	**18.9**

Guarantee commitments

A provision for guarantees is formed for certain products and undertakes to repair or replace items that fail to perform satisfactorily. The majority of the liability is expected to be settled within one to three years.

Other long-term employee benefits

The provisions for other long-term employee benefits relate mainly to length-of-service and end-of-service payments. The majority of the liability is expected to be settled after five years.

Other provisions

The majority of the other provisions is expected to be settled in the next year.

24 Post-employment benefits

The Group maintains various pension plans covering the majority of its employees.

The Company's pension costs for all employees for 2023 were EUR 43.7 million (2022: EUR 40.0 million). This includes defined contribution plans for EUR 24.4 million (2022: EUR 23.4 million), as well as a pension plan based on a multi-employer union plan for EUR 19.3 million (2022: EUR 16.6 million).

The Company's employees in the Netherlands, 1,908 (2022: 1,935), participate in a multi-employer union plan ("Bedrijfstakpensioenfonds Metalektro", PME). This plan is determined in accordance with the collective bargaining agreements effective for the industry in which Marel operates. This pension plan is treated as a defined contribution scheme based on the following grounds:

- it is an industry-wide pension fund, used by the Company in common with other legal entities;
- under the regulations of the PME, the only obligation for the affiliated businesses towards the PME is to pay the annual premium liability; and
- the affiliated businesses are under no obligation whatsoever to pay off any deficits the PME may incur, nor do they have any claim to any potential surpluses.

The multi-employer plan covers approximately 1,500 companies and 174,000 contributing members. The plan monitors its risks on a global basis, not by company or employee, and is subject to regulation by Dutch governmental authorities. By law (''the Dutch Pension Act"), a multi-employer union plan must be monitored against specific criteria, including the coverage ratio of the plan's assets to its obligations. Every company participating in a Dutch multi-employer union plan contributes a premium calculated as a percentage of its total pensionable wages and salaries, with each company subject to the same percentage contribution rate.

The Company's net periodic pension cost for this multi-employer plan for any period is the amount of the required contribution for that period.

The coverage ratio ("Beleidsdekkingsgraad") of the multi-employer plan increased to 113.3% as per 31 December 2023 (31 December 2022: 111.7%). The coverage ratio is below the required equity of 118.0%. The Recovery Plan PME ("Herstelplan PME") indicates that the coverage ratio will increase within 10 years to the minimum required equity of 118.0%.

In 2024 the pension premium will be 28.0% of the total pensionable salaries (2023: 28.0%), in accordance with the articles of association of the Pension Fund. The employee contribution will be 10.9% (2023: 10.9%); the employer contribution will be 17.1% (2023: 17.1%). The coverage ratio is calculated by dividing the fund's capital by the total sum of pension liabilities and is based on actual market interest.

25 Trade and other payables

Trade and other payables	2023	2022
Trade payables	98.7	129.1
Accruals	6.8	10.3
Personnel payables	87.5	81.8
Other payables	100.1	103.1
Total	**293.1**	**324.3**
Less non-current portion	(2.7)	(7.5)
Current portion of trade and other payables	**290.4**	**316.8**

Information about the Group's exposure to currency and liquidity risks is included in note 26.

26 Financial instruments and risks

Financial risk factors

Information is presented below about the Group's exposure to each of the below mentioned risks, the Group's objectives, policies and processes for measuring and managing the risk. Further quantitative disclosures are included throughout the Consolidated Financial Statements.

Risk management framework

The main financial risks faced by Marel relate to market risk, credit risk and liquidity risk. Risk management is carried out by the central treasury department (Group Treasury) under policies and with instruments approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures and does not enter into financial contracts for speculative purposes.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments. Market risk comprises (a) foreign exchange risk and (b) interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Foreign exchange risk

The Group's Consolidated Financial Statements are presented in Euro ("EUR") and accordingly the results of operations are exposed to fluctuations in exchange rates between the EUR and other currencies. Changes in currency exchange rates can result in losses in Marel's Consolidated Financial Statements. The Group is particularly exposed to fluctuations in the exchange rates between the USD, GBP, ISK and BRL, primarily with respect to the EUR. Financial exposure is hedged in accordance with the Group's general policy and within set limits. The Group monitors foreign exchange risk arising from commercial transactions, recognized assets and liabilities (transaction risk) that are determined in a currency other than the entity's functional currency. Derivative hedging is applied if the exposure is outside of the risk tolerance band on a consolidated basis. Generally Marel maintains a good natural hedge in its operations with a good match between revenues and costs in most currencies although less than 1% of revenues are denominated in ISK, while around 6% of costs are in ISK. In line with Marel's risk management policy, the Group hedges up to 80% of its estimated foreign currency exposure in ISK relating to forecasted transactions over the following 12 months. No other currency exposure is hedged.

The Group uses forward exchange contracts to hedge its exposure to fluctuations in foreign exchange rates. At year end, these instruments had remaining maturities of less than one year. When necessary, forward exchange contracts are rolled over at maturity.

Currency exposure arising from net assets of the Group's major foreign operations (translation risk) is managed primarily through borrowings denominated in the relevant foreign currencies as the policy is to apply natural exchange rate hedging where possible. Economic risk is defined as the extent to which currency fluctuations can alter a company's future operating cash flows, that is future revenues and costs.

The year end and average rates used for the main currencies mentioned above are:

	2023		2022	
	Year end rate	Average rate	Year end rate	Average rate
1 euro =				
USD	1.10	1.08	1.07	1.05
GBP	0.87	0.87	0.89	0.85
ISK	150.42	149.08	152.00	142.19
BRL	5.36	5.40	5.64	5.44

The following table details the Group's sensitivity to a 10% increase and decrease in the EUR against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to management and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 10% change in foreign currency rates.

The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or loss or equity if the EUR strengthens 10% against the relevant currency. For a 10% weakening of the EUR against the relevant currency, there would be a comparable impact on the profit or loss or equity, and the balances below would be opposite.

	2023		2022	
	Profit or (loss) impact	Equity impact	Profit or (loss) impact	Equity impact
USD	(4.8)	(18.4)	(5.3)	(20.8)
ISK	(0.4)	(3.6)	(1.5)	(4.5)
GBP	0.2	(2.4)	0.0	(2.3)
BRL	(1.2)	(3.2)	(1.6)	(3.6)

(b) Interest rate risk

The Group is exposed to interest rate risk on borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The risk is managed by maintaining a mix between fixed and floating interest rates on borrowings.

Generally, the Group raises long term borrowings and pays a floating interest rate. To hedge the resulting cash flow interest rate risk the Group uses interest rate swaps, where it pays a fixed interest rate and receives a floating interest rate. The floating rates are fixed on a quarterly or semi-annual basis. The Group adopts a policy of ensuring that between 50 – 70% of its exposure to changes in interest rates on core debt is hedged with an interest rate swap with a maximum maturity of 5 years.

Currently around 43% (2022: 46%) of the core debt has floating interest rates and the rest is fixed by means of fixed tranches or hedged floating interest rates. As at year end 2023 a total of EUR 368.5 million (2022: EUR 334.6 million) of liabilities were swapped into fixed interest rates or into fixed rate debt instruments. The weighted average fixed rate of the interest swaps currently is 3.5% (2022: 2.8%).

Marel applies cash flow hedge accounting to hedge the variability in the interest cash outflows of the 3-6 month EURIBOR/SOFR base rates.

Throughout the year 2023, as well as per year end, the cash flow hedge accounting relationships were effective.

The amounts deferred in equity at year end are expected to affect interest costs within the coming 3 years.

At year end 2023, if EURIBOR/SOFR interest rates had been 25 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been EUR 0.9 million (2022: EUR 1.3 million) lower/higher.

Among the actions taken to monitor the interest rate risk are stress tests to establish sensitivity to possible movements in rates and how they might affect the Group's results.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The credit quality of the customer is assessed, taking into account its financial position, past experience and other factors. Each customer has a set credit limit and the utilization of the credit limit is regularly monitored.

The carrying amount of financial assets represents the maximum credit risk exposure:

	2023	2022
Trade receivables - net	215.2	218.3
Derivative financial instruments	1.7	3.3
Other receivables and prepayments	85.9	99.0
Cash and cash equivalents	69.9	75.7
Total	**372.7**	**396.3**

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and products are not delivered until payments are secured. The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables. No significant credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by its customers. For further information refer to note 18.

The Group has banking relations with a diversified set of financial institutions around the world. The Group has policies that limit the amount of credit exposure to any one financial institution and has International Swaps and Derivatives Association agreements in place with counterparties in all derivative transactions. The majority of cash and cash equivalents are held with bank and financial institution counterparties, which have an investment grade rating, based on Standard & Poor's ratings as at 31 December 2023. Marel holds the majority of its cash and cash equivalents with financial institutions that are lending partners to the Group to minimize further credit risk.

The Group does not expect any impairment on cash and cash equivalents as the Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and committed credit facilities to give reasonable operating headroom. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by maintaining availability under committed credit lines.

The Group has a EUR 700.0 million syndicated revolving credit facility in place (31 December 2022: EUR 700.0 million), This credit facility can be used both as a revolver and to issue guarantees for down payments. As per 31 December 2023, the Group had drawn EUR 374.8 million on the syndicated revolving credit facility (31 December 2022: EUR 421.5 million), and issued guarantees for EUR 11.5 million (31 December 2022: EUR 34.7 million), therefore the total usage is EUR 386.3 million (31 December 2022: EUR 456.2 million), leaving a headroom of EUR 313.7 million (31 December 2022: EUR 243.8 million). All facilities are subject to operational and Consolidated Statement of Financial Position covenants (interest cover and leverage). At 31 December 2023 Marel complies with all covenants.

At 31 December 2023, net cash and cash equivalents were EUR 69.9 million (31 December 2022: EUR 75.7 million).

Marel has a strong cash position and sufficient headroom in its committed facilities and therefore, does not foresee additional liquidity risks.

Cash flow forecasts are done at the local level and monitored by Group Treasury. Group liquidity reports are reviewed by management on a weekly basis. The Group has a cross border notional cash pool with the aim of making better use of the Group cash position and to further decrease the amount of idle cash.

The table below analyzes cash outflows per maturity group based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2023	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	2.0	819.4	2.8
Lease liabilities	11.2	25.2	4.6
Interest on borrowings and lease liabilities	54.0	60.9	0.3
Trade and other payables	290.4	2.7	-
Interest rate swaps	(1.7)	4.7	-
Forward exchange contracts			
Outflow	0.6	-	-
Inflow	(1.1)	-	-
Total	**355.4**	**912.9**	**7.7**

At 31 December 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	123.2	726.9	3.9
Lease liabilities	10.8	25.8	4.5
Interest on borrowings and lease liabilities	44.7	65.3	0.1
Trade and other payables	316.8	7.5	-
Interest rate swaps	(2.4)	(1.8)	-
Forward Exchange contracts			
Outflow	3.5	-	-
Inflow	-	-	-
Total	**496.6**	**823.7**	**8.5**

Capital management

The Board of Directors' policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business.

Management monitors the Group's leverage per Marel's credit agreement. The Board also monitors the level of dividends to ordinary shareholders.

The Group seeks to maintain a balance between the higher returns on equity that might be possible with higher levels of borrowings and the advantages and security of a sound capital position. The Group uses the leverage ratio in its approach to capital management.

Insurance

The Group maintains global and local insurance programs. The coverage comprises property damage, business interruption, general and product liability, marine cargo/mounting, directors and officers liability, employers practice liability, cyber security, business travel and accident. The Group believes that its current insurance coverage is adequate.

The Group has covered Business Interruption Risks with an insurance policy for a maximum period of 24 months for Marel Poultry B.V. and 18 months for all other Marel entities. The insurance benefits for Business Interruption amount to EUR 1,107.0 million for 2023 (2022: EUR 798.0 million) for the whole Group.

The Group insurance value of buildings amounts to EUR 273.0 million (2022: EUR 194.0 million), production machinery and equipment including software and office equipment amount to EUR 266.0 million (2022: EUR 197.0 million) and inventories to EUR 500.0 million (2022: EUR 315.0 million). Currently there are no major differences between appraisal value and insured value.

Fair value versus carrying amount

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making measurements:

Level 1

The fair value of financial instruments traded in an active market is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These valuation techniques are based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Derivatives are valued by an independent third party based on market conditions, which takes into account credit value adjustment and debit value adjustment corrections.

Level 3

Valuation techniques using significant unobservable inputs.

The fair value of borrowings approximate their carrying amount based on the nature of these borrowings (including maturity and interest conditions).

The fair value of the lease liabilities equals their carrying amount, as the impact of discounting, based on the average interest rate of the relevant currency and applicable average credit spreads of the company's external funding sources, is not significant.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Consolidated Statement of Financial Position, are as follows:

Fair value of financial assets and liabilities	Carrying amount	Fair value	Level 1	Level 2	Level 3
At 31 December 2023					
Cash and cash equivalents	69.9	69.9	-	-	-
Trade receivables, other receivables and prepayments	301.1	301.1	-	-	-
Other non-current financial assets	3.5	3.5	-	-	3.5
Interest rate swaps	0.6	0.6	-	0.6	-
Forward exchange contracts	1.1	1.1	-	1.1	-
Subtotal financial assets	**376.2**	**376.2**	**-**	**1.7**	**3.5**
Interest rate swaps	(3.4)	(3.4)	-	(3.4)	-
Forward exchange contracts	(0.6)	(0.6)	-	(0.6)	-
Borrowings	(819.8)	(819.8)	-	-	-
Trade and other payables	(293.1)	(293.1)	-	-	-
Subtotal financial liabilities	**(1,116.9)**	**(1,116.9)**	**-**	**(4.0)**	**-**
Total	**(740.7)**	**(740.7)**	**-**	**(2.3)**	**3.5**

Fair value of financial assets and liabilities	Carrying amount	Fair value	Level 1	Level 2	Level 3
At 31 December 2022					
Cash and cash equivalents	75.7	75.7	-	-	-
Trade receivables, other receivables and prepayments	317.3	317.3	-	-	-
Other non-current financial assets	3.7	3.7	-	-	3.7
Interest rate swaps	3.3	3.3	-	3.3	-
Subtotal financial assets	**400.0**	**400.0**	**-**	**3.3**	**3.7**
Forward exchange contracts	(3.5)	(3.5)	-	(3.5)	-
Borrowings	(851.3)	(851.3)	-	-	-
Trade and other payables	(324.3)	(324.3)	-	-	-
Subtotal financial liabilities	**(1,179.1)**	**(1,179.1)**	**-**	**(3.5)**	**-**
Total	**(779.1)**	**(779.1)**	**-**	**(0.2)**	**3.7**

The tables above show the carrying amounts and the estimated fair values of financial assets and liabilities, including their levels in the fair value hierarchy.
The carrying amount of cash and cash equivalents, trade receivables, other receivables and prepayments, trade and other payables approximate their fair values because of the short-term nature of these instruments. The fair value of borrowings approximate their carrying amount based on the nature of these borrowings (including maturity and interest conditions).

During the year there were no material transfers between individual levels of the fair value hierarchy.

Foreign exchange contracts

The purpose of foreign exchange contracts is to minimize the risk of volatility of future cash flows. These may result from a recognized asset or liability or a forecasted transaction that is considered highly probable (firm commitment). The Group designates the spot element of forward exchange contracts to hedge its currency exposure and applies a hedge ratio of 1:1. Changes in fair value are recognized in other comprehensive income (hedge reserve), and material ineffectiveness (mainly as a result of changes in timing of the hedged transactions) will be recognized in the Consolidated Statement of Income. As soon as the forecasted transaction is realized (the underlying hedged item materializes), the amount recognized in other comprehensive income will be reclassified to the Consolidated Statement of Income. In case the hedged future transaction is a non-financial asset or liability, the gain or loss recognized in other comprehensive income will be included in the cost of acquisition of the asset or liability.

In 2023, Marel hedged ISK 10.7 billion of its projected net cash flow in ISK against the EUR by means of average rate currency forward contracts at an average exchange rate of ISK 155.1 per EUR for the 12 months of 2024. Each month, the relevant hedges for that month are settled and recognized in the Consolidated Statement of Income. Cash flow hedge accounting is applied for these hedges. As a result of similar hedges concluded in 2022 for the year 2023, EUR 0.9 million negative was recognized in the 2023 operating profit in accordance with the realization of the expected cash flows. There was no ineffectiveness in relation to these hedges.

Forward currency contracts	2023	2022
Nominal amount hedged item	71.3	67.8
Carrying amount assets / (liabilities)	0.5	(3.5)
Line item Consolidated Statement of Financial Position	Derivative financial instruments	Derivative financial instruments
Change in the value of the outstanding hedging instruments	0.5	(3.5)
Reclassified from hedging reserve to income statement	0.9	(4.0)
Line item Consolidated Statement of Income[1]	Expenses	Expenses

[1] In 2023, cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses were increased by EUR 0.9 million (2022: decreased by 4.0 million).

For movements in hedge or translation reserve, refer to note 21.

Interest rate swaps

To protect Marel from fluctuations in base rates and in accordance with the interest hedge policy, Marel has entered into interest rate swaps to receive floating interest and to pay fixed interest. This is in line with Marel's risk management policy to have 50 - 70% of core debt fixed for 3 – 5 years.

The notional principal amount of the outstanding active interest rate swap contracts at 31 December 2023 was EUR 350.8 million (31 December 2022: EUR 310.6 million).

At 31 December 2023	Currency	Principal	Maturity	Interest %
Interest rate SWAP	EUR	50.0	2025	2.7
Interest rate SWAP	EUR	50.0	2025	2.7
Interest rate SWAP	EUR	75.0	2025	3.6
Interest rate SWAP	USD	75.0	2025	4.1
Interest rate SWAP	USD	75.0	2025	4.1
Interest rate SWAP	EUR	40.0	2027	3.4
Forward starting interest rate SWAP	EUR	50.0	2027	3.0
Forward starting interest rate SWAP	EUR	50.0	2027	3.0

At 31 December 2022	Currency	Principal	Maturity	Interest %
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	50.0	2025	2.7
Interest rate SWAP	EUR	50.0	2025	2.7
Interest rate SWAP	USD	75.0	2025	4.1
Interest rate SWAP	USD	75.0	2025	4.1

27 Contingencies

Contingent liabilities

At 31 December 2023 the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Group has given guarantees amounting to EUR 26.2 million (31 December 2022: EUR 54.3 million) to third parties.

Legal proceedings

As part of doing business and acquisitions the Group is involved in claims and litigations, under such indemnities and guarantees. These claims are pending and all are contested. Provisions are recognized when an outflow of economic benefits for settlement is probable and the amount can be estimated reliably. It should be understood that, in light of possible future developments, such as (a) potential additional lawsuits, (b) possible future settlements, and (c) rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs.

At this point in time, Marel cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful. Moreover, if and to the extent that the contingent liabilities materialize, they are often resolved over a number of years and the timing of such payments cannot be predicted with confidence. While the outcome of said cases, claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our consolidated financial position but could be material to our results of operations or cash flows in any one accounting period.

Environmental remediation

The Company and its subsidiaries are subject to environmental laws and regulations. Under these laws, the Company and/or its subsidiaries may be required to remediate the effects of certain incidents on the environment.

28 Related party transactions

At 31 December 2023 and 31 December 2022 there are no loans to the members of the Board of Directors and the CEO. In addition, there were no transactions carried out (purchases of goods and services) between the Group and members of the Board of Directors nor the CEO in the years ended 31 December 2023 and 2022.

The Board of Directors' remuneration is shown in the table below. The Board of Directors is not granted stock options.

Board of Directors' fee for the year and shares at year end (in thousands)	2023 Board fee	2023 Pension contribution[1]	2023 Shares at year end[2]	2022 Board fee	2022 Pension contribution[1]	2022 Shares at year end
Arnar Thor Masson, Chairman	167	19	250	159	18	250
Olafur S. Gudmundsson, Vice-Chairman	89	10	1,705	84	10	1,705
Ann Elizabeth Savage, Board Member	63	7	-	60	7	-
Astvaldur Johannsson, Board Member	63	7	5	60	7	5
Lillie Li Valeur, Board Member	66	8	-	63	7	-
Svafa Grönfeldt, Board Member	74	9	-	71	8	-
Ton van der Laan, Board Member	63	4	-	60	7	-
Total Board of Directors	**585**	**64**	**1,960**	**557**	**64**	**1,960**

1 Pension contributions for all board members are part of a defined contribution plan.

On 7 November 2023, it was announced that Arni Oddur Thordarson resigned as CEO and Arni Sigurdsson, CBO and Deputy CEO was appointed interim CEO.
On 11 December 2023, it was announced that Arni Sigurdsson was appointed CEO. No other changes to the composition of the Executive Board took place in 2023.

Marel's executive remuneration is shown in the tables below.

Marel Executive Board remuneration 2023 (in thousands)	Total fixed remuneration	Short-term bonus	Stock options awarded[1]	Total variable remuneration	Extra-ordinary items	Pension contribution[2]	Total remuneration	Shares at year end[3]
Arni Sigurdsson, CEO (from 07-11-2023)	**121**	-	-	**-**	75	26	**222**	651
Arni Oddur Thordarson, CEO (until 07-11-2023)	**761**	210	-	**210**	1,062	126	**2,159**	200
Other Executive Board members	**1,702**	295	851	**1,146**	33	261	**3,142**	1,080
Total Marel Executive Board	**2,584**	**505**	**851**	**1,356**	**1,170**	**413**	**5,523**	**1,931**

Executive Team remuneration 2022 (in thousands)	Total fixed remuneration	Short-term bonus	Stock options awarded[1]	Total variable remuneration	Extra-ordinary items	Pension contribution[2]	Total remuneration	Shares at year end[3]
Arni Oddur Thordarson, CEO	**787**	-	426	**426**	-	101	**1,314**	230
Other Executive Board members	**1,338**	-	547	**547**	17	165	**2,067**	1,597
Other Executive Team members[4]	**1,573**	**-**	653	**653**	324	133	**2,683**	454
Total Marel Executives	**3,698**	**-**	**1,626**	**1,626**	**341**	**399**	**6,064**	**2,281**

1 The granted options during 2023 and 2022 are valued according to the Black and Scholes option pricing model with the assumptions applied when granted. The options granted in 2023 and 2022 have a vesting period of 3 years. The calculated total cost for the 3 years is disclosed in this table. Stock options granted to Arni Oddur Thordarson in 2023 were forfeited in the same year, resulting in a zero position.
2 Pension contributions for Marel's executives are part of a defined contribution plan.
3 Including financially related.
4 Until 2 November 2022.

An overview of stock options held by Marel's Executives is shown in the tables below.

Stock options 2023 (number of shares in thousands)	Main conditions of the stock option plan: Award date	Last vesting date	Expiration date	Exercise price per share[1]	Stock options awarded	Information regarding the financial year: Stock options vested	Stock options exercised	Stock options forfeited	Stock options at year end
Arni Sigurdsson	12-2-2019	13-2-2022	13-2-2023	3.031	425	-	425	-	-
Chief Executive Officer	24-4-2020	24-4-2023	24-4-2024	3.679	320	320	-	-	320
(from 07-11-2023)	5-2-2021	5-2-2024	5-2-2025	5.579	215	-	-	-	215
	8-2-2022	9-2-2025	20-2-2026	5.473	255	-	-	-	255
	16-2-2023	17-2-2026	17-2-2027	3.784	319	-	-	-	319
Arni Oddur Thordarson	12-2-2019	13-2-2022	13-2-2023	3.031	650	-	650	-	-
Former Chief	24-4-2020	24-4-2023	24-4-2024	3.679	580	580	-	-	580
Executive Officer	5-2-2021	5-2-2024	5-2-2025	5.579	400	-	-	400	-
(until 07-11-2023)	8-2-2022	9-2-2025	20-2-2026	5.473	460	-	-	460	-
	16-2-2023	17-2-2026	17-2-2027	3.784	530	-	-	530	-
Other Executive	12-2-2019	13-2-2022	13-2-2023	3.031	675	-	675	-	-
Board members	24-4-2020	24-4-2023	24-4-2024	3.679	320	320	-	-	320
	5-2-2021	5-2-2024	5-2-2025	5.579	215	-	-	-	215
	8-2-2022	9-2-2025	20-2-2026	5.473	255	-	-	-	255
	3-5-2022	3-5-2025	18-5-2026	4.934	84	-	-	-	84
	16-2-2023	17-2-2026	17-2-2027	3.784	631	-	-	-	631
Total Executive Board	12-2-2019	13-2-2022	13-2-2023	3.031	1,750	-	1,750	-	-
	24-4-2020	24-4-2023	24-4-2024	3.679	1,220	1,220	-	-	1,220
	5-2-2021	5-2-2024	5-2-2025	5.579	830	-	-	400	430
	8-2-2022	9-2-2025	20-2-2026	5.473	970	-	-	460	510
	3-5-2022	3-5-2025	18-5-2026	4.934	84	-	-	-	84
	16-2-2023	17-2-2026	17-2-2027	3.784	1,480	-	-	530	950

[1] The exercise prices of options granted are originally the same as the market price at the date of each granting. The exercise prices are adjusted afterwards according to dividend per share when paid, i.e. the exercise prices are lowered by the same amount as the paid dividend per share (cent against cent).

Stock options 2022 (number of shares in thousands)	Main conditions of the stock option plan: Award date	Last vesting date	Expiration date	Exercise price per share[1]	Stock options awarded	Information regarding the financial year: Stock options vested	Stock options exercised	Stock options forfeited	Stock options at year end
Arni Oddur	12-2-2019	13-2-2022	13-2-2023	3.031	650	650	-	-	650
Thordarson, CEO	24-4-2020	24-4-2023	24-4-2024	3.694	580	-	-	-	580
	5-2-2021	5-2-2024	5-2-2025	5.594	400	-	-	-	400
	8-2-2022	9-2-2025	20-2-2026	5.489	460	-	-	-	460
Other Executive	4-8-2015	25-10-2020	28-2-2022	1.351	200	-	200	-	-
Board members	3-5-2016	28-4-2021	15-5-2022	1.727	180	-	180	-	-
	12-2-2019	13-2-2022	13-2-2023	3.031	1,100	1,100	-	-	1,100
	24-4-2020	24-4-2023	24-4-2024	3.694	640	-	-	-	640
	5-2-2021	5-2-2024	5-2-2025	5.594	430	-	-	-	430
	8-2-2022	9-2-2025	20-2-2026	5.489	510	-	-	-	510
	3-5-2022	3-5-2025	18-5-2026	4.950	84	-	-	-	84
Other Executive	3-5-2016	28-4-2021	15-5-2022	1.727	72	-	72	-	-
Team members	12-2-2018	13-2-2021	13-2-2022	2.713	450	-	450	-	-
	12-2-2019	13-2-2022	13-2-2023	3.031	1,500	1,500	510	-	990
	6-6-2019	7-8-2022	15-11-2023	3.536	250	250	-	-	250
	24-4-2020	24-4-2023	24-4-2024	3.694	1,200	-	-	600	600
	5-2-2021	5-2-2024	5-2-2025	5.594	675	-	-	315	360
	8-2-2022	9-2-2025	20-2-2026	5.489	705	-	-	330	375
Total Executive Board	4-8-2015	25-10-2020	28-2-2022	1.351	200	-	200	-	-
	3-5-2016	28-4-2021	15-5-2022	1.727	252	-	252	-	-
	12-2-2018	13-2-2021	13-2-2022	2.713	450	-	450	-	-
	12-2-2019	13-2-2022	13-2-2023	3.031	3,250	3,250	510	-	2,740
	6-6-2019	7-8-2022	15-11-2023	3.536	250	250	-	-	250
	24-4-2020	24-4-2023	24-4-2024	3.694	2,420	-	-	600	1,820
	5-2-2021	5-2-2024	5-2-2025	5.594	1,505	-	-	315	1,190
	8-2-2022	9-2-2025	20-2-2026	5.489	1,675	-	-	330	1,345
	3-5-2022	3-5-2025	18-5-2026	4.950	84	-	-	-	84

[1] The exercise prices of options granted are originally the same as the market price at the date of each granting except for options granted in June 2019, the exercise price is the same as the final offer price in the listing on Euronext Amsterdam. The exercise prices are adjusted afterwards according to dividend per share when paid, i.e. the exercise prices are lowered by the same amount as the paid dividend per share (cent against cent).

29 Subsequent events

No significant events have taken place since the reporting date, 31 December 2023.

30 Subsidiaries

The following lists presents the material subsidiaries as per 31 December 2023 representing greater than 1% of either the consolidated Group revenues or total asset value. All of the entities are fully consolidated in Group financial statements. Companies are listed in alphabetical order of the country of incorporation.

	Country of Incorporation	Ownership Interest
Marel Australia Pty. Ltd.	Australia	100%
Marel Brasil Commercial e Industrial Ltda	Brazil	100%
Marel Salmon A/S	Denmark	100%
Marel A/S	Denmark	100%
Marel France S.A.R.L.	France	100%
Marel TREIF GmbH[1]	Germany	100%
MAJA Maschinenfabrik Hermann Schill GmbH & Co. KG	Germany	100%
Marel Iceland ehf.	Iceland	100%
Marel Holding B.V.[1]	Netherlands	100%
Marel Poultry B.V.[1]	Netherlands	100%
Marel Projects B.V.[1]	Netherlands	100%
Marel Further Processing B.V.[1]	Netherlands	100%
Marel Red Meat B.V.[1]	Netherlands	100%
Marel Norge AS	Norway	100%
Marel Slovakia s.r.o.	Slovakia	100%
Marel GB Ltd.	UK	100%
Marel Inc.	USA	100%
TREIF USA Inc.	USA	100%
ExtruTech USA LLC	USA	100%
Wenger Manufacturing LLC	USA	100%

[1] General guarantees as referred to in section 403 of Book 2 of the Dutch Civil Code and article 264 (3) No.2 and 264b of the German Commercial Code, have been given by the Company on behalf of the group companies in the Netherlands and Germany also including: Marel Benelux B.V., Marel Customer Center B.V., Marel GDC B.V., Marel International B.V., Marel IP Holding B.V., Marel PMJ B.V., Marel Water Treatment B.V., Sleegers Techniek B.V., Marel GmbH & Co. KG, Marel Management GmbH, Reimo Gründstücks GmbH.

Appendices to the Consolidated Financial Statements

1 Marel hf. Corporate Governance Statement

Icelandic law and the company's corporate governance framework determine the duties of the various bodies within the company. They define and dictate how the company is governed and controlled – including the interaction between the CEO, who is responsible for day-to-day management, the Board of Directors, shareholders, regulators and other stakeholders. Marel hf. is committed to recognized general principles aimed at ensuring good corporate governance.

Corporate Governance Framework and Compliance

Marel's corporate governance consists of a framework of principles and rules based on applicable laws, including its Articles of Association and the Guidelines on Corporate Governance, issued in July 2021 by the Iceland Chamber of Commerce, Nasdaq Iceland and the Confederation of Icelandic Employers, which are accessible on the website of the Iceland Chamber of Commerce.

In general, the company complies with the Guidelines on Corporate Governance, with the following exceptions:

Article 1.3

Of the Guidelines concerning Share Registry: Marel is listed in ISK on Nasdaq Iceland and in EUR on Euronext in Amsterdam. In the Netherlands, shares are registered in the account-based electronic securities system operated by Euroclear Nederland, a central securities depository and clearing organization authorized under the Securities Bank Giro Transactions Act. All securities in its depository are registered in the name of Euroclear Nederland. Under Dutch property law governing Euroclear Nederland, the legal title to the shares registered in the name of Euroclear Nederland are owned by all investors collectively, each in proportion to their percentage shareholding. Dutch law further regulates how Euroclear Nederland must afford the investors the rights to the securities in its custody, such as voting rights and rights to dividends. For this reason, Marel is unable to keep a shareholder registry for the EUR shares listed on Euronext in Amsterdam. Marel keeps a shareholder registry for the ISK shares listed on Nasdaq Iceland.

Article 1.5.1

Of the Guidelines concerning the appointment of a Nomination Committee: According to the Guidelines, the shareholders' meeting shall appoint members to the Nomination Committee or decide how they should be appointed. Marel deviates from this provision as the Nomination Committee is a sub-committee of the Board of Directors, and the Board appoints its members. This is in line with the Dutch corporate governance code.

Article 1.5.3

Of the Guidelines concerning the appointment of Board members in the Nomination Committee: As the Nomination Committee is a sub-committee of the Board of Directors, the members of the Nomination Committee are all also members of the Board of Directors. This is in line with the Dutch corporate governance code.

Article 1.5.6

Of the Guidelines stating that shareholders' meetings should determine the role of the Nomination Committee and the manner in which its operation shall be carried out: Marel's Nomination Committee is a sub-committee of the Board of Directors, and therefore the Board determines its role and the manner in which its operation is carried out. This is in line with the Dutch corporate governance code.

Article 1.5.10

Of the Guidelines concerning the Nomination Committee's request for proposals from shareholders before the company's Annual General Meeting (AGM): The Nomination Committee consults with the company's major shareholders on the nomination process as well as engaging professional firms but does not formally request proposals from shareholders. Information on how to contact the Nomination Committee is publicly available on the Committee's website and candidates can make themselves available through this channel. This is line with the Dutch corporate governance code.

Main Aspects of Internal Controls and the Company's Risk Management in Connection with Preparation of Financial Statements

The CEO is responsible for ensuring adequate internal controls and risk management in connection with financial reporting. The Board of Directors maintains an ongoing dialogue with the CEO to identify, describe and manage the business risks that the company may be exposed to. Significant risks are discussed in the 2023 Consolidated Financial Statements.

Internal Audit and Control

The company's risk management and internal controls for financial processes are designed to minimize the risk of material misstatements in financial reporting effectively. The Director of Internal Audit reports to the Audit Committee and plays a key role in internal control.

External Audit

An independent auditing firm is elected at the AGM for a term of one year. The external auditors examine the company's Consolidated Financial Statements in accordance with generally recognized auditing standards and, for this purpose, inspect its accounting records and other material relating to the operation and financial position of the company. The external auditor reports any significant findings regarding accounting matters and internal control deficiencies via the Audit Committee to the Board of Directors.

KPMG ehf. was elected as the company's auditor at the company's AGM held on 22 March 2023. The auditor on KPMG's behalf is Audur Thorisdottir, Certified Public Accountant (CPA). She has audited and endorsed Marel's Consolidated Financial Statements for the year 2023.

In 2027, the provisions of EU Regulation no. 537/2014 on specific requirements regarding statutory audits of public-interest entities concerning the maximum duration of audit engagements will enter into force for Marel, cf. Article 55(2) of the Icelandic Act on Auditors no. 94/2019. The Board of Directors will organize a tender process in due time, in line with the requirements of Article 16 of EU Regulation no. 537/2014.

Composition and Activities of the Board of Directors, its Sub-Committees, the CEO and Executive Board

The company's management structure consists of the Board of Directors and the Executive Board led by the Chief Executive Officer.

Board of Directors

The Board of Directors has supreme authority in company affairs between shareholders' meetings. It is elected by shareholders at the AGM for a one-year term and operates in accordance with applicable Icelandic laws and regulations, the company's Articles of Association and the Board Rules of Procedure. The Board currently comprises of seven directors who were elected at the company's AGM on 22 March 2023. In line with Icelandic law, the Board of Directors convenes immediately following the AGM in which it is elected to allocate responsibilities between the Board members. The Board of Directors elects a Chairman and Vice-Chairman, as well as the Chairmen and members of its sub-committees.

The Board of Directors is responsible for the company's organization, setting the objectives for long-term performance and business development and ensuring proper conduct of its operations at all times. The Board decides all matters regarded as extraordinary or of major consequence in accordance with the statutory division of responsibilities between the Board, CEO and Executive Board. The Board defines strategic objectives for the company and sets targets aimed at achieving these goals.

Regular Board meetings are held with management over the course of the year, including quarterly meetings coinciding with the publication of financial results, two strategy sessions and an operational planning meeting for the coming year. The Board of Directors meets regularly without management and once a year there is a meeting to structure the Board's agenda and conduct a self-assessment. Additional meetings are convened as needed. The Board of Directors has a number of on-site visits to company locations and to customers during the year. All matters dealt with at Board meetings are decided by a majority vote, provided that the meeting has been lawfully convened.

In the event of a tie vote, the Chairman casts the deciding vote. However, important decisions are not made unless all directors have been given an opportunity to discuss the matter.

The Board of Directors convened 18 times in 2023, with an average attendance of 96%. Thereof, there were 10 regular meetings, with 100% attendance, and eight extra meetings with an average attendance of 91%.

The Board of Directors has assessed which directors are independent according to the Icelandic Guidelines on Corporate Governance. All seven directors: Ann Elizabeth Savage, Arnar Thor Masson, Astvaldur Johannsson, Lillie Li Valeur, Olafur S. Gudmundsson, Svafa Gronfeldt and Ton van der Laan, are considered independent of the company. Furthermore, six of the Board members, Ann Elizabeth Savage, Arnar Thor Masson, Astvaldur Johannsson, Lillie Li Valeur, Svafa Gronfeldt and Ton van der Laan, are considered independent of the company's major shareholders. According to the Guidelines, the tenure of a director does not affect the independence assessment.

Once a year, the Board of Directors evaluates the work, results, size and composition of the Board and the Board's sub-committees.

Furthermore, the Board evaluates the work and results of the CEO according to previously established criteria, including whether the CEO has prepared and carried out a business strategy for 2023 consistent with the company's established goals. The Board discusses the results of the evaluation and decides on any actions to be taken.

See marel.com for profiles of Board members, the rules of procedure for the Board of Directors and the Board's sub-committees.

Sub-Committees

A share of the Board's work is carried out in its sub-committees: the Remuneration Committee, the Audit Committee and the Nomination Committee. Sub-committee members are appointed by the Board of Directors for a term of one year in accordance with the rules set for each sub-committee by the Board.

Remuneration Committee

The Remuneration Committee is composed of three Board members unless the Board decides otherwise. The majority of the Remuneration Committee shall be independent of the company and possess the knowledge and expertise needed to perform the Committee's tasks.

The Remuneration Committee is intended to assist the Board in ensuring that compensation arrangements support the strategic aims of the company and enable the recruitment, motivation and retention of senior executives, while also complying with legal and regulatory requirements. The Committee is responsible for ensuring that the performance of the Board and CEO is evaluated annually, and that succession planning within the company is conducted. The current Board decided to appoint three members to the Remuneration Committee as of March 2023: Arnar Thor Masson (Chairman), Lillie Li Valeur and Olafur S. Gudmundsson. The Remuneration Committee convened six times in 2023, attendance was 100%.

Audit Committee

The Audit Committee is composed of at least three Board members. Committee members shall be independent from the auditor of the company. The majority of the Committee members shall be independent of the company and its management. At least one member who is independent of both the company and its management shall also be independent of shareholders that hold 10% or more of the total share capital of the company. Members of the Audit Committee shall have qualifications and experience in accordance with the activities of the Committee and at least one member shall have detailed expertise in the field of operation, finance, accounting or auditing. The Audit Committee's work includes monitoring Marel's financial reporting process and reviewing financial statements, the effectiveness of the company´s internal controls and risk management systems, monitoring and follow up on capital allocation decisions by the Board, oversight of regulatory compliance and ethics, and the work of the company's internal and statutory auditors. Members of the Audit Committee from March 2023 are: Svafa Gronfeldt (Chair), Astvaldur Johannsson, Ann Elizabeth Savage and Ton van der Laan. All members are independent of the company, its auditors and large shareholders. The Audit Committee convened seven times in 2023, with an average attendance of 100%.

Nomination Committee

The Nomination Committee is composed of three Board members unless the Board decides otherwise. The main objective of the Committee is to assist the company's shareholders in a structured and transparent way, ensuring that the Board and its committees consist of directors with the appropriate balance of skills, experience, diversity, independence and knowledge, enabling effective execution of duties and responsibilities. The Nomination Committee assists the Board with the process and oversight of Board succession planning and identification and nomination of Board candidates, as well as members of the Board's sub-committees, who can fulfill these requirements. In the process of identifying suitable Board candidates, the Nomination Committee shall generally solicit the services of internationally recognized advisors to facilitate the search. The majority of the Committee's members shall be independent of the company.
The Board has taken a balanced view of corporate governance principles in Iceland and the Netherlands when structuring the framework for the Nomination Committee. Members of the Nomination Committee from March 2023 are Lillie Li Valeur (Chair), Arnar Thor Masson and Olafur S. Gudmundsson. The Nomination Committee convened six times in 2023, attendance was 100%.

Meeting attendance 2023

	Board of Directors			Committees		
	Regular meetings - 10 meetings -	Extra meetings - 8 meetings[1] -	All Board meetings - 18 meetings -	Audit committee - 7 meetings -	Nomination committee - 5 meetings -	Remuneration committee - 4 meetings -
	Attendance	Attendance	Attendance	Attendance	Attendance	Attendance
Arnar Thor Masson, **Chairman**	100%	100%	100%		○ 100%	● 100%
Olafur S. Gudmundsson, **Vice-Chairman**	100%	100%	100%		○ 100%	○ 100%
Ann Elizabeth Savage, **Director**	100%	88%	94%	○ 100%		
Astvaldur Johannsson, **Director**	100%	100%	100%	○ 100%		
Lillie Li Valeur, **Director**	100%	100%	100%		● 100%	○ 100%
Svafa Grönfeldt, **Director**	100%	88%	94%	● 100%		
Ton van der Laan, **Director**	100%	63%	83%	○ 100%		
Average attendence	**100%**	**91%**	**96%**	**100%**	**100%**	**100%**

[1] Regular Board meetings are scheduled at least one year in advance while extra Board meetings are often scheduled with short notice and cannot always be scheduled in time zones that are convenient for all Board Directors, who reside in four different time zones.

If Board Director is not present in a meeting, due to a conflict of interest, it is not considered to affect his attendance. There were two extra Board meetings during the year where a Board Director was not present due to conflict of interest.

● Chair
○ Member

Chief Executive Officer

Arni Oddur Thordarson assumed the position of CEO of Marel in November 2013 and served until 7 November 2023 when he tendered his resignation with immediate effect.

Arni Sigurdsson was appointed Interim CEO of Marel on 7 November 2023 and CEO on 11 December 2023. An Icelandic citizen, born in 1983, Sigurdsson joined Marel in 2014 initially as Head of Strategy, then from 2020 to 2022 held the role of Chief Strategy Officer and Executive Vice President Strategic Business Units before assuming the position of Chief Business Officer and Deputy CEO in November 2022. Before joining Marel, Sigurdsson worked at AGC Partners and Landsbanki Íslands. He graduated with an MBA degree from Harvard Business School and BSc in Industrial Engineering from the University of Iceland. His holding is 650,834 shares in Marel.

1. The CEO is responsible for daily operations and is obliged to follow the Board's policy and instructions in that regard. Daily operations do not include measures that are unusual or extraordinary. The CEO may only take such measures if specifically authorized by the Board or unless it is impossible to wait for the Board's decision without substantial disadvantage to the company's operations. In such an event, the CEO must inform the Board of his/her actions without delay.
2. The CEO is responsible for the work and results of the Executive Board.
3. The CEO shall ensure that the accounts of the company comply with the law and accepted financial reporting practices, and that the treatment of company assets is secure. The CEO shall provide any information requested by the company's auditors.
4. At least once a year, the CEO shall evaluate the work and results of the Executive Board that he heads according to previously established criteria. The CEO shall discuss the results of his evaluation with each member of the Executive Board and decide on any actions to be taken.

At least once a year, the Chairman and the CEO will meet to discuss the results of the Board's evaluation of the CEO's work and performance and any proposed actions in response. The CEO reviews, with the Chairman the results of his/her evaluation of the Executive Board and what actions may be needed, if any. The Chairman reports to the Board of Directors on discussions with the CEO as he/she deems necessary and appropriate.

Executive Board

The Executive Board supports the CEO in his role and responsibility for daily operations of the company in line with the directives of Marel's Board of Directors. The company's Executive Board as of 31 December 20231 was composed of the following:

- Chief Executive Officer (CEO): Arni Sigurdsson
- Chief Operating Officer (COO): Linda Jonsdottir
- Chief Financial Officer (CFO): Stacey Katz
- Chief Human Resource Officer (CHRO): David Freyr Oddsson

Diversity

Marel's Diversity and Inclusion policy, guides and ensures commitment to fostering, cultivating and preserving a culture of diversity and inclusion within the company. The policy applies to all employees and governance bodies, including the Board of Directors, its sub-committees and the Executive Board.

The Nomination Committee has the role of reviewing and evaluating the structure and composition of the Board of Directors, in order to ensure a balance of skills, knowledge, experience, diversity, tenure and independence. The Board, as a whole, should also encompass desirable diversity in aspects such as nationality, gender, age, education and different perspectives. Marel's Board of Directors' skills matrix is used in the yearly evaluation and nomination process. See further in the Nomination Committee's report.

The Board of Directors and the CEO are responsible for reviewing and evaluating the structure and composition of the Executive Board based on the same principles of diversity as apply to the Board of Directors in addition to Marel's Diversity and Inclusion policy. Gender diversity within the Board of Directors remained stable at 43% female, 57% male (2022: 43% female, 57% male). Gender diversity of the Executive Board as of 31 December 2023 was 50% female, 50% male (2022: 40% female, 60% male). Gender diversity of the total company was 19% female, 81% male (2022: 18% female, 82% male).

Code of Conduct and Social Responsibility

Values and Social Responsibility

Marel's company values are its shared ideals and standards, providing direction in its everyday operations. The company's employees took part in defining these values, which are Unity, Excellence and Innovation. The values are continuously promoted in the company's daily operations.

Code of Conduct

Marel's Code of Conduct is closely linked to Marel's company values and rests on four pillars, i.e., the commitment of employees (including officers and directors) to (i) each other; (ii) customers and the marketplace; (iii) shareholders; and (iv) partners, communities and the environment.

Communication Between Shareholders and the Board of Directors

Shareholders' meetings, within limits established by the company's Articles of Association and statutory law, are the supreme authority in Marel's affairs, as well as the primary means of communication between shareholders and the Board of Directors. The AGM is held each year before the end of August, and other shareholders' meetings are convened as needed. The AGM is advertised publicly with at least three weeks' notice in accordance with Icelandic law and the company's Articles of Association.

The Chairman is the Board's authorized spokesperson. The Board of Directors does not engage in communication regarding the details of the company's operational matters and financial results, which is the responsibility of authorized members of management.

The Chairman communicates with the company's largest shareholders on an annual basis to exchange views on matters related to corporate governance and to maintain trust and understanding. All communication with shareholders is governed by rules and regulations on price-sensitive and non-public information (inside information) and on other sensitive business information, which could compromise the company's competitive position. Further information on communication with shareholders can be found in the company's Investor Relations Policy.

2 Quarterly results (unaudited)

	2023 Q1	2023 Q2	2023 Q3	2023 Q4	Total
Revenue	447.4	422.4	403.6	448.0	1,721.4
Cost of sales	(294.7)	(280.0)	(260.5)	(289.8)	(1,125.0)
Gross profit	**152.7**	**142.4**	**143.1**	**158.2**	**596.4**
Selling and marketing expenses	(64.4)	(62.1)	(59.5)	(63.1)	(249.1)
General and administrative expenses	(37.0)	(32.7)	(29.2)	(35.5)	(134.4)
Research and development expenses	(28.2)	(30.5)	(26.8)	(33.8)	(119.3)
Result from operations (EBIT)	**23.1**	**17.1**	**27.6**	**25.8**	**93.6**
Net finance costs	(12.9)	(11.7)	(15.1)	(17.3)	(57.0)
Share of result of associates	(0.2)	(0.2)	(0.0)	(0.1)	(0.5)
Impairment loss of associates	-	-	-	-	-
Result before income tax	**10.0**	**5.2**	**12.5**	**8.4**	**36.1**
Income tax	(0.9)	(2.1)	(2.4)	0.3	(5.1)
Net result for the period	**9.1**	**3.1**	**10.1**	**8.7**	**31.0**
Result from operations before depreciation & amortization (EBITDA)	**46.3**	**40.1**	**50.2**	**54.8**	**191.4**

	2022 Q1	2022 Q2	2022 Q3	2022 Q4	Total
Revenue	371.6	397.3	450.6	489.2	1,708.7
Cost of sales	(237.9)	(265.5)	(301.9)	(325.1)	(1,130.4)
Gross profit	**133.7**	**131.8**	**148.7**	**164.1**	**578.3**
Selling and marketing expenses	(54.1)	(58.6)	(63.5)	(60.0)	(236.2)
General and administrative expenses	(30.5)	(33.6)	(36.9)	(38.2)	(139.2)
Research and development expenses	(24.1)	(24.8)	(29.2)	(27.8)	(105.9)
Result from operations (EBIT)	**25.0**	**14.8**	**19.1**	**38.1**	**97.0**
Net finance costs	3.4	(1.9)	1.1	(15.6)	(13.0)
Share of result of associates	(0.8)	(0.8)	(0.1)	(0.2)	(1.9)
Impairment loss of associates	-	-	(7.0)	-	(7.0)
Result before income tax	**27.6**	**12.1**	**13.1**	**22.3**	**75.1**
Income tax	(5.9)	(2.5)	(4.2)	(3.8)	(16.4)
Net result for the period	**21.7**	**9.6**	**8.9**	**18.5**	**58.7**
Result from operations before depreciation & amortization (EBITDA)	**41.6**	**33.4**	**40.7**	**62.9**	**178.6**

The below tables provides an overview of the quarterly adjusted result from operations, which management believes to be a relevant Non-IFRS measurement, as mentioned in note 4.

	2023 Q1	2023 Q2	2023 Q3	2023 Q4	Total
Revenue	447.4	422.4	403.6	448.0	1,721.4
Cost of sales	(286.2)	(274.2)	(260.1)	(288.7)	(1,109.2)
Gross profit	**161.2**	**148.2**	**143.5**	**159.3**	**612.2**
Selling and marketing expenses	(60.1)	(56.4)	(54.3)	(58.5)	(229.3)
General and administrative expenses	(34.8)	(31.5)	(28.6)	(32.7)	(127.6)
Research and development expenses	(26.1)	(26.5)	(24.3)	(25.3)	(102.2)
Adjusted result from operations[1]	**40.2**	**33.8**	**36.3**	**42.8**	**153.1**
Non-IFRS adjustments	(17.1)	(16.7)	(8.7)	(17.0)	(59.5)
Result from operations (EBIT)	**23.1**	**17.1**	**27.6**	**25.8**	**93.6**
Adjusted result from operations before depreciation & amortization (EBITDA)	**56.5**	**49.9**	**52.1**	**58.9**	**217.4**

	2022 Q1	2022 Q2	2022 Q3	2022 Q4	Total
Revenue	371.6	397.3	450.6	489.2	1,708.7
Cost of sales	(237.6)	(264.2)	(288.6)	(313.4)	(1,103.8)
Gross profit	**134.0**	**133.1**	**162.0**	**175.8**	**604.9**
Selling and marketing expenses	(51.3)	(55.3)	(57.0)	(54.3)	(217.9)
General and administrative expenses	(28.6)	(29.7)	(32.2)	(35.6)	(126.1)
Research and development expenses	(22.8)	(23.1)	(26.6)	(25.0)	(97.5)
Adjusted result from operations[1]	**31.3**	**25.0**	**46.2**	**60.9**	**163.4**
Non-IFRS adjustments	(6.3)	(10.2)	(27.1)	(22.8)	(66.4)
Result from operations (EBIT)	**25.0**	**14.8**	**19.1**	**38.1**	**97.0**
Adjusted result from operations before depreciation & amortization (EBITDA)	**43.7**	**38.5**	**61.3**	**77.9**	**221.4**

[1] Result from operations is adjusted for PPA related costs, including depreciation and amortization, acquisition related expenses and restructuring costs. In Q4 2023, result from operations is also adjusted for one-off write-offs within "Other", related to rationalization of the product portfolio.

3 Definitions and abbreviations

AGM
Annual General Meeting

CGU
Cash Generating Units

EBIT
Earnings before interest and tax

EBITDA
Earnings before interest, tax, depreciation and amortization

ECL
Expected credit loss

ESEF Regulation
European Single Electronic Format Regulation

EURIBOR
Euro interbank offered rates

FTE
Full-time equivalent

FX
Foreign exchange

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards

iXBRL
Inline eXtensible Business Reporting Language

KPI
Key performance indicator

LIBOR
London Interbank Offered Rate

NCI
Non-controlling interest

OCI
Other comprehensive income

PPA
Purchase Price Allocation

SBTi
Science Based Targets initiative

SOFR
Secured Overnight Financing Rate

TCFD
Task Force on Climate-related Financial Disclosures

WACC
Weighted average cost of capital

XHTML
EXtensible HyperText Markup Language