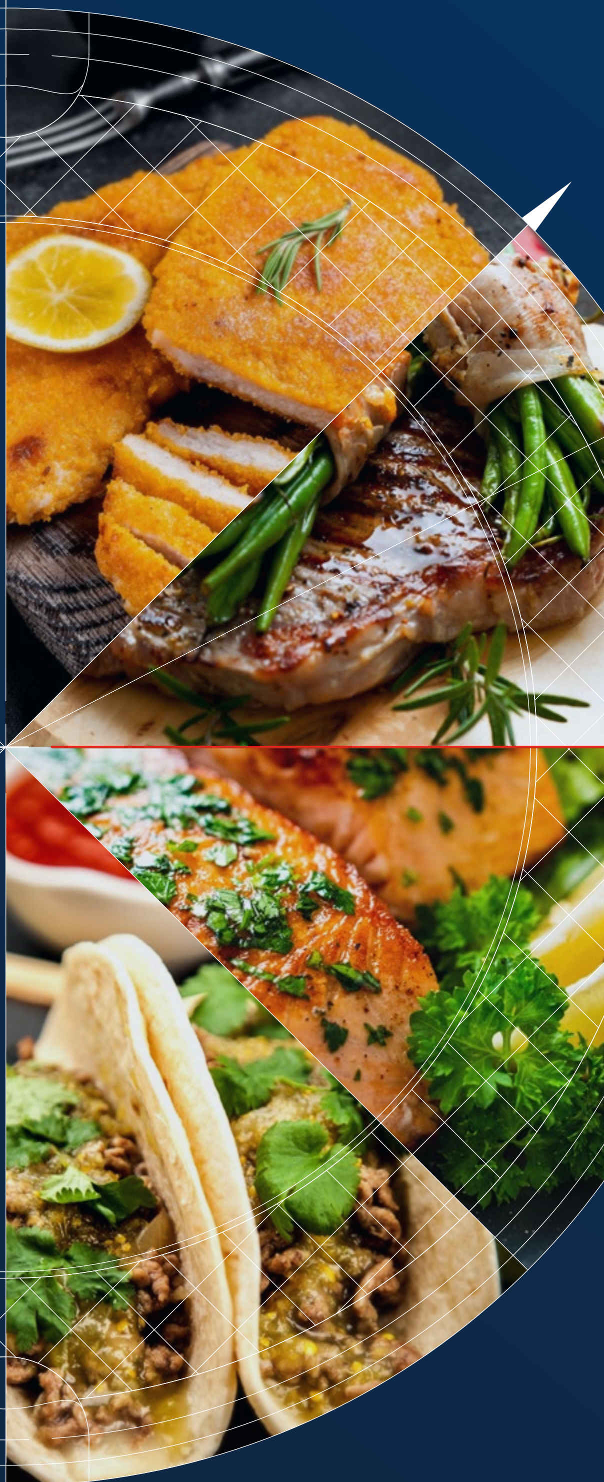
marel

Designing **the future of food**

2023
Annual Report



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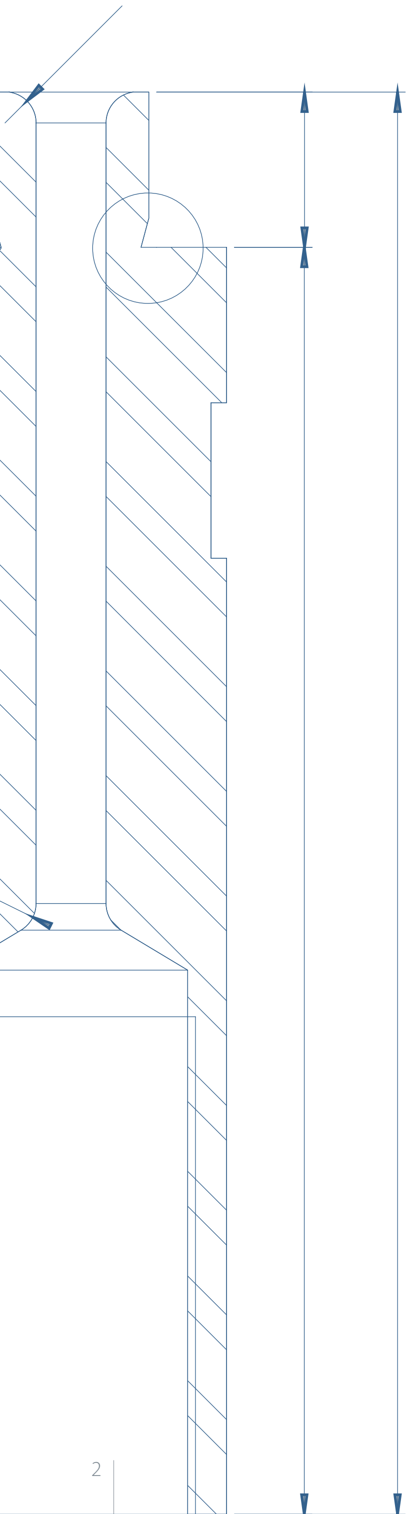
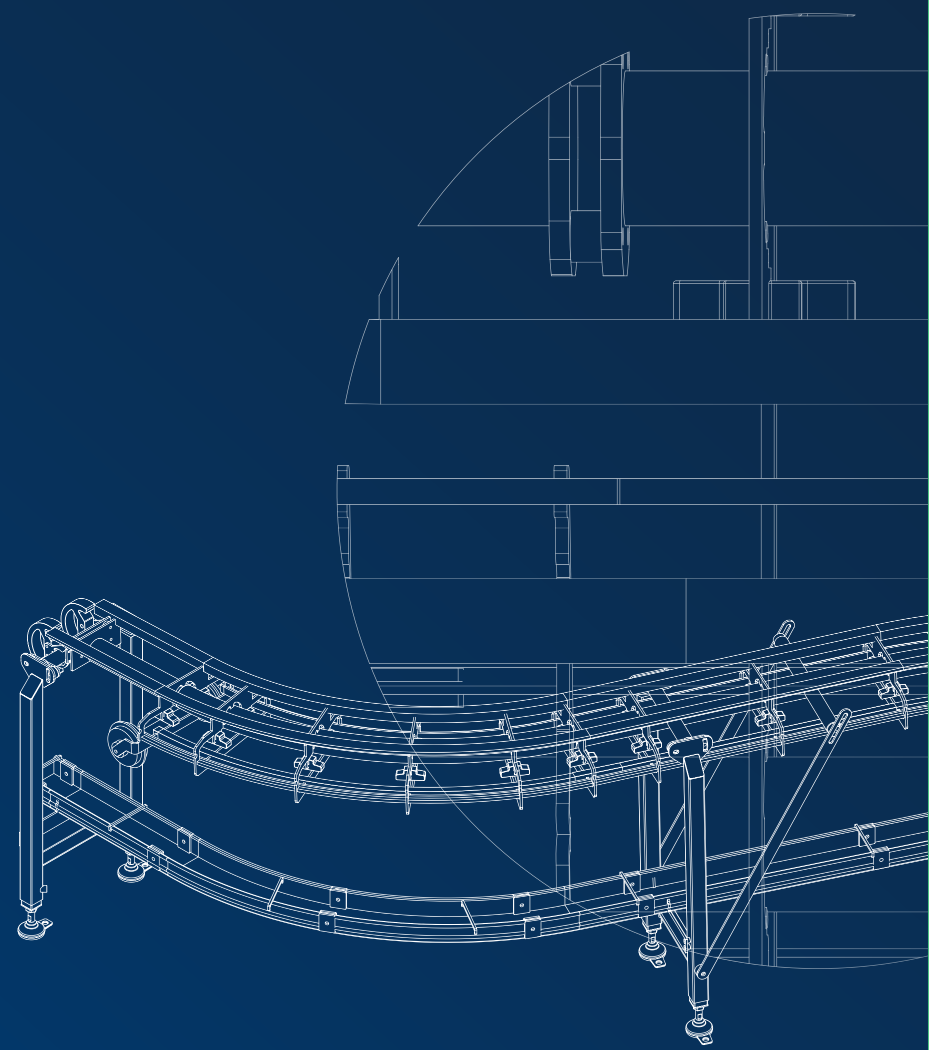


To our stakeholders



Chairman's statement

I want to commend the hard work and dedication of our teams across the world in navigating the changing landscape in 2023 and delivering for our customers. Our core values—unity, excellence and innovation—guided our commitment to customers, inspired our people and enabled us to a have a positive impact on the food industry.

Opportunities in market challenges

The energy price crisis, food supply disruption and the pandemic led to high inflation, which in turn caused central banks to sharply increase interest rates. Marel, our customers and the end consumers have felt these effects. However, market challenges like labor scarcity, rising input costs and consumer demand for diverse end-products also present opportunities for us to innovate, grow and create sustainable long-term value.

Our management has moved swiftly to protect the long-term interests of our business and maintains scrutiny of our cost base, while retaining the flexibility to capitalize on market opportunities as they emerge. In 2023, we invested EUR 102 million in innovation. This is a testament to how we align our vision with action to create a sustainable future for everyone. We have also continued to make transformative investments that enhance our operational efficiency and sustainability. We will continue to manage all business aspects within our control to protect stakeholder interests. This year's Annual Report shines a light on how we are supporting our customers, our people and our investors.

Resilient performance in 2023

We delivered resilient operational performance in 2023 with revenues of EUR 1.7 billion and an operational margin of 8.9%. While recurring aftermarket revenues showed good momentum, orders for solutions and large projects were soft in 2023 as customers delayed investments due to the current macro environment. Operating in an industry not immune to the cycles, we must run our business with the cycle in mind to weather current conditions and emerge stronger.

To protect and strengthen our business, we have taken decisive actions in the past 18 months to improve operational efficiency and financial performance. We implemented our Focus First operating model in April 2023 to foster more customer centricity, enhance end-to-end accountability and enable cross-business collaboration.

Dividend

Against the backdrop of operational headwinds in 2023, the Marel Board of Directors carefully considered the proposed dividend for the 2023 operating year, considering our growth ambition, long-term investment needs and financial resilience. Subject to shareholder approval at the Annual General Meeting (AGM), the Board is proposing a dividend of EUR 0.82 cent per share, or approximately 20% of net results, which is in line with our formal dividend policy of 20-40% of net results. In 2023, we returned EUR 11.7 million to shareholders by way of dividends.

New leadership

2023 was also a year of transition for our executive leadership. Outgoing Chief Executive Officer Arni Oddur Thordarson resigned and left effective 7 November 2023 for personal reasons, and Arni Sigurdsson was appointed Interim CEO. The Board then undertook a thorough process, and I was very pleased to see that our strong succession planning and talent management led the Board to appoint Sigurdsson as Chief Executive Officer on 11 December 2023.

An accomplished leader within Marel with deep industry knowledge, Sigurdsson has a proven track record of commercial success and delivering strategic actions that support Marel's growth ambition. We have already seen that Sigurdsson brings focus and drive to the role, and I look forward to continuing to work with him on the opportunities ahead.

Validating our actions

The Board values feedback from all our stakeholders. As Chairman, I have been privileged to engage with many of our shareholders, particularly when seeking their input on our Chief Executive succession process, as well as when the Board appraised the two proposals for a potential offer for all shares in Marel received from John Bean Technologies Corporation (JBT) at the end of 2023, supported by an irrevocable undertaking from Eyrir Invest hf., which holds 24.7% of the shares in Marel.

As we announced to the market at the time, the Board unanimously agreed that the initial proposal was not in the best interests of Marel's shareholders since it did not account for the intrinsic value of the business nor the inherent risk of executing the proposed transaction. Following a second approach from JBT, Marel announced it would review JBT's proposal with due care and process to assess its merits, consistent with the long-term interests of Marel and all shareholders.

On 19 January 2024, we received a third proposal from JBT 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. Following positive discussions, the Board carefully assessed the proposal. While we continue to have the utmost confidence in Marel's standalone strategy, the Board considers that there is compelling logic in the combination for Marel's shareholders and stakeholders.

The proposed terms are attractive and offer an opportunity for Marel shareholders to participate in future value creation. Therefore, the Board supports working with JBT on reciprocal, confirmatory due diligence and the finalization of its formal offer for Marel shares on these terms. We will continue to update the market in a timely manner regarding any material developments, consistent with Marel's statutory disclosure obligations.

From startup to
global
leader

Governance and remuneration

Good corporate governance is a top priority for the Board and is essential to deliver our vision for all our stakeholders. The Board regularly evaluates Marel's strategy to maximize value, acting in the best interest of all shareholders and wider stakeholders. As part of this regular strategic evaluation, the Board reviews developments in the industries in which it participates, the operational performance of the company and the relative benefits of continuing to participate in the consolidation of the sector.

During the year, the Board regularly reviewed progress against each strategic cornerstone while also considering the changing market environment. I am pleased to present the Corporate Governance Report for 2023, which sets out the key areas considered by the Board and its Committees.

I would like to mention a few highlights from the report on remuneration, as well as our focus on health, safety, diversity and inclusion.

Remuneration

We have responded to stakeholder feedback regarding remuneration and how it is linked to performance. Our Remuneration Policy is designed to incentivize exceptional, sector-leading performance for the benefit of customers, communities and the environment, and to attract, retain and motivate talent.

The 2023 AGM approved a change in the vehicle of long-term incentives from stock options to performance shares, to be implemented in 2024 in alignment with market practice and international benchmarks. Based on stakeholder feedback, the Board reviewed the performance share program in 2023. We considered various factors, including uncertainty around legal framework and tax treatment of the new program, as well as changes in Marel's operating model. Accordingly, the Board has decided to propose to the 2024 AGM to postpone the implementation of the performance share program to 2025. We will continue working on terms of the program in 2024 and will include details on its key terms in the Remuneration Report for 2024.

Diversity and inclusion

Diversity and inclusion are priority areas for the Board and Nomination Committee. Within the senior leadership, we are pleased with the improvement in gender diversity. While there is still progress to be made, more than 33% of employees in the top three management layers are women, moving us closer to our goal of not exceeding 60% of any gender in the top three management levels. We have updated our recruitment processes and are training managers to be conscious of matters such as cultural bias, inclusive leadership and creating a respectful workplace. Further details can be found in the 'Our people' chapter.

Health, safety and wellbeing

We hold the health and safety of our people in the highest regard and are pleased to be significantly below the industry reported incidence rate benchmark. We have also taken what we learned from the pandemic and continued to improve the mental health and wellbeing support we offer the Marel team.

Our people also need to feel financially secure and supported, particularly during major life events. In 2023, Marel was proud to develop a comprehensive package of benefits for primary caregivers to take parental leave. Implemented on 1 January 2024, this global parental leave underscores our commitment to creating a family-friendly culture where employees and their families can flourish.

Sustainability

Marel plays a leading role in creating a sustainable, low-carbon future for food processing. By integrating automated and digitalized solutions, we enable our customers to maximize utilization of water, energy and other precious resources. Our innovative software is central, helping processors minimize food waste by enhancing food quality and safety, ensuring traceability and optimizing raw material usage.

In response to increasing requirements on sustainability reporting transparency from regulators and our customers, Marel took firm actions in 2023 to achieve compliance with incoming regulations. Moreover, our digital solutions are designed to support our customers on their green reporting journeys. Details can be found in our Innovation and Sustainability chapters.

Positioning for success

We are focused on positioning our business for continued success. The long-term growth outlook in our industry remains intact and is led by the growing need for food based on population growth, urbanization and a growing middle class. Our role is to deliver unique solutions, software and services to our customers while also transitioning to a net-zero world.

I have listened to shareholder feedback on our operational performance, and the vast majority support the strategy Marel is implementing. While acknowledging the progress being made, the Board recognizes that further actions are needed. Following a review of our business plan we are resetting our outlook. I have full confidence in Arni Sigurdsson and his leadership team to execute diligently and deliver.

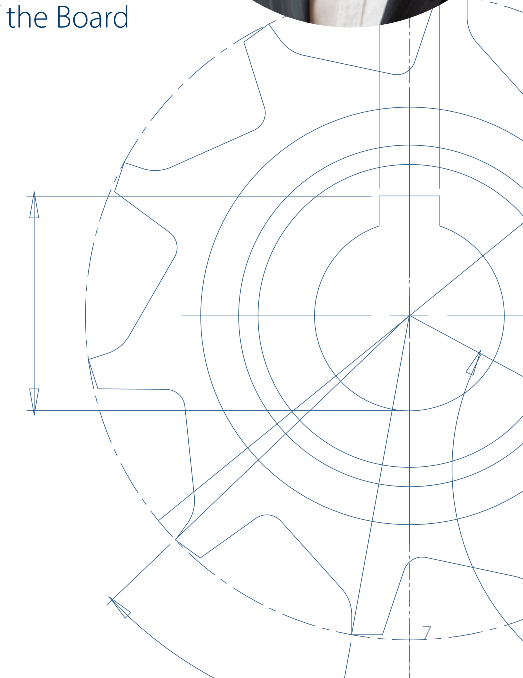
Working together toward tomorrow

In March 2023, we celebrated a milestone—our 40th anniversary. Over the years, Marel has transitioned from a university startup to a leading global provider of food processing solutions, software and services with around 7,500 employees and EUR 1.7 billion in revenues.

To our people, I want to convey my sincere gratitude for the commitment, passion and dedication they apply to all they do. We also express our deep appreciation to our valued customers, partners and shareholders for their continued support. Thank you for being a part of our journey.

"In 2023, Marel continued to pioneer long-term solutions that make a meaningful positive impact on food systems worldwide. In partnership with our customers, we are transforming the way food is processed. Our vision is of a world where quality food is produced sustainably and affordably."

Arnar Thor Masson
Chairman of the Board



CEO's review

Thanks to employees

Marel is a great company that I am honored and proud to have led since November 2023. We are an excellent business in highly attractive growth markets and a global leader in food processing solutions, software and services. Through my various roles within Marel across strategy and business divisions, I have grown ever fonder of Marel—our customers, business and people—and continuously gained more insights into the operational areas of our business and our future drivers for success. We have a purposeful vision, true and tested strategy, and an entrepreneurial culture of passionate people who are eager to play their part toward more sustainable food systems.

My sincere thanks go to my 7,500 colleagues around the world for their unwavering passion and dedication to our vision to transform food processing. I also want to thank my valued leadership team for their support and encouragement as I transitioned into the role of Chief Executive Officer. The trust and confidence from you fuel my vision for Marel's success and ambition to deliver according to our potential.

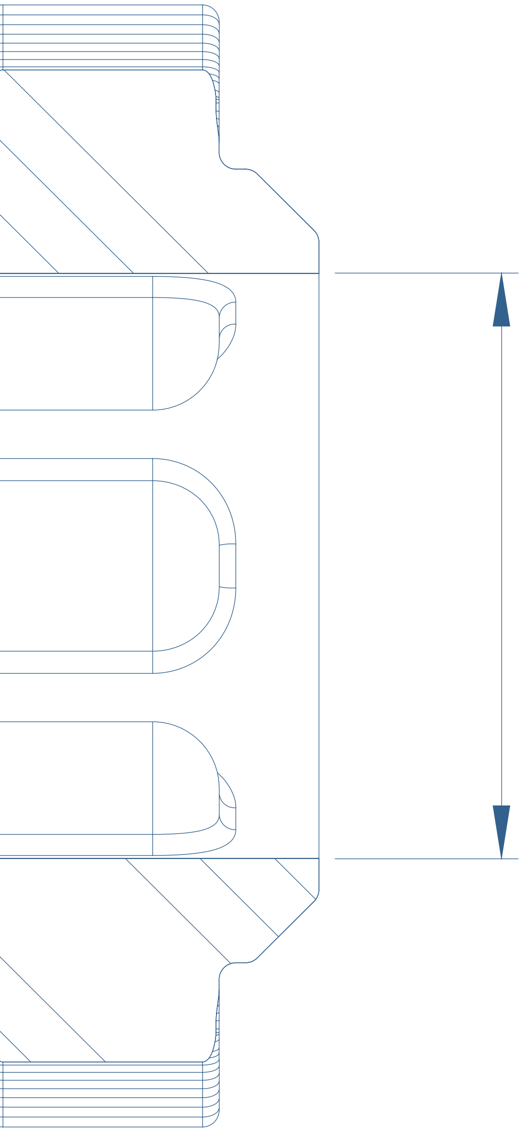
My first 100 days in office

My first three months in the role have been eventful. Within the first three weeks of taking over as interim CEO, Marel received a proposal regarding a potential offer for all shares in the company. As has been announced, John Bean Technologies Corporation (JBT) intends to launch a takeover offer in the first quarter of 2024. Marel and JBT are now in deeper discussions on the merits of the combination and have entered reciprocal due diligence for that purpose.

Years of significant headwinds

In recent years, we have seen significant operational challenges for our business, not only on a macro level but also more specifically in the food industry. These have each in their own way impacted on our business activities and operational performance.

We have seen supply chain disruption, higher interest rates and strong inflation resulting in higher input prices across the board, be it labor costs, raw material costs or energy costs. At the consumer level, inflation-induced high prices are pressuring purchasing power, resulting in consumers trading down to cheaper proteins and smaller portions. These headwinds and shifts in consumer demand place additional pressure on our customers' operations and margins. It is unprecedented to see challenging market conditions at the same time across key proteins and geographies. Consequently, market demand for Marel solutions materially weakened where customers delayed investments, especially for larger projects and greenfields.



6 Customer Centers | **+30** countries | **500** partners

Results colored by macro and industry headwinds

In 2023, the confluence of the above-mentioned factors has in large part eroded the benefits coming from our enacted actions in operational performance, resulting in weaker than expected full-year results. Orders received for the year totaled EUR 1.626 million, down 6% compared to the prior year, driven by the full-year contribution of Wenger and healthy growth in aftermarket, while orders for projects were soft. The order book was EUR 580 million at year-end, down 14% compared to the prior year.

Revenues were EUR 1.7 billion, up 1% compared to the prior year while organic revenue growth declined 4%. The lack of growth was due to lower project revenues while offset by strong after-market revenue growth of 14% over the year, reaching above EUR 200 million in the fourth quarter.

Aftermarket revenues were 46% of the total and were higher proportionally year-on-year due to the weak project revenues. Nonetheless, they reflect our large installed base, strong market position and objective of being a trusted maintenance partner.

Operating cash flow for 2023 was EUR 226 million on the back of working capital improvements, with exceptionally strong cash flow in the fourth quarter. I was particularly pleased to see cash conversion back at historical levels. This had a positive impact on leverage, which was below 3.5x at year-end, and Marel has good liquidity and covenant headroom going into 2024.

Our operational performance, however, has been disappointing. The adjusted EBIT margin contracted to 8.9% for the full year from 9.6%. We can do better and are focused on improving this performance and unlocking the potential of Marel.

Unlocking our potential

It is clear that Marel has significant underlying potential, and since becoming CEO, we have undertaken a review to develop a plan to ensure that we deliver improved performance. This process has culminated in us developing three clear priority areas to unlock our potential focused on:

1) our focus areas as a business,

2) the key levers we can pull to improve financial performance and

3) the best use of cash flow to drive growth and reward our shareholders.

Business priorities	Financial priorities	Capital priorities
1 Empowering people	1 Pipeline conversion	1 Build financial strength
2 Customer centricity	2 Cash conversion	2 Invest in the business
3 Commercial focus	3 Pricing discipline	3 Dividend and buybacks
4 Best-in-class service	4 Service and supply chain efficiency	4 Strategic M&A
5 Software and digital solutions	5 Cost control	
Innovation	**Excellence**	**Unity**

After market

~EUR **786** million in revenues

46% of total revenues

140+ countries

Financial target reset and updated outlook

One of the first actions I undertook as CEO was to review our business plans to assess what is deliverable and how we can set our business to deliver on its significant underlying potential. Reflecting this work, we are introducing an updated outlook and targets for the mid-term. These are, however, put forward with the caveat that there is still much uncertainty in various areas across geopolitics, macro developments and the speed of industry recovery. Our customers operate in a cyclical industry, and we must keep this cyclical nature in perspective as we navigate current conditions to come out stronger. History has shown that following periods of downturns, there has been good growth momentum for Marel. Commercial activity has been improving, which is mirrored in the strong pipeline of sales opportunities.

Our long-term outlook of 4-6% annual market growth for food processing solutions is unchanged, and key structural growth drivers remain. Marel aims to achieve organic revenue growth above market based on our strong market position, leading technological offering of line solutions and software, and large installed base worldwide.

In the mid-term, there are positive signs in both market outlook and customer sentiment. This should translate into an adjusted EBITDA margin of more than 18% and an adjusted EBIT margin of over 14% in the medium term.

Structural growth drivers remain intact

The fundamentals of our business remain highly attractive. Within the food universe, Marel enjoys a diversified exposure to proteins, geographies and processing stages where the common market drivers are increased consumption through population growth and a more affluent middle class.

The need for automation, digital solutions and sustainable processing solutions in food processing is becoming ever more pressing. Our advanced automated line offering, coupled with optimizing software and services, is designed to ensure maximum uptime. This supports our customers' operating margins and decarbonization efforts, serving as crucial structural drivers for Marel's future sustainable growth while also benefiting society.

Focus First: A playbook to navigate volatility

We made great strides in implementing our refined operating model named Focus First. Announced in late 2022 and operational in April 2023, Focus First was designed with the objective to position Marel for future growth and ensure sustainable profitability through more customer centricity and better accountability and cross-business collaboration. I believe that with the Focus First operating model, we have the right playbook to navigate volatility and shifting market dynamics, and improve speed and agility across the organization.

The operating model has business divisions, global functions and Customer Centers. Our seven business divisions each have profit and loss accountability with more decentralized decision making, creating a more seamless customer journey and making it easier to do business with us. The functions then provide enabling capabilities and expertise to the business divisions. We then use our Customer Centers, or geographical regions, to leverage our strong foundation of global reach and local presence that we have built over the years. The Customer Centers focus on bringing sales and service efforts together for our customers, creating a truly customer-centric experience.

In parallel, we have continued to build our leadership team across both the business divisions and functions. We already see benefits of having the refined operating model in place, where better collaboration and clearer accountability is starting to come through in improved customer satisfaction. However, I appreciate that just like building a championship team, it will take time to reach peak performance.

113 million

people will enter the global **middle class** in 2024

3x

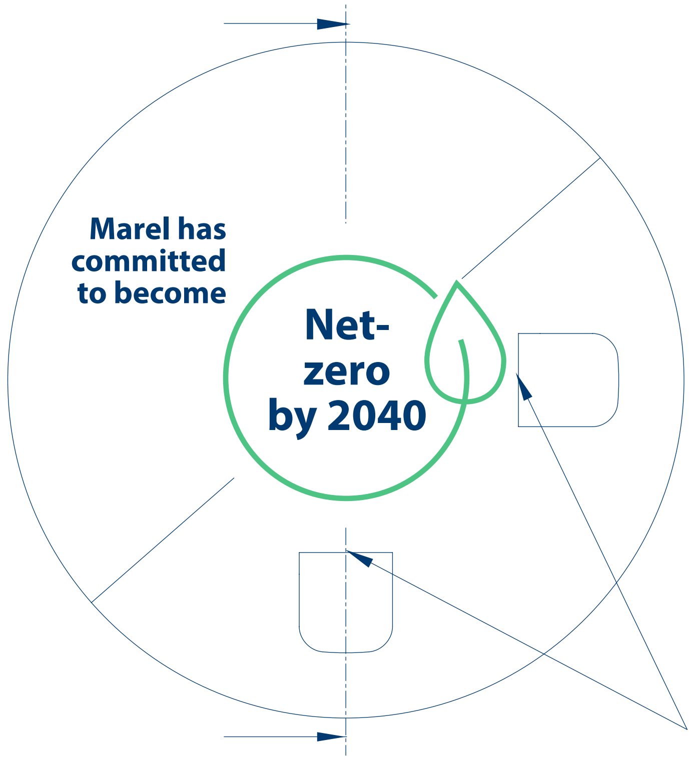
Middle income people consume on average **3x** more meat per year than low income people

Designing the future of food

To close, our strategy as a pure-play company within the food industry is unchanged and our platform is positioned for delivery and growth based on the structural thematic opportunities within our sector. As we celebrated our 40-year anniversary in 2023, it is quite remarkable to note that our vision is as relevant today as it was back when Marel was a university startup focused on improving efficiency and sustainability in the Icelandic seafood sector.

Today, our biggest contribution to a net-zero economy is through innovation and launching new solutions that amplify and mainstream more sustainable processing in the food industry. As we transition to net-zero ourselves, our actions are backed by a credible framework and guidelines. In this annual report, we are proud to add new and important sustainability disclosure on top of our regular reporting.

Our purpose is to make an impact that matters. I am passionate about the success of our business and committed to leading our hardworking and dedicated teams in navigating this changing landscape and delivering strong and sustainable results.



"It is an honor to lead team Marel as we look to deliver on our potential. I have worked across our business now for a decade and have seen firsthand the dedication and hard work of our people going above and beyond for our customers. This is why I am confident that as we look to step up performance, we have the team to do this, and we will continue to transform the way food is processed."

Arni Sigurdsson
Chief Executive Officer

marel YEAR ANNIVERSARY 1983–2023

40 years and counting

The past 40 years have been an amazing journey for Marel. Here are some of the key milestones in our transition from university startup to global leader in food processing solutions.

1983

Marel begins as an idea at the University of Iceland in 1978, centered on the innovative and game-changing, data-collecting electronic marine scale, becoming incorporated on 17 March 1983.

1985

Focused on introducing the marine scale to the broader seafood market, Marel launches a sales office in Canada. The North American expansion strategy supports the market's growing appetite for Marel's products.

1986

Long before digitalization becomes a household term, Marel announces plans to build production control software for a future where data is automatically collected from electronic scales to control and monitor yields, giveaway and employee performance.

1988

Marel secures a strong market foothold in Australia, marking a new milestone in global reach—from Iceland to the other side of the world!

See more

from Marel's 40-year anniversary celebration

1990

Marel launches the M2000 scale. It is faster, more precise and easier to use than previous models. It has a larger CPU and more memory, so more advanced software is possible—and it comes with a remote control!

1992

Nasdaq

Marel is listed on Nasdaq Iceland, opening the door to bolder innovations and bigger sales projects. At the time of listing, Marel has 45 employees and around EUR 6 million in revenues.

1993

Marel reinforces the impeccable quality standards of its machines by purchasing the metal workshop of master craftsman Sigurdur Thordarson. Previously, this workshop had provided most of Marel's metal work. Thordarson's dedication to true craftsmanship still echoes through all manufacturing facilities.

1993

Marel closes sales of processing systems in Portugal, New Zealand and Namibia and finishes the first installation of a newly developed vision grader for warm-water shrimp in Thailand.

1997

Marel makes a groundbreaking move when acquiring Danish Carnitech A/S, who had established itself as a leader supplying large shrimp trawlers with on board processing equipment. With the purchase, revenues double and Marel becomes an undisputed industry leader in line solutions for the fish industry.

1999

New technology and a graphical display is introduced in the innovative M3000 controller head, which is a huge upgrade from older text displays. With remote access over the internet, Marel is now able to offer remote support for the first time.

2000

Labelling and traceability is taken further when Marel introduces MPS Optipack, a software module especially designed to help customers keep track of product post-production. Now, one step closer to managing production from receiving to dispatch.

2001

SensorX facts
X-ray development begins

2001

Marel makes its biggest sales ever in meat, selling for a total of ISK 500 million (EUR 8.6 million) to two companies in Norway and the US.

2002

Marel moves into its new custom-built headquarters and production facility in Gardabaer, Iceland, where around 800 employees still do their best work every day.

SensorX facts
Launched in Fish segment

2003

2004

Donation of the first ever custom-built infant scale to Iceland's national hospital maternity ward, meaning that most Icelanders born since 2004 have been weighed on a Marel scale.

2005

Opening of a production facility in Slovakia with good access to a well-educated and capable workforce. This helps meeting increased demand and provides access to lower labor costs.

SensorX facts
Launched in Poultry segment

2006

2006

SCANVAEGT

Marel acquires long-time Danish competitor, Scanvaegt. With the merging of the two industry leaders, Marel's revenues nearly double. Scanvaegt brings to the table a mature service offering, vital to Marel's growth in aftermarket revenues.

2008

STORK

Concluding a two-year process, Marel acquires Stork Food Systems as part of the sale of Dutch industry giant Stork NV. This instrumental acquisition not only doubles Marel in size, it is also transformational in terms of adding processing capabilities in Marel's Poultry segment.

SensorX facts
Launched in Meat segment

2012

2012

The wish to truly connect with customers and give them the opportunity to get up close with Marel products is born. A year later, the first state-of-the-art Progress Point demo center opened its doors in Copenhagen, Denmark, and today, this unique experience is offered in multiple locations around the world.

2013

Having released the first modules of the technologically groundbreaking Innova Food Processing Software only a few years before, a proud milestone is reached when 1,000 software systems are installed.

2014

The FleXicut whitefish water-jet pinbone remover is introduced to the market and will change the nature of whitefish processing forever. The automation of bone removal with FleXicut raises productivity and greatly improves product handling and yield.

2016

The launch of the DeboFlex introduces a revolutionary platform that seamlessly harmonizes automation with ergonomically designed workstations. This completely transforms the deboning process in the meat industry.

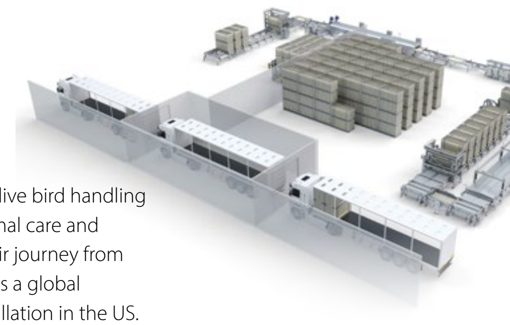
2016

MPS meat processing systems

Marel takes a giant leap into the market of primary meat processing when joining forces with MPS Meat Processing Systems. Uniting the two companies sends Marel to the forefront of developing full-line solutions and equipment for the meat processing industry with their highly complementary product portfolio and market presence.

2017

With the desire to become a part of a greener future, Marel introduces a Sustainability Scorecard to ensure that all innovations are tracked and measured on sustainability parameters such as food quality, employee health and safety, and minimizing food waste.



2018

In 2018, the revolutionary ATLAS live bird handling system, designed to ensure optimal care and comfort for birds throughout their journey from farm to processing plant, achieves a global breakthrough with its first installation in the US.

2018

Marel further cements its position as an innovator of data-driven solutions for the food processing industry by introducing Innova IMPAQT, which monitors equipment availability, performance and quality.

2018

Marel becomes the world's first supplier of an integrated full-line solution capable of processing 15,000 birds per hour. This highly automated and digitalized solution enables poultry plants to increase performance and yield without hiring additional staff.

SensorX facts
SensorX Magna & SensorX Accuro launched

2019

2019

7 June 2019 marks another milestone in Marel's ambitious growth strategy as the company begins trading on Euronext Amsterdam. By dual listing its shares in euro on an international stock exchange in addition to Nasdaq Iceland, Marel increases the visibility of its brand and access to a broader international investor base.

EURONEXT

2020

Marel signs a new syndicated revolving credit facility of EUR 700 million. This includes a sustainability-linked incentive structure where Marel agrees to meet a set of sustainability key performance indicators.

2021

State-of-the-art demo centers open in Campinas, Brazil and Shanghai, China. They feature extensive wet and dry demonstration areas, as well as space for conferences, meetings, dinners and other networking events.

SCIENCE BASED TARGETS

2021

Sustainability has always been at the core of Marel's DNA, and in 2021, work begins to formally document targets to reduce carbon emissions from the entire value chain. These efforts lead to the official validation the following year by the Science Based Targets initiative of Marel's sustainability targets and net-zero by 2040 commitment.

2022

WENGER

Marel forms a new business segment, Plant, Pet and Feed, with the USD 540 million acquisition of US-based Wenger Group, allowing Marel to enter attractive growth markets within alternative proteins, pet food and aqua feed.

SensorX facts
More than 1,400 machines sold to date in more than 40 countries

2023

2023

Marel proudly celebrates its 40th anniversary with a strong team of around 7,500 professionals across more than 30 countries. The ambition remains the same: transforming food processing in close partnership with our customers and pursuing our vision of a world where food is processed affordably and sustainably.

Marel at a **glance**

- We are Marel
- 2023 in brief

We are Marel

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. We are listed on Nasdaq Iceland and Euronext Amsterdam, and in 2023 we delivered EUR 1.7 billion in revenues, with 46% coming from recurring aftermarket, including service and software.

Our vision and how we create value

Our vision is of a world where quality food is produced sustainably and affordably. In partnership with our customers, we are transforming the way food is processed.

Through our global reach and local presence in Customer Centers, we collaborate to develop products that set new benchmarks in food processing. Utilizing cutting-edge technologies such as robotics, data-driven solutions, automation and advanced software, we empower our customers to increase yield, ensure food safety, improve sustainability and ultimately create value for their businesses.

Ahead of the curve through innovation

Annually, we invest 5-6% of revenues in research and development. This enables us to create transformative solutions, securing our competitive advantage and delivering organic growth to the company.

Revenues
EUR 1.7 billion
in 2023

Global sales and service network
+30 countries across **6** continents

Employees
~7,500

46%
in aftermarket revenues

Core values

Marel's three core values guide our way of working and are the foundation of what we stand for.

- Unity -

We are united in our success and recognize that retaining our position as a world leader in food processing requires a constant focus on collaboration, co-operation and communication.

- Excellence -

Excellence is what sets us apart. We deliver pioneering solutions that drive value, increase efficiency and enable our customers to succeed in an increasingly competitive marketplace.

- Innovation -

Innovation is in our DNA. Whether it's hardware, software or services, we're dedicated to surpassing industry standards to provide solutions that deliver the highest-quality sustainable and affordable food.

Four reported business segments

Our teams build on the knowledge, expertise and decades of experience accumulated across the company to serve our four reported business segments: Poultry, Meat, Fish and Plant, Pet and Feed.

Poultry

Marel offers the most comprehensive product range of poultry processing solutions in the industry and has the largest installed base worldwide. We provide automated in-line solutions, software and services for all stages of processing.

Meat

Marel supplies advanced equipment and systems to the red meat industry, with a focus on primary processing, cut-up and deboning solutions for processors supplying products to retail and foodservice. With the acquisition of E+V Technology in 2023, we have strengthened our product portfolio of vision equipment and software.

Fish

Marel is the leading global supplier of advanced standalone equipment and integrated systems to the fish industry. We provide innovative solutions and software for processing whitefish and salmon, both farmed and wild, onboard and ashore.

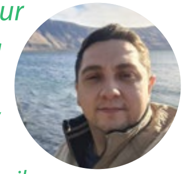
Plant, Pet and Feed

Plant, Pet and Feed is our newest business segment, established by the 2022 acquisition of Wenger Group, a worldwide leader in processing solutions centered around pet food, plant-based proteins and aqua feed. We are now able to explore both complementary and new attractive growth markets for Marel.

Our people

Our people drive Marel's success and this success is directly tied to the unique perspectives and experiences that each individual brings. The Marel team comes from a wide range of cultural, geographical, professional and personal backgrounds, and we actively encourage and respect this diversity. The creative mindsets and unwavering dedication of our people fuel our journey toward innovative solutions, paving the way for a future of sustainable food processing.

"I truly enjoy working for Marel. It's an international company that gathers multiple cultures, experiences and talented people, and offers opportunities for growth. I'm deeply motivated by our higher purpose: We are united in a common goal to provide high-quality food that's safe and affordable."



Joao Milani - Brazil

"I feel consistently encouraged and challenged to develop new products and solutions to help our customers further. We are encouraged to think outside the box, never settle for the status quo and try out new ideas using cutting-edge technology in our developments."

Birgitta Strange - Iceland

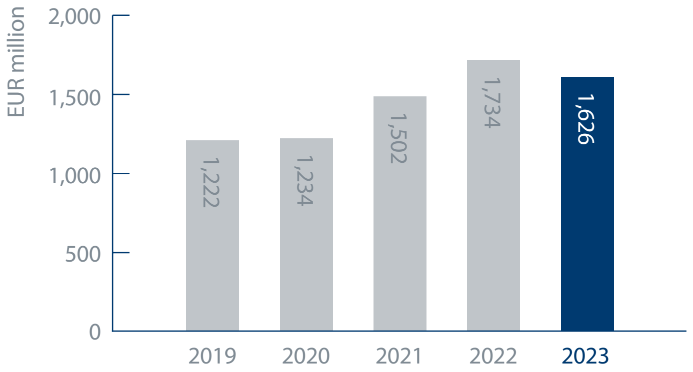
"It makes me proud to work for a company that has a vision for positively impacting something we all appreciate: food protein, which is such a fundamental part of our lives. The future expects new and innovative solutions, creating fantastic opportunities for us to not only go with the flow but truly be first and shape the future."

Christian Jensen - Spain

2023 in brief

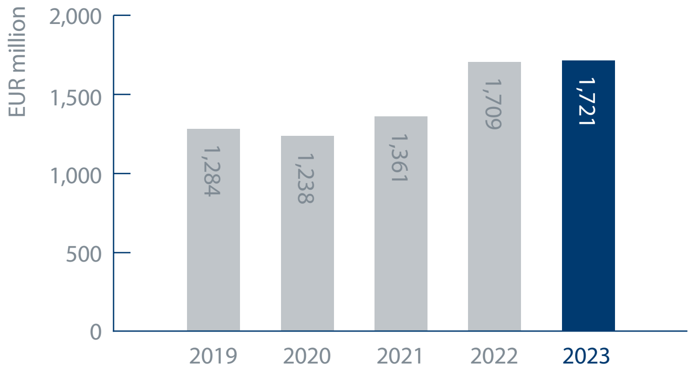
Orders received

Orders received amounted to EUR 1,626 million for the full year, down 6.2 percent year-on-year.



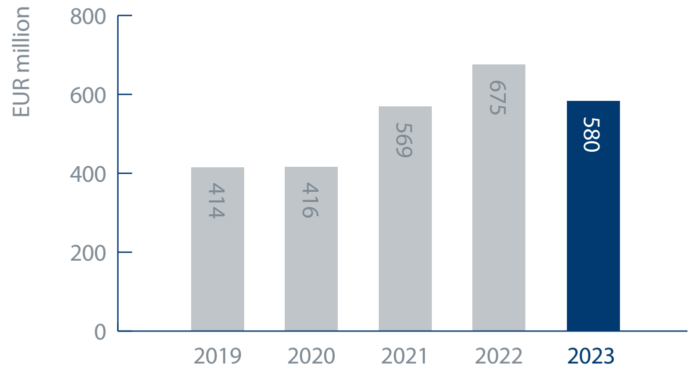
Revenues

Revenues amounted to EUR 1,721 million, up 0.7 percent, thereof 4.9 percent acquired and -4.2 organic.



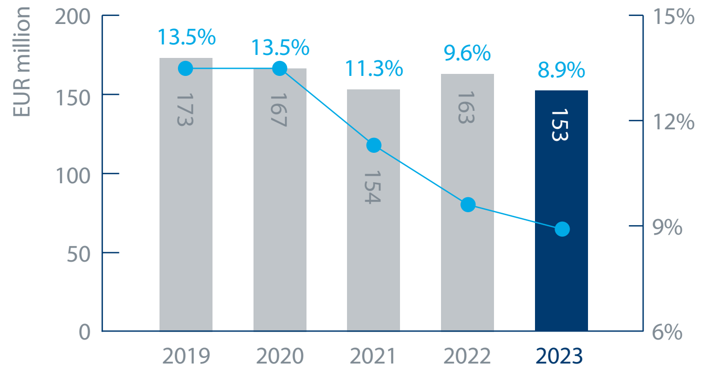
Order book

Order book was EUR 580 million at year-end 2023, representing 34 percent of 12-month trailing revenues.



Adjusted EBIT[1], %

Adjusted EBIT[1] amounted to EUR 153 million, down 6.3 percent year-on-year. The Adjusted EBIT margin was 8.9 percent, compared to 9.6 percent in 2022.



Key figures

Figures in EUR million unless otherwise stated	2023	2022	2021	2020	2019
Orders received	1,626.3	1,734.0	1,502.0	1,234.1	1,222.1
Revenues	1,721.4	1,708.7	1,360.8	1,237.8	1,283.7
- Organic growth	-4.2	16.1	4.4	-5.4	5.4
- Acquired growth	4.9	9.5	5.5	1.8	1.8
Order book	580.1	675.2	569.0	415.7	414.4
Adjusted EBITDA[1], %	12.6	13.0	15.1	17.6	17.2
Adjusted EBIT[2], %	8.9	9.6	11.3	13.5	13.5
Net results	31.0	58.7	96.2	102.6	110.1
Earnings per share, euro cents	4.11	7.78	12.85	13.62	15.33
Dividend per share	0.82	5.12	5.45	5.79	5.57
Operating cash flow	225.8	96.4	212.3	217.6	189.8
Free cash flow	109.4	-18.1	116.0	140.5	115.3
Leverage[3]	3.45	3.42	0.83	0.75	0.27
Market cap	2.4	2.5	4.6	3.9	3.5
Average number of employees FTEs	7,789	8,018	7,140	6,464	6,303

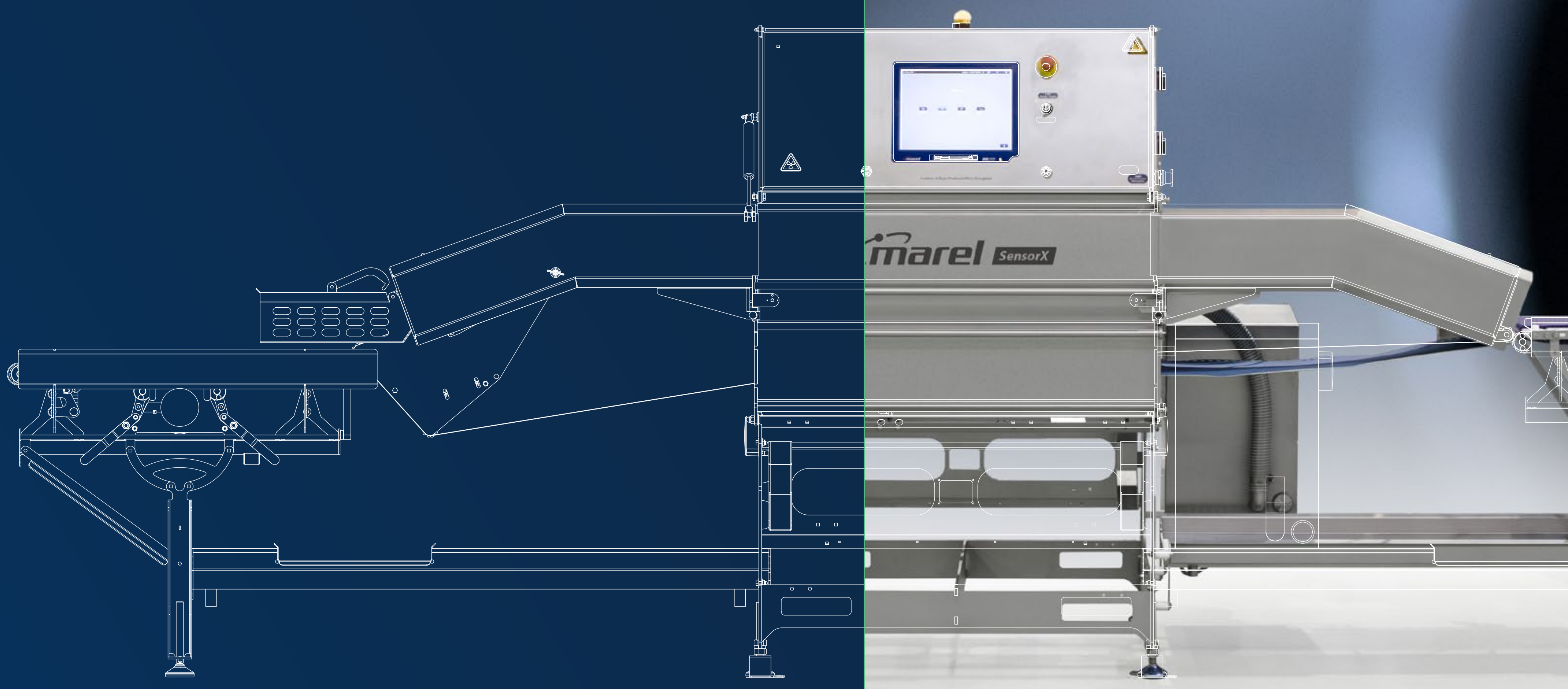
[1] Result from operations and EBITDA adjusted for PPA related costs, including depreciation and amortization, acquisition related expenses and restructuring costs. In Q4 2023, result from operations is also adjusted for one-off write-offs related to product portfolio rationalization.

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

[3] Net debt (excluding lease liabilities)/Pro forma LTM adjusted EBITDA (including recent acquisitions) excluding non-cash and one-off costs per Marel's credit agreement.

Delivering growth

- Drivers of growth
- How we create value
- Business model
- Strategy
- Business segments
- Operations



Drivers of growth

While short-term cyclical trends like inflation and commodity prices significantly impact the food industry, long-term structural changes will likely have a more lasting effect. Marel is at the center of several macro trends driving growth in the market for food processing solutions. Acute sustainability challenges and rising food demand mean that food processors face the challenge of producing more while using less and minimizing the environmental impact.

The rising demand for food and the shift toward convenience products will be important growth drivers, though this will also place increasing demands on processors for increased flexibility and control. Marel offers digitally enabled full-line solutions with standard and modular equipment to accommodate different proteins, end-products and sizes of operations. These solutions enable processors to improve sustainability, food safety, automation and efficiency.

Population growth

The world population is expected to reach nearly 10 billion people by 2050, which translates to about 2 billion additional people to feed. It is estimated that this will necessitate an increase in food production of around 50% by 2050.

This surge in food demand will be concentrated in specific regions, with over 90% of global population growth in the next decade expected to take place in Asia and Africa. In 2023, India overtook China as the most populous country in the world, with 1.4 billion people. Although the population of China is expected to decline, China and India combined will still account for almost one-third of the global population in 2050.

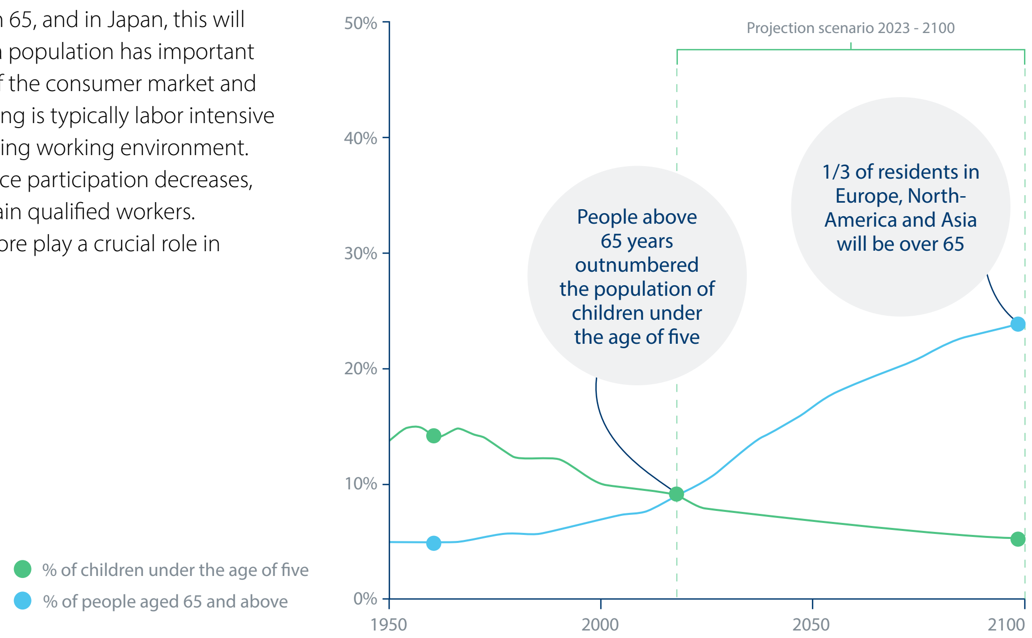
130 million
new human beings entering the world **every year**

50%
more food needs to be produced by **2050**

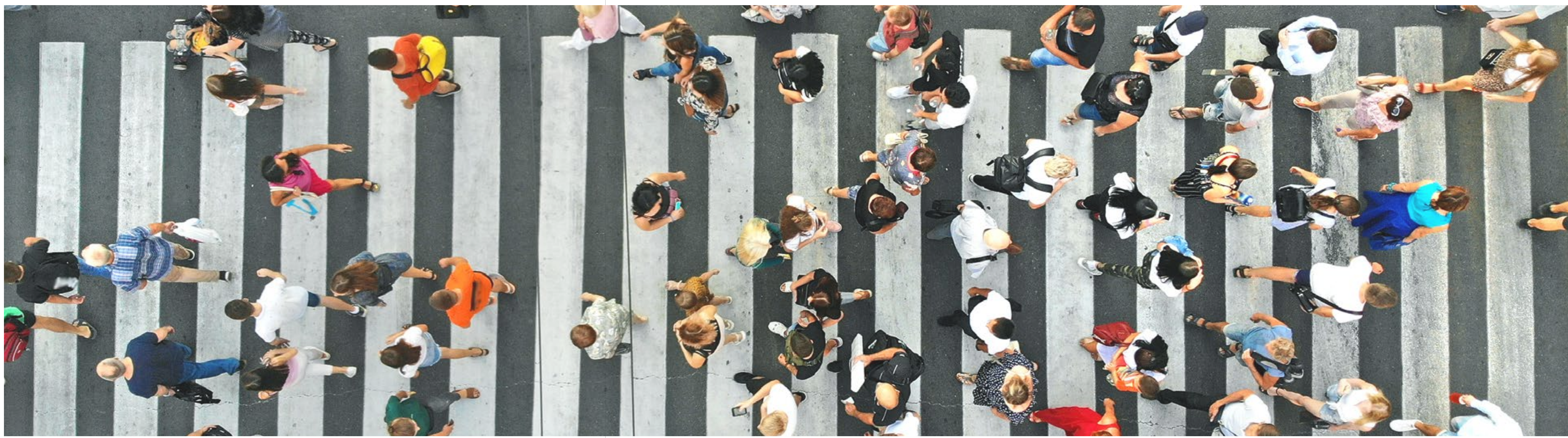
Demographic changes affect the workforce

In high-income countries, population growth is slowing and the population is aging. By 2050, it is estimated that almost 30% of the European population will be older than 65, and in Japan, this will be closer to 40%. The age structure of a population has important impacts on society, affecting the size of the consumer market and labor force participation. Food processing is typically labor intensive and requires specific skills in a challenging working environment. As the world population ages, labor force participation decreases, making it more difficult to find and retain qualified workers. Automated food processing will therefore play a crucial role in adapting to these demographic shifts.

World's population prospects



Source: United Nations World Population Prospects [2022] (via OurWorldInData.org)



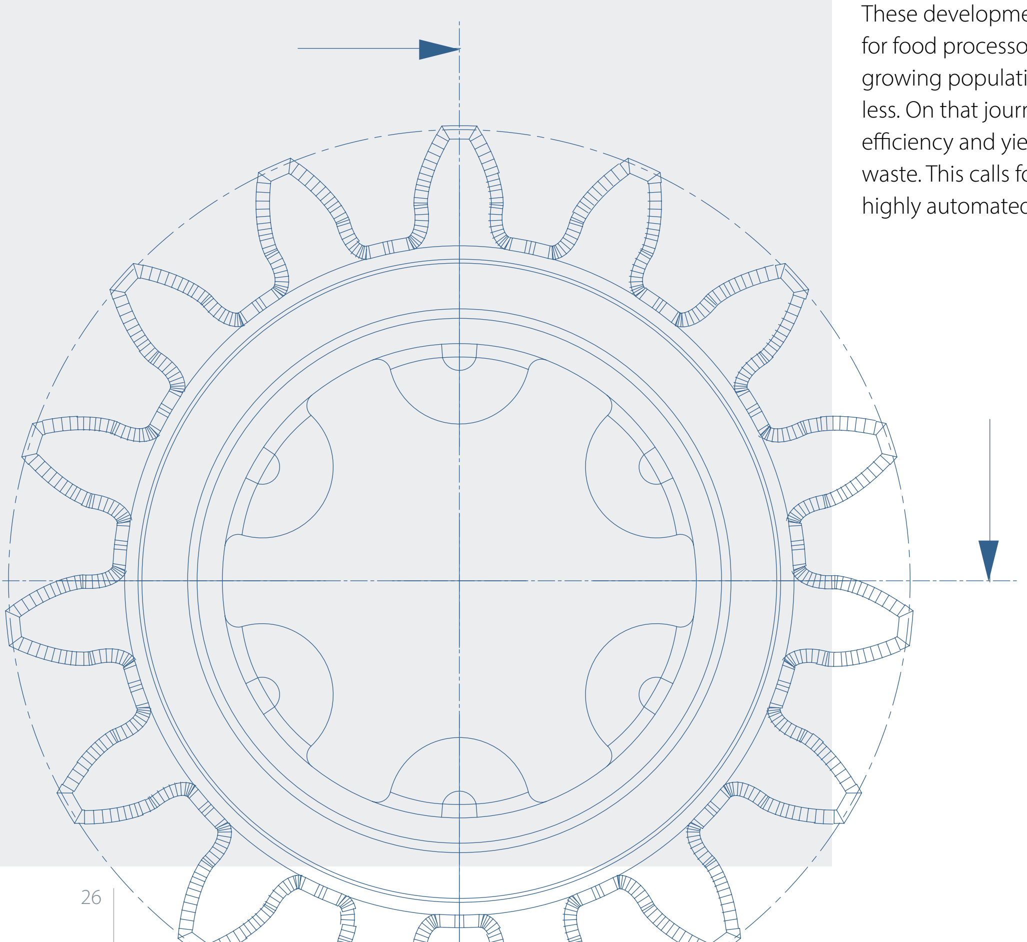
Growing middle class

In Asia and Africa, a large segment of the population will enter the global middle class and urbanize rapidly in the coming decades. Urban middle-class populations tend to have more disposable income but less time to prepare food, which means they are more inclined to pay for the convenience of value-added, consumer-ready products. Middle-class consumers are also more conscious about the food they eat, seeking products that are healthy and produced in an ethical and environmentally friendly way. Moreover, these qualities should be easy to verify and trace.

113 million
people will enter the global **middle class** in 2024

3x Middle income people consume on average **3x** more meat per year than low income people

Every minute
44 people
escape extreme poverty in India



1/3 of all food produced is lost or wasted, approximately **1 billion tons** every year

Food waste is responsible for **~6%** of global greenhouse gas emissions

Sustainability

Food production accounts for more than a quarter of global greenhouse gas emissions, and in turn, almost a quarter of these emissions come from food that is lost in supply chains or wasted by consumers. Indeed, more than one-third of all food produced for human consumption is lost or wasted each year and much of this occurs in the food production stage. The food industry therefore has an important role to play in the transition toward a more sustainable future of food systems.

In line with rising sustainability awareness, consumers and governmental bodies have raised demands and implemented higher standards for food processors on matters like food safety, animal wellbeing, worker health and safety, and environmental impact. Additionally, there are increased requirements for monitoring and reporting not only on the impacts of individual businesses but also on the impacts of their partners throughout the value chain.

These developments create both challenges and opportunities for food processors as they face the problem of feeding a growing population while using fewer resources and emitting less. On that journey, it will be vital to increase performance, efficiency and yield in food processing while minimizing food waste. This calls for innovative processing solutions that are highly automated and digitalized.

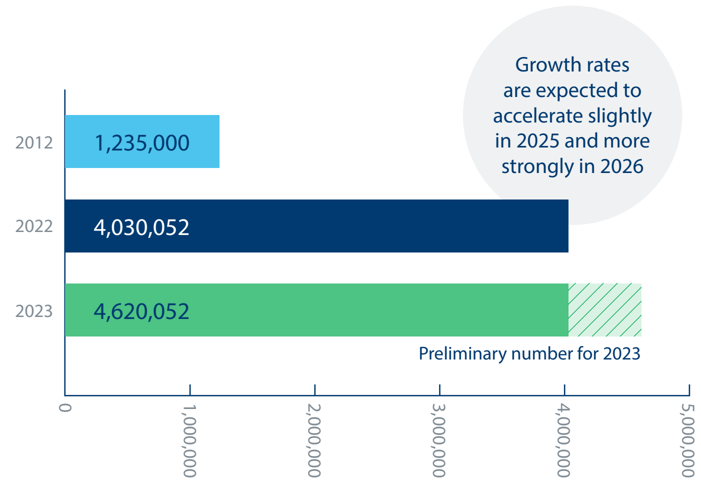
Shift to automation and digital technologies

Industry 4.0 is revolutionizing food processing by enabling the incorporation of advanced technologies like the Internet of Things, artificial intelligence and robotics into manufacturing. This integration addresses labor shortages and the complexities of producing value-added, consumer-ready products. Food processors are now re-evaluating their entire value chains, driven by the need to increase output and product variety while maintaining costs, quality and safety.

The shift toward automation and digital solutions brings numerous benefits. Automation typically reduces labor costs, enhances yields, minimizes food waste and improves both product quality and job safety. However, flexibility can be a challenge. The key to achieving this flexibility lies in digital technology integration. Real-time data collection by connected machinery coupled with artificial-intelligence-driven insights enables smarter, more dynamic robotic systems. This not only boosts automation but also enhances efficiency, process reliability and resource utilization, including raw materials, energy and water.

Such advancements also heighten responsiveness to customer needs, allowing for innovations like predictive maintenance. Moreover, virtual reality tools, such as digital twins, accelerate the entire product life cycle, from development to installation and servicing.

Global stock of industrial robots



Source: World Robotics, Industrial Robots 2023

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How we **create value**

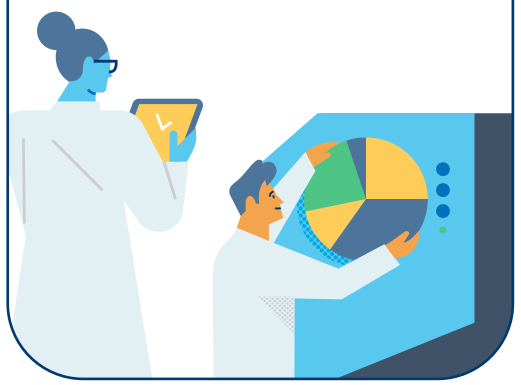
Input

Employees
With around 7,500 employees at year-end, we have an international team of problem solvers who contribute to transforming food production every day with their innovative mindset and craftsmanship.

Suppliers
Through our procurement spending with several thousand suppliers in our global supply chain, we can have a considerable positive impact. We require all new suppliers to comply with our Supplier Code of Conduct and expect key suppliers to be EcoVadis rated.

Customers
We leverage feedback and operational insights from a broad range of customers, from global industry leaders to local processors.

Energy
We depend on energy to manufacture our high-tech food processing solutions. In 2023, we powered 88.4% of our manufacturing facilities on renewable electricity, up from 81% in 2022.



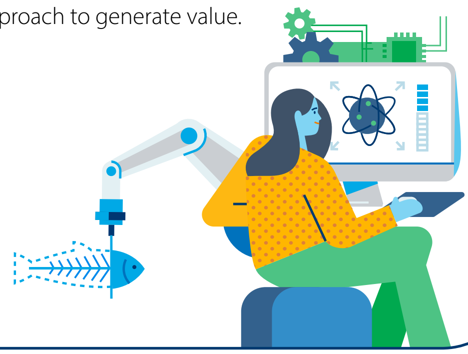
Operations

Strategy
Marel strategically positions itself as a global leader in the food processing industry by delivering comprehensive processing solutions, services and cutting-edge proprietary software.

Through ongoing research and development, coupled with strategic partnerships and acquisitions, we tailor customer-specific solutions from modular building blocks.

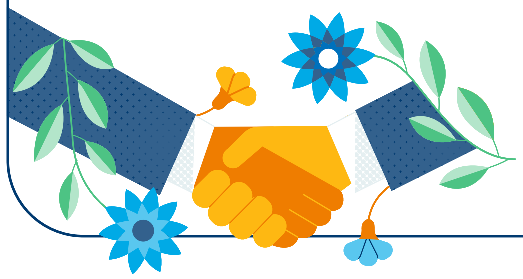
By providing digital solutions and fostering connectivity between software and equipment, we enhance operational efficiency and empower our stakeholders to generate maximum value sustainably.

Innovation
We innovate food processing technology for diverse market segments, capitalizing on substantial investments in various product groups, processes and geographical areas. Strategically, we utilize innovation as a fundamental operational approach to generate value.



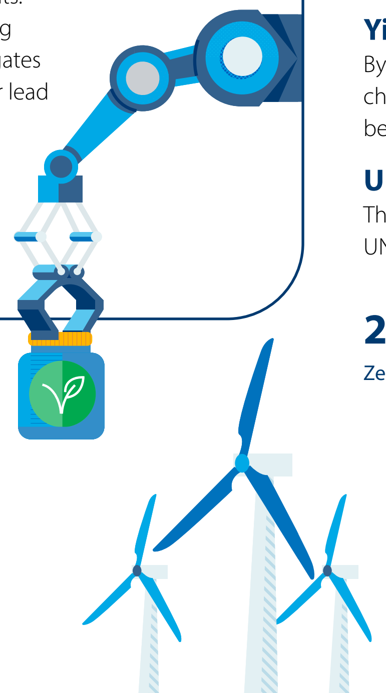
Customer Centers
We utilize our extensive global presence spanning more than 30 countries across six continents, reinforcing our leadership in every region and ensuring worldwide market influence.

Manufacturing sites
We have a global presence with 18 manufacturing sites in 10 countries across four continents. This extensive network reflects our strong geographical diversification, which mitigates operational risks. It also facilitates shorter lead times for our customers worldwide.



Partnerships
We maximize value by working closely with our customers and collaborating strategically with best-in-class partners to create market-leading solutions that transform the way food is processed.

Sustainability
Our sustainability strategy has the clear objective of ingraining environmental, social and corporate governance (ESG) into Marel's business planning, product development and operations.



Output

Serving 140+ countries
We serve a diverse global customer base, including major food processors, prominent supermarkets and local butchers, emphasizing strong customer retention. Operating in over 30 countries, servicing customers in over 140 countries, no single customer contributes more than 5% to total revenues.

Sustainable solutions
Our innovative solutions and software are the primary way we create a positive impact in the food value chain. They optimize the use of raw materials while reducing energy and water consumption in food processing. We evaluate 100% of new products using our Sustainability Scorecard 2.0. All innovations at Marel must improve on at least one sustainability aspect, for example, food waste reduction or circularity, to be brought to market.

Revenues
EUR 1.7 billion, with 46% coming from recurring aftermarket, including services and software.

Impact
We develop advanced technology aimed at minimizing the use of precious resources such as raw materials, energy and water, while promoting animal wellbeing, food safety and traceability.

Automation
We create value through advanced automation, integrating vision, robotics and sustainable design. Our smart solutions prioritize customer flexibility, agility and long-term peak performance.

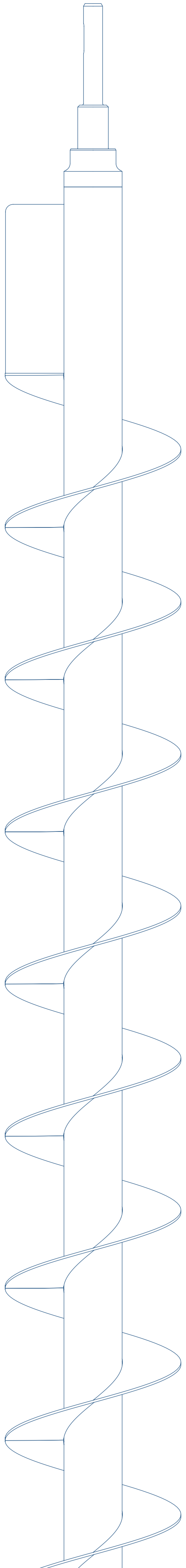
Yield
By optimizing yield and minimizing waste across the food value chain, we ensure efficient resource utilization and maximize benefits from farm to fork and sea to supermarket.

UN Sustainable Development Goals
Through our innovations, we focus on contributing to three UN Sustainable Development Goals:

2 Zero hunger

9 Industry, innovation and infrastructure

12 Responsible consumption and production



Strategy

Marel's strategy is to be a leading global provider of full-line processing solutions, services and market-leading proprietary software for our target markets in the food processing industry.

Our continuous research and development as well as strategic partnerships and acquisitions enable us to provide customer-specific solutions from standard modular building blocks. By providing digital solutions and a platform for interconnectivity and optimization, we empower our customers to create maximum value in a sustainable manner.

To achieve our objectives, Marel has three strategic growth pillars: customer focus, best-in-class products and technology, and people and culture.

Customer focus

Customer focus is increasingly important. We prioritize the needs of those we serve by emphasizing long-term relationships and being a trusted maintenance partner operating in the same time zones and languages. We also aim to ensure an optimal customer journey that is fast and reliable, with clear contact points. Consumers are becoming more demanding, and we provide the agility processors need to address shifting consumer behavior.

Best-in-class products and technology

Marel's best-in-class technology supports our strategy of offering industry-leading equipment, lines and digital solutions using standard and modular building blocks. We collaborate with customers and other partners, addressing opportunities with product development and strategic partnerships.

People and culture

People are the foundation of our success as our team's hard work and expertise drive accomplishments. With talent in high demand, we foster a supportive company culture to attract and retain great employees. We cultivate high-performing teams by emphasizing diversity, inclusion and development opportunities, and take proactive, systematic steps to identify and develop future leaders for strategic roles.

Investing for growth

By continuously investing in innovation and acquisitions, coupled with strategic partnerships and digitalization, we aim to stimulate and drive growth for the future.

Organic growth

The market for food processing solutions, software and services for Marel's key markets is expected to grow by 4-6% in the long term. With Marel's strong market position and continued investments in innovation and platform, we expect to grow faster than the projected market growth.

Strategic partnerships

Through strategic partnerships, we can close application gaps in the value chain by combining forces with leaders in various fields. Successful strategic partnerships increase our competitive advantage, accelerate new developments and speed to market.

Acquired growth

Acquisitions support our strategic pillars and drive future organic growth, enabling us to achieve better market reach and customer engagement and thus improve customer focus. As we strengthen our line offering with high-quality products, we can transfer the technology and expertise from one market segment to another. We do not anticipate that acquired growth will be linear, but rather based on opportunities and economic fluctuations.

Throughout the years, Marel has acquired high-quality companies to supplement our full-line offering in all the core industries. The acquisition of Wenger Group in 2022 provided a platform for the fourth pillar of the business model focused on plant-based protein, pet food and aqua feed.

Acquisition target profile

When partnering with companies through acquisitions, we aim to enhance value by broadening and strengthening our line offerings and improving our portfolio of high-quality products. Additionally, we work to expand our market reach and achieve better customer engagement while also aligning our vision and values.

The companies we acquire are often second- or third-generation family-owned companies, or companies where the founder is retiring. These companies are looking to future-proof their business or engage in succession planning to ensure the best home for their legacy.

Mergers and acquisitions

Strategic investments

Financial figures for each company indicate annual revenues at the time of acquisition

2006-2008
EUR 90m Strengthens our market position in secondary processing (Scanvaegt)
EUR 370m Expands into primary and further processing in the poultry market (Stork)

2016
EUR 160m Entry into primary meat processing—became a full-line provider to the meat industry (MPS meat processing systems)

2017
EUR 25m Expands geographic presence in Latin America (Sulmaq)

2018
EUR 30m Strengthens secondary processing (Maja)

2019
25% ownership Cloud-based SaaS provider (Worximity)
EUR 5m Software/hardware for meat processing (Cedar Creek Company)
EUR 10m Strengthens primary processing in fish (Curio)

2020
EUR 80m Strengthens secondary processing (Treif)

2021
EUR 17m Secondary processing in fish (Valka)
EUR 5m Duck processing solutions provider (PMJ)

2022
EUR 180m (USD 190m) Platform investment into pet food, plant-based protein and aqua feed (Wenger)
EUR 5m Filling application gaps in prepared foods (Sleegers Technique)
EUR 3m investment Innovative company in robotics and AI technology for automated picking solutions (Soft Robotics)

2023
EUR 5m Vision-based automated grading solutions in meat (E+V Technology)

Read more

E+V Technology: Leader in vision systems for meat processing

In April 2023, Marel acquired E+V Technology, a global provider of advanced vision systems for the meat industry. E+V Technology's product portfolio of vision equipment and software, including carcass- and ribeye-grading and classification, is a natural fit with Marel's comprehensive line of solutions to the meat segment. Marel is leveraging its worldwide network to ensure continued service and support to former E+V customers. Moreover, we are bringing the former E+V portfolio to new and previously unexplored markets in Latin America, and Asia and Oceania.

Business model

Marel's business model is based on providing full-line solutions, software and services to the food processing industry, one of the most important value chains in the world. With an emphasis on innovation, close partnership with customers and global reach across local markets, this model supports our vision of a world where quality food is produced sustainably and affordably.

Our revenue streams consist of projects, standard equipment and recurring sales of parts, services and software.

Full-line solutions provider

- One-stop shop for the customer
- Seamless integration
- More efficiency
- Strong competitive advantage

Gradually expanding business model into adjacent industries

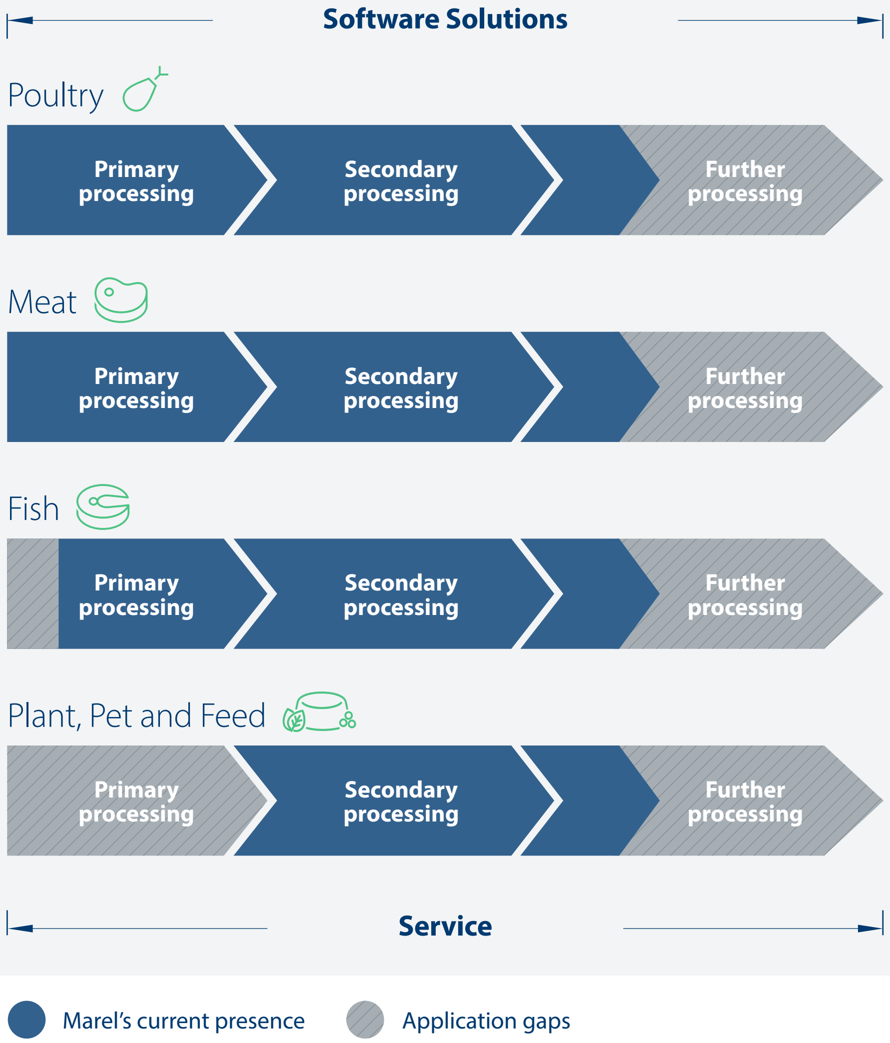
- More resilient business model
- Technology transfer across industries
- Better resource utilization

Standard and modular offering

- Less engineering
- Easier to manufacture
- Improved service
- Better customer experience

Market-leading software

- Traceability and sustainability
- Linking equipment to function as a single entity
- Real-time actionable insights to improve operations



Balance across segments, regions and business mix

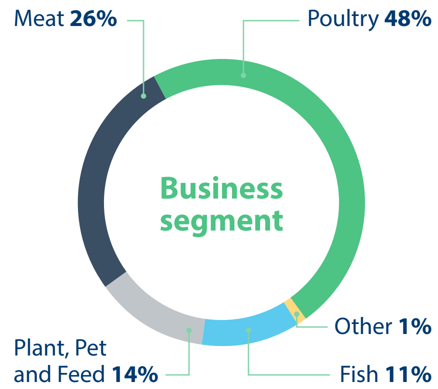
Global reach, local presence

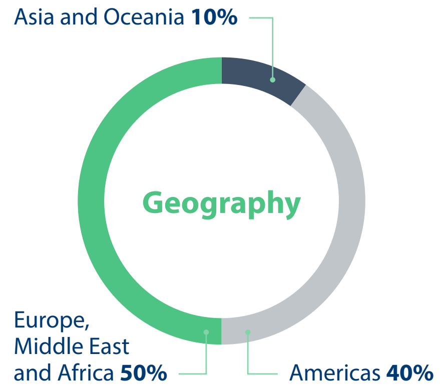
Throughout the years, Marel has built up a unique sales and service network that covers six continents. This extensive global reach and local presence are instrumental to our operational resilience and our ability to engage with, service and support our customers effectively. Our team of around 7,500 employees, located in more than 30 countries, allows us to serve companies of all sizes, ranging from the largest international food processing leaders to local niche producers, smaller retailers and butchers in more than 140 countries.

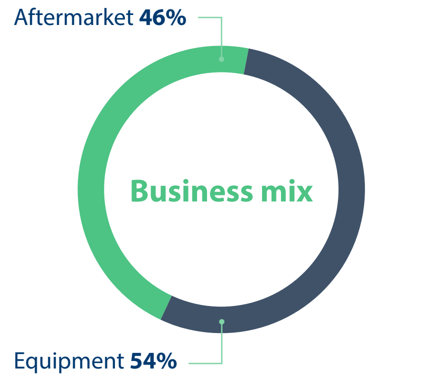
Mixed revenue streams drive resilience and synergies

Marel's presence across various protein industries and regions optimizes our ability to transfer technical know-how, solutions and expertise. We build upon our technological advances in one industry by implementing them in another. This balance minimizes reliance on single industries and markets, reducing cyclicality and exposure to market demand fluctuations. Similarly, our customer base is very diversified, with no single customer contributing more than 5% of annual revenues.

Revenues by…







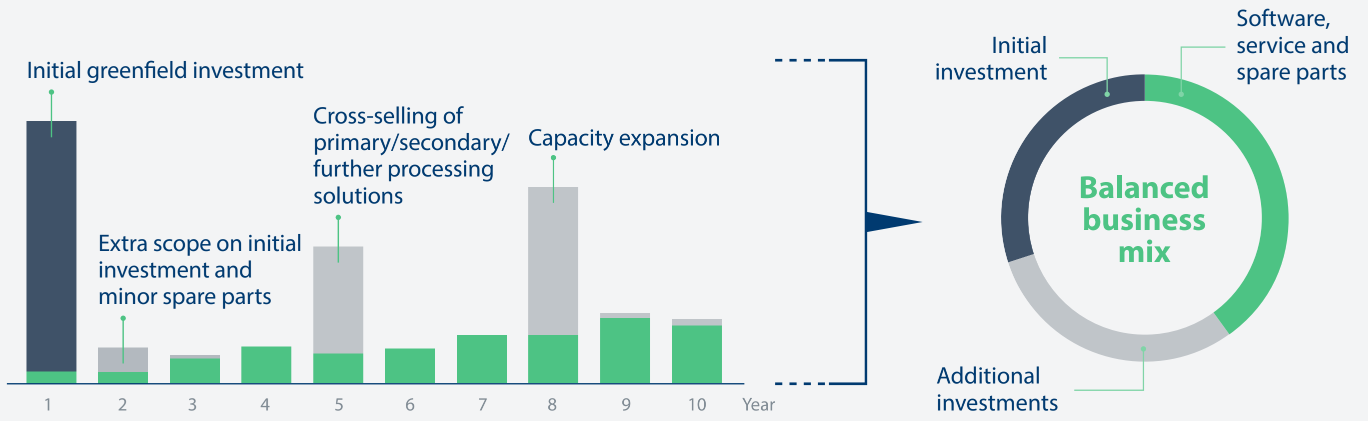
Strong partnership with customers
Marel's strong brand and unique product and service offering have earned customer loyalty to our solutions from the world's leading food processors. Our longstanding partnerships are solid, built on teamwork and common goals across industries and borders.

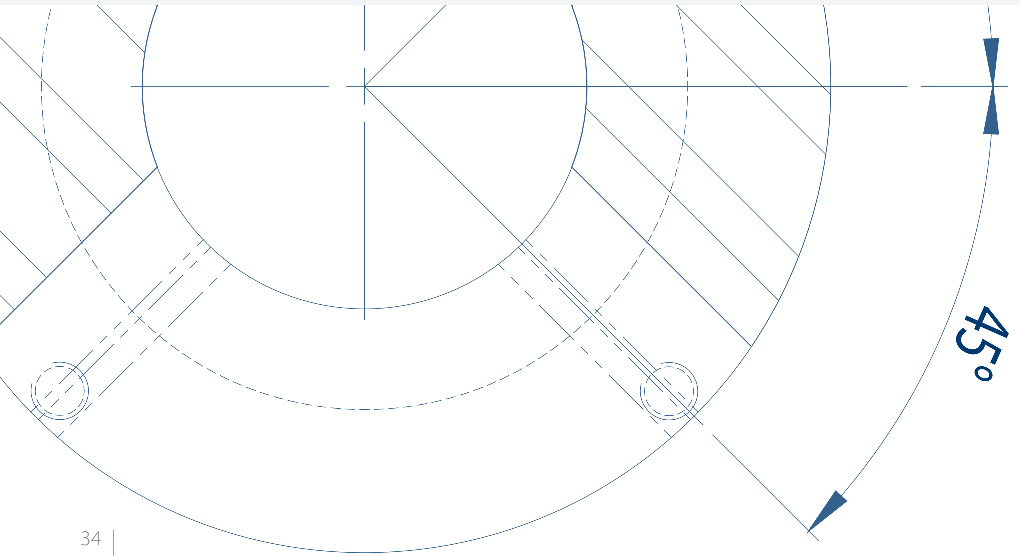
Innovating with our customers
We collaborate with customers to bring new and innovative solutions to life. Our customers bring best-in-class knowledge and fresh perspectives to the table, and together we push the boundaries of new food processing equipment, digital solutions and services. From idea to prototype, we are proud to work with forward-thinking food processors who are eager to test and co-create new solutions within their own plants and at our demo centers.

Building long-term partnerships
We build and maintain long-lasting relationships with our customers, going beyond initial engagement to become a reliable service and maintenance partner. This way, we can maximize the value we bring throughout the lifespan of our solutions and services, delivering benefits for both our customers and our company.

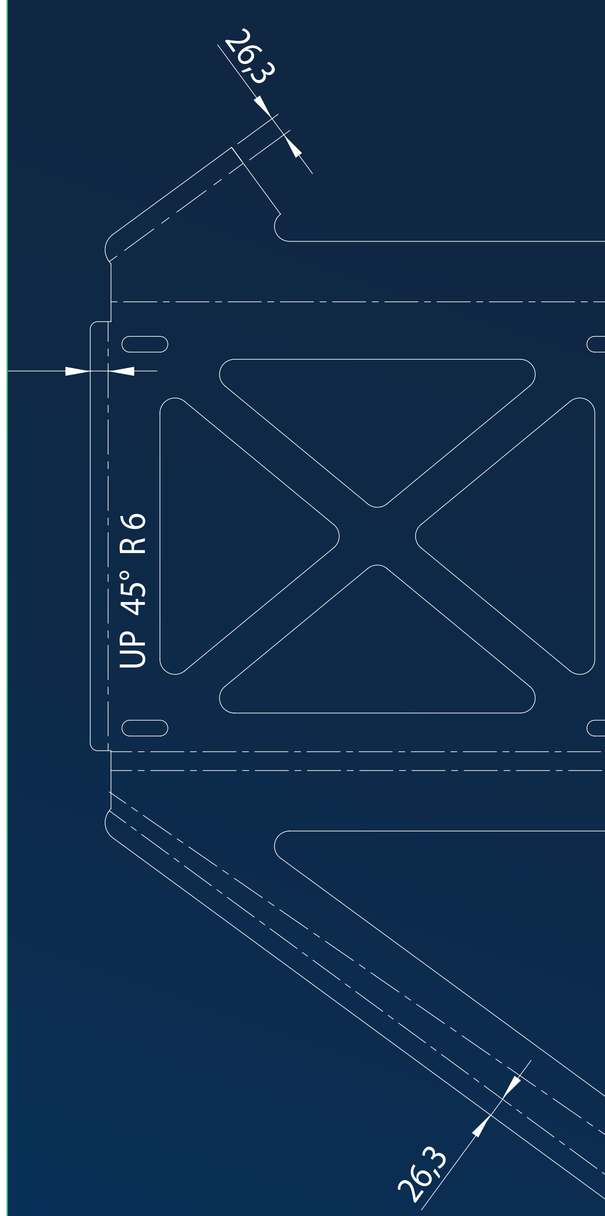
The figure below shows an example of the types of revenues generated over a 10-year customer engagement period beginning with a greenfield project.

An illustration of a long-term customer relationship over a 10-year period and revenue profile





Business **segments**



- **Poultry**
- **Meat**
- **Fish**
- **Plant, Pet and Feed**
- **Software Solutions**
- **Service**

Poultry

Poultry is one of Marel's four business segments. We are the market leader in poultry processing equipment, systems, software and services for broiler, turkey and duck processors worldwide.

Marel's Poultry segment contributed EUR 832 million in revenues in 2023, or 48% of total revenues, translating to an EBIT margin of 15.0%. The consumer value of the poultry market is estimated to be around EUR 400 billion. More pertinently for Marel, the addressable market for poultry processing equipment sales is estimated at around EUR 4 billion.

Maximizing value as a full-line, life cycle partner

Marel provides end-to-end integrated poultry processing solutions while simultaneously growing our standardized and modularized portfolio. For our customers, growth isn't always about investing in more machinery; it's also about the enhanced value we can provide in terms of connecting expertise, software, service and maintenance. We can achieve this because we are a full-line, life cycle supplier valued by our customers as a partner. We support customers in optimizing their processes in the long term, making their operations more sustainable and more profitable.

Connecting data and solutions for enhanced full-line value

In recent years, Marel has emerged as a trendsetter and leading full-line integrator for in-line air chilling systems, both for greenfield projects and within existing setups. This has attracted major US companies including Bell & Evans, Prestage, Lincoln Premium Poultry and Pilgrim's Pride. Marel's sales of air chilling systems have doubled following shifts in consumer behavior since the pandemic.

A key advantage of Marel's in-line chilling systems lies in the seamless data connectivity between the processing lines before and after chilling. Data flows effortlessly and information stays linked to products throughout the processing line. Customers increasingly recognize the wisdom of investing not only in Marel's in-line chilling but also in our cut-up and deboning systems, which all integrate this data. This shift in perspective is proving to be highly positive for Marel.

Embracing sustainability trends in the industry

Addressing food waste is imperative for achieving sustainability goals in the poultry industry. A key approach is valorization: maximizing the utilization of every part of the chicken. Feet, fat, gall and neck skin can be sold at attractive prices, with chicken feet sometimes even outpricing fillets in Asian markets. Thus, sustainable practices increase value for processors, and conversely, the value of by-products encourages sustainable practices.

Marel's presence in the poultry value chain

Marel embraces this trend with the Selective Feet Unloader. This innovative solution precisely unloads only the feet of chickens rejected by the veterinarian, eliminating the need for a safe margin of adjacent feet. This ensures that every viable foot remains in the production line, maximizing utilization and profitability.

Connecting with our customers

We connected with our customers at the Marel Poultry ShowHow, an exclusive, invitation-only event hosted at Marel's premises in Boxmeer, the Netherlands. Featuring a full-fledged exhibition setup and external keynote speakers, the event drew record attendance, with 140 poultry processors flying in from Europe, the US, Australia and Taiwan.

The theme, 'A holistic approach to the breast meat process,' resonated well with attendees, particularly with the spotlight on our new ATHENA fully automated breast fileting system. We hold high expectations for this solution, fueled by the enthusiastic feedback from potential users at the Poultry ShowHow.

Greenfield installation: exclusive full-line supplier for Sahara Karbala

In 2023, we installed an expansive greenfield project for Sahara Karbala in Iraq. Establishing an enormous vertical integration across the company's vast site of about 565 km², this new Marel customer strives to elevate the Iraqi poultry market by operating only the very best systems, solutions and software available in the processing industry.

Sahara Karbala selected Marel based on our reputation for innovative technology, reliability and customer support. Throughout the project, our team provided intensive advice and guidance, fostering a relationship built on mutual trust. For this reason, Sahara Karbala asked Marel to not only install two full-scale high-speed processing lines that can process 15,000 birds per hour (BPH), but also a sophisticated convenience food line and a Marel water treatment facility. This positioned Marel as the exclusive end-to-end, full-line supplier for Sahara Karbala.

> *"Due to our fully connected end-to-end portfolio of highly modularized and data-driven solutions, customers increasingly favor Marel as their full-line integrator. We strive to achieve more with the same number of machines and fewer people. That is our strength, supported by our commitment to excellence in customer service."*

- Roger Claessens
Executive Vice President Poultry

Transforming US poultry processing

In the US, Marel and poultry processor Bell & Evans collaborated on an innovative line configuration, which allows the company to run its harvest through evisceration lines at a speed of 250 birds per minute (BPM). Though government regulations have historically capped the line speed at 140 BPM, Bell & Evans leveraged the US New Poultry Inspection System rules to split the line before the inspection station. Marel's brand new and state-of-the-art LineSplit solution, which includes advanced LineLink transfer units, increases the inspection lines from one to two.

Obtaining approval for the new technology and additional inspections was an arduous task, but teaming up together—Bell & Evans lobbying for the approval and Marel providing the technological creativity and know-how—has resulted in a transformational moment for American poultry processing. Marel's innovation with longstanding customer, Bell & Evans, has solved a major limitation for throughput in poultry operations. The result of this landmark shift is greater availability of high-quality poultry for American consumers.

Read more

Customer story

Marel and Beypilic to transform a growing poultry market in Turkey

The rapidly growing poultry market in Turkey has led Beypilic to expand its processing capabilities.

For Beypilic's greenfield project, spanning 60,000 m², Marel will design and deliver two elaborate production lines, each capable of processing 15,000 BPH. The entire facility will be integrated with Marel's comprehensive Innova software, allowing Beypilic to improve performance and enhance productivity at every stage of its process. In addition, Beypilic will meet the increased consumer demand for prepared foods, with two convenience food production lines dedicated to products such as nuggets and schnitzels.

Meat

Meat is one of Marel's four reported business segments. We are a leading global supplier of integrated solutions, standalone equipment, software and services for the red meat industry.

Marel's Meat segment contributed EUR 443 million in revenues in 2023, or 26% of total revenues, translating to an EBIT margin of 0.7%. The consumer value of the meat market is estimated to be around EUR 700 billion. More pertinently for Marel, the addressable market for meat processing equipment sales is estimated at around EUR 7 billion.

Our commitment to transforming meat processing

Marel's full-line offering within the meat segment reflects our unwavering commitment to innovation, entrepreneurship and strategic bolt-on acquisitions. Our approach enables us to establish a robust presence across various activities, regions and customer solutions.

We leverage our expertise to enhance meat production with seamlessly integrated line solutions, powerful single-skill equipment, comprehensive services and advanced software. With a strong portfolio spanning primary, secondary and further processing, we also collaborate with Marel's other business divisions to explore further opportunities and complementary sales.

Global shift towards automation

Amid rising costs, labor shortages and changing consumer preferences, meat processors worldwide are increasingly transitioning from conventional methods to more automated, integrated and digitally connected operations. This transition emphasizes a heightened focus on food quality, animal wellbeing and ethical considerations. At the same time, it highlights the need for adaptable production that can accommodate a wider variety of products while optimizing carcass value.

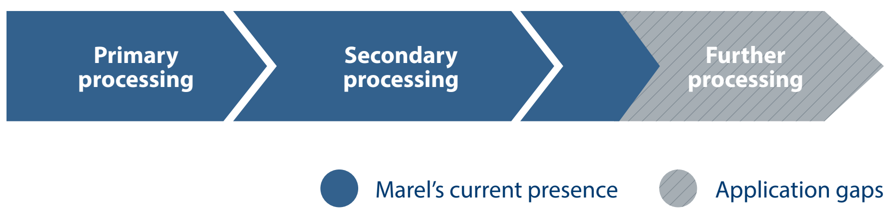
Groundbreaking technologies like our cutting and deboning DeboFlex platform, mark a shift to automation and vertical processing, where primals are hung vertically to improve ergonomics. DeboFlex empowers our customers to broaden their product capabilities while improving employee wellbeing.

Meeting market challenges

The pork processing industry continues to prioritize automation to address labor shortages and improve operator wellbeing. As industry demands increase, we continually evolve, equipping processors with adaptable and future-proof technologies to increase value and profitability across the entire production chain.

Our slaughtering M-Line robots have become pivotal in overcoming key hurdles during pork dressing and evisceration. The robots minimize labor requirements, streamline efficiency and ensure consistent output, providing our customers with greater reliability in their operations.

Marel's presence in the meat value chain



Pioneering sustainable meat production

The meat industry has long prioritized maximizing the value of every part of the animal, a focus heightened by today's sustainability demands. As the global meat trade expands and consumer preferences diversify, balancing supply and demand becomes critical. Matching specific cuts with consumer products not only enhances sustainability but also increases value and broadens taste experiences for consumers.

Our intelligent meat deboning and trimming solution StreamLine offers unmatched output control. By maximizing raw material usage, reducing waste and standardizing output quality, it significantly improves processing efficiency and sustainability for our customers.

Global market dynamics and trends

Development of pork processing in China

In China, there is a growing emphasis on professionalizing pork processing, emphasizing volume and flexibility in end products. Despite challenges such as high feed prices, soft consumer demand, and the impact of African Swine Fever and COVID-19, the market is shifting toward more consumer-ready offerings.

In 2023, Marel signed a long-term strategic partnership with Muyuan, the world's largest pig breeder, to accelerate the transformation of China's pork industry. This includes investing further in primary processing and expanding secondary processing, focusing on retail-ready products that match local consumer preferences across China.

"Our focus and determination to transform the meat industry have never been stronger. What a joy it has been to have joined this passionate team. With intelligent and connected equipment, services and software, we leverage our unparalleled expertise, including meat products and processing technology, to solve our customers' challenges and pioneer innovation in meat processing."

- Sofie Cammers,
Executive Vice President Meat

Beef processing in North America and Latin America

In North America, demand for premium beef products signals an inclination towards high-quality cuts, necessitating labor-reducing automation. Marel's strategic investments in Latin America have led to the establishment of multiple new plants and automation solutions for both export-oriented and domestic-serving companies.

Strategic investment to address evolving pork market

The European market's struggles with reduced pork consumption have led to consolidation and a focus on higher-value end products. The core pork business in Europe has contracted while there has been growth in the Americas, Asia and Oceania, particularly in China. Marel's commitment to market development is further strengthened by the strategic investment in a beef competence center in Guaporé, Brazil, aiming to support customer growth across Australia, New Zealand and the Americas.

Customer story

Future-proofing Frimesa

"This is a plant prepared for the future," says Vitor Frosi, Industrial Superintendent at Frimesa, a leading pork processor in Brazil. *In 2023, Frimesa revolutionized its operations by integrating CO_2 stunning systems, M-Line robots, DeboFlex and Innova Food Processing Software. Despite global supply chain challenges, Marel enabled a swift startup, beginning production capacity at 4,000 pigs per day with a goal of expanding to 15,000 per day by 2028.*

The plant's process automation has reduced labor dependence, enhancing productivity, quality and variety, offering over 300 unique products that meet various market specifications. Frimesa's global leadership is reinforced by M-Line robots that efficiently handle heavy tasks, DeboFlex's ergonomic design that expedites operator training and Innova's comprehensive traceability.

Connecting with customers

At prominent exhibitions such as Interpack in Dusseldorf, IPPE in Atlanta and Foodpro in Melbourne, we engaged with customers from across the globe—both longstanding partners and new connections. We proudly debuted the StreamLine Primal Trim and also exhibited groundbreaking equipment like our SensorX Magna inline inspection system, V-Cut 300 portion cutter and TREIF FALCON portion cutter. Our local teams were on hand to discuss innovative production strategies tailored to customers' needs.

We also hosted the Marel Meat ShowHow at our demo center in Copenhagen, where we presented a comprehensive range of end-to-end solutions to over 140 meat processing customers.

Bolt-on acquisition of E+V Technology

In 2023, Marel acquired E+V Technology, a top global provider of advanced vision systems for meat and poultry. The acquisition secured ownership of E+V's vision equipment and software including carcass- and ribeye-grading systems. Merging E+V's expertise with Marel's global network strengthens Marel's position in meat market segments to expand sales, improve local services and elevate the customer experience.

E+V Technology's highly skilled team, comprising 19 engineers and programmers, will play a key role in driving continued advancements within the broader Marel organization. Headquartered in Oranienburg, Germany, E+V Technology has annual revenues of more than EUR 5 million. Leveraging E+V's vision portfolio, Marel aims to innovate and create data-centric solutions for optimizing meat processing.

Fish

Fish is one of Marel's four reported business segments. We are a leading global supplier of integrated solutions, standalone equipment, software and services for whitefish, salmon and other seafood processing, including farmed and wild, onboard and ashore.

Marel's Fish segment contributed EUR 194 million in revenues in 2023, or 11% of total revenues, translating to an adjusted EBIT margin of -4.6%. The consumer value of the fish market is estimated to be around EUR 200 billion. More pertinently for Marel, the addressable market for fish processing equipment sales is estimated at around EUR 2 billion.

Innovative and flexible fish processing

Our aims extend beyond fish processing equipment. We are closing gaps in the fish processing value chain with adaptable solutions spanning hardware, software and services to meet diverse consumption habits. Our industry-leading digital capabilities underpin our commitment to comprehensive post-installation support to ensure customer confidence worldwide.

We prioritize enhancing production efficiency, sustainability and flexibility, while ensuring product quality, traceability and affordability. Through innovation and our customer-centric approach, we turn industry challenges into practical opportunities for our customers.

Adapting to evolving demands

The fish processing industry is witnessing a notable shift as processors aim to consolidate and diversify their operations by integrating various fish species to remain competitive. This evolution requires adaptable solutions capable of meeting shifting demands. We leverage proven technology from one sector and adapt it to diverse customer segments. This enhances our scalability and capacity to serve various markets while reinforcing our customer service capabilities.

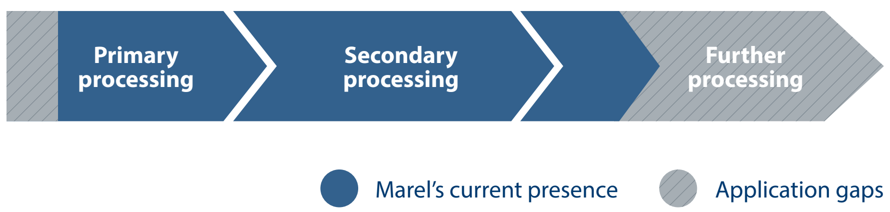
A prime example of our adaptable solutions is our waterjet cutting technology, FleXicut for whitefish. It empowers our customers to adapt to shifting market dynamics with innovative pinboning, trimming and portioning, offering unparalleled species flexibility and maximizing yield.

Advancing sustainable fish production

Our firm commitment to sustainable food production positions us as a valuable partner for processors aiming to decarbonize and use resources more efficiently. Our holistic approach considers the entire life cycle of our solutions, making impactful changes to minimize waste.

The recent launch of our third-generation salmon filleting machine, the MS 2750, is a testament to this approach. In addition to maximizing raw material utilization, this innovative equipment uses only 15 liters of water per minute, saving customers up to 2.5 million liters per year compared to the competition.

Marel's presence in the fish value chain



Surging demand for packing automation

In 2023, demand for our RoboBatcher fish packing solutions surged to record levels. This was driven by the pressing need to enhance further processing automation and efficiency amid labor shortages.

The RoboBatcher series integrates cutting-edge batching software and revolutionary robotic technology. Ensuring precise packing of boxes and minimal giveaway, eliminating human errors that could disrupt production lines.

Global market dynamics and trends

Marel has solidified a significant presence across key global regions, maintaining a leading position in Europe while targeting growth markets in the Americas, China and elsewhere in Asia and Oceania. Across these regions, the industry has seen an increased emphasis on automation technologies to meet rising consumer demands for safe, transparent and high-value products. The need for data-collection software ensuring sea-to-supermarket traceability is also on the rise.

Our primary market stronghold resides in the Nordic countries and elsewhere in Northern Europe, hosting major players in the whitefish and salmon industry. Over the year we noted increased demand in whitefish solutions, while demand for salmon-related solutions were softer due to uncertainty related to increased taxation on salmon farming in Norway and other regions. Inflation and higher prices of seafood have had an impact on seafood consumption in general with consumers shifting to cheaper proteins. However, global harvested salmon volume is on a growth path in 2024 creating a need for more processing capacity. Salmon is still the most sought-after fresh fish in retail, both in the US and Europe and processors are shifting investments towards more value-added products. China's expanding middle class has led to increased salmon consumption, signaling a growing market trend in the region. With lower quota for whitefish volumes, processors are expected to focus more on operational excellence, automation and value-added products.

Connecting with customers

This year's Salmon ShowHow, our in-house exhibition of processing solutions, marked a milestone with the introduction of our groundbreaking MS 2750 salmon filleting machine. At Aqua Nor, a key aquaculture industry trade fair, live demonstrations of the filleting machine provided a unique opportunity for visitors to see our equipment in action, showcasing its exceptional performance firsthand.

At the Seafood Expo in Barcelona, we saw a rise in lead generations spanning 75 diverse countries. Moreover, our participation in the China Fisheries event contributed significantly to our global presence and engagement, fostering promising opportunities in the rapidly evolving Chinese market.

Curio closing application gaps

This year marked the successful integration of Curio into Marel, consolidating them into a unified entity. The bolt-on acquisition significantly enriched and diversified our portfolio of comprehensive solutions, particularly in whitefish processing, with strengthened capabilities in de-heading, filleting, skinning and a versatile waterjet cutting solution adaptable across various raw material segments.

The addition of talent to our research and development team has also positively influenced our culture and work methodology, promising enduring benefits for the organization.

Customer story

Milestone deal with Lerøy Båtsfjord

Lerøy is the fourth largest salmon producer in the world and operates sales and processing facilities in 14 countries. *Marel secured an agreement with Lerøy to modernize its facilities in Båtsfjord, Norway. The installation will include cutting-edge whitefish processing lines fully integrated with equipment from our bolt-on acquisition of Curio, together with Marel's FleXicut pinbone remover, SensorX inspection system and advanced packing robots. Our advanced processing software will meticulously control and monitor the entire process. This transformation will empower Lerøy Båtsfjord with heightened automation, enhanced production oversight and greater flexibility while maximizing yield and value generation.*

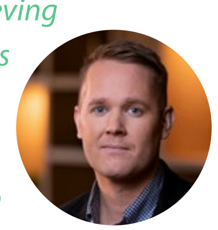
Customer story

Strengthening partnership with Hofseth customer

Hofseth is one of the largest salmon and trout processors in Europe, producing 60,000 tons of salmon and trout annually and exporting to 23 countries. *In 2023, we continued our strong partnership with Hofseth with the installation of cutting-edge equipment at multiple locations across Norway to enhance production capabilities. Solutions included the MS 2750 filleting machine and I-Cut 610 cutting machine in one optimized line solution.*

The success of the installation can be credited to the combined expertise and technical skills of Hofseth's dedicated team and Marel. Our local knowledge and consistent technical support have proven invaluable for Hofseth. This support is not limited to project-specific scenarios but extends seamlessly into Hofseth's day-to-day business operations. The outcome is evident in improved throughput, efficiency and overall yield.

"Continuing our strategic pursuit, we're bridging critical gaps in the seafood processing value chain by launching new products, such as the Salmon Filleting platform, showcasing remarkable yield and sustainability improvements. This year's success includes significant advancements in our digital roadmap for achieving comprehensive connectivity, empowering our customers with valuable insights and enhanced service levels."



- Olafur Karl Sigurdarson, Executive Vice President of Fish

Plant, Pet and Feed

Plant, Pet and Feed is one of Marel's four reported business segments. It is built on the brand strategy of Wenger Group, which is composed of Wenger and Extru-Tech, which provide extrusion cooking and drying solutions, and Source Technology, which produces thermal cooking and texturizing solutions. These brands are well established in their target industries of pet foods and treats; plant-based proteins, snacks and cereals; and aquatic feed. This business segment also includes sales of retail and food services into the plant, pet and feed market.

Our Plant, Pet and Feed segment contributed EUR 232 million in revenues in 2023, or 14% of total revenues, translating to an EBIT margin of 15.2%. The consumer value of the plant-based protein market is estimated to be around EUR 10 billion. The consumer value of the global pet food market is estimated to be around EUR 110 billion, while the aqua feed market is estimated to be around EUR 50 billion. More pertinently, the addressable market for Plant, Pet and Feed equipment sales is estimated at around EUR 2 billion.

Highlights of 2023

Positive performance and new opportunities

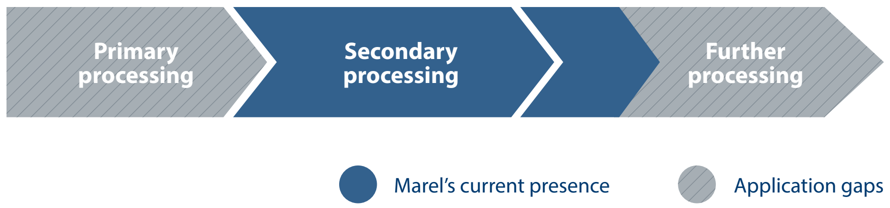
Plant, Pet and Feed performed well in 2023, building on a strong presence in North America and Europe while pursuing new opportunities in Latin America and Asia. Single-screw extrusion cooking and drying equipment in pet food applications achieved excellent results. Despite a slowdown in the textured vegetable protein market, twin-screw extrusion systems also performed positively, with demand continuing to grow for systems that provide maximum flexibility and consistency to food and feed producers and co-packers. We remain the primary equipment partner for 'super premium' pet food processors.

During the year, we also strengthened customer deliveries, expanded the distribution network and began incorporating Marel processing equipment with the PowerHeater™, a patented thermal extrusion technology for producing texturized plant-based proteins.

Aftermarket growth

Plant, Pet and Feed's aftermarket business continues to grow as customers understand the importance of maintaining and optimizing their existing solutions. Plant, Pet and Feed manufactures about 50,000 parts annually and can expedite orders as needed. Our global service team provides a variety of inspection, repairs and upgrade services to ensure maximum uptime and throughput for customers. Strong delivery to our customers in aftermarket is a focus area as we work to increase penetration of our installed base, optimize price and expand our software solutions.

Marel's presence in the Plant, Pet and Feed value chain



Customer first

While other Marel segments focus on standardized and modular solutions, engineering to order is crucial for extrusion equipment. Thus, every extruder or dryer system is unique. We partner with customers to identify their needs, then customize solutions that align with their goals. Our process team is key, bringing a deep understanding of the entire extrusion cooking process. Customers often know what they want to produce, but rely on our team to identify best practices to produce it efficiently. This is a key differentiator between Wenger and competitors who sell only hardware.

"The Wenger Group core competency is aligned to Marel in transforming the way food is processed through our food science and process solutions expertise. Success is driven by innovation and process understanding. We listen to our customers' needs and wants, and then design innovative solutions to achieve their business goals and objectives. We are committed to providing an unparalleled customer experience."

- Scott Krebs, President of Wenger Group

Market trends and growth drivers

Rising popularity of healthy plant-based food

Health-focused consumers are increasingly purchasing high-protein foods. With our extruders, customers can efficiently produce the necessary ingredients, such as crisps for protein bars. Demand for snacks made from high-protein vegetable sources like chickpeas is also increasing as parents seek healthy options for their children. Our customers are alert to these trends and rely on our expertise to enhance the quality, shapes, colors, textures and nutritional content of their plant-based products.

Increasing preference for premium pet food

Global pet food demand continues to rise, especially for smaller dogs, shifting toward premium dry products with fresh meat content and specialty formulations. Consumers want foods their pets will enjoy, with the correct nutrition for their size, breed, age and health condition. This trend favors our process solutions, which are designed to handle a wide variety of ingredients, including high levels of fresh meat inclusion.

Fish farming drives need for quality aqua feed

Increasing consumption of higher protein seafood such as salmon and shrimp is stimulating fish farming, which is in turn driving growth for high-quality, nutritionally balanced aquatic feed. Leading aquatic feed producers use Wenger equipment to make large quantities of high-performing products, sinking and floating. A key benefit of our systems is the flexibility to change ingredients—often necessary due to supply constraints—while maintaining quality, output and cost-effectiveness.

Customer story:

Italcol – Innovating pet foods and treats in Latin America

In 2019, Colombian feed company Italcol installed a Wenger Thermal Twin extrusion system to pioneer pet foods with high levels of fresh meat for the Latin American market. Based on that success, Italcol has again turned to us for equipment solutions to innovate new pet foods and treats under their Chunky™ brand.

In 2023, Italcol purchased two Wenger TX-85 extruders and created a co-extrusion line that can process different recipes from each extruder into a combined final product with unique colors, shapes and textures. From this new co-extrusion and drying line, Italcol can make crunchy kibble, tender treats and other treats resembling bites of steak, hot dogs, bacon or other attributes that appeal to pet owners.

With these investments, Italcol now has one of the most advanced pet food production systems in Latin America. This enables the company to increase market share and profitability with a wide range of desirable and nutritious products.

Customer research and development

We work with customers as we research and develop new products and production techniques. The Wenger Technical Center, established more than 60 years ago, is used by customers, academics and other partners to develop a variety of foods, pet foods and feeds using production-scale extruders and dryers. Other Wenger Group brands also have research and development facilities to serve customers. Together, these facilities provide some of the world's most advanced resources for product discovery and development.

Benefiting from Marel's global reach

During 2023, Wenger benefited from the support and collaboration of Marel's global organization and network. Wenger utilized the Marel team for supplier references and operational planning. Commercial aspects were also enhanced through seminars, trade fairs and other customer-facing activities to showcase process synergies in the Plant, Pet and Feed value chain.

Key figures

~EUR **786** million in revenues[1]

46% of total revenues

2,000+ professionals

140+ countries

+49% Net Promoter Score (NPS)

[1] Service revenues are included in the externally reported business segments of poultry, meat, fish, and plant, pet and feed.

Service

Service at Marel continues to grow, providing a strong base of recurring aftermarket revenues for the company, generating approximately EUR 786 million in revenues in 2023, 46% of total Marel revenues. Aftermarket growth underscores Marel's strong market position and reputation as a trusted maintenance partner. This growth is further propelled by our ongoing investments in automating and digitalizing the spare parts delivery model to shorten lead times.

Our commitment to transforming service

2023 was a pivotal year, with the new Focus First operating model transforming Service into a standalone business division. As part of this, we established a Service Excellence team dedicated to ensuring efficient ways of working across our network of more than 2,000 professionals delivering outstanding service in more than 140 countries. We leveraged our global capabilities across all business segments, combining them with our local team presence to be the best service partner for our customers.

Enhancing agility and cost efficiency

Our robust local service networks reinforce Marel's global reach in each of our six regional Customer Centers:

- North America
- Latin America
- Northern Europe
- Southern Europe, the Middle East and Africa
- China
- Asia and Oceania

While each region presents distinct trends and demands, in 2023 we focused on improving our operational agility and cost efficiency.

To support these objectives, we invested in increasing our field service engineers and customer-facing workforce while synergizing our back-office operations. We also strengthened our technical support capabilities and optimized our customer request flows to enable faster response times. Additionally, we increased and formalized our involvement in product development and life-cycle management, ensuring a service focus at every stage of innovating and managing Marel products.

"Our service transformation makes us even more present and agile in delivering a seamless and unified customer experience. It strengthens our commitment to leverage customer input and deliver best-value service for sustained excellence."

- Tatiana Gillitzer, Executive Vice President Service

A first-class customer experience

Throughout the year, we focused our efforts on empowering Customer Centers to deliver a standardized and exceptional customer experience. We fostered increased collaboration across all Marel segments and extended this commitment to our innovative product portfolio. There, we placed strong emphasis on maintaining consistency and continuity to maximize the benefits for our global customer base. Furthermore, we prioritized developing and integrating digital and connected services, such as remote service and data-driven preventative maintenance, to help customers proactively increase efficiency.

Implementing customer feedback

We proactively incorporate customer feedback into our operations, setting Marel service apart with a culture of continuous improvement. This approach is evident in our 2023 Net Promoter Score of 49, which continues to increase, surpassing industry standards.

To further improve our service, we are intensifying efforts to fully understand our customers' needs. We have enhanced our customer satisfaction surveys and launched a pilot program in North America, specifically targeting feedback on spare parts and how we can improve our results. Our strong local presence has also been instrumental in allowing us to monitor feedback closely and adapt to regional markets' unique needs.

Empowering customer learning

In 2023, we took a significant step forward with the launch of Marel Academy, an online training hub that provides our customers with access to a wealth of e-learning and knowledge resources. We developed this exclusive tool in direct response to customer feedback, tailoring it to revolutionize our customers' learning journey. It equips them with the skills and knowledge needed to harness the full potential of their Marel equipment, optimize their production processes, maintain peak hygiene standards and safeguard their employees.

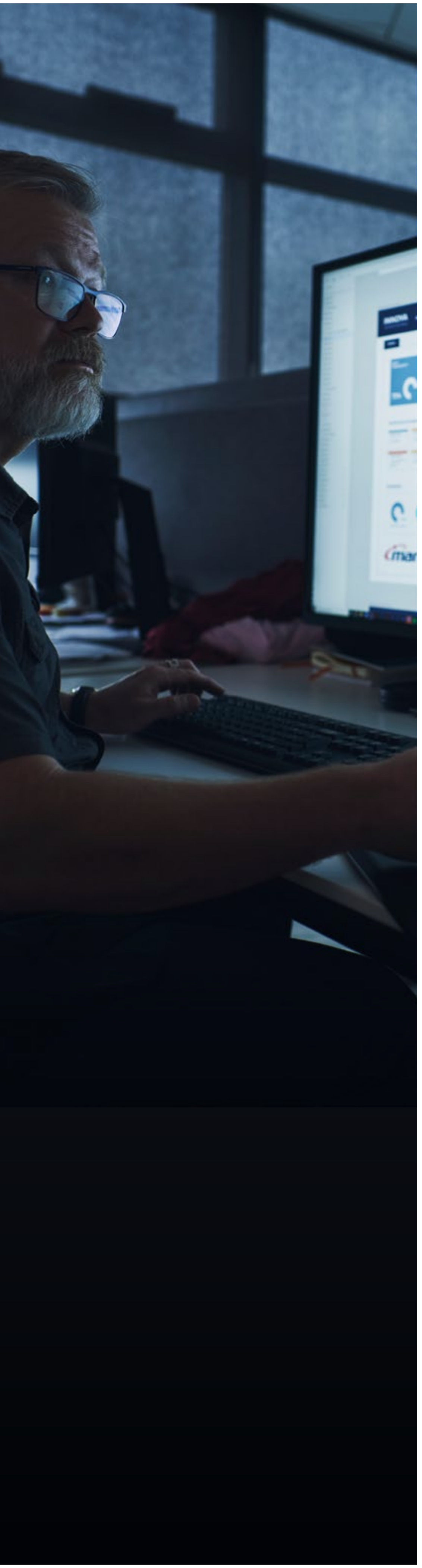
Transforming spare parts supply

In recent years, we have made transformational investments to establish a dedicated global supply chain function for spare parts. 2023 marked a significant milestone as our North American regional distribution center in Buford, Georgia, US, took over the spare parts operation from Lenexa, Kansas. Combined with ongoing operational improvements in Buford, we are simplifying the order process for customers and driving substantial advancements in delivery times, internal efficiency and order accuracy.

The year was equally marked by intensive efforts on our new Global Distribution Center in Eindhoven, the Netherlands, which will consolidate Marel's European warehouses in the first half of 2024. This investment underscores our commitment to creating a world-class, end-to-end spare parts process to support our customers. Both distribution centers are well equipped and fully prepared to handle substantial inventory volumes well into the future.

Continuously investing in our people

In 2023, Service established our Health, Safety and Environment (HSE) group, which is focused on crafting global procedures, implementing a reporting tool and providing comprehensive employee training for an effective incident management process. Additionally, the HSE group plans to implement a global risk assessment process, tools and training programs in 2024. This comprehensive approach significantly strengthens Marel's commitment to Zero Harm and reflects our dedication to safeguarding our people.

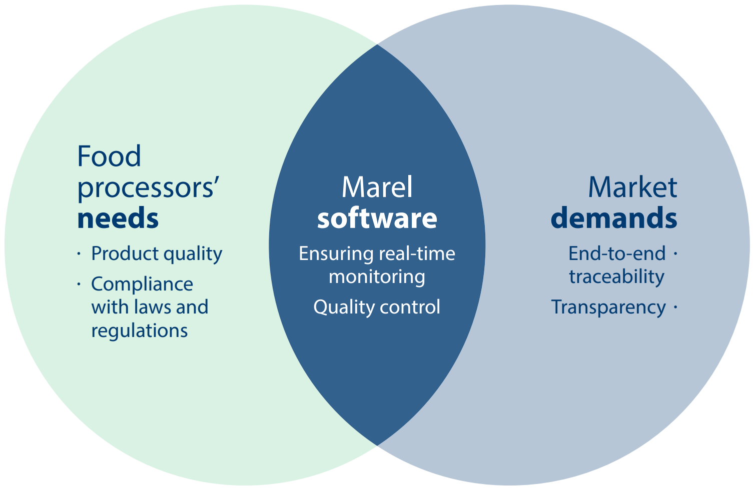


Software Solutions

Marel pioneers software solutions that enhance value for food processors. Our innovative products and platforms, such as Innova Food Processing Software and SmartBase, facilitate interconnectivity, strengthening our position as the foremost digital partner in the food processing industry. Continuously evolving, our software plays an increasingly integral role in optimizing protein processing and enhancing workforce efficiency on the production floor.

Global market dynamics and trends

Food processors face increasing pressure from both consumers and regulators to ensure product quality and compliance with laws and regulations. Furthermore, the market demands end-to-end traceability and transparency throughout the supply chain from source to shelf to ensure consumer trust. Marel software meets these needs by ensuring real-time monitoring and quality control.

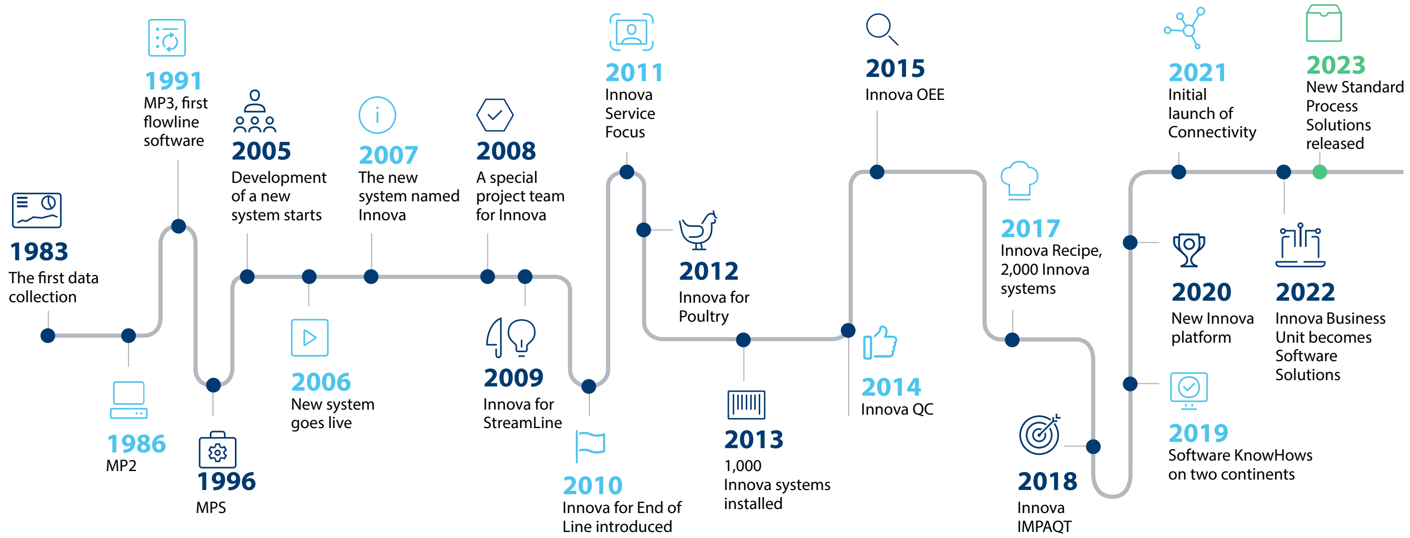


Food processors also grapple with the challenge of optimizing operational efficiency and automation. Responding to our customers' growing needs for data-driven insights, Marel offers digital solutions designed to streamline processes, reduce downtime and minimize errors, thus enhancing overall productivity.

Revolutionizing the customer experience

Today's customers seek intelligent, data-driven factories equipped with streamlined access to data and optimization tools. Additionally, integrating their extended resource planning (ERP) and other business management systems is a growing requirement, demanding in-depth expertise in these complex systems and increased standardization from our end.

In 2023, we made substantial progress in optimizing our software portfolio, particularly through standardization. Standardization not only facilitates faster and therefore more cost-effective implementation but also simplifies servicing and upgrading, a marked improvement over individualized software solutions.



Prioritizing customer needs remains a key focus, and introducing our standardized software products to the market is a natural next step following our earlier substantial platform investments. Thanks to these efforts, customers now have a clear understanding of how Marel's standard software solutions on process level seamlessly align with the hardware of their processes, such as primary, secondary, end-of-line and convenience food lines.

The journey of connectivity

In 2023, we substantially enhanced the interconnection of various equipment for our customers. Our software facilitates seamless connections across multiple factories, integrating Marel's full-line poultry, meat and fish equipment. A vital component in this area is SmartBase, our machine health monitoring software. We expanded our SmartBase-enabled machinery portfolio to include the Automatic Packing Grader, RoboBatcher and WPL9000+. Integrating SmartBase across an increasing number of machines allows remote (cloud) monitoring of machine health and enables the addition of new applications. This connectivity empowers us to assist customers by enhancing equipment servicing, providing insights into production efficiency, optimizing machine utilization and implementing preventive maintenance strategies.

Customer trust first: information security paramount

For processors in the protein industry, supplier reliability is paramount. Marel cemented its credibility by obtaining ISO/IEC 27001 certification with the delivery of the Marel-cloud infrastructure and the applications hosted therein as part of the Marel digital offering to support the Marel-cloud-enabled equipment. This certification underlines Marel's dedication to strengthening security protocols, ensuring confidence in our software's integrity, particularly in our cloud platform.

"We are now shifting gears from investing in our software platforms to real customer-focused solutions we put to market."

- Viðar Erlingsson,
Executive Vice President Software Solutions

Working in partnership with the Norwegian Government

Marel works in close partnership with customers to provide software solutions to address various needs. In 2023, Marel worked with the Norwegian government to develop a data platform that records every landed fish, thereby facilitating traceability measures. Beyond software for the factory floor, we extended data usage to address broader needs. Compliance is becoming more challenging as the food industry faces growing governmental regulations, especially in the sustainability realm. This partnership is a testament to our commitment to innovation and how we succeed in shaping our industry with boundary-pushing efforts.

Read more →

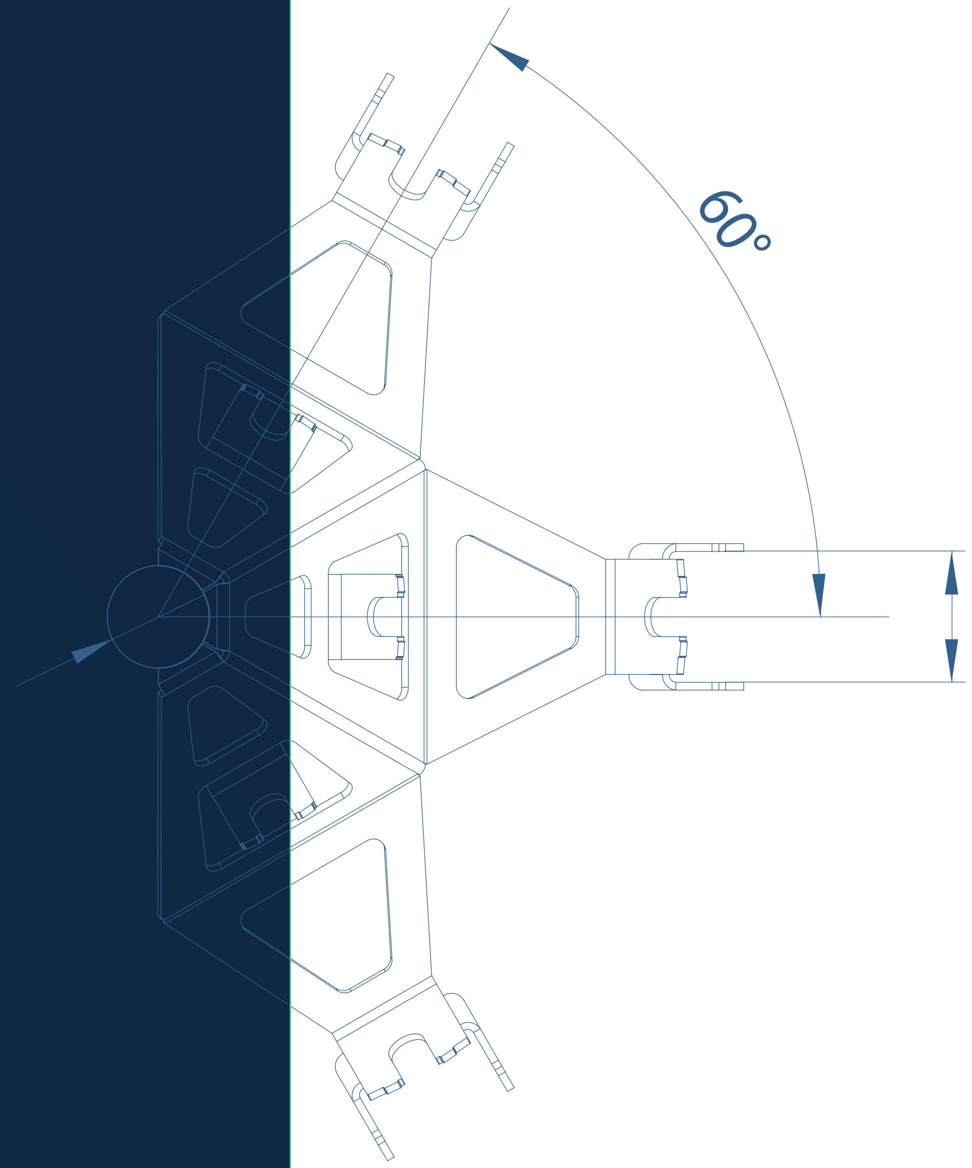
Customer story:

Propelling Morgan Beef's digital journey

Morgan Beef, a meat processor in South Africa, experienced a significant transformation after implementing Innova software.

Francois Smit, Head of Systems and Controls, says, "Marel's Innova software solutions have revolutionized our operations, offering real-time inventory control, enhanced packaging flexibility and seamless integration, translating into rapid ROI.

The software's impact is profound—from restructuring packaging processes for efficiency gains to providing unparalleled traceability, eliminating manual errors, and ensuring accurate order management. It's not just about technology; it's a strategic asset, propelling our digital journey with reduced downtime, minimized waste and elevated customer satisfaction." For Smit, Innova isn't just software; it's a competitive advantage, enabling Morgan Beef to thrive in the digital landscape.



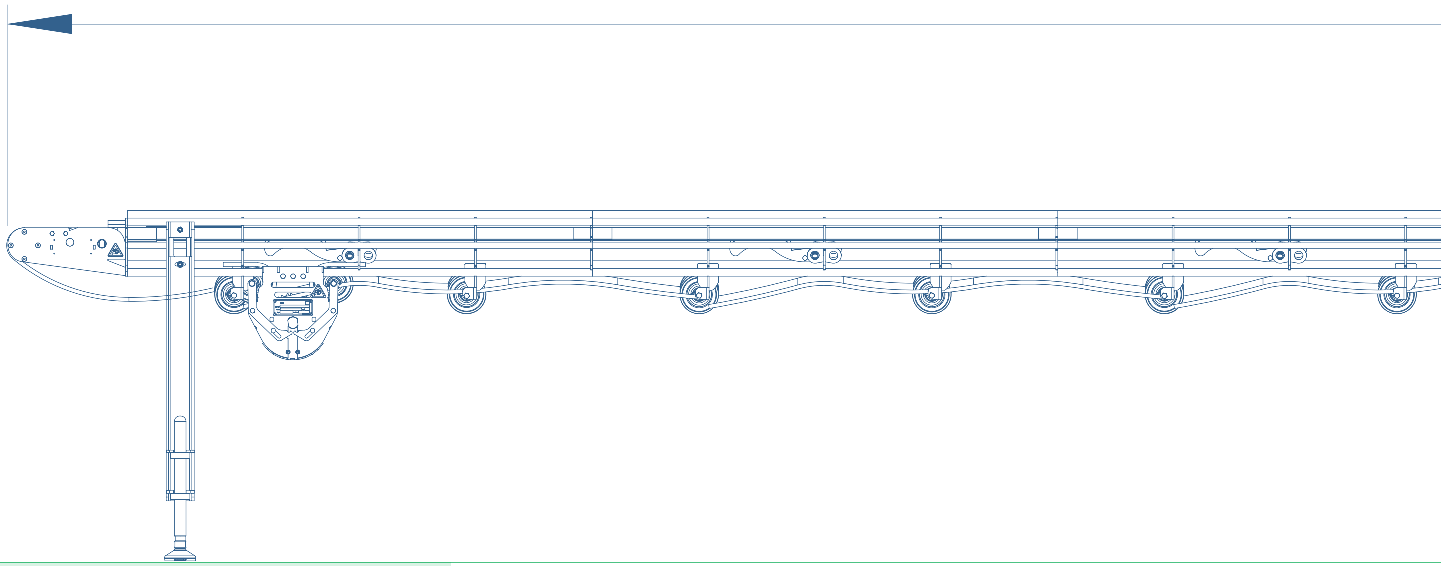
Operations

- Innovation
- Supply Chain
- Customer Centers

Innovation

Marel continues to transform food processing through innovation. In partnership with our customers, we strive to be a catalyst for sustainable and affordable global food production. We continuously enhance development activities to ensure our solutions meet market challenges such as labor scarcity, resource efficiency and consumer demand for diverse end-products. We develop automated and digitalized solutions, efficiently transferring our proven technologies like waterjet cutting, robotics and sensor inspection across multiple segments, thereby serving our customers more effectively.

In 2023, the advanced solutions we presented to the market were centered around three key ambitions: worry-free processing for customers, being the digital partner of choice and sustainable food processing.



Highlights of 2023

In 2023, Marel launched multiple solutions that enhance our customers' digital journey and expand our offerings as a full-line provider. We engaged with customers and partners at multiple trade exhibitions throughout the year, presenting some of our most anticipated solutions.

In February, we introduced the **MS 2750 filleting machine**, a revolutionary machine for secondary salmon processors. Developed to reduce labor dependence and increase sustainability, the MS 2750 was met with enthusiasm by the industry. Its modular design incorporates the latest technology to dramatically reduce water use while improving accuracy. The MS 2750 integrates seamlessly into full lines, increasing throughput and yield even further.

Learn more →

The **RevoBreader 1000** addresses consumer demand for diverse end-products. Processors of prepared foods can expand their product range with a flatbed and drum solution in one machine. The RevoBreader 1000 switches easily between the two modes, providing incredible product flexibility that ensures processors can meet the challenge of rapidly changing consumer demands. Adding the RevoBreader 1000 to our portfolio is a critical step in becoming a full-line provider for our customers.

Learn more →

Our **Innova ProFlow Breast Meat software** is transformational in secondary poultry processing. ProFlow matches input with outgoing orders, maximizing raw material use, selecting the best destination for each piece of breast meat and managing diverse inputs and end-product demands. This demand-driven software simplifies breast meat processing by automatically adjusting equipment in the processing line and reducing manual interruptions and contamination risks.

Learn more →

Since its development, leading processors have been eagerly watching as the **Nuova-i eviscerator** surpassed all trial projections, with the potential to revolutionize the poultry industry with its intelligent management of the evisceration process. Released to market in 2023, the new digital age in evisceration has begun. The Nuova-i delivers peak performance through data-driven insights while maintaining exceptional hygiene standards. It reduces reliance on labor and enhances operational efficiency for processors.

Learn more →

An intelligent trimming solution, the **StreamLine 457** is innovating beef processing. This cutting-edge system optimizes worker efficiency and reduces the cost of conversion by automating the distribution of primals to operators and providing real-time monitoring.

Learn more →

Innovating how we innovate

Innovation continues to integrate sustainability into the lifespan of Marel solutions, from conception to end-of-life. To continuously develop solutions that not only meet but also scale to our customers' needs, we introduced the Center of Excellence for Design in early 2023. The Center of Excellence for Design enables us to remain open to new ideas, motivations and opportunities by creating processes and disciplined ways of working across product innovation and development.

Over the year, the Center of Excellence for Design focused on developing good processes in **four key areas:**

Sustainability in every step

The Innovation team completes the Sustainability Scorecard 2.0 questionnaire before any product development to ensure that new solutions meet sustainability requirements and address customer interests. The Sustainability Scorecard 2.0 is a powerful tool that we utilize for the entire product development cycle. It ensures that we continuously analyze new developments for strengths and weaknesses and to reveal opportunities related to sustainable food processing.

Smarter ways of working

Utilizing advanced technologies such as virtual reality, which is now an integrated part of our product development process, enables engineers to test and solve issues. This removes the need to build multiple prototypes, thereby minimizing material use. Moreover, with the advances of virtual reality, our customers can explore solutions from anywhere in the world.

Modular and standardized

As technology advances, we have been able to reduce the number of parts needed in solutions, minimizing resource use in manufacturing. With fewer moving parts, mechanism accuracy is improved, increasing yield and throughput for customers. A modular approach to construction enables production to be scaled to the supply chain. For customers, modular and standardized design extends the lifespan of equipment, improves hygiene and ensures that repairs are fast and efficient. These factors add up to increased operational uptime and profitability.

Digitalization

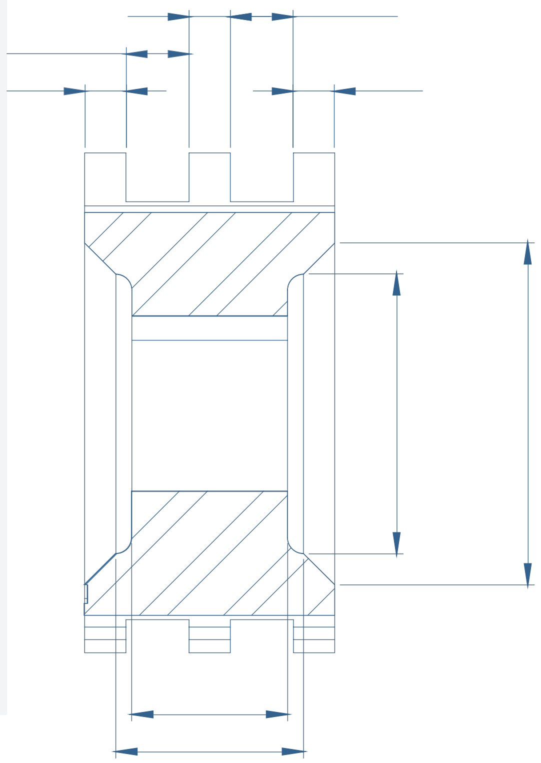
SmartBase enables our service teams to assess customers' equipment remotely, enhancing maintenance capabilities by utilizing cloud connectivity and sharing real-time data. In 2023, the SmartBase rollout continued, bringing the total number of SmartBase connected solutions to 15, including the I-slice 135 Multi Angle Slicer, Compact Grader and Nuova-i. The number of SmartBase connected machines operating in the field has more than doubled in 2023 to 400 installations that optimize operations for our customers.

Customer-centric development

Marel strives to deliver an optimal customer experience across the full value chain. From developing solutions that address customer needs, to sales, service and software, we provide customers with flexible and scalable options that meet their specific processing requirements. Modular building blocks and standardized equipment ensure our solutions are easy to install, operate and service. Scalable solutions mean our customers have the flexibility to confidently meet the challenges of a changing market and regulatory environment. Digital options provide our customers with training as required, with no on-site visits necessary.

Sustainability at our core

Innovation is dedicated to providing solutions that reduce waste, minimize the use of natural resources and maximize raw material use at a competitive price point. We prioritize sustainable materials, avoiding the use of dangerous chemicals, and utilizing renewable or recycled resources without compromising quality or durability. Through digital innovations, we simplify data collection and interpretation, aiding customers in maximizing yields, enhancing animal wellbeing and food safety, and meeting regulatory requirements with ease.

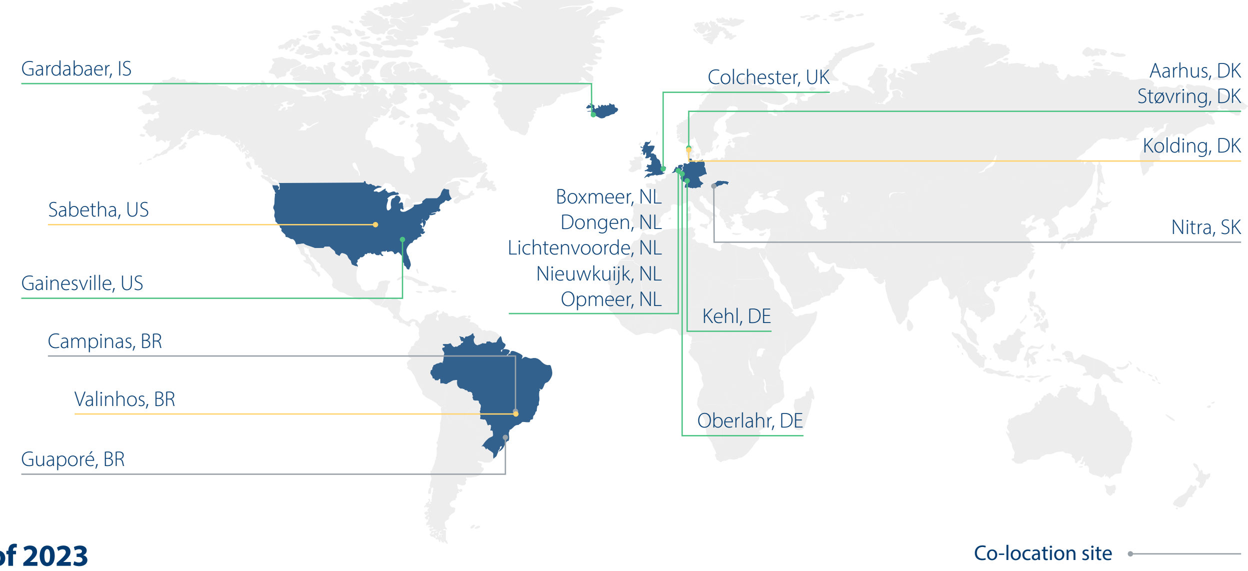


Supply Chain

Supply Chain provides support and expertise to Marel's segments. Our input enables the divisions to optimize their performance, operational results and overall maturity. We also play a crucial role in designing processes and defining the ways we work at Marel.

In 2023, we continued to invest in our manufacturing digital platform, which is a key enabler for Marel's organic growth targets and operational efficiency. We are strengthening Marel's foundation for growth and scalability with high levels of automation, digitalization and a low environmental footprint in line with our sustainability goals.

Global manufacturing platform



Highlights of 2023

Focus First brings new ways of working

Supply Chain's current structure emerged from a significant redesign in April, following the launch of the Focus First operating model. Focus First moved most of the operational responsibilities into the business divisions to ensure simplified end-to-end responsibility toward customers. Prior to this, Supply Chain had been responsible for all manufacturing, procurement, warehousing, planning and logistics operations across Marel.

Cost price management process

Supply Chain has taken firm actions to optimize cost management and adjust our capacity to match the order book levels, striving to maintain financial health through a challenging period of lower orders received for projects. We have focused on improving working capital, placing strong emphasis on negotiating with suppliers to extend payment terms, with good results.

At the end of the first quarter, we initiated a program to formalize our cost price management processes in Supply Chain. To enable continuous improvement, we have worked to establish a baseline in managing cost prices. This baseline will also be used to assess the maturity level of each site.

Our biggest achievement has been the formation of a cross-functional community of stakeholders who serve as a central body that collaborates and shares best practices. This has provided clarity to everyone at Marel whose work directly impacts cost prices.

We also further professionalized our equipment and spare parts cost price management. This has improved knowledge and transparency on cost prices for the segments, thereby supporting them in defining their pricing strategies.

Stabilizing after the semiconductor crisis

Marel has invested significant resources and inventories over the last two and a half years to alleviate the impact of the semiconductor crisis on our customers. This challenging period highlighted the strength of our partnership relations with suppliers at a new and highly operational level. We were able to leverage Marel's scale and global presence to mitigate the risk of a component shortage.

With the easing of parts availability issues, there was no longer a need to maintain elevated inventory levels. We therefore focused on freeing up capital by establishing precise inventory targets to rebalance our inventories to an optimal state.

Logistics savings

The logistics market normalized in 2023 following the impact of the pandemic. Increasing capacity and better utilization of air and sea freight have led to more than 70% rate reductions for freight on some of Marel's most used routes. Air freight rates still trend above pre-pandemic levels, while sea freight returned to previous levels in the second half of 2023.

Supply Chain achieved significant savings through strategic priorities such as quarterly air freight benchmark processes, implementation of the EU road tender and other optimizations of our logistics operations. Moreover, we converted 80% of inventory being transported from the Netherlands to the US Regional Distribution Center from air freight to sea freight, leading to a reduction of 3.4 million kilograms of CO_2 emissions.

We also introduced the Transport Management System software platform. This will be part of the operating system landscape for our Global Distribution Center and improve shipping efficiency and transparency by better connecting Marel with carriers.

Marel Production System

We introduced the Marel Production System, a lean manufacturing journey focused on enhancing customer value. It employs standard methods and tools for continuous process improvement through teamwork, empowering all Marel team members to contribute to our success.

Our teams identified and implemented more than 2,500 improvement ideas, resulting in considerable hard and soft cost savings. We also launched our online Marel Production System training module in 2023 to further engage all employees.

End-to-end spare parts journey

In 2023, we continued our journey of enhancing Marel's performance as a spare parts supplier. After conducting a thorough review of our processes, we achieved significant improvements in both our spare parts order confirmation rate and on-time delivery performance.

We also updated logistical agreements with many suppliers to align with the requirements of our new and highly automated Global Distribution Center.

Continued investments

Investment in sustainability and optimization with Nitra West

In 2022, Marel constructed the Nitra West building adjacent to the existing facilities in Nitra, Slovakia. This key infrastructure project became operational in early 2023, consolidating our warehouse operations and expanding the assembly space in one building designed with optimal flow. In conjunction with moving into Nitra West, we also invested in maintenance, refurbishment and solar panels, aligning with our sustainability goals.

Expanding our new technology supporting innovation

In 2023, we expanded our 2021 investment in 3D metal printing by adding another build chamber to our 3D metal printer. The aim was to reduce time to market by decreasing lead times for development and testing. Operational since January 2023, the new chamber enhances flexibility and throughput, enabling the creation of combinations of value-added parts and shapes that were previously not possible to produce.

Automating and digitalizing to improve speed and scale

Among the notable enhancements in our manufacturing digital platform and operations, we have introduced a costing and routing tool. This tool enhances cost transparency during development and production phases and supports automating routing setups.

We have also embraced digital instruction solutions to streamline production and assembly processes. Moreover, a web-based workflow and checklist solution has been integrated to seamlessly digitalize the quality verification of our products, elevating our operational excellence to new heights.

Priorities going forward

Optimizing our finances

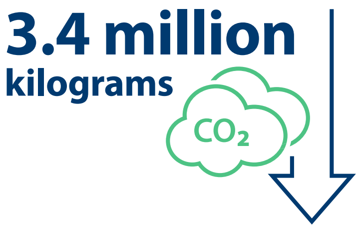
Savings on product-related procurement will be a priority in 2024. We will accomplish this through value engineering workshops between Manufacturing, Procurement and Innovation on prioritized products, as well as through negotiations with partners and greater utilization of the Eastern European supply base. Meanwhile, non-product-related savings will be ensured through consolidation and a review of the levels of service required from suppliers.

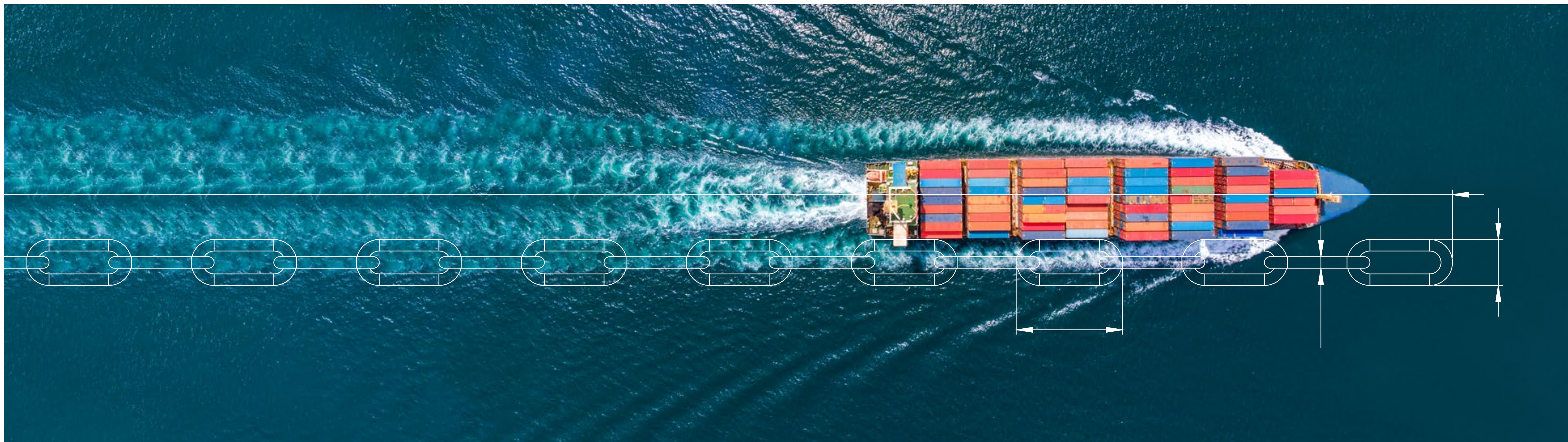
Leveraging scale

By leveraging Marel's scale, we will be in a position to improve operational efficiency. We will achieve this by optimizing the potential of our Nitra facilities to support the financial targets of the divisions. Further, we will work closely with suppliers to support product development, standardization and priority supply.

Increased efficiency through digitalization

Our digitalization journey will continue with a new roadmap for increasing process efficiency through digitalization. We will employ Lean tools to an even greater extent to ensure ongoing improvements through a structured cross-functional workshop approach.





Customer Centers

By combining the benefits of a global business with dedicated local teams, Marel delivers a consistent customer experience across regions and industries. Our Customer Centers simplify the buying process and ensure that our Sales, Software and Service teams are close to customers, minimizing downtimes. Operating in the same time zones as customers and speaking their languages, these local teams understand region-specific needs while drawing from a global knowledge base.

Structure

To ensure operational consistency and deliver one Marel customer experience, we have six Customer Centers across the world:

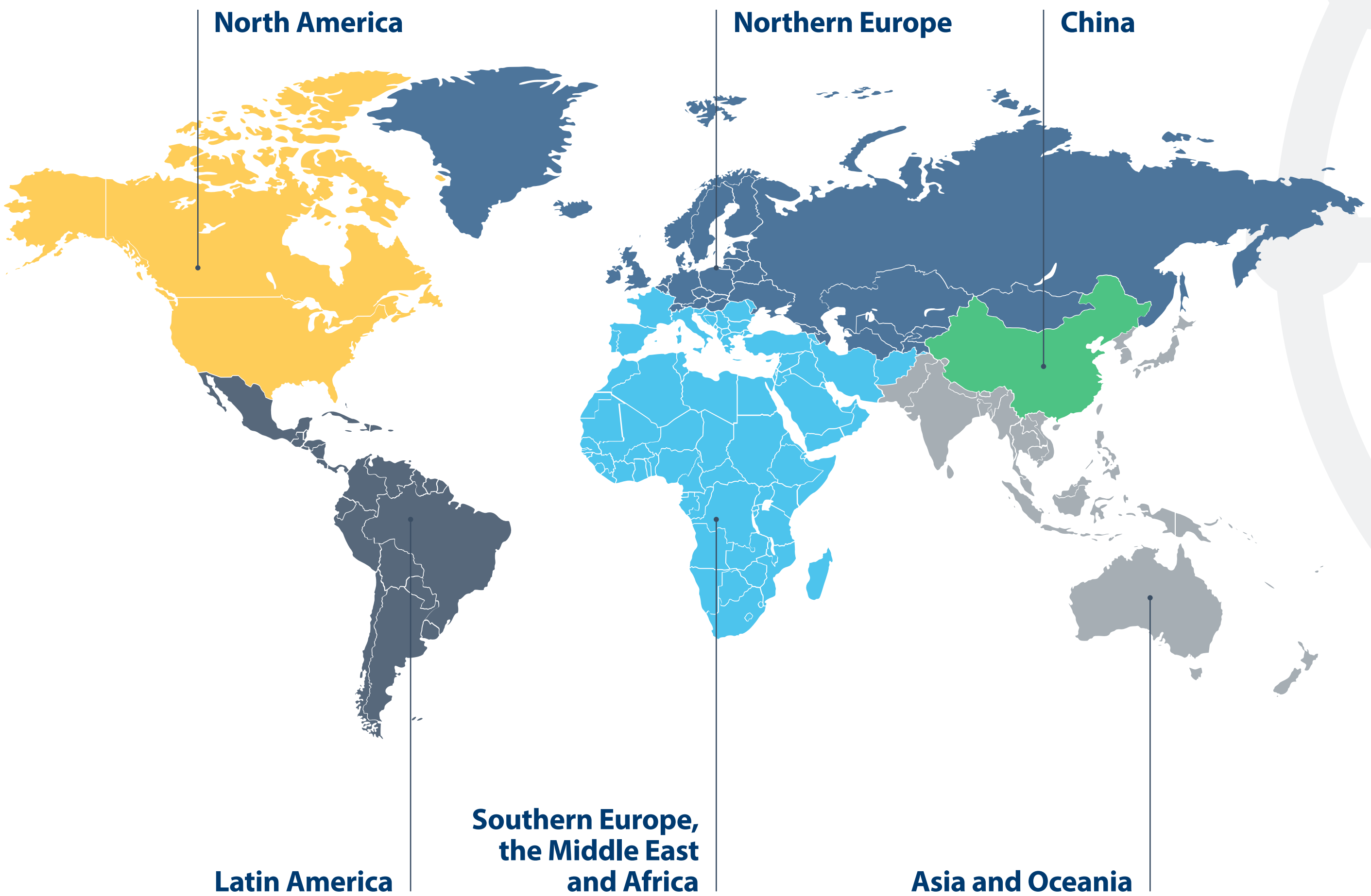
- North America
- Latin America
- Northern Europe
- Southern Europe, the Middle East and Africa
- China
- Asia and Oceania

In 2023, we redesigned our customer service gateway to ensure that we are working as one team to improve our customers' experience across all divisions. Previously referred to as Marel 'regions,' Customer Centers have been renamed to more accurately reflect their role and our customer-first approach.

Operating across more than 30 countries, Customer Centers enable efficient communication across different markets. Further, they facilitate constant feedback by providing insight into potential growth areas.

6 Customer Centers | **+30** countries | **500** partners

1 Marel

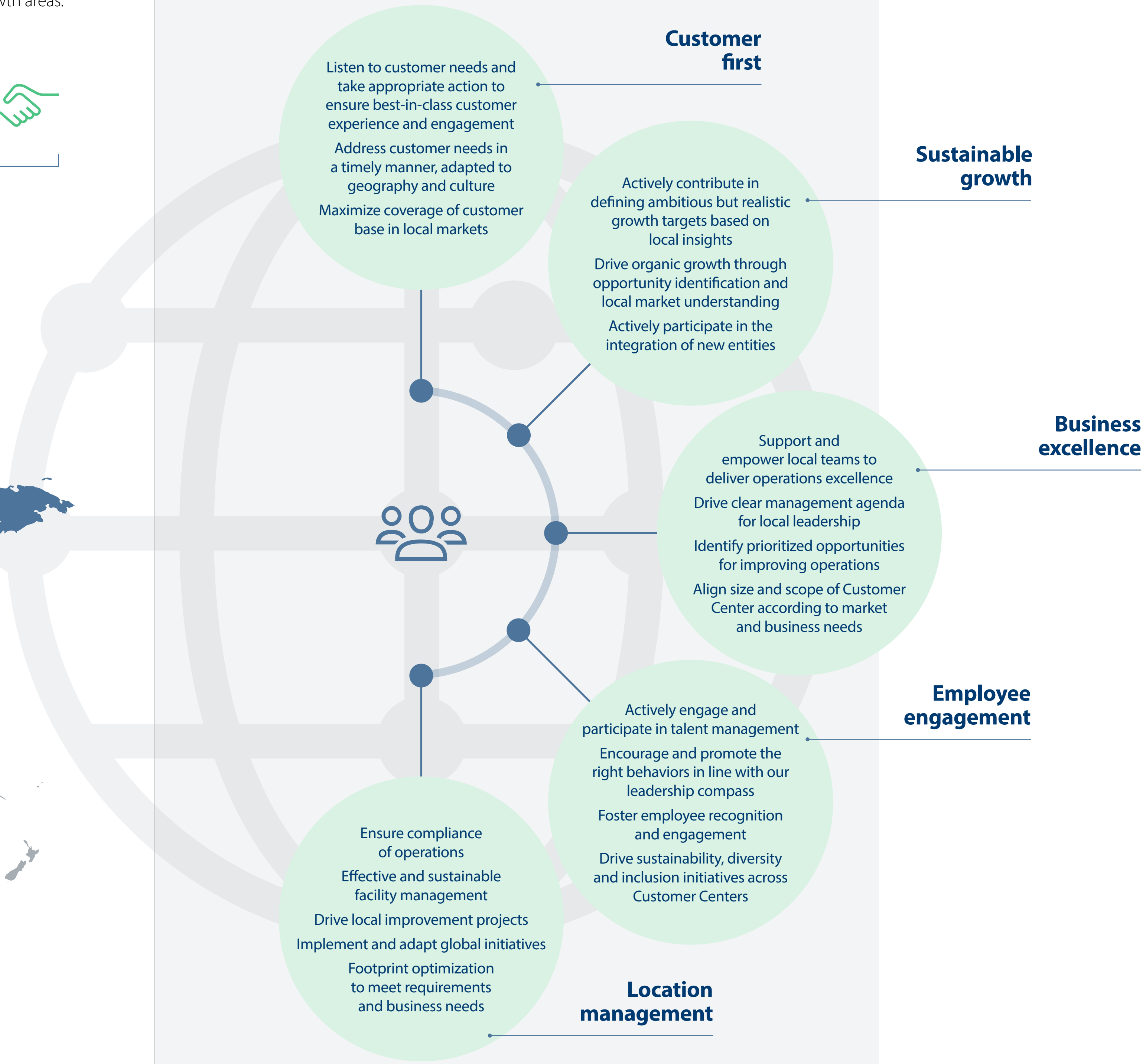


Global concept

Marel's global reach provides a unique customer experience that optimizes our business presence and drives sustainability. By listening to feedback from our customers as well as Marel Sales and Service teams, our Customer Centers gain a deep understanding of social and environmental impacts influencing the food value chain. Marel utilizes these insights to accelerate innovations that address market needs.

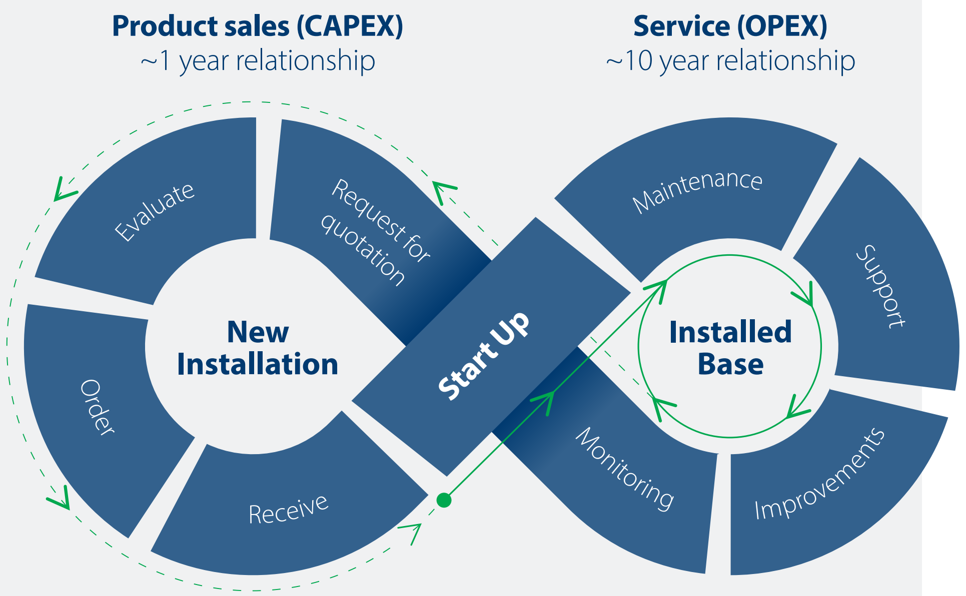
The global Marel Sales and Service network offers significant advantages to our customers. This network of experts applies their knowledge through in-person visits and digital tools to provide maintenance support and ongoing training to customers worldwide.

Marel Customer Center guiding principles



Customer centricity

Marel believes that collaboration between Sales and Service is essential to building successful long-term relationships with our customers. To do this, we need to understand the customer relationship life cycle.



Marel Customer Center teams maintain close relationships with customers on every step of their journey. This starts with defining project specifications in investment phases, ensuring installation and delivery of solutions, all the way to becoming a trusted maintenance partner for day-to-day operations and long-term support.

Customer Center achievements

Marel's recent acquisitions and continuous portfolio innovations have led to an increasingly diverse customer base in Northern Europe. To ensure we provide the right support and advice for each customer, in 2023 we defined and implemented changes to our commercial and organization structure to establish the best possible market coverage for all customer segments and sizes. These adjustments ensure each customer works consistently with the same sales team, thus fostering strong relationships.

North America

In 2023, the North American Customer Center trialed the Focused Portfolio initiative. This initiative prioritizes Marel's large portfolio of solutions to align with regional needs and increase the focus on deployment efforts, resource ramp-up, training and forecasting. It is scheduled for roll-out in all Marel Customer Centers starting in 2024.

Latin America

In 2023, Service Latin America reviewed processes in Mexico, with the aim of improving repair turnaround time for our Mexican customers. By building local teams with the right skills and having clear, measurable targets, the team is quickly bringing service in line with the performance of mature markets in Latin America.

Southern Europe, the Middle East and Africa

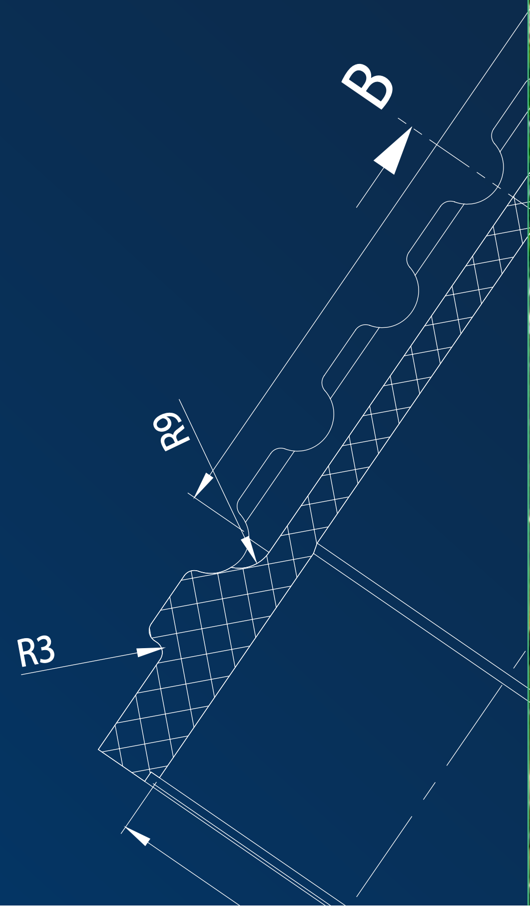
Talent acquisition and development at a regional level empowers local teams. In 2023, the Customer Center for Southern Europe, the Middle East and Africa conducted a deep analysis of Marel installed bases. Learnings from this enabled us to invest in local field service engineers with the needed skills as well as guided training programs to better address local requirements and prepare for growth.

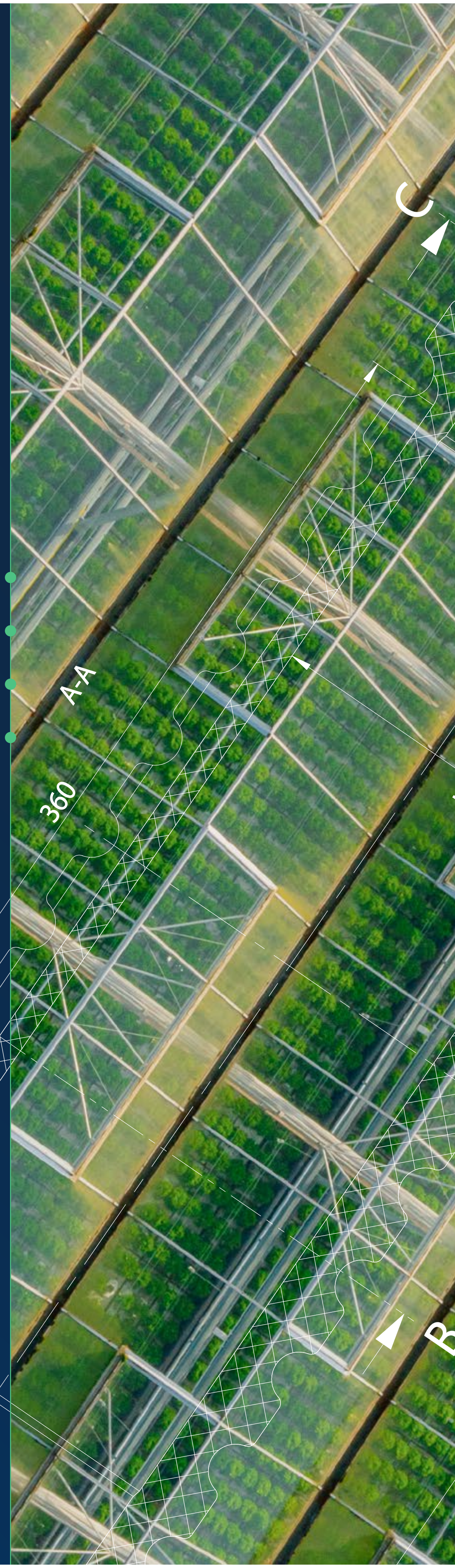
China

Customer Centers measure customer satisfaction using the Net Promoter Score (NPS) as a tool to keep teams united and striving for outstanding customer satisfaction. At times local adaptions are needed; for instance, in China WeChat is a more common communication platform for business than email. Responding to this, we extended our contact platforms to include WeChat across the region, significantly increasing NPS response rates in 2023.

Sustainable value creation

- Sustainability
- Environment
- Our people
- Sustainable corporate governance





Sustainability

For more than four decades, Marel has pursued a simple but important mission: to transform the way food is processed. In 2023, our commitment remains unwavering. We play a vital role in supporting our customers as they harness precious resources to feed the world's growing population. Moreover, we recognize our responsibility to lead the changes needed in the industries and markets we serve.

We collaborate with all key stakeholders in making the food industry more sustainable. Today, our stakeholders are more attuned than ever to their role in promoting sustainable development throughout the food value chain. We aim to empower them, guiding the industry toward positive progress.

We understand the importance of meeting the needs of the present generation while safeguarding the ability of future generations to access affordable, quality and sustainably produced food. This commitment underscores our dedication to generating value, fostering prosperity and stimulating robust economic growth.

Developments in sustainability and ESG reporting standards

2023 follows a period of significant shifts in sustainability and environmental, social and governance (ESG) standards, transitioning from the development of new reporting standards to their practical implementation. Calls for transparency and clarity in demonstrating businesses' impacts have reached unprecedented levels, with clear expectations of accountability across the entire supply chain from multiple stakeholders.

Recent achievements

Marel is proud to highlight numerous accomplishments in the realm of sustainability in 2023. These include developing our first pilot for green steel scales, starting our EU taxonomy reporting journey, concluding our second materiality assessment in alignment with the Corporate Sustainability Reporting Directive (CSRD), chairing Nordic CEOs for a Sustainable Future, and the introduction of paid parental leave for all primary caregivers. Additionally, Marel is on track or well ahead of meeting all targets of our 2026 Sustainability Program and our Science Based Target initiatives (SBTi) carbon reductions.

Commitments and opportunities looking ahead

Marel's consistent dedication to sustainability and ESG has built a strong foundation to meet our stakeholders' increasing expectations in 2024. We are seeing consumer demand for sustainable food processing grow as upcoming regulations add structure and transparency to ESG reporting and push large companies to make disclosures on the environmental and social impacts of their entire value chain. In 2024, Marel will continue to help customers understand and optimize their environmental and social impact and identify sustainability opportunities and risks.

Focus on three key UN Sustainable Development Goals

Marel became a signatory to the United Nations Global Compact (UNGC) in 2015 and has been an active participant ever since. We continue to drive decisions with a focus on the following UN Sustainable Development Goals (SDGs) to benefit people, the planet and our operations.

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

2
Zero hunger

2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations including infants, to safe, nutritious and sufficient food all year round.

2.4 By 2030, ensure sustainable food production systems to implement resilient agriculture practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters, and that progressively improve land and soil quality.

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

9
Industry, innovation and infrastructure

9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Ensure sustainable consumption and production patterns.

12
Responsible consumption and production

12.2 By 2030, achieve sustainable management and efficient use of natural resources.

12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Sustainability program

Marel is committed to being net-zero by 2040. To drive and monitor our progress in the medium term, we launched a five-year sustainability program, running from 2022 until the end of 2026. It set ambitious ESG targets to guide Marel and the food processing industry on a more sustainable path.

Environmental targets	Social targets	Governance targets
Reduce carbon emissions[1] **by 20%** by 2026	Gender diversity in management levels L1-L3 **>25%**	**Increase proportion** of ESG incentivized pay throughout the organization
Increase recycling of waste to **90%** by 2026	All managers create annual engagement **improvement action plans** with their teams[2]	Continuously improve supply chain **sustainability**[3]
Powering **>85%** manufacturing facilities on renewable electricity by 2026	Total recordable incident rate **<0.5**	All new innovations need to improve **at least one** sustainability aspect

[1] Includes Scope 1, Scope 2, and business air travel from Scope 3 emission intensity. Environmental targets are set against base year 2019.
[2] As measured by Gallup.
[3] As measured by EcoVadis.

Marel's ESG journey

Marel has steadily been improving its ESG profile since 2015. We are working toward becoming a part of the solution.

Expanding our sustainability focus

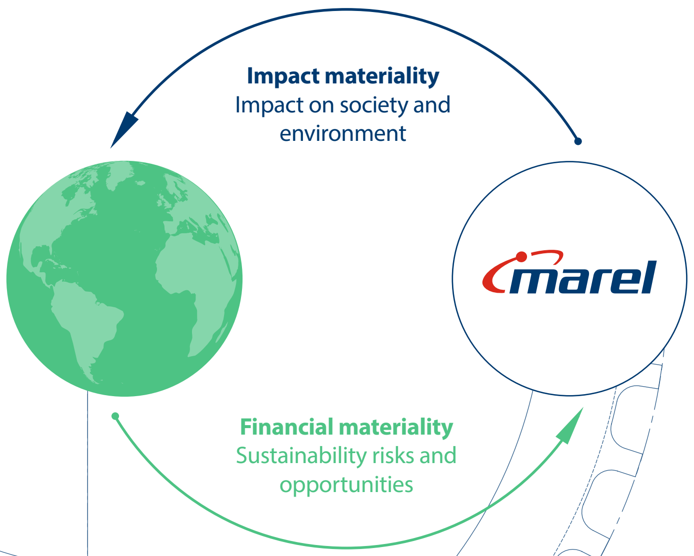
In 2023, Marel carried out a double materiality assessment in line with the CSRD to ensure our sustainability efforts are focused on the issues most material to Marel. The assessment outcomes bolster our five-year sustainability program, confirming and deepening our focus on topics such as climate change, energy and waste while broadening our scope of disclosures to include the topics of food waste, animal wellbeing and circular economy. We have started aligning our sustainability reporting, policies and risk management framework with the CSRD to ensure compliance for the financial year 2024.

Double materiality

The double materiality assessment determines which sustainability issues are material to Marel from an impact and financial perspective. It examines how Marel impacts people and the environment, as well as highlights how sustainability related developments create new risks and opportunities for Marel, which influence or are likely to influence Marel's future cash flows, developments and performance.

Fourteen sustainability topics were identified as most material to Marel and will be monitored and reported on annually as a result. We gained valuable insights from the process, which complemented our 2020 materiality assessment involving 160 stakeholders, including our customers, employees, suppliers and innovation partners.

Double materiality



Our approach to double materiality

Our double materiality assessment will be updated once every two years, in addition to our continuous monitoring of any material changes to sustainability related developments in our industry. The outcomes of the assessment inform strategy and decision-making, risk assessment cycles and the sustainability due diligence of our supply chain.

Phase 1:

Laying the foundations of our 2023 double materiality assessment, an extensive list of 99 ESG topics was compiled, grouped, and mapped along Marel's value chain to determine relevance and identify affected stakeholder groups. The list of topics was based on legal requirements, industry reports, peer and customer publications, ESG reporting frameworks and employee input.

Phase 2:

Each ESG topic was assessed through the lens of impact and financial materiality to identify high priority topics for Marel in consultation with internal and external stakeholders. This ensured we focused on critical areas and aligned with stakeholder expectations.

- Impact materiality
  The inside-out lens of impact materiality enabled us to examine a sustainability topic from the perspective of our potential or actual impact on people and the environment. It includes impacts directly caused by the organization and indirect impacts linked to the upstream and downstream value chain.
- Financial materiality
  Our financial materiality assessment helped to identify which sustainability related matters might impact Marel's cash flow, business performance and dependencies. The assessment focused on both risks and opportunities associated with the topics and measured the severity and likelihood of their potential financial effects for Marel.
- Our stakeholders
  We engaged with stakeholders considered most likely to be impacted by our activities and who have the most influence on achieving our sustainability commitments. Capturing perspectives from multiple stakeholder groups enabled us to gain broader insights into value creation and contributed to the definition of our future strategy and plans.

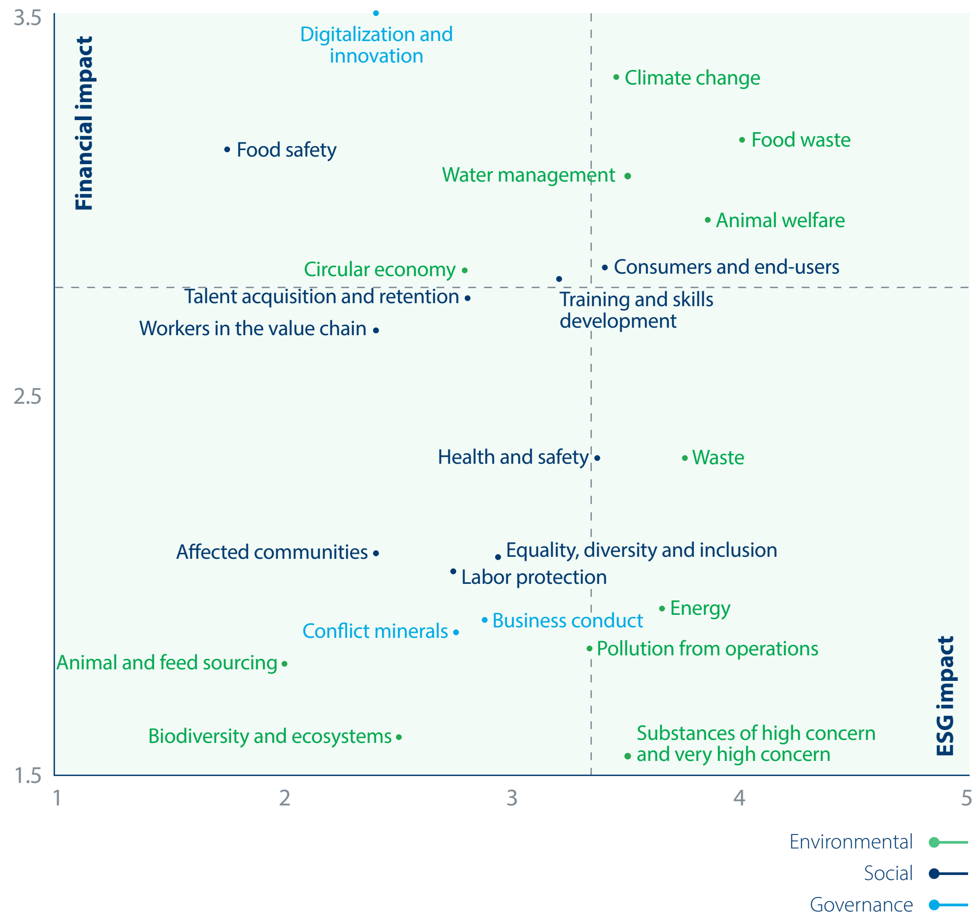
Phase 3:

Results were entered into a matrix for consolidation and validation by the Executive Board and Board of Directors. We defined materiality along two axes. The vertical finance axis captures the importance of each topic for external and internal stakeholders. The horizontal axis captures Marel's significant impacts on the environment and society. Assessing both axes enabled us to prioritize and focus on the most relevant issues.

Process detail

Input	Assessment	Validation	Output: Marel material issues	
Industry reports	**Impact materiality:** Does the topic have actual or potential impacts on people or the environment?	By Marel customers, Executive Board and Board of Directors	Climate change	Own workforce
Legal requirements			Energy	Training and skills development
Peer and customer publications	**Financial materiality:** Does the topic trigger risks or opportunities that are likely to influence future cash flows, development and performance?	By Marel customers, Executive Board and Board of Directors	Waste	Health and safety
ESG reporting frameworks			Water management	Consumers and end-users
Employee feedback			Circular economy	Digitalization and innovation
			Substances of concern	
			Food safety	
			Animal welfare	
			Food waste	

Results matrix



Impact summary for Marel material topics

Material topic	Impact	Actual/potential	Positive/negative	Value chain			Level of contribution	Severity			Likelihood
				Upstream	Own operations	Downstream		Scale	Scope	Remediability (if negative impact)	
Climate change	Carbon footprint	Actual	Negative	●	●	●	Causes	High	Total	Very difficult to remedy (long-term)	(Almost) certain
	Sustainable fuels and renewable energy	Potential	Positive	●	●	●	Contributes to	Medium	Medium		Possible
Energy	Renewable energy use	Actual	Positive		●		Causes	High	Widespread		(Almost) certain
	Energy efficiency in manufacturing process	Potential	Positive	●	●		Contributes to	Medium	Concentrated		Likely
Waste	Waste management	Potential	Positive			●	Causes	High	Medium		Likely
	Waste generation	Actual	Negative		●	●	Causes	Medium	Widespread	Very difficult to remedy (long-term)	(Almost) certain
Food waste	Reduction of food waste	Actual	Positive			●	Causes	Medium	Medium		(Almost) certain
Water management	Water scarcity	Potential	Negative			●	Causes	High	Medium		Possible
	Water usage	Actual	Positive			●	Causes	High	Widespread		(Almost) certain
Circular economy	Use of raw materials	Actual	Negative	●	●	●	Directly linked to	High	Concentrated	Non-remediable or irreversible	(Almost) certain
	Circular flow of resources	Potential	Positive	●	●	●	Contributes to	Low	Widespread		Possible
	Ecodesign to reduce waste generation	Potential	Positive		●		Contributes to	Low	Concentrated		Possible
	Use of non-circular products	Actual	Negative	●	●	●	Causes	Medium	Medium	Non-remediable or irreversible	(Almost) certain
Substances of high concern and very high concern	Use of substances of high concern and/or very high concern	Actual	Negative	●	●		Causes	Medium	Concentrated	Difficult to remedy (mid-term)	(Almost) certain
	Pollution of environment with substances of high concern and/or very high concern	Potential	Negative			●	Causes	Medium	Concentrated	Very difficult to remedy (long-term)	Possible
Food safety	Compliance with food safety regulations	Actual	Positive		●	●	Directly linked to	Low	Concentrated		(Almost) certain
Health and safety	Injuries and fatalities	Actual	Negative	●	●	●	Causes	Minimal	Widespread	Non-remediable or irreversible	(Almost) certain
	Promotion of workers health and safety	Actual	Positive	●	●	●	Contributes to	Medium	Widespread		(Almost) certain
	Exposure to hazardous work	Potential	Negative	●	●	●	Causes	Low	Widespread	Remediable with effort	Unlikely
Own workforce	Adequate wages	Actual	Positive	●	●		Causes	Medium	Medium		(Almost) certain
	Secure employment	Actual	Positive	●	●		Directly linked to	Medium	Medium		(Almost) certain
	Freedom of association and collective bargaining	Actual	Positive	●	●		Directly linked to	Low	Concentrated		(Almost) certain
	Social protection	Actual	Positive	●	●		Contributes to	Low	Medium		(Almost) certain
	Gender balance	Actual	Negative		●		Contributes to	Medium	Medium	Remediable with effort	(Almost) certain
	Diverse working environment	Potential	Positive		●		Contributes to	Medium	Medium		Possible
	Inclusive working environment	Actual	Positive		●		Contributes to	Medium	Medium		(Almost) certain
	Employee well being	Actual	Positive		●		Contributes to	Medium	Medium		(Almost) certain
	Working time and schedule	Actual	Positive		●		Contributes to	Medium	Medium		(Almost) certain
	Leave and paid time off	Actual	Positive		●		Contributes to	Medium	Medium		(Almost) certain
Training and skills development	Employee training/professional development	Actual	Positive	●	●	●	Contributes to	Medium	Medium		(Almost) certain
Consumers and end-users	Customer safety	Actual	Positive			●	Contributes to	High	Total		(Almost) certain
	Customer satisfaction	Actual	Positive			●	Contributes to	Medium	Concentrated		Likely
Digitalization and innovation	Research and development	Actual	Positive	●	●	●	Directly linked to	Medium	Concentrated		(Almost) certain
	Introducing new products	Potential	Positive	●	●	●	Contributes to	Medium	Concentrated		Likely
Animal welfare	Animal sacrifice	Actual	Negative			●	Causes	High	Concentrated	Non-remediable or irreversible	(Almost) certain
	Animal's quality of life	Actual	Positive			●	Contributes to	High	Concentrated		(Almost) certain

Environment

Marel is committed to becoming net-zero by 2040. By taking bold steps to reduce emissions, we aim to empower our customers to deliver on their sustainability commitments. Our environmental targets and regular monitoring of environmental performance drive us to continuously review and update practices that integrate sustainability into our business strategy.

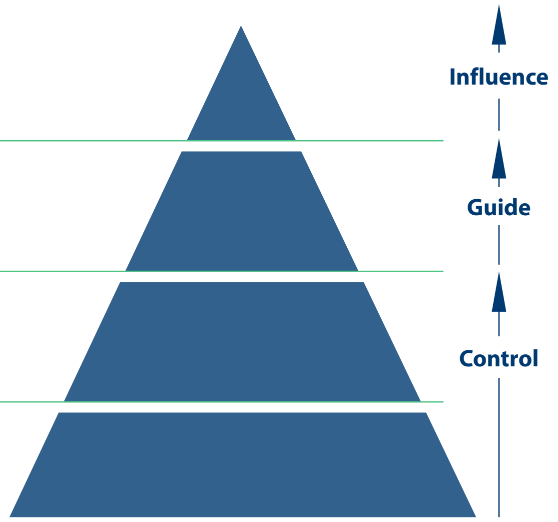
Marel's position as a leading supplier of high-tech food processing solutions gives us a unique opportunity to promote practices that reduce the environmental impact of the global food value chain. We understand our profound responsibility to ensure our decisions continually minimize the industry's environmental impact.

Transforming our industry
We transform our industry with how we focus our efforts to positively impact key sustainability trends in our industry and aspire to change the game in collaboration with our partners.

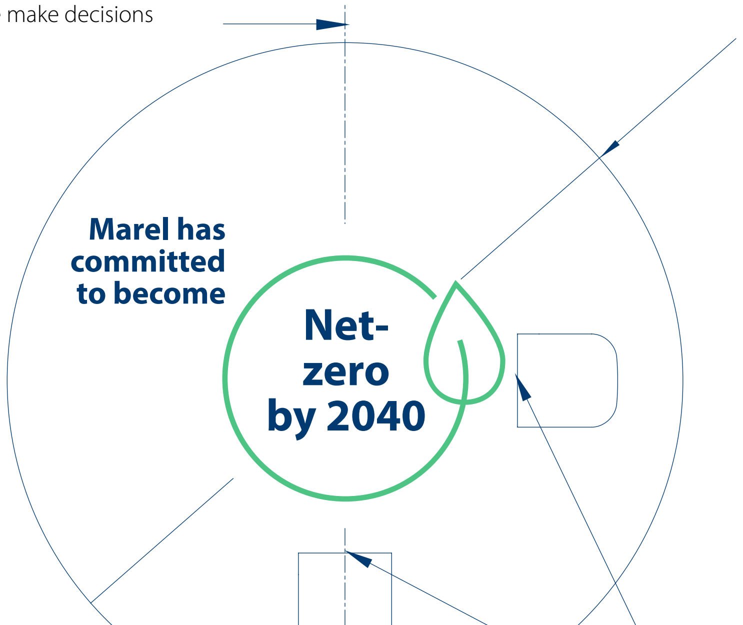
Partnerships to deliver value
With a focus on a responsible and resilient supply chain, we make the best possible solutions available to our customers across the globe through a local presence.

Sustainable solutions
Marel is known for its innovations and excellence. We continuously embed our knowledge and expertise in every product and solution to ensure they run successfully and sustainably.

Championing the fundamentals
Marel's license to operate rests on our drive to champion the fundamentals of behaving in responsible and transparent ways toward our environment and the societies in which we operate.



In 2023, Marel invested EUR 102.2 million in research and development, 5.9% of the total revenues. We continue our focus on innovative product development, building solutions that maintain our competitiveness and progress in the food processing industry. Through our commitment and structured approach to sustainable innovation, we make decisions that contribute to the UN Sustainability Development Goals (SDGs).



Case study:

Nordic CEOs set ambitious sustainability goals

CEOs from Nordic enterprises joined forces in 2019 with a shared ambition to advance sustainable business practices. Focusing on ethical, social and environmental responsibility, the Nordic CEOs for a Sustainable Future aim to drive positive impact through collaborative initiatives, promoting innovation and sustainable development across industries. Marel is proud to be a founding member.

Nordic CEOs have published guidelines to help other companies in their sustainability efforts. Additionally, they have convened with Nordic governments, politicians, public leaders and other stakeholders, developing shared commitments to accelerate the transition to a more sustainable economy.

In 2023, Arni Oddur Thordarson, then CEO of Marel, was Chair of Nordic CEOs, leading the coalition to expand the scope of their original joint commitments. Through close collaboration and knowledge sharing, they aim to spur themselves and other businesses to set more ambitious goals to deliver tangible results on the UN SDGs.

Nordic CEOs for a Sustainable Future launch new commitments

New commitments for diversity and inclusion

1. Aim to offer four months of fully paid parental leave for primary caregivers, and aim to give secondary caregivers support if they wish to take up to one month parental leave.
2. Aim for maximum 60% of any gender in top three management levels by 2030 (this wording has a non-binary approach to gender).
3. Disclose and address gender pay gap - unadjusted and adjusted.
4. Measure and report gender balance on top three management levels by using verifiable methods such as Bloomberg, SHE index, Gemmaq or the equivalent.
5. Establish employee-led groups for minorities (e.g., LGBTQ, physical disabilities, ethnicity), dedicated to foster a diverse and inclusive work environment.

New commitments for climate action

6. Set 1.5 degree science-based targets across all scopes if possible. For sectors where it is not possible, contribute actively to establish a sectoral decarbonation approach.
7. Integrate the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) in strategic planning and reporting.

And nature

8. Do a mapping of impact on, and dependencies of, nature.
9. Include nature as a topic in business strategy if material.
10. Start initial reporting of nature data for the reporting year 2023, e.g., including it in the TCFD reporting as preparations for the Taskforce on Nature-Related Disclosure (TNFD).

New measures for ESG and sustainability

11. Integrate most material ESG targets into performance framework for the executive management.
12. Establish a sustainable procurement policy and supplier Code of Conduct
13. Give sustainability a weight in procurement processes.
14. Align climate advocacy with the goals of the Paris Agreement. Work in partnerships to fast-track the transition.

And we will report it

15. Disclose information on Climate Data through CDP or similar methods and integrate recommendations from the TCFD.
16. Have transparency on emissions scope 1-3.
17. Undergo external validation on material ESG topics, aiming for the level of reasonable assurance when applicable.
18. Work towards integrated reporting.

Source: Nordic CEOs

Climate change

Marel's commitment to being net-zero by 2040 aligns with the goal of the Paris Agreement to limit global temperature increase. In 2021, the SBTi validated our targets of lowering carbon emissions by 42% in Scope 1 and 2 and 25% in Scope 3 by 2030. Validating our targets was essential to understand our decarbonization levers and enabled us to formulate and monitor our key carbon reduction projects.

Marel's environmental footprint

	2023	2022[1]	Δ YoY in %
GHG emissions			
Emissions category (in tCO_2e)			
Scope 1: heat - natural gas	3,750	3,193	17%
Scope 1: company cars	4,617	4,121	12%
Scope 2: heat - district heating	41	260	-84%
Scope 2: electricity (market-based)	3,772	3,990	-5%
Scope 2: electricity (location-based)	9,851	7,333	34%
Scope 3: waste	232	289	-20%
Scope 3: business travel by air	6,429	6,341	1%
Scope 3: purchased goods and services	103,831	109,529	-5%
Scope 3: use of sold products	249,072	294,244	-15%
Total tCO_2e	371,744	393,452	-6%
Carbon emission intensity			
tCO_2e per average FTE	48	51	-7%
tCO_2e per EUR 1,000 of revenues	0.22	0.25	-12%
Energy consumption in GWh			
Total energy consumption (scope 1+2)	71.3	62.6	14%
Electricity consumption	34.0	30.3	12%
Thereof from renewable energy	24.5	21.6	14%
Thereof from non-renewable energy	9.5	8.7	10%
Natural gas	20.6	17.5	18%
Heat - district heating	1.8	1.6	14%
Fuel	14.9	13.2	12%
Waste			
Total waste generated (in tonnes)	4,312	4,652	-7%
Thereof recycled	3,035	3,299	-8%
Reporting manufacturing sites covered	13[2]	14	n/a
Water			
Total water consumption (in m^3)	63,102	40,190	57%
Reporting sites covered	13[2]	14	n/a

[1] Data from Wenger Group is not included in the 2022 column.

[2] Reporting sites decreased due to fewer manufacturing locations in operation.

Scope 1

Includes all direct GHG emissions that occur from sources directly controlled by the company. Marel's Scope 1 is composed of the emissions from the combustion of natural gas in controlled boilers and the emissions from fuel combustion in vehicles operated by Marel, such as company cars. Leased vehicles are operational leases and are reported under Scope 1 based on their tank-to-wheel emissions.

Scope 2

Includes all indirect GHG emissions that are associated with the purchase of electricity, steam, heat or cooling. For Marel, Scope 2 is composed of the emissions resulting from generating electricity purchased or used by Marel in offices and manufacturing facilities. Additionally, the emissions resulting from generating district heating is included in Scope 2.

Scope 3

Includes all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. Marel currently reports on business travel by air (downstream) and waste generated in operations (downstream) from its manufacturing facilities. Please see the ESG Explanatory Note for further details.

Key carbon reduction projects

Marel is on track to meet our emission reduction targets. Between 2021 and 2023, we lowered our Scope 1 and 2 carbon emissions by 18% and Scope 3 by 17%. Driven largely by the Marel Green Electricity Procurement policy, our total market-based Scope 2 carbon emissions saw a significant decrease of 47% from 2021.

Marel's key carbon reduction projects align with our broader sustainability goals. Each project is interrelated across categories to help Marel meet specific objectives on our journey to sustainability.

Environmental impact reduction

Focus on reducing carbon emissions, waste and analyzing environmental footprint

- Green Electricity Procurement policy
- Waste management program
- Life cycle analysis of our products
- Energy management system program
- Sustainable purposeful travel
- Mapping our Scope 3 carbon emissions
- Supporting customers with their decarbonization efforts

Sustainable operations

Involves strategies related to suppliers, regional structures and overall sustainability frameworks

- First five-year sustainability program
- Supplier sustainability program
- Sustainability Scorecard 2.0
- Strong regional structure
- Science based targets
- Sustainable housing strategy
- Commitment to climate-related disclosures
- Sustainable digital design
- Environmental training

Employee engagement and incentives

Involves programs designed to involve and incentivize employees in sustainability efforts

- Environmental, social and governance (ESG) incentive scheme for management

Eindhoven Global Distribution Center: 'Excellent' BREEAM-NL rating

Marel's new 15,000 m² Global Distribution Center in Eindhoven, the Netherlands, will open its doors in 2024. It has been designed and built in line with BREEAM-NL, an internationally recognized certification standard in sustainably built environments. We are in the process of acquiring an 'Excellent' rating in line with the standard.

Marel's project team worked closely with all partners on the development of the distribution center, examining every detail to ensure success. To achieve an excellent rating, the building needs to score highly in all areas relevant to industrial function. This includes project management, health and safety, energy efficiency, transport accessibility, water use, material use and management, construction and operational waste, land use, ecology and pollution minimization.

Internal air is filtered, and sound and daylight levels are optimized to create a healthy and comfortable work environment. We also installed energy efficient equipment in all spaces and devices, such as water-saving taps and grey water systems, along with leak detection and prevention features. This allows us to significantly reduce carbon emissions and water consumption.

The planning, stakeholder engagement, construction and certification of Eindhoven were important undertakings for Marel's sustainability journey. The Global Distribution Center stands as a flagship of sustainable construction within our global network.

Pioneering product development

The challenges of our customers drive our innovations. We aim to develop equipment, software and services that continuously enhance the sustainability of the food processing industry by improving yields, reducing reliance on natural resources and labor, improving food safety and traceability, and simplifying accurate reporting systems.

Sustainability and circular design principles are embedded in our innovation processes. In manufacturing, we prioritize the use of sustainable components and avoid harmful chemicals without compromising quality. Moreover, digital advancements create reliable, efficient data handling, which optimizes operations.

Sustainability Scorecard 2.0 and circular design

Marel integrated a sustainability scorecard into our new product development process in 2018, with the aim of ensuring our innovations improve sustainability across the food value chain. Since its introduction, we have continued fine tuning the process, the most recent iteration being the Sustainability Scorecard 2.0. In 2023, we piloted a sustainability checklist that will help us continue to improve our scorecard.

In 2022 and 2023, 100% of all innovation projects approved for further development were rated from the feasibility stage of development onwards, using the Sustainability Scorecard 2.0 to assess food waste reduction, environmental impact, safety impact, animal wellbeing and circular design, along with other targets. Incorporating circular design into product development is a key element of sustainable design as it ensures prioritization of the circular use of materials through increased re-use, repair, refurbishment and re-manufacture of products.

Minimizing food and water waste

Marel's Innovation team is committed to minimizing food waste through the development of advanced technologies like digitalization, automation and robotics. By creating solutions that increase yield, reduce product giveaway and enhance food quality, we enable food processors to significantly reduce the waste of food and valuable raw materials.

Minimizing water use during processing and cleaning reduces the stress of water usage in food processing. Many of our customers operate in water scarce regions, increasing this pressure even more. To address their needs, Marel's portfolio includes water treatment facilities that can be customized to meet specific processing, spatial and regulatory requirements. This enables our customers to reliably treat wastewater to safe levels for recycling, reuse and release.

Life cycle analysis and product end-of-life

Product Life Cycle Analysis (LCA) provides Marel's innovation team with valuable insights to improve the environmental footprint of our solutions. In 2023, we finalized LCA on two of our core products: advanced bench scales and floor scales. Following internationally recognized methodologies to assess raw material extraction, manufacturing and processing, transportation, use-phase estimates, end-of-life, recycling and circularity, we have performed a meticulous study on a broad cross-section of our products.

The process, developed in 2018, was an integral step toward understanding the lifetime environmental footprint of Marel machines. We identified key areas where innovation could mitigate the environmental impact of our products, such as minimizing energy and water consumption during use, reducing food waste and developing durable, long-lasting equipment.

Performing LCA on solutions throughout the development processes, Marel and our customers gain valuable opportunities for increased transparency and traceability to align with sustainability legislation.

Ongoing learning supports sustainable product innovation

Our commitment to being the sustainable partner of choice drives us to create processes and equip employees with ongoing training that enhances sustainable practices within innovation. In 2023, approximately 100 of our design engineers attended sustainability workshops, increasing our knowledge and understanding of how to improve sustainability in product design.

Environmental criteria
Marel emphasizes circularity, minimizing food waste and food loss, and reducing the consumption of scarce resources.

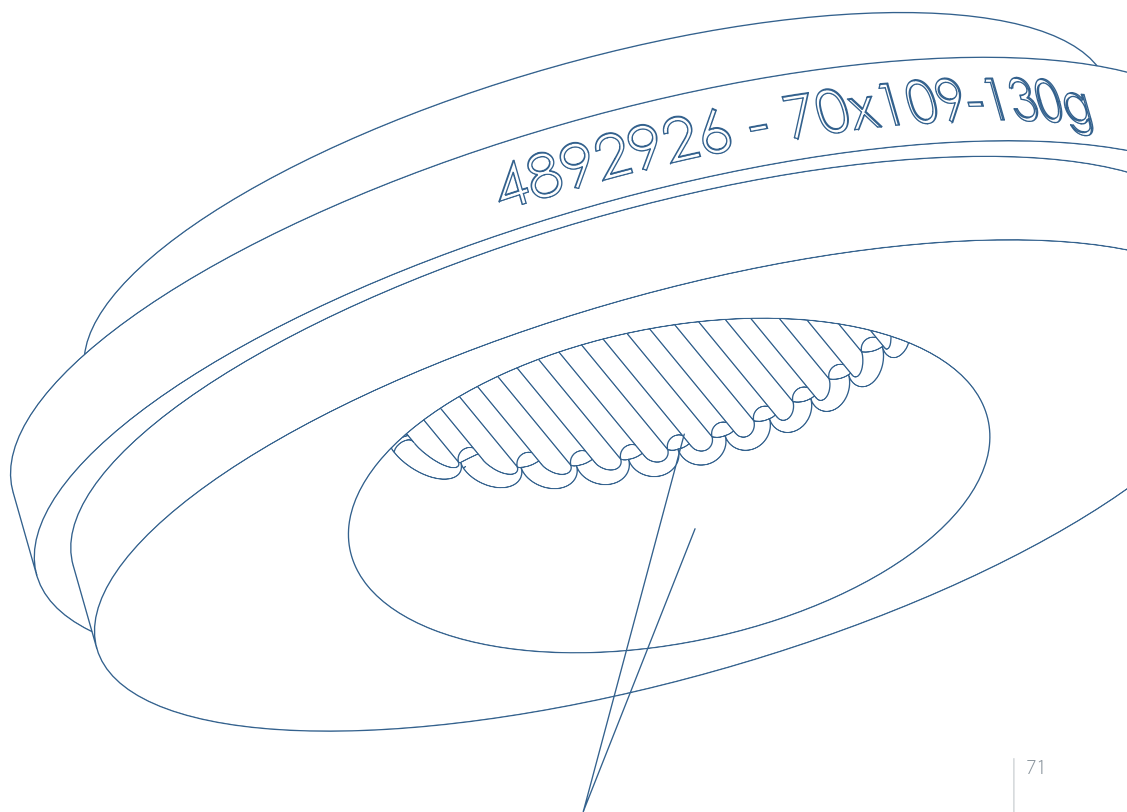
Knowledge sharing
Marel engages actively with the local communities and stakeholders where we operate. We seek local participation and insights to spur innovation, and to build capacity and know-how in the industry.

Social criteria
These include food quality, food safety and security, and employee health and safety.

Partnerships
Marel collaborates with more than 25 science and technology partners to develop breakthrough solutions in sustainable food production.

Innovation investment
Marel invests around ~5-6% of annual revenues into research and development of advanced solutions, with the aim of transforming food processing.

Solutions
Marel creates equipment and software solutions that help to reduce food waste, increase resource efficiency, minimize environmental impact during use, boost yields, facilitate recycling and optimize portion sizes.



Sustainable supply chain and procurement

Our sizeable procurement spend and the several thousand suppliers in our global supply chain mean Marel can have a considerable positive impact on sustainability. Our responsible supply chain program focuses on improving the environment, energy use, waste management, health and safety, and ethical and social conduct across all Marel manufacturing locations and supplier partnerships worldwide.

In 2023, we updated our Supply Chain Roadmap for 2023 to 2026 in preparation for new European regulatory compliance requirements following the European Green Deal. The updates also aim to ensure we reach our science based targets. To improve data collection and consolidation, we have invested in ESG data collection software and revisited our materiality assessment, including upstream value chains, to further professionalize our supply chain data collection.

Collaboration with suppliers for a sustainable value chain

Marel places high priority on sustainable sourcing of materials. We work closely with suppliers to reduce any negative societal and environmental impacts associated with developing, producing and delivering our solutions and spare parts. Supplier engagement and due diligence are central to these efforts. In 2022, we published the Marel Supplier Code of Conduct, which procurement partners are required to sign and comply with. We also installed a responsible sourcing team to monitor supplier compliance and to encourage suppliers to join our EcoVadis initiative.

Advancing responsible sourcing

As we continue to strengthen our sustainable procurement performance, in 2023, we extended the work of our responsible sourcing team to include increased due diligence and risk assessments concerning substances of concern, conflict minerals, sanctions and adverse media. Most of our spending on product-related suppliers goes to those who have received an EcoVadis rating, maintain a supplier code of conduct and commit to meeting Marel's environmental standards.

Focus on purchased goods and services emissions

Within our commitment to the Science Based Targets initiative, we focus on assessing scope 3.1 purchased goods and services emissions, primarily through average industry or supplier specific LCAs, as per the Greenhouse Gas (GHG) Protocol. To increase transparency in our evaluation of scope 3.1, we've revisited our calculation method. This involved updating and enhancing emission factors sourced from the ecoinvent database, a life cycle inventory database that supports sustainability assessments. We take this step to increase our data quality and refine our understanding of these emissions.

Reducing our upstream carbon footprint

We initiated a pilot program to reduce carbon emissions associated with the production of supplies we purchase in high-emission categories like stainless steel. Our efforts in this area include a pilot project investigating new stainless steel production concepts driven by renewable energy sources. Achieving this shift will rely on close collaboration with our suppliers throughout the value chain.

Knowledge sharing and communication

Communication and knowledge sharing are crucial to driving sustainable practices across our supply chain. We continuously engage with our suppliers to ensure we understand their challenges and are working towards shared goals. The Marel procurement team is trained through a Marel specific procurement academy module to remain informed of sustainable procurement and compliance concepts, supplier selection, contract specific clauses and the role of sustainability in supplier performance and relationship management.

In 2023, Marel presented on supply chain decarbonization at several international conferences, notably the European Energy and Environmental Summit. We co-developed a new guide for business, 'Sustainable Procurement,' in collaboration with the Nordic CEOs for a Sustainable Future and engaged actively in industry networks such as the Brainport Sustainability Network.

Operational and environmental waste management

We closely monitor waste management across our operations. Continuous data collection and analysis of waste streams give us a clear understanding of where we can advance the efficiency of our waste management policies and systems. All Marel's major manufacturing locations report with standardized metrics that help improve the total volume of waste we reuse and recycle globally and minimize our carbon footprint.

Bead blasting is a stainless-steel treatment that smooths and ensures surfaces meet high standards of hygiene. In 2023, Marel began a key initiative in our waste reduction plan, working to increase our recycling of the process by-product. The results at our sites in Guaporé, Oberlahr and Kehl have been promising, and we will further develop the pilot in 2024.

Reaching energy goals ahead of schedule

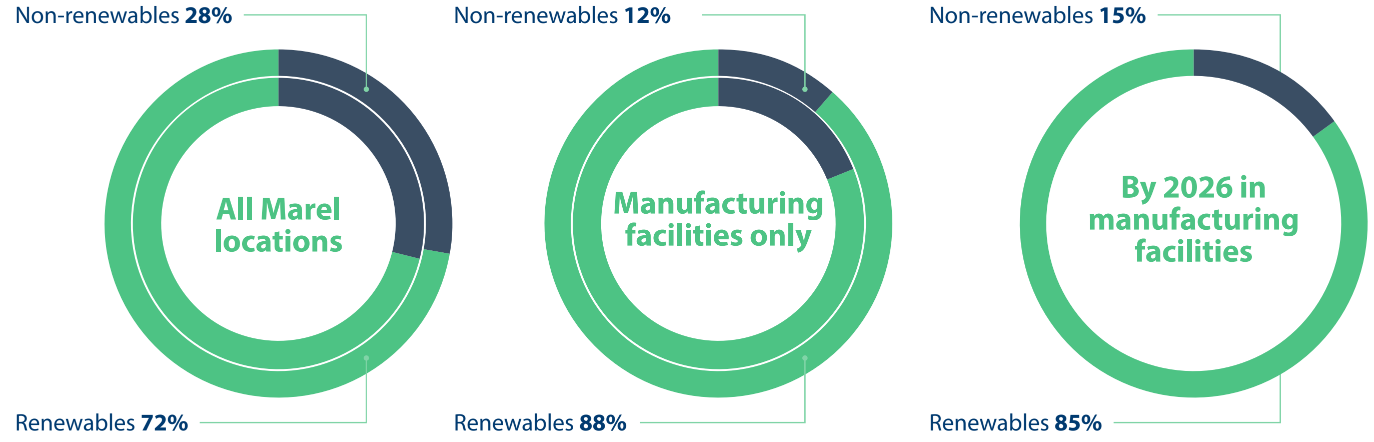
Marel's Green Electricity Procurement policy aimed to power at least 85% of our manufacturing facilities with renewable electricity by 2026. In 2023, we increased our use of green energy by 6.03%, exceeding our original goal three years ahead of time.

Share of renewable electricity

2023 (outer) and 2022 (inner)

Power aim

Renewable electricity target



Our **people**

We believe our people are our greatest asset and we're committed to fostering a safe, inclusive and supportive workplace for our 7,500 employees across the globe.

The Marel team comes from a multitude of cultural, geographical, personal and professional spheres, and we embrace this diversity. We aim to attract and retain talented people from all backgrounds, understanding that innovation thrives on varied perspectives and experience.

To empower our employees, we invest in their development by offering a range of learning opportunities, aligning their personal growth with Marel's vision. We are dedicated to maintaining a healthy and safe environment for everyone, including our contractors and visitors.

As a global company, we engage with the communities where we operate, valuing local insights and collaborative solutions. This approach not only strengthens our team but also reinforces our commitment to making a positive impact wherever we are present.

Employee engagement is key

Employee engagement has been defined as one of the key factors in measuring the overall health and wellbeing of a company. Gallup has studied millions of managers and organizations worldwide, and with its help, we will continue our efforts to create a rewarding environment here at Marel.

All opinions count at Marel and we encourage everyone to share their feedback at any time. The annual employee engagement survey gives employees an opportunity to provide input on their needs and wellbeing at work in a structured way. The goal of the survey is to start a conversation between managers and their teams. In 2023, we set a new record with a participation rate of 83%, with close to 6,000 Marel employees making their voices heard. In November, teams started to discuss survey results and create action plans. The teams commit to implementing the plans with support from managers.

Employees in FTEs

	2023	2022
Europe, Middle East and Africa	5,142	5,250
Americas	1,940	1,819
Asia and Oceania	325	435
Employees	**7,407**	**7,504**
Third-party workers	382	514
Average FTEs	**7,789**	**8,018**

Continuous learning and skill development

6,764 employees developing skills in 2023[1]

20k+ **new learning** offerings

30k **completed trainings** in 2023[1]

+42k **learning videos** watched

Average hours of learning per 6.87 employee[1]
Male – 6.52 hours
Female – 8.41 hours

4.6 out of 5 average training rating

Top training completed in 2023

- Compliance
- Product Training
- LinkedIn Learning – self development
- Language Learning
- Systems, IT & Data Literacy training

[1] Data does not include all local on the job training completions

We are constantly learning and building on what we know to serve our customers in the best possible way. Our global talent management and people development processes are tailored to nurture skills and capabilities, ensuring that our team members are well prepared to meet the evolving needs of our business.

We support our people in their personal development and assist managers in becoming best-in-class leaders. In addition to in-house learning opportunities, we work with local educational institutions to offer internships and trainee programs that support students in a professional and safe environment.

In 2024, the focus will be on developing our learning and performance culture through increased engagement in career development, growing leadership capability, building our talent marketplace and investing in skills management by cataloging and aligning skills with our organization's needs.

MyCampus learning platform

In 2023, we expanded MyCampus, a centralized platform for career skills and knowledge development. Featuring over 50,000 hours of learning material, MyCampus covers a wide array of topics, including communication, project management, product knowledge, data analytics and languages. It also includes access to LinkedIn Learning, where employees have access to more than 20,000 pieces of learning content.

My Campus

Our Leadership Compass and My Manager Toolkit

We launched Our Leadership Compass in 2023, a behavioral competency framework outlining desired leadership behaviors that help to create clarity, simplicity and psychological safety for our people to thrive. This framework informs many other people processes like talent attraction, identification and development. In addition, it is an enabler for engagement, wellbeing and inclusion.

Also newly introduced is My Manager Toolkit, an online space where our managers can find the process information and background needed to deliver on their people responsibilities. These include areas such as performance and salary review, engagement, wellbeing and people development.

Identifying strategic training needs

We identify company wide strategic training needs as part of the business planning process. These needs include education on compliance, core leadership, project management, languages and coaching. Our training programs are guided by our Global Learning Roadmap, which consists of key deliverables under areas such as career growth and team skill development.

We analyze and identify the learning needs of our people with a focus on product, technical and specific functional skills. Learning opportunities include training courses, mentoring, coaching and on-the-job learning. Measures are in place for learning delivery and targets are set for the roll-out of key learning initiatives.

Through our strategic approach to training management, we actively evaluate priority training programs to measure their quality, cost and delivery performance, ensuring we continuously improve and meet business needs.

Diversity and inclusion

Marel is actively building a diverse and inclusive workforce and culture, where all people feel respected and valued.

We have already achieved greater gender balance on our Board of Directors (43% female, 57% male) and Executive Board (50% female, 50% male) and have set an ambitious 2030 goal to achieve greater gender diversity in the top three management levels.

We also recognize that diversity and inclusion go beyond gender. Marel employees, prospective employees, contractors, consultants, suppliers and customers must be treated fairly and should not be discriminated against on the grounds of age, race or ethnicity, nationality, sexual orientation, gender identity, disability, mental health, neurodiversity, religious or political beliefs, financial status or class, marital, carer or parental status, or any other aspect of diversity.

It is important that we reflect the markets in which we operate. This includes servicing our customers in their local languages, listening to the needs of our end consumers, moving toward local management teams in the regions, and hiring and developing more diverse talent in technical roles. We aim to be a part of moving our industry toward greater diversity and inclusivity going forward.

Diversity and inclusion projects and initiatives

In 2023, we continued to host diversity and inclusion webinars in 12 languages for all employees. These interactive sessions were led by Marel employees and have now been completed by 59%[1] of employees, generating positive feedback. Larger local offices adapted the Global Diversity and Inclusion policy to fit with local laws and legislation, and in keeping with local culture and customs.

We were proud to establish a global minimum standard for parental leave, which was implemented at the beginning of 2024.

Our first Employee Resource Group (ERG), Marel Women's Network, was launched on International Women's Day. The network has hosted virtual panel sessions featuring inspirational Marel leaders and has more than a thousand members who are active on an internal Teams channel.

In 2024, we will continue to work toward more gender balanced leadership and leadership pipeline, with a number of initiatives to support women's progression in the business. We are also launching additional global ERGs to support employees from underrepresented groups.

Case study:

Global minimum standard for primary caregivers

As part of Marel's involvement with the Nordic CEOs for a Sustainable Future, we have adopted a number of diversity and inclusion ambitions. One of these was to provide four months fully paid parental leave to primary caregivers.

Marel developed its global standard for parental leave in 2023, communicating and aligning it across the organization before its launch on 1 January 2024. It consists of 18 weeks fully paid leave with no pay cap. The benefit is applicable for birth, adoption and surrogacy and aims to be inclusive of all relationships.

The global standard is intended to act as a guide to ensure a similar level of benefit to each eligible employee. However, each country must adhere to local laws and legislation and therefore implementation and eligibility vary.

We are proud to continue making Marel a great place to work and support our employees as they grow their families.

Composition of governance bodies and breakdown by gender

	2023			2022		
	Female	Male	Total	Female	Male	Total
Board of Directors	43%	57%	7	43%	57%	7
Executive Board	50%	50%	4	40%	60%	5
Employees	19%	81%	7,789	18%	82%	8,018

[1] Data from Wenger Group is not included in this chart

Health, safety and environment

We strive for excellence in health, safety and environment (HSE) as it means we can grow with confidence, knowing that we are managing risks effectively related to the health and safety of our employees. It aligns with good business practice and makes us an attractive business partner and employer of choice.

Marel strives to be a high reliability organization that delivers consistently high performance across all aspects of HSE management. Providing a healthy and safe workplace for our employees, contractors and visitors is imperative, and we take pride in doing this well. We do our utmost to ensure employees and contractors have the necessary competence, environment, tools and instructions to perform their work professionally and safely.

Our global HSE function provides support and oversight across the Marel business, ensuring compliance with our HSE policy and facilitating continuous improvement. Local management within all Marel entities is responsible for establishing processes and procedures to comply with Marel's HSE policy and local laws.

Positive trends from zero harm initiatives

As we continue our journey toward zero harm, we remain committed to a culture of safety in all aspects of our global operations and work with our customers. In 2023, we continued to focus on our HSE management system processes designed to standardize implementation of HSE across the company. We also expanded our HSE team to support our service operations and offices.

Our continuous efforts over the last five years have resulted in a steady reduction of both the total reportable injury rate (TRIR) and absolute number of injuries over the same period, with some locations being recognized as incident free for over 12 months.

Starting from a TRIR of 1.24 per 100 employees in 2019, the rate reduced to 0.91 in 2020, 0.78 in 2021, 0.67 in 2022 and increased slightly to 0.74 in 2023. These trends indicate that our HSE improvements are having a positive effect. However, the reduction in headcount last year has affected this year's TRI rate. If the headcount had remained unchanged, the rate would have been 0.69.

Increasing awareness of HSE has resulted in higher reporting rates of HSE events, allowing us to analyze trends and launch improvement actions to prevent future occurrences. By enabling employees to report safety concerns in all areas of our business, we create more opportunities to highlight safety concerns and prevent them from becoming injury events. We saw a reduction in proactive hazard observations from 2022, which showed that we need to remain focused on our HSE improvement programs to encourage more proactive reporting.

HSE key indicators

HSE Statistics[1]	2023	2022	2021
Number of accidents with fatalities or severe injuries	0	0	0
Number of reportable accidents resulting in absence from work	40	34	35
Number of reportable accidents resulting in restricted work or medical treatment	15	19	21
Number of total recordable injuries (TRI)	55	53	56
Total recordable incidents rate (TRI based per 100 employees)	0.74	0.67	0.78
Number of accidents requiring first aid	128	194	193
Number of total accidents	**183**	**247**	**249**
Number of near miss incidents	154	124	172
Number of environmental incidents	0	0	0
Number of proactive hazard observations	3,363	4,515	3,527

[1] Data from Wenger Group is not included in this chart

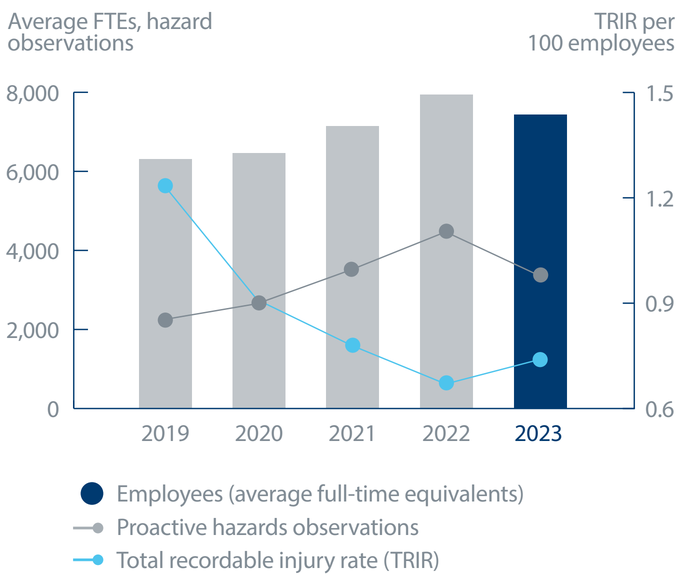
Case study:

Marel Gainesville receives safety award

In November 2023, the Greater Hall Chamber of Commerce in Georgia, US, held the 15th Annual Industry of the Year Awards recognizing Economic Impact, Corporate Responsibility and Workforce Excellence. Awards were presented to industries nominated and selected by a panel of industry and business representatives from more than 300 manufacturers in Hall County.

The Marel Gainesville location was recognized for its safety performance. Applying our core values of unity, innovation and excellence, the Gainesville team went from five recordable incidents in 2021 to celebrating one full year without injury in August 2023. Through communication, coaching, training and collaboration, the Marel team is taking safety beyond the workplace and seeking opportunities for improvement every day.

Marel's journey to zero harm



Connecting with communities

Marel is committed to the longevity of the communities in the locations where we operate. By seeking local insights and collaboration, we forge relationships built on trust that propel innovation and industry growth.

We can have an immediate and radical effect on production capabilities, worker safety and food traceability by introducing food processing technologies to new locations. We hope to positively impact both general wellbeing and economic progress in all our markets by providing groundbreaking solutions.

Corporate donations

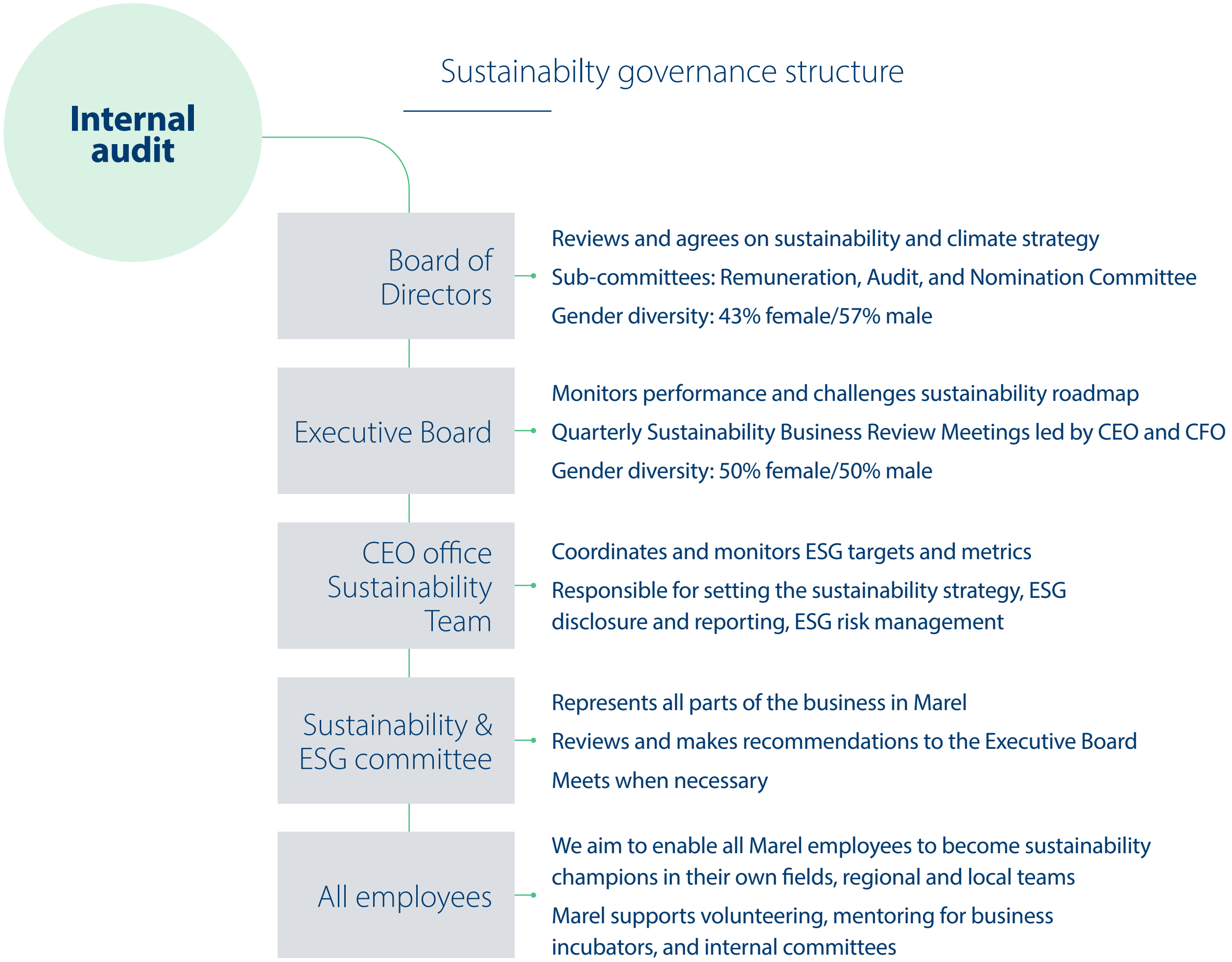
Whether it be a better standard of living, increasing social stability or improving food stability, Marel aims to make a difference. In 2023, we continued our participation in local charities, donated to AFAD (The Turkish Disaster and Relief Management) in response to the earthquake in Turkey and started the Wenger Marel Charitable Grant. Through the grant, we support sustainable development and community investment in reading and STEM education, food, nutrition and water stability, and community support.

Sustainable corporate governance

Marel is committed to upholding sound corporate governance that creates mutual benefits and cultivates trust and transparency with our stakeholders. Our governance structure aligns with applicable legislation concerning public companies and ensures Marel is well equipped to meet increasing stakeholder expectations on sustainability disclosures and performance.

We have a clear objective of ingraining environmental, social and governance (ESG) criteria into Marel's business planning and operations. Our dedicated sustainability team cooperates closely with various stakeholders across Marel to drive ESG improvement projects and compliance across the company.

Sustainabilty governance structure



Governance framework

Marel's governance framework encompasses several key documents: Marel Articles of Association; Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, Nasdaq Iceland and the Confederation of Icelandic Employers; and the Dutch Corporate Governance Code.

Our Sustainability and ESG Committee is building on and strengthening the foundations of our existing ESG framework to ensure our reporting systems comply with the EU Corporate Sustainability Reporting Directive for the 2024 fiscal year.

We are committed to being a sustainability leader and support the European Union's ambition of increasing transparency in ESG reporting.

Tax footprint

Paying taxes is a crucial aspect of social responsibility. Taxes contribute to communities and play a pivotal role in building a fairer and more sustainable society. Marel is a significant taxpayer and employer in the countries in which we operate.

Marel's total tax footprint in 2023 amounted to EUR 237.9 million (2022: EUR 245 million). Taxes paid by Marel in 2023 amounted to EUR 73 million (2022: EUR 82 million), representing 4.2% of the economic value generated.

Of Marel's total tax footprint, employment taxes borne by employees accounted for 61.6%, employee taxes borne by Marel 23.1%, corporate taxes 7.7%, and other taxes and duties 7.6%.

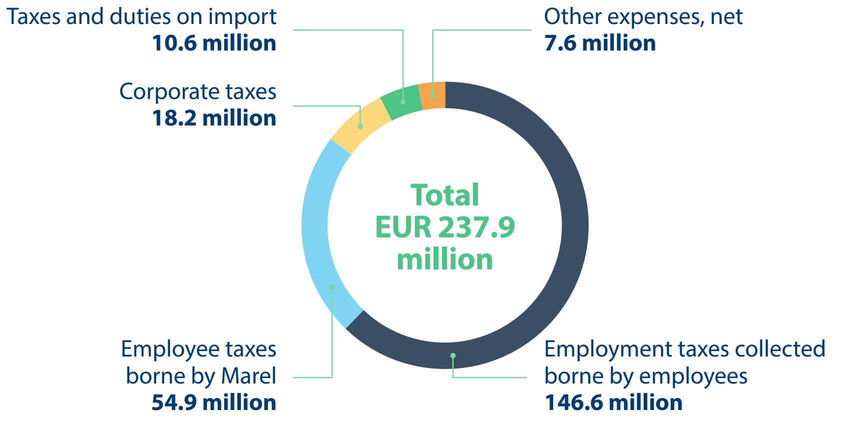
Marel complies with local tax and customs regulations, as well as internationally applicable directives. We pursue an open and constructive dialog with the tax authorities in the jurisdictions it operates in, based on mutual respect, transparency and trust, disclosing all relevant facts and circumstances.

Tax strategy

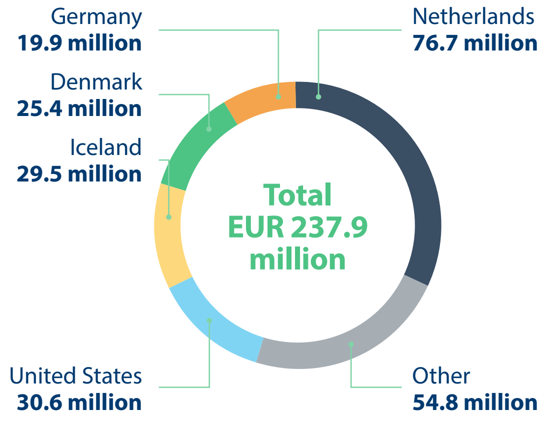
Marel operates a well-defined and transparent tax strategy where profits are taxed in the countries in which they arise. Profits are not transferred to countries with lower tax rates or where they are not subject to taxation for the purpose of reducing taxation. Marel does not use so-called tax havens (as defined by the European Commission's blacklist) for tax avoidance.

Marel is a significant taxpayer and employer in the countries in which it operates. Marel operates in compliance with local tax and customs regulations as well as internationally applicable directives. Marel pursues an open and constructive dialogue with the tax authorities in the jurisdictions it operates in, based on mutual respect, transparency and trust, disclosing all relevant facts and circumstances.

Tax footprint by Marel in 2023 in EUR



Tax footprint for our five most significant countries of operation in EUR



Ethics and the Code of Conduct

Marel is committed to conducting ethical business that complies with applicable laws and contributes to the wellbeing of the global Marel team, as well as the communities, societies and environments we affect and depend on.

The Marel Code of Conduct embodies our aim of creating economic value and having a positive social impact at the same time. It provides an ethical and practical map to guide us in everyday operations and applies to all members of our global network, including consultants, suppliers, vendors, contractors and other business partners. To uphold our commitment to its principles, Code of Conduct training is mandatory for all Marel employees. In 2023, 95% of employees completed the training.

Trade laws and sanctions

Marel is subject to numerous national and international trade laws and sanctions, which impose limitations on product import and export. These restrictions can stem from factors such as product composition, origin, destination, end-user or intended use. In addition, Marel ensures adherence to rigorous customs regulations, mandating all employees involved in import or export to comply with relevant laws and regulations. They remain up to date on high-risk countries and conduct sanctions checks before doing business there.

Anti-bribery and anti-corruption

Marel adheres to global anti-bribery and anti-corruption laws and relevant regulations. Our stringent anti-bribery and anti-corruption policy, adopted in 2017, applies to all employees, officers and directors, contractors, consultants, agents and partners engaged in business on Marel's behalf. We uphold a commitment to transparency and preventing illegal activities, including compliance with all applicable anti-money laundering laws of the countries where we operate, as well as international regulations.

Reporting concerns

Marel actively encourages our employees and business partners to report any potential violations of laws, safety or ethics. We do this to ensure our daily work respects law and order, including internal policies and regulations. A critical inclusion in Marel's Code of Conduct is our Whistleblowing Platform. To encourage employees to make formal reports, we protect the anonymity of any person who makes a report and strictly prohibit any form of retaliation against them.

Human rights

At Marel, we are committed to treating everyone with respect and dignity to empower each other and create a business that is a force for good. We work to embed the importance of human rights company-wide, applying the highest standards at every level. We do not tolerate human rights violations under any circumstances.

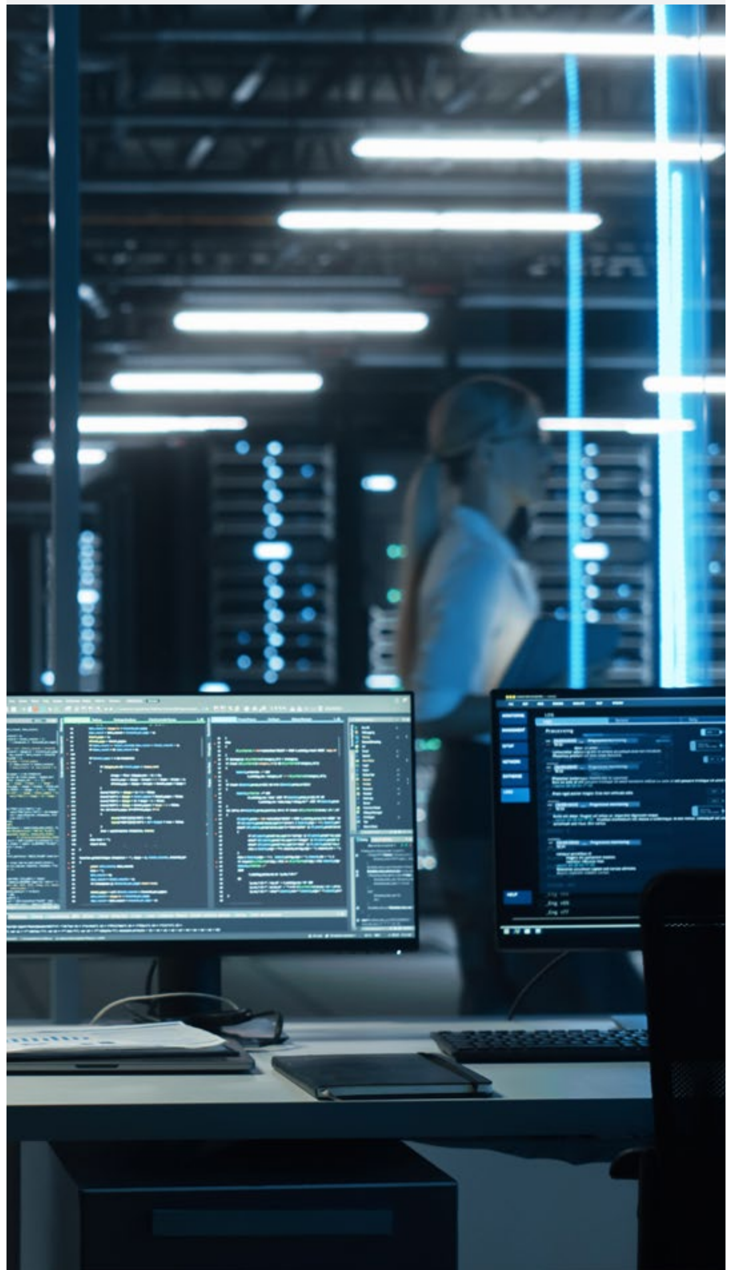
Freedom of association

The rights of all employees' freedom of association and right to collective bargaining without discrimination are actively supported by Marel. All employees, business partners and those directly associated with our services, products and operations can exercise their rights as established in the Freedom of Association and Protection of the Right to Organize Convention (C. 87) and the Right to Organize and Collective Bargaining Convention (C. 98).

Information and cyber-security (ISO 2700)

Cyber resilience is vital for doing business in modern society, as evidenced by the major financial and operational impact of cyber-attacks worldwide. As a leader in driving digitalization in the food processing industry, Marel recognizes the importance of adhering to the highest standards of information- and cyber-security, and data privacy. We prioritize this to protect the critical food supply chain and maintain the trust of our customers and partners.

The latest milestone in this endeavor is obtaining the ISO 27001 certification for Marel's digital cloud platform, which is scoped to the delivery of Marel's digital cloud infrastructure in service of our web applications. Marel has implemented a robust, responsible disclosure process, underlining our commitment to cyber-security, collaborating with ethical researchers to enhance the security of our digital ecosystem, software and products.



Investors

- Shares
- Financial results in 2023
- Investor Relations

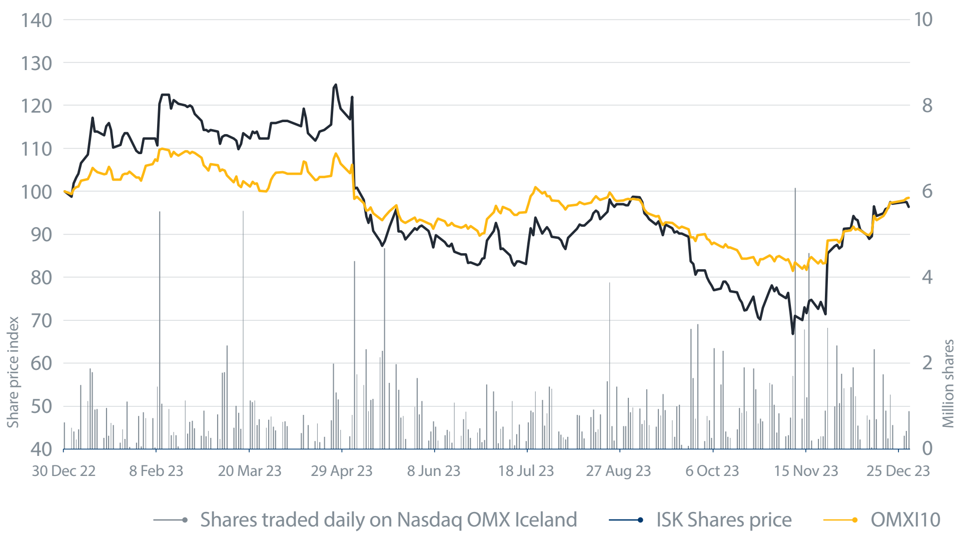
Shares

Marel's share price development was volatile in 2023. The share price reached its high point of ISK 620 (EUR 4.21) in April but dropped 17.6% in a single day following the release of first quarter results. The following months saw the share price continue to fluctuate, trending downward to a yearly low of ISK 327 (EUR 2.16) in November.

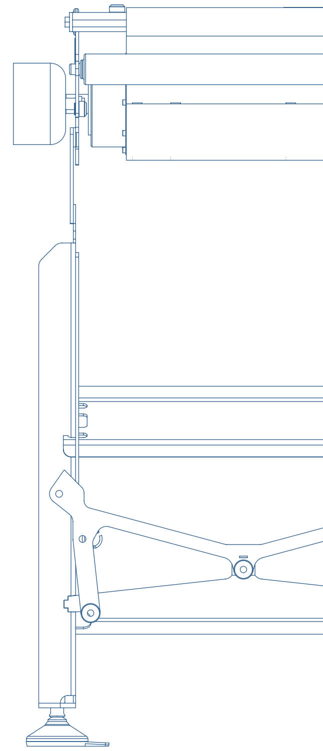
A notable rebound of 19.7% occurred on 24 November following the news of John Bean Technologies Corporation (JBT) submitting an unsolicited non-binding initial proposal regarding a potential offer for all shares in Marel. By the end of 2023, the share price settled at ISK 472 (EUR 3.10), reflecting a modest annual decrease of 3.7%.

In comparison, the Nasdaq OMXI10 index saw a 1.5% decline, and Euronext's AMX index recorded a 0.4% decrease, highlighting the year's challenging economic landscape. As the second largest company listed on Nasdaq Iceland in terms of market capitalization, Marel's market value at year-end stood at ISK 364 billion (EUR 2.4 billion), compared to ISK 378 billion (EUR 2.5 billion) at year-end 2022.

Share price development on Nasdaq OMX Iceland



Share price development on Euronext Amsterdam



Long-term return

Marel has been listed on the stock exchange in Iceland, now Nasdaq Iceland, since 1992. The listing has enabled the company to grow from EUR 6 million in annual revenues in 1992 to generating EUR 1.7 billion in revenues in 2023. In 2019, Marel took a significant step in its growth strategy by dual listing on Euronext Amsterdam, complementing its existing listing on Nasdaq Iceland, which has attracted a diversified international shareholder base and broadened its analyst coverage.

Since year-end 2013, Marel has returned 307% in absolute return including dividends reinvested, equal to an average annual return of 15%. In comparison, the Nasdaq OMXI15 (and predecessors) has delivered an absolute return of 95% since year-end 2013, equal to an annual average return of 6.9%.

Shareholders

Marel has a dynamic and diverse international shareholder community. Based on Marel's share registry, the company had more than 7,500 shareholders at year-end 2023, with Eyrir Invest being the largest shareholder, holding 24.7% of issued shares. This was followed by holdings from Gildi Pension Fund, Icelandic Pension Fund of Commerce (LIVE) and LSR Pension Fund, each holding more than 5% of Marel's shares.

The predominant shareholder category per the company's latest ownership analysis was pension funds, representing 34.8% at year-end, compared to 32.9% in 2022. The free float at the end of 2023 was 75.3%.

			Shareholding (%)		
Ten largest shareholders at year-end		**Number of shares (million)**	**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.

Share capital

As of 31 December 2023, Marel's authorized share capital was ISK 771,007,916, represented by 771,007,916 shares issued, each assigned one vote with a nominal value of ISK 1.00, and 753,950,271 shares outstanding with 17,057,645 shares held by the company as treasury shares, or 2.21% of issued shares. Shareholders who hold shares in Marel on Nasdaq Iceland and Euronext Amsterdam have identical rights, including voting rights and rights to dividends.

Dividends

In preparation for the Annual General Meeting on 20 March 2024, Marel's Board of Directors recommends a dividend of 0.82 EUR cents per share for the fiscal year 2023 (down from 1.56 EUR cents per share in 2022). This represents 20% of the net results attributable to the company's shareholders for 2023. The estimated total dividend payment for the fiscal year 2023 is approximately EUR 6.2 million, a decrease from EUR 11.7 million in 2022.

This is proposed in accordance with Marel's dividend policy disclosed at the company's Annual General Meeting in March 2011. The policy aims for a dividend or share buyback of 20-40% of the net result.

Trading and liquidity

In 2023, Marel's shares were the most actively traded on the Nasdaq Iceland stock exchange measured by turnover, with 236.2 million shares traded in 11,426 trades for ISK 109.7 billion on the exchange at an average of 945,000 shares trading daily for ISK 439 million.

On Euronext Amsterdam, 20.2 million shares were traded in 19,708 trades for EUR 59.3 million with an average of 79,350 shares trading daily for EUR 232,672.

Shares traded on Nasdaq Iceland accounted for 49% of all shares traded in Marel, followed by the London Stock Exchange with 37% of shares traded, Chicago Board Options Exchange Global Markets (CBOE) with 6.6% and Euronext Amsterdam with 4.2%. With the dual listing on Euronext Amsterdam, trading in Marel's shares has become more fragmented, with a significant proportion of shares trading outside Nasdaq Iceland and Euronext Amsterdam.

FTSE Global Equity Index Series

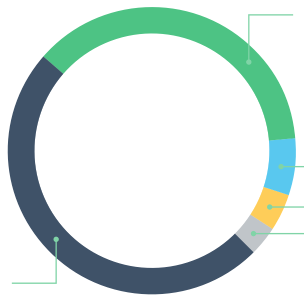
The third and final tranche of Iceland's inclusion in the FTSE Global Equity Index Series (FTSE GEIS), completed in March 2023, marks a significant milestone for the Icelandic equity market. This development, part of Iceland's transition to FTSE's Secondary Emerging Market status, is expected to boost investor interest in the Icelandic market. Particularly for Marel, being one of the prominent Icelandic securities in the FTSE GEIS, this reclassification opens the door to a wider investor base, potentially leading to a substantial increase in investment inflows on Nasdaq Iceland going forward.

Trading data for 2023 and 2022

Market capitalization[1]	2023	2022	Unit
Nasdaq OMX Iceland	363.9	377.8	ISK billion
Euronext Amsterdam	2.4	2.5	EUR billion
Share price at year-end			
Nasdaq OMX Iceland	472	490	ISK
Euronext Amsterdam	3.10	3.22	EUR
High/low price per share			
Nasdaq OMX Iceland	620/327	888/437	ISK
Euronext Amsterdam	4.21/2.16	6.00/3.06	EUR
Dividend per share (for previous year of operations)	1.56	5.12	EUR cents
Earnings per share	4.06	7.78	EUR cents
Price-to-earnings ratio	76.3	41.4	P/E
Issued shares	771.0	771.0	Million
Outstanding shares	754.0	752.7	Million
Shares listed at year-end			
Nasdaq OMX Iceland	69.4%	66.6%	% of issued shares
Euronext Amsterdam	30.6%	33.4%	% of issued shares

[1] Issued shares multiplied by share price at last trading day of 2022 and 2023.

Share turnover on various markets



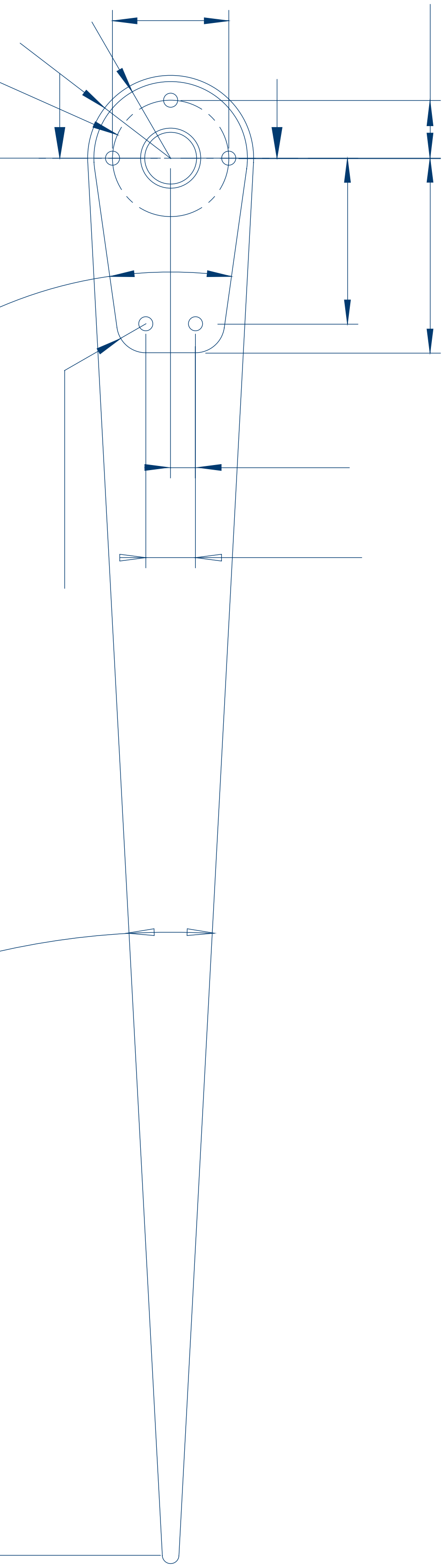
Dividend history

Year of payment (for previous year of operations)	2024[1]	2023	2022	2021	2020
Dividend per share EUR cents	0.82	1.56	5.12	5.45	5.79
Dividend yield, %[2]	0.26%	0.48%	0.86%	1.09%	1.27%
Payout ratio, %[3]	20%	20%	40%	40%	40%
Ex. Dividend date	22 Mar	24 Mar	18 Mar	19 Mar	20 Mar
Record date	25 Mar	27 Mar	21 Mar	22 Mar	23 Mar
Payment date	11 Apr	14 Apr	30 Mar	7 Apr	8 Apr

[1] Based on proposal to the 2024 Annual General Meeting.

[2] Dividend yield, %: Dividend per share/Price per share at previous year-end.

[3] Payout ratio: Total dividend paid/Net income of previous year.



Financial results **in 2023**

Financial performance
While 2023 has been a year with challenges, team Marel has shown dedication and focus in driving improved results, which is starting to yield positive effects, particularly in our cash performance and orders received. There is a need for further improvement in profitability, and this is a key focus as we look ahead.

Market sentiment impacting order demand
Marel closed the year with orders received of EUR 1,626 million, down by 6% compared to the prior year. Orders received for larger projects in 2023 were impacted by economic uncertainty, high interest rates and rising input costs. As a result, securing down payments and providing financial security on orders continues to take longer for customers. Orders over the year were driven by the full year impact of Wenger and healthy growth in aftermarket, while orders for projects were soft. Underlying orders received improved in the fourth quarter and benefitted from a sizeable greenfield order in Australia. However, the pipeline remains robust where demand is driven by poultry and pet food.

Soft order book
The order book, consisting of orders that have been signed and financially secured with down payments and/or letters of credit, was soft at EUR 580 million at year-end, or 34% of revenues. The strong orders in the fourth quarter marked the first quarter since the summer of 2022 where there was buildup of the order book. The book-to-bill ratio was 0.94 for the full year, compared to 1.01 in 2022. Most of the order book is composed of greenfields and projects, while spare parts and standard equipment move through the system more quickly.

Continued momentum in recurring aftermarket revenues
Revenues for the full year were EUR 1,721 million, an increase of 1% compared to the prior year. Organic revenue growth was -4% while acquired growth was 5% in 2023. The decline in organic growth was mainly due to lower project revenues of EUR 935 million, down by 8% from 1,020 million in 2022.

Aftermarket revenues, composed of recurring services and spare parts, maintained good momentum and were 786 million in 2023, representing 46% of total revenues (2022: 40%). In the fourth quarter of 2023, aftermarket revenues grew to more than EUR 200 million, translating to an annual run-rate of EUR 800 million. Aftermarket growth reflects Marel's strong market position and reputation as a trusted maintenance partner and is underpinned by our commitment to investments in automating and digitalizing the spare parts delivery model to improve operational efficiency and shorten lead times.

Soft operational performance
The adjusted EBIT margin contracted to 8.9% for the full year from 9.6% in 2022. In 2023, the gross profit margin improved slightly, positively impacted by aftermarket growth, Wenger and cost management, although colored by a decline in project volumes and related inefficiencies.

From year-end 2022 to 2023, the Marel team went from around 8,000 employees to around 7,500 employees, with average full-time equivalents (FTEs) of 7,789. Operating expenses year-over-year declined due to the actions taken on personnel, though offset by high wage inflation, lower charges to costs of goods sold (COGS) due to decline in project revenues, and Wenger being included for the full year of 2023 (versus half year 2022), the total resulting in an increase in absolute terms and as a percentage of revenues.

Improved working capital and cash flow
Operating cash flow for the year was EUR 226 million on the back of favorable working capital improvements, with exceptionally strong cash flow in the fourth quarter. Free cash flow was EUR 109 million in 2023 (2022: -18 million), driven by working capital and normalized CAPEX in the second half of 2023.

Marel's cash flow model remains unchanged, and by year-end 2023 it had reached historical cash conversion levels. This had a positive impact on leverage, which remained below 3.5x at year-end, and Marel has good liquidity and covenant headroom going into 2024. Marel's strong cash flow model has enabled the company to deleverage quickly after transformational acquisitions in the past.

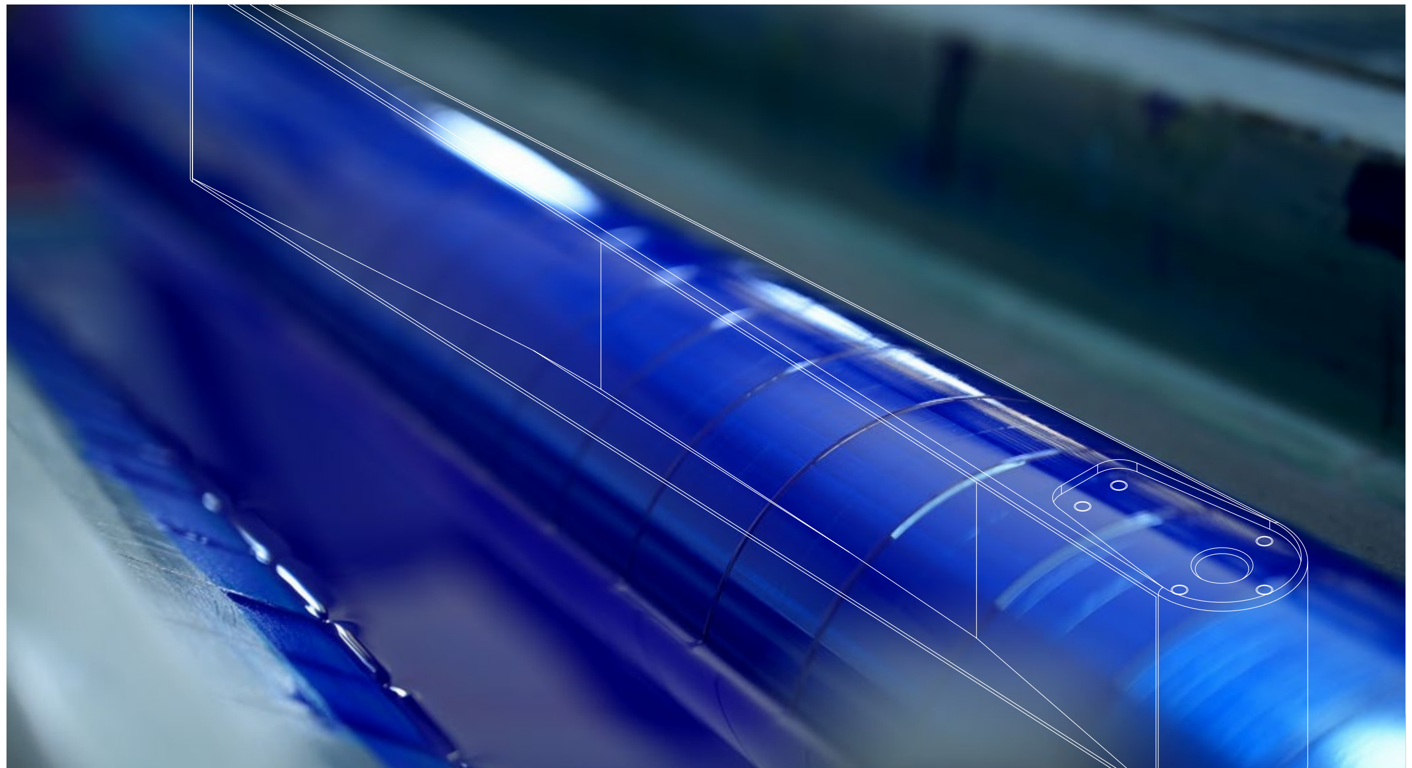
Liquidity as of 31 December 2023 amounted to EUR 384 million, consisting of cash on hand (EUR 70 million) and committed credit facilities maturing in more than one year (EUR 314 million).

Solid covenant headroom and liquidity going into 2024
Marel and its banking group reached an agreement to increase covenant headroom in 2024 for more operational flexibility. Management has full focus on cash and EBITDA generation to reach targeted capital structure of 2-3x net debt/EBITDA.

On 17 July, Marel signed a two-year extension to its EUR 700 million sustainability-linked revolving credit facility extending final maturity to February 2027. In addition, Marel signed a new EUR 150 million term loan maturing in November 2025 with two one-year extension options, subject to lenders approval. The new term loan was used to repay EUR 121.5 million Schuldschein promissory notes maturing in December 2023 and repay part of the revolving credit facility. The term loan was signed with Marel's long-standing partners: ABN AMRO, BNP Paribas, Danske Bank, HSBC, ING and Rabobank. The banking group mirrors Marel's geographical presence and is thus well placed to support Marel's business going forward.

Dividend proposal of EUR 0.82 cents per share or 20% of net result
In line with Marel's targeted capital allocation and dividend policy of a 20-40% payout ratio, our Board of Directors will propose a 20% payout ratio (2023: 20%) at the Annual General Meeting to be held on 20 March 2024. Based on a EUR 0.82 dividend per outstanding share paid for the operational year 2023, the estimated total dividend payment will be around EUR 6.2 million, compared to EUR 11.7 million for the operational year 2022.

Didivend policy
20-40%
of net result



Business segment performance

Marel is a leading global provider of advanced food processing equipment, systems, software and services to the poultry, meat and fish industries, and since mid-2022, we have gradually expanded our business model to include pet food, plant-based protein and aqua feed industries with the acquisition of Wenger. Marel's revenue streams are well diversified by geography, industries and processing steps.

Poultry

Our competitive position in our Poultry segment remains strong due to its established full-line offering. With one of the largest installed bases worldwide, Poultry focuses on rolling out innovative products and penetrating the market by cross-selling secondary and further processing solutions.

Poultry's revenues in 2023 were stable year-over-year at EUR 832 million. Due to challenging market conditions, business mix shifted from projects to aftermarket revenues over the year. The adjusted EBIT margin was 15.0% for the full year, compared to 14.2% in 2022. Improvement in margins was driven by mix and solid aftermarket growth, albeit with lower project revenues.

In terms of outlook, there are positive signs in the market as larger project opportunities are moving higher up in the pipeline. The recent approval to increase line output in the US has intensified the attention of major poultry processors, with the first orders already in. The declining feed prices are also expected to positively affect customers' margins and investment appetite. Management targets margin expansion, with market conditions expected to improve in the coming quarters to support buildup of the order book to support future revenue growth. Based on our large installed base in the poultry industry, Marel sees further growth opportunities for aftermarket.

Meat

Marel is a full-line supplier to the meat processing industry, offering seamlessly integrated line solutions, powerful single-skill equipment, comprehensive services and advanced software for all stages of meat processing. In 2023, Marel acquired E+V Technology, a top global provider of advanced vision systems for meat and poultry. Leveraging E+V's vision portfolio, Marel aims to innovate and create data-centric solutions for optimizing meat processing.

Revenues in our Meat segment were EUR 443 million in 2023, a 14% decrease from EUR 514 million in 2022. There has been a decline in project revenues on the back of soft orders in recent quarters, with challenging market conditions resulting in a low order book, while aftermarket experienced slight growth. Despite Meat taking cost savings actions and reducing personnel, the year ended with an adjusted EBIT margin of 0.7%, compared to EUR 4.1% in 2022.

In terms of outlook, there are bright spots of opportunities on the horizon, though short-term uncertainty remains within the meat industry. Challenging market conditions are expected to continue, especially in primary beef processing. For pork, however, feed and input costs for our customers are showing signs of moderating, and we expect a rebalancing of supply and demand to continue after a period of oversupply, improving the profitability of processors from historically low levels.

Management continues to target EBIT margin expansion for Meat. Actions ongoing to drive commercial activity with a focused portfolio of value-added solutions and lower the cost base. Further buildup of the order book is needed to maintain revenue levels in 2024 and support future growth.

Fish

Marel's focus for the Fish segment is on providing integrated solutions, standalone equipment, software and services for whitefish, salmon and other seafood processing, including farmed and wild, onboard and ashore. Recent bolt-on acquisitions have also closed gaps in the fish processing value chain.

Revenues in the Fish segment were EUR 194 million, a 1% increase from EUR 192 million in 2022. Orders received for the Fish segment were soft in 2023 compared to a very strong year in 2022. While there was increased demand in whitefish solutions, demand for salmon-related solutions were softer due to uncertainty related to increased taxation on salmon farming in Norway and other regions. Inflation and higher prices of seafood have had an impact on seafood consumption in general, with consumers shifting to cheaper proteins and impacting customers' sales. Despite Marel Fish taking cost savings actions and reducing personnel, the adjusted EBIT margin was -4.6% in 2023, compared to a -0.5% margin in 2022. Declining margins in 2023 were impacted by low margin projects from acquisitions, and an unfavorable mix with a relatively high volume of customized solutions compared to standard equipment.

The outlook for orders received and pipeline is expected to pick up in 2024. Market conditions for salmon producers are improving, though they are more challenging for whitefish due to lower quotas. Management continues to target EBIT margin expansion for the Fish segment, based on cost saving actions enacted, continued focus on operational efficiency and optimization of our manufacturing footprint.

Plant, Pet and Feed

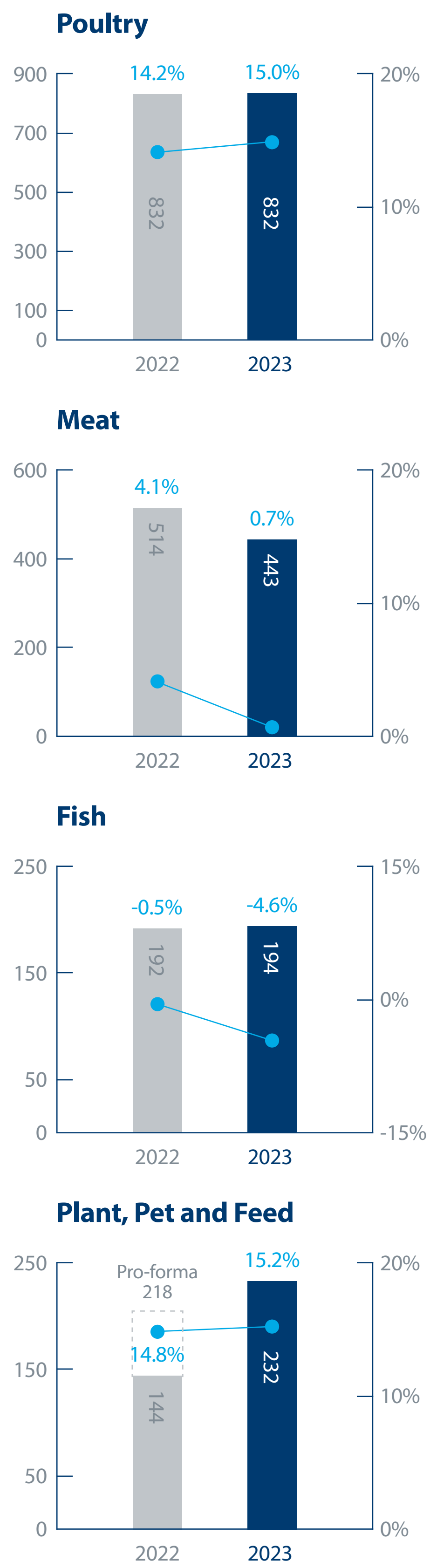
Our Plant Pet and Feed segment is built on the brand strategy of Wenger Group, acquired in 2022, and includes sales of retail and foodservices into the plant, pet and feed market. Over the year, single-screw extrusion cooking and drying equipment in pet food and aquatic feed applications achieved excellent results. Despite a slowdown in the textured vegetable protein market, twin-screw extrusion systems also performed positively.

Revenues in Plant, Pet and Feed were EUR 232 million, up 6.8% compared to proforma revenues of EUR 218 million in 2022. The fourth quarter was particularly strong due to strong deliveries and good aftermarket revenues. 2023 was the first full year of consolidated financials from Wenger into Marel results, and the second half of the year was stronger due to the timing of orders and strong performance in the fourth quarter. The adjusted EBIT margin was 15.2%, exceeding the expected 14-15%, and was driven by high volumes, including third party equipment deliveries in the fourth quarter.

The outlook and pipeline for the segment in 2024 remains solid, especially in the pet food market in North America, Latin America and Australia. Management expects that Plant Pet and Feed will deliver in 2024 in line with historical performance.

Revenues and EBIT[1]

EUR million, %



Financial targets reset and updated outlook for the medium term

Market conditions were challenging in 2023 due to cost inflation, rising interest rates and geopolitical and macroeconomic uncertainty resulting in softer demand for large projects, causing inefficiencies in operations.

Long-term outlook unchanged

Following a review of the business plan, management is resetting the outlook for 2024 and the medium term based on the challenging macro environment, the business cycle within the food industry and uncertainty about the timing of recovery. Long-term average market growth is unchanged and expected to be 4-6% annually.

Outlook for 2024

Orders received and revenues are expected to build up throughout the year, resulting in low single digit organic revenue growth for the full-year of 2024 and improvement in operational performance to 10-11% adjusted EBIT margin. Revenue decline and weaker operational performance is expected in the first quarter of 2024 based on the soft order book, representing 34% of revenues, and low level of projects orders received in previous quarters.

Mid-term outlook

In the mid-term, there are signs of improvement in both market outlook and customer sentiment. To deliver strong revenue growth and improved operational performance in the future, buildup of the order book to a healthy level is needed. The mid-term outlook for revenues is expected to be above market growth (4-6% annually) with an adjusted EBITDA margin above 18% and adjusted EBIT margin above 14%.

Other considerations and assumptions

Other considerations include the continued improvement of working capital, full focus on cash and EBITDA generation to reach targeted capital structure of 2-3x net debt/EBITDA, and CAPEX to be at normalized levels of 2-3% after a period of elevated investments.

Assumptions include long-term average market growth of 4-6% annually, no material escalation of geopolitics or disruption in the supply chain and logistics, and an effective tax rate of ~20%. Growth is not expected to be linear but based on opportunities and economic fluctuations, and operational results may vary from quarter to quarter.

Financial outlook

	2023	2024	Mid-term
Revenues	1,721 million		
Organic growth YoY %	-4.2%	Low single digits	Above market growth
Adjusted EBIDTA[1]	217 million		
Adjusted EBIDTA[1] %	12.6%	14-15%	18%+
Adjusted EBIT[1]	153 million		
Adjusted EBIT[1] %	8.9%	10-11%	14%+

[1] Result from operations and EBITDA 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 related to product portfolio rationalization.

Investor Relations

Marel is committed to providing stakeholders with comprehensive information on the company and its operations. Investor Relations (IR) is responsible for ensuring that Marel is appropriately and strategically positioned with analysts, investors and other stakeholders.

The objective of the IR team is to assist investors in making well-informed decisions in their actions regarding the company's equity and how Marel distinguishes itself from its competitors in terms of strategy, innovation, and performance. To achieve this, the IR department is dedicated to providing current and potential shareholders and third-party equity research analysts with up-to-date information about the company's operations, strategy and financial disclosure.

Source of investor information

Marel's commitment to innovation is evident in our approach to investor relations, where we engage with our key audiences through diverse channels and platforms. We aim to meet the highest standards in our investor relations by continuously improving the quality, transparency and consistency of our information disclosure. We prioritize providing equal access to timely and accurate information, within limits set by commercial sensitivity, as this is essential in building a relationship of mutual trust with key stakeholders.

Social media

Marel leverages social media platforms to communicate with its key audience and share news and other material information. Improving engagement on social media is important to understand the sentiments of various stakeholders and encourage retail investor participation. Marel maintains an active presence on various social media platforms, including X, LinkedIn and Facebook.

Website

The IR website, at marel.com/ir, provides extensive information on Marel's strategy, financial performance and governance, specifically suited to its key audience of analysts, investors, and other stakeholders. It features a wide range of resources, including financial reports and presentations, annual reports, as well as archived materials from quarterly results, Capital Markets Day events and the Annual General Meetings. Other material includes regulatory announcements, analyst coverage, consensus estimates, financial reports, company presentations, share price data, major shareholders, dividend policy, the financial calendar, as well as information on Marel's commitments to sustainability, and environmental, social and corporate governance (ESG).

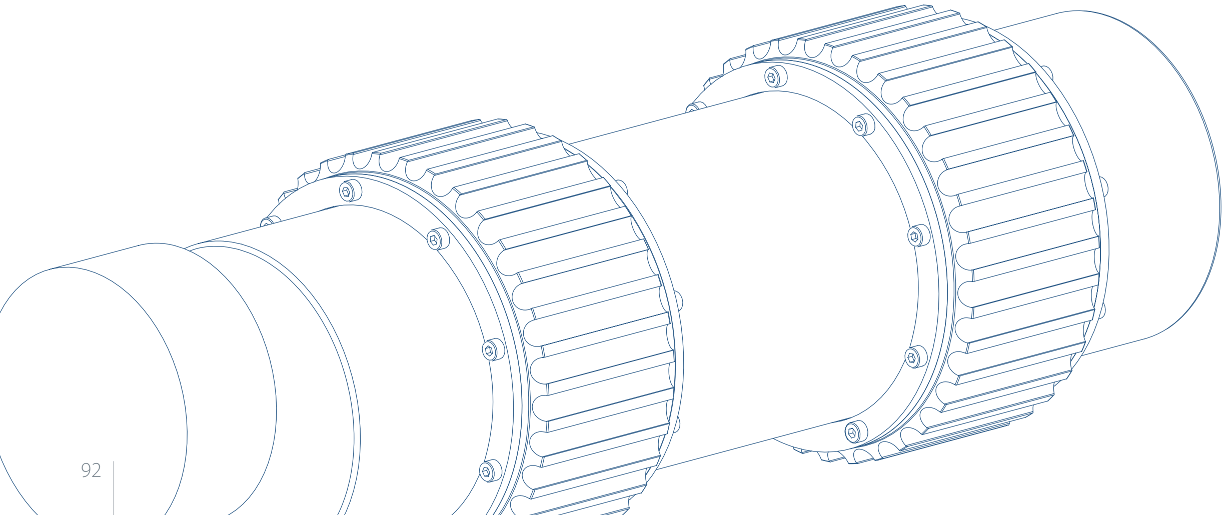
Financial reports

Detailed quarterly and annual financial reporting and analysis, including financial targets and comments on the progress of Marel's operations, are available on the IR website. Investors and market participants are invited to Marel's annual and quarterly results presentations, where senior management presents Marel's results in English for analysts and investors.

Following the live webcast, a recording is archived and available on the IR website. For added convenience, Marel's financial accounts are also available in Excel.

Annual reports

The annual report provides a comprehensive overview of Marel's operations, key activities throughout the year, and commitment to sustainability and environmental, social, and corporate governance reporting. The annual report is available in English and is easily accessible online through a desktop computer, tablet, or mobile phone at marel.com/ar



Roadshow and events

Marel regularly engages with current shareholders and potential investors during IR roadshows, conferences, and other events. Regular face-to-face meetings, either in person or virtually, are essential for maintaining and strengthening investor confidence and belief in the company's vision and strategy for delivering shareholder value.

In 2023, Marel participated in several investor conferences hosted by leading financial institutions. The company was well represented at J.P. Morgan's European Capital Goods CEO Conference, the Berenberg US and European Conference, and Jefferies' Pan-European Mid-Cap Conference, to name a few. In addition, Marel took part in several successful roadshows and fireside chats with investors.

Analyst coverage

Marel is covered by eight equity research analysts, including one Icelandic and seven international analysts, who actively track and publish opinions on Marel and its stock. Marel consistently aims to broaden its analyst coverage to increase the company's visibility in equity markets. For in-depth financial analyses and quarterly estimates of Marel, please refer to the following list of analysts who actively track our performance.

Company	Country	Analyst
ABN AMRO – ODDO BHF	Netherlands	Martijn den Drijver
Berenberg	United Kingdom	Fraser Donlon
Citigroup	United Kingdom	Klas Bergelind
IFS Consulting	Iceland	To be appointed
Jefferies	United Kingdom	David Kerstens
J.P. Morgan	United Kingdom	Akash Gupta
Kepler Cheuvreux	Netherlands	Andre Mulder
ING Bank	Netherlands	Tijs Hollestelle

Note: This list is provided for informational purposes only and is subject to change. Any opinions, estimates or forecasts regarding Marel's performance or outlook made by these analysts and their respective brokerage firms are not opinions, forecasts or predictions of Marel or its management. By providing the list, Marel does not imply its endorsement of or concurrence with such information, conclusions or recommendations. Marel will not distribute analyst reports. Copies of reports should be obtained directly from the analysts or their brokerage firms.

Consensus estimates

Analyst consensus estimates for Marel are made publicly available to the market. Vara Research, an independent service provider of external investor relations services, collects analyst estimates on Marel's behalf.

The resulting high-quality consensus data supports market participants by reflecting the expectations of the research analysts covering Marel, leading to increased transparency and credibility between Marel and market participants. The consensus estimates are compiled throughout the year and updated around the company's quarterly results. The consensus is published on the external website of Vara Research and is also available from marel.com/ir

Financial calendar for 2024

Marel will host its Annual General Meeting and publish its interim condensed and annual consolidated financial statements according to the 2024 financial calendar.

Event	Date
Q1	29 April 2024
Q2	24 July 2024
Q3	30 October 2024
Q4	12 February 2025
AGM	26 March 2025

Contact IR for further information (+354) 563 8001 ir@marel.com

Tinna Molphy
Director of Investor Relations

Marino Thor Jakobsson
Investor Relations

Ellert Gudjonsson
Investor Relations

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Corporate Governance

- Corporate governance statement
- Board of Directors
- Executive Board
- Risk management

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.

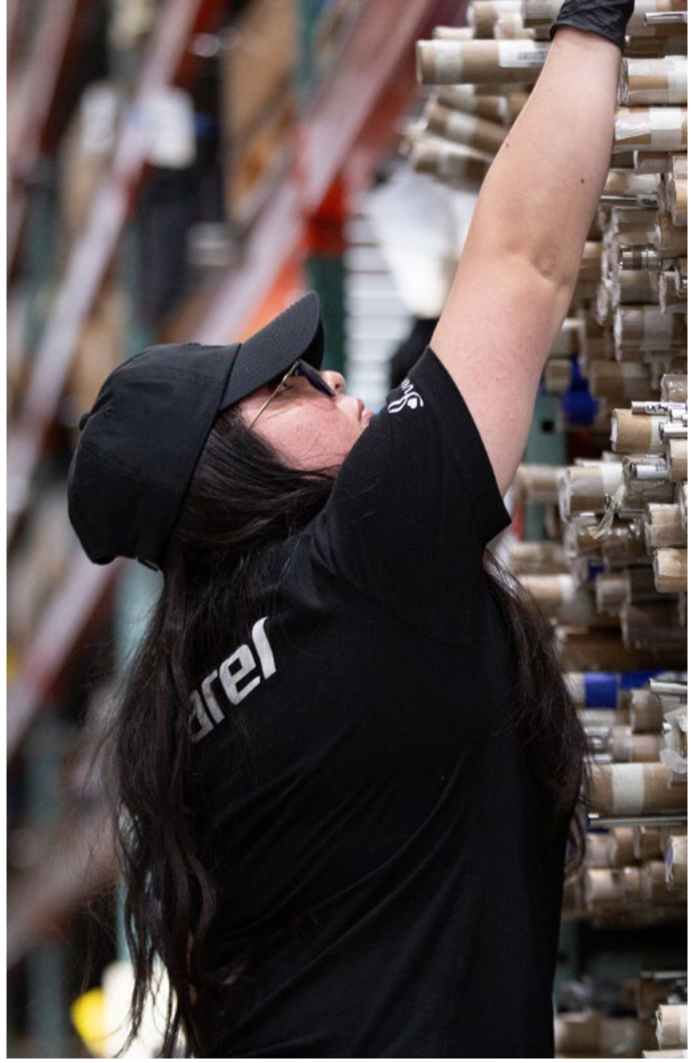
At least once a year, the Chairman and the CEO will meet to discuss the results of the Board's evaluation of the CEO's work and performance and any proposed actions in response. The CEO reviews, with the Chairman the results of his/her evaluation of the Executive Board and what actions may be needed, 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 2023[1] 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

[1] The Chief Strategy Officer and Chief Business Officer roles have been closed.



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

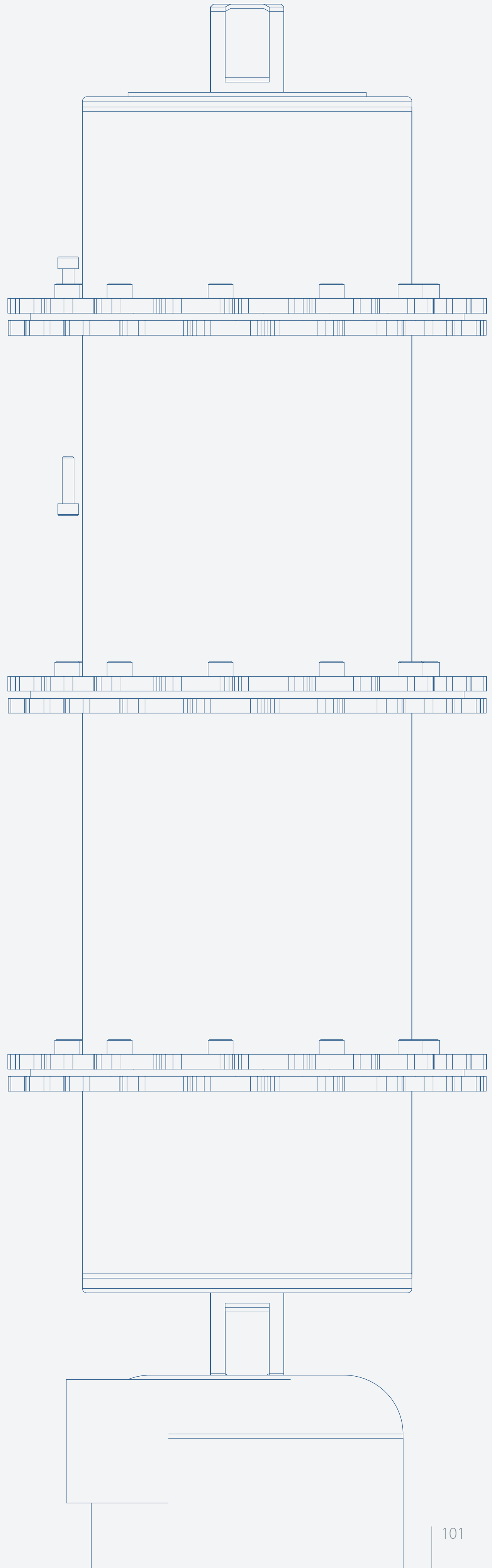
Marel's Code of Conduct is closely linked to Marel's company values and rests on four pillars, i.e., the commitment of employees (including officers and directors) to (i) each other; (ii) customers and the marketplace; (iii) shareholders; and (iv) partners, communities and the environment.

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.



Board of Directors

Arnar Thor Masson
Chairman of the Board

Arnar Masson, born in 1971, is an independent advisor and board member. Masson is currently on the Board of Directors of Síminn, the largest telecom company in Iceland, listed on Nasdaq Iceland, where he also serves on the Remuneration Committee. He also serves on the Board of Directors of Íslandshótel, Iceland's largest hotel chain. Masson is a member of the University Council of the University of Iceland and is a board member of Festa – Center for Sustainability in Iceland.

Masson was Chief Human Resources and Strategy Officer at Isavia, a company that handles the operations and development of all airports in Iceland. Prior to that, he was an alternate director at the European Bank for Reconstruction and Development (EBRD) in London, an investment and development bank that works primarily with private sector clients in developing economies.

Before joining EBRD, Masson worked in the Government Offices in Iceland, first in the Ministry of Finance and later as Director General in the Prime Minister's Office. From 2000 to 2008, Masson held an adjunct lecturer position at the Department of Political Science at the University of Iceland. Masson has experience in strategy development and implementation, human resources, Environmental, Social and Governance (ESG), mergers and acquisitions (M&A), political affairs and has worked in emerging markets. He has completed executive courses for board directors both at Harvard Business School and IMD.

Masson has no conflict of interest links with the company's main customers, competitors or major shareholders.

Education
- MSc, Comparative Politics, London School of Economics and Political Science
- BA, Political Science, University of Iceland

Elected
2021 Chairman of the Board

2013 Vice-Chairman

2001 Board Director

Sub-committees
Remuneration Committee (Chair)

Nomination Committee

Dr. Olafur S. Gudmundsson
Vice-Chairman of the Board

Olafur Gudmundsson, born in 1969, is currently the Head of Discovery Pharmaceutics and Analytical Sciences at Bristol-Myers Squibb (BMS), a global biopharmaceutical company.

For more than two decades, Gudmundsson has held roles of increasing responsibility within research and development, covering multiple therapeutic areas and stages of drug discovery, both for Bristol-Myers Squibb and Genentech. At BMS, Gudmundsson has helped bring multiple drug candidates to clinical trials, several of which have become marketed products.

In his time within the pharmaceutical industry, Gudmundsson's responsibilities have included involvement with global portfolio strategy, evaluation of external acquisitions, strategic innovations, and integration of merged companies. He has participated in governance teams providing input on global portfolio optimization and prioritization, led process optimization teams and chaired integration teams.

Gudmundsson is also associated with the graduate program of the Pharmaceutical Chemistry department at Purdue University. Currently, Gudmundsson is a board member of Eyrir Invest and Noruz.

Gudmundsson has no conflict of interest links with the company's main customers. He is a member of the Board of Directors of Eyrir Invest, Marel's largest shareholder.

Education
- PhD, Pharmaceutical Chemistry, University of Kansas
- Cand. pharm., Pharmacy, University of Iceland

Elected
2021 Vice-Chairman

2014 Board Director

Sub-committees
Remuneration Committee

Nomination Committee

Ann Elizabeth Savage
Board Director

Ann Elizabeth Savage, born in 1957, worked for UK meal kit manufacturer and retailer Gousto from 2018 to 2022, where she was in an advisory role and headed the Food Technical function.

Savage previously served as Group Technical Director of Bakkavor. Her primary responsibilities have included food safety, health and safety management, manufacturing excellence and corporate social responsibility management in the UK, US and Asia. She has held a variety of roles in technical and research and development departments within the retail and food industry over her 40-year career. She worked for the Cooperative Wholesale Society (CWS), Northern Foods from 1990 until 1999 and at Geest/Bakkavor for over 19 years.

Savage's responsibilities have included representing businesses with UK regulators such as Food Standards Agency, Department for Environment Food and Rural Affairs, and Health Protection England. She has chaired the Food Network for Ethical Trade, the IGD Technical Leadership Forum and has been a member of the advisory group for the Better Regulation Task Force and the British Retail Consortium Advisory Board. Savage has worked closely with UK retailers to deliver on their corporate social responsibility commitments and to develop reporting procedures. She has experience in operational management, product development and incident management. She has worked with Farm Africa in Tanzania and Kenya to support African endeavors in tilapia fish farming and beekeeping. She is a member of her parish council and previously served as a Governor of Boston College, a college of further education in the UK.

Savage has no conflict of interest links with the company's main customers, competitors, or major shareholders.

Education
- Post Graduate Diploma in Management Studies, Nottingham University
- Mathematics, Technology and Systems Management, Open University

Elected
2013 Board Director

Sub-committees
Audit Committee

Astvaldur Johannsson

Board Director

Astvaldur Johannsson, born in 1961, is running Special Projects within Operations at Controlant, a global real-time monitoring software solution provider (IoT) focusing on the pharmaceutical industry. Previously, Johannsson was a board member of Festi hf., a holding company of five operating companies focusing on investments and support services for its operating companies; Bakkinn vöruhótel, ELKO, Festi Fasteignir, Krónan and N1. Shares in Festi hf. are listed on the Nasdaq Iceland stock exchange.

Johannsson's previous international business experiences include senior management positions within different markets at Össur hf., a global medical devices manufacturer, and leading the international division of Valitor hf., an eCommerce payment solutions and services provider as Executive Director. Previously Johannsson served as member of the Executive Team of the IT company Nyherji hf. (currently known as Origo hf.), as Sales and Marketing Director at Penninn retail chain, and as system analyst expert in the IT sector focusing on process design and development.

Johannsson is a proactive professional with extensive international experience of leadership within different marketplaces in the EU, US and Asia, in multi-national culture, and cross-functional environments, both on executive and board level. He has a comprehensive background and knowledge in formulating and implementing policy and strategy, leading and integrating new businesses and initiatives to improve business performance. Johannsson has a solid background in managing business-to-business and business-to-consumer sales and marketing, business development, supply chain, outsourcing, negotiating, contracts and product management along with operations knowledge and experience in varying industries with progressive and successful organizations.

Johannsson was elected to the Board of Directors of Marel in 2014. He is a member of the Audit Committee.

Johannsson has no conflict of interest links with the company's main customers, competitors or major shareholders.

Education

- MBA, University of Iceland
- BS, Management Information Systems, Heriot-Watt University

Elected

2014 Board Director

Sub-committees

Audit Committee

Lillie Li Valeur

Board Director

Lillie Li Valeur, born in 1970, is a Chinese born Danish citizen residing in Germany. Valeur is currently the CEO of Arla Foods in Germany, she also serves as a member of the Board of Directors of Plus Pack, a multinational Denmark-based packaging company.

Valeur has extensive international experience in the food, ingredients, and pharmaceutical industries, with special focus on Europe, the Middle East and Africa (EMEA), Asia, emerging markets, commercial leadership, innovation, mergers and acquisitions, and strategic partnerships. Valeur has served as CEO for Good Food Group and COCIO in Denmark.

Over 19 years with Arla Foods, a leading global dairy company, Valeur held several senior management roles, both in Asia and globally, including VP Greater China, VP South-East Asia and VP Global Milk Based Beverages. Prior to that, she held various international business management positions at Lundbeck in Denmark, Novartis Consumer Health in Shanghai, as well as a management consulting position at Bain & Company in Beijing.

Valeur was a member of the Board of Directors, Remuneration Committee and Science & Innovation Committee of Chr. Hansen, a global Denmark-based bioscience company, listed on Nasdaq Copenhagen from 2020 to 2022; a member of the Board of Directors and Audit Committee of AAK, a global Sweden-based plant-based oils and fats company, listed on Nasdaq Stockholm, from 2013 to 2020 and a member of the Board of Directors of Meda, a European Swedish-based specialty pharmaceutical company, from 2015 to 2016.

Valeur has no conflict of interest links with the company's main customers, competitors, or major shareholders.

Education

- MBA, China European International Business School Shanghai, China
- Degree in Medicine, Shanghai Medical University, China

Elected

2020 Board Director

Sub-committees

Nomination Committee (Chair)

Remuneration Committee

Dr. Svafa Grönfeldt

Board Director

Svafa Grönfeldt, born in 1965, is a Professor of Practice at the Massachusetts Institute of Technology (MIT). She is a founding member of MIT's newest innovation accelerator DesignX, focused on the design and development of technology- and service-based ventures created at MIT.

Grönfeldt is the co-founder of The MET fund, a Cambridge-based seed investment fund. She is the Vice-Chairman of the Board of Directors of Össur, a global leader in orthopedic solutions since 2008, and member of the Board of Directors of Icelandair since 2019, where she is also a member of the Audit Committee.

Within the global life science field, she served as the Chief Organizational and Development Officer of Alvogen and Deputy to the CEO of Actavis Group. For more than twenty years, her executive career has been focused on organizational design for high growth companies, strategy implementation, service process design and performance tracking, as well as the integration of acquired companies and new business units. She is a former President of Reykjavik University.

Grönfeldt has no conflict of interest links with company's main customers, competitors, or major shareholders

Education

- PhD from the London School of Economics
- MSc in Technical and Professional Communication from Florida Institute of Technology

Elected

2021 Board Director

Sub-committees

Audit Committee (Chair)

Ton van der Laan

Board Director

Ton van der Laan, born in 1953, is a Dutch national residing in the Netherlands. He currently serves as Chairman of the Supervisory Board of Royal de Heus, a global feed company and Vice-Chairman of the Board of Directors of Rainforest Alliance in New York. He is a non-executive board member of Dümmen Orange, a company active in flower and plant genetics, and a board member of the United Feed Company in Saudi Arabia.

Van der Laan has extensive experience from several executive roles in the food, feed and commodity industries. He is the former CEO of Nidera, a company globally active in financing and distribution of grains and oilseeds. Before that he was responsible as Executive Vice President for Cargill Animal Proteins and Animal Nutrition globally and CEO of Provimi in the Netherlands, one of the global leaders in animal nutrition.

Previously, for over 22 years, van der Laan held several executive roles at Unilever, the Anglo-Dutch consumer food company, where he was located in the Netherlands, UK, Czech Republic and Slovakia. He has also served as Managing Director of Philips Domestic Appliances and Personal Care. Van der Laan possesses extensive experience in multi-national businesses, strategic planning, portfolio management, acquisitions and company restructuring, large- and small -scale integrations and top team development.

Van der Laan was elected to the Board of Directors of Marel in 2019. He is a member of the Audit Committee.

Van der Laan has no conflict of interest links with the company's main customers, competitors or major shareholders.

Education

- New Board Program, Nyenrode Business University
- Executive Course, Harvard Business School
- MS, Mechanical Engineering, Twente University

Elected

2019 Board Director

Sub-committees

Audit Committee

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Executive Board

Arni Sigurdsson
Chief Executive Officer

Arni Sigurdsson was appointed CEO of Marel in December 2023, after leading the company as Interim CEO since 7 November of this year. He took over the role of Chief Business Officer and Deputy Chief Executive Officer of Marel in November 2022, where he was responsible for Marel's Business Divisions, in addition to the overall business growth and the strategic direction of Marel. Sigurdsson joined Marel in 2014 as Head of Strategy before transitioning to the role of Chief Strategy Officer and EVP Strategic Business Units in 2020 to 2022. Before joining Marel, Sigurdsson worked at AGC Partners and Landsbanki Íslands, where he supported Marel on the acquisition of Stork Food Systems. Sigurdsson serves on the board of Worximity Technology Inc.

Education
- MBA, Harvard Business School
- BSc, Industrial Engineering, University of Iceland

Linda Jonsdottir
Chief Operating Officer

Linda Jonsdottir was appointed COO in March 2022, having served as CFO since 2014. From 2009 she was Marel's Corporate Director of Treasury and Investor Relations. In addition to her role as COO, Jonsdottir serves as Chairman of the Board of Íslandsbanki (2023 to present) and as a board member of the University of Iceland Science Park (2021 to present). Before joining Marel, Jonsdottir worked in treasury and financing for Eimskip, Burdaras and Straumur Investment Bank. She was a director of the Icelandic Enterprise Investment Fund from 2010 to 2015.

In January 2024, Linda stepped down from her position as Chief Operating Officer, simultaneously the role of Chief Operating Officer will be discontinued.

Education
- MSc, Finance, Reykjavik University
- Cand. Oecon., Business Administration, University of Iceland

Stacey Katz
Chief Financial Officer

Stacey Katz became CFO in 2022 and is responsible for Finance, IT and Global Business Services (GBS). She joined Marel in 2014 and from 2020 served as the Chief Accounting Officer and Vice President of GBS where she led the startup and development of shared services, end-to-end business processes, master data, business intelligence and cross-functional program management. Katz is a CPA in New York and worked for PwC in the US and Iceland before joining Marel.

Education
- MBA, Reykjavik University
- BSc, Applied Economics and Management, Cornell University

David Freyr Oddsson
Chief Human Resources Officer

David Freyr Oddsson was appointed as Chief Human Resources Officer in November 2022. He joined Marel in 2011 as the Human Resources Director of the International Sales and Service Network. From 2013 to 2020, he was the Executive Vice President of Human Resources and the Vice President of People and Culture from 2020 to 2022. Before joining Marel, Oddsson was the Global Head of Human Resources and Corporate Services at Straumur Investment Bank and an HR consultant at Capacent.

Education
- MBA, Reykjavik University
- Cand. Theology, University of Iceland

Risk management

Management has identified certain risks to our business that require regular attention. Of these, eight key risks are discussed below, together with an overview of corresponding mitigation actions.

Earnings volatility risk

Marel's operational results are subject to volatility. Macro- and micro-economic factors can influence our ability to predict revenues, costs and expenses that affect our growth and profitability objectives. The short- and long-term interest rate outlook is a factor in estimating the timing of our customers' investments, as it influences the ability and cost of capital to finance those investments. Timing of investments can impact Marel's cash flow and stable cash flows are crucial to maintaining financial health. Our business model, with revenue streams generated by different business segments, geographical areas and product mix, allows us to adapt and respond to earnings volatility throughout economic cycles.

Supply chain management risk

As a manufacturer of leading technology solutions, we rely on prompt input as well as a continued supply of scarce resources. Rapidly shifting consumer preferences and unpredictable customer demand patterns pose significant challenges for supply chain managers. Marel makes use of its global platform to mitigate supply chain risks while continuing to adopt new supply chain technologies. Dynamic inventory management for spare parts, such as the development of global distribution centers, contributes to mitigating the risk. The company stays agile and proactive when prioritizing its manufacturing needs.

Foreign exchange risk

As an international company, Marel is exposed to foreign exchange risk arising from various currency movements, primarily with respect to the EUR/USD exchange rate for revenues and the EUR/ISK rate on the cost side. Marel takes advantage of natural currency hedges by matching revenues and operational costs as economically as possible. The company's funding is denominated in its main operational currencies to create natural hedging in the balance sheet. Where necessary, financial exposure is hedged in accordance with Marel's policy on permitted instruments and exposure limits.

Geopolitical risk

Marel is exposed directly and indirectly to geopolitical events as a global company. These events may impact our employees, customers and suppliers alike. Diversified geographic presence, a comprehensive product portfolio and strategic sourcing practices contribute to the resilience of business operations. Building strong relationships with local business partners further mitigates against adverse impacts. We take proactive steps to protect our stakeholders from the long-term implications of geopolitical events, facilitated by dedicated crisis management teams being in place to actively monitor and respond to this risk.

Innovation risk

Factors such as sustainability, changes in technology, failure to understand customer needs and inability to enforce intellectual property rights can affect our objectives. Our success depends on our ability to develop and successfully introduce new products, in addition to ensuring the competitiveness of existing ones, including solutions and software. Marel remains committed to investing in the transformation of the food processing industry by committing appropriate resources to support its ambitious innovation objectives.

Reputation and compliance risk

Marel operates worldwide and needs to comply with numerous and changing laws and regulations. Failure to comply can lead to penalties and adverse publicity. Responsible business decision-making, guided by respect for civil, social and cultural rights, is increasingly important. Marel ensures that our business activities promote and protect the rights of all stakeholders, including employees, communities and the environment. The evolution of social media further increases the risk of reputational damage. Marel strives to preserve and enhance its brand value, build resilience and create emotionally connected customers, employees and stakeholders, while complying with all industry, regulatory and other generally accepted standards.

People management risk

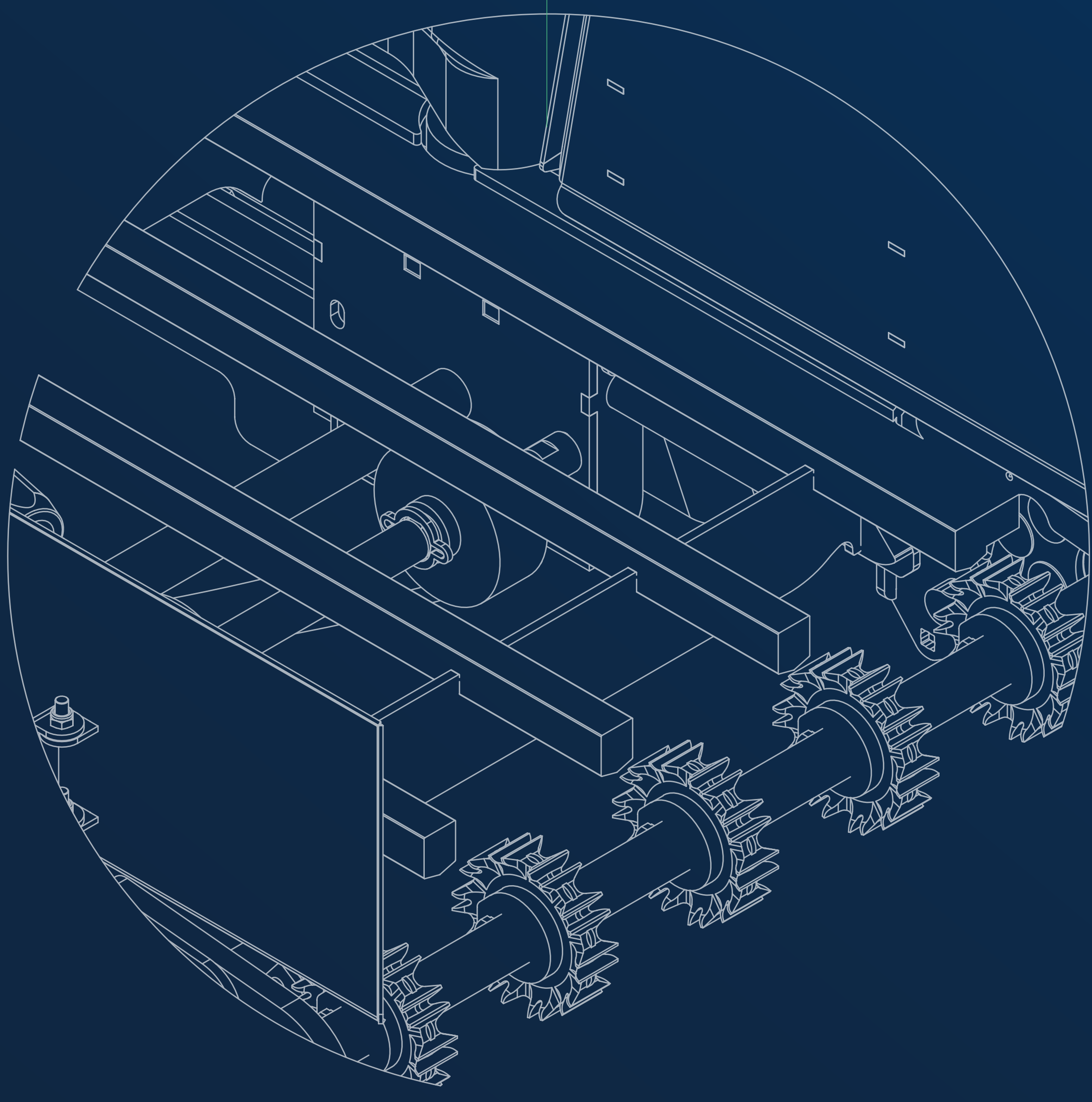
A high turnover rate, disengaged employees, gaps in workforce skills or misalignment of those skills with the company's needs, and inadequate succession planning can all harm our business. Workplace instability, absenteeism and the long-term effects of the pandemic, coupled with changing global workforce preferences, further increase the risk of effective talent management. The ability to proactively respond to workforce needs is critical to mitigating talent retention risks. Marel remains a desirable place to work that attracts and retains talented employees. We continue to implement initiatives to enhance motivation and engage with our workforce in a personal manner.

Information security risk

Failure to secure our information systems and data could result in operational disruptions, financial losses and reputational damage. Laws and regulations regarding cybersecurity are becoming more prescriptive, which increases our responsibilities. Additionally, in a connected world, we share the responsibility for securing our customers' data. Marel continues to invest in new facilities and infrastructure while upgrading existing facilities and infrastructures to ensure their integrity and availability in case of adverse events. Additionally, Marel is investing in international standardization certifications to demonstrate our continued commitment to information security.

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.

		2023			
		Number of	Shareholding (%)		
Ten largest shareholders at year end		**shares (million)**	**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

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.

How the matter was addressed in our audit

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:

Tax losses	2023 Total tax losses	2023 Of which not capitalized	2022 Total tax losses	2022 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.

	Main conditions of the stock option plan					Information regarding the financial year			
Stock options 2023 (number of shares in thousands)	**Award date**	**Last vesting date**	**Expiration date**	**Exercise price per share**[1]	**Stock options awarded**	**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).

	Main conditions of the stock option plan					Information regarding the financial year			
Stock options 2022 (number of shares in thousands)	**Award date**	**Last vesting date**	**Expiration date**	**Exercise price per share[1]**	**Stock options awarded**	**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 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.

2 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

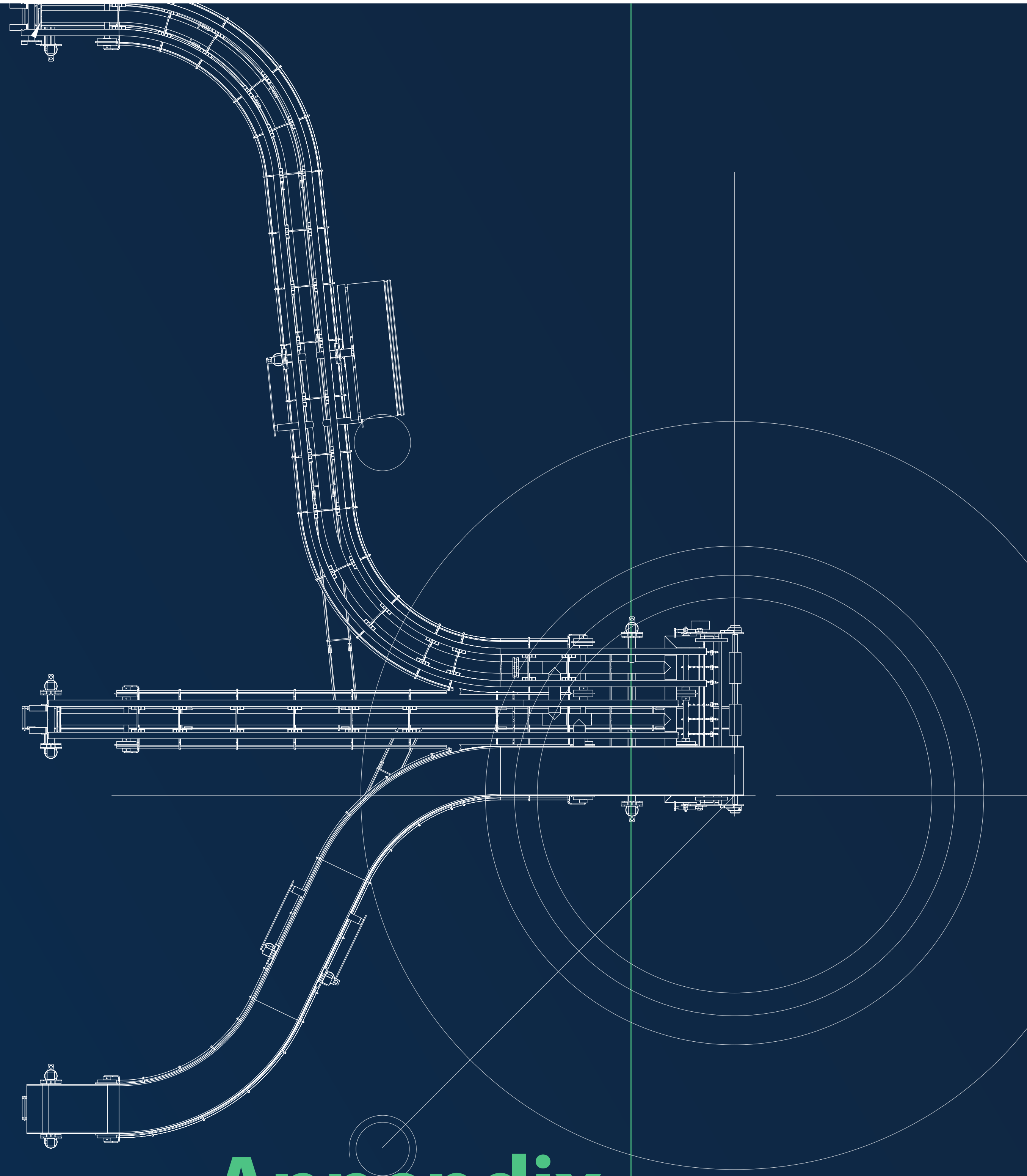
SBTi
Science Based Targets initiative

SOFR
Secured Overnight Financing Rate

TCFD
Task Force on Climate-related Financial Disclosures

WACC
Weighted average cost of capital

XHTML
EXtensible HyperText Markup Language



Appendix

- Nasdaq ESG metrics
- TCFD disclosures
- EU taxonomy
- Explanatory notes

Marel Nasdaq ESG Metrics

	Environmental	2023	2022
E1	Direct & Indirect GHG emissions (Tonnes CO2e)	371,744	393,452
E1.1	Scope 1: Direct GHG emissions	8,367	7,314
	Heat - Natural gas (scope 1)	3,750	3,193
	Company cars (scope 1)	4,617	4,121
E1.2	Scope 2: Indirect GHG emissions (market-based electricity + district heating)	3,813	4,250
	Heat - district heating (scope 2)	41	260
	Electricity - market-based (scope 2)	3,772	3,990
E1.2	Scope 2: Indirect GHG emissions (location-based electricity + district heating)	9,892	7,593
	Electricity - location-based (scope 2)	9,851	7,333
E1.3	Scope 3: Other indirect GHG emissions	359,563	381,888
	Waste from operations (scope 3)	232	289
	Business air travel (scope 3)	6,429	6,341
	Purchased goods and services (scope 3)	103,831	109,529[1]
	Use of sold products (scope 3)	249,072	294,244
E2	Emission intensity (Tonnes CO2e per EUR 1,000 of revenues)	0.22	0.25
E2	Emission intensity (Tonnes CO2e per m2)	0.80	1.19
E2	Emission intensity (Tonnes CO2e per average FTE)	47.73	51.10
E3	Energy usage (GWH)	71.28	62.61
E3.1	Directly consumed (GWH)	35.47	30.77
	Heat - Natural gas (GWH)	20.60	17.50
	Fuel (GWH)	14.87	13.27
E3.2	Indirectly consumed (GWH)	35.81	31.84
	Electricity (GWH)	34.00	30.26
	Heat - district heating (GWH)	1.81	1.58
E4	Energy intensity (MWH per FTE)	9.15	8.13
E5	Energy mix - renewable electricity	72%	71%
E6	Water usage (m3)	63,102	40,190
E7	Environmental operations	Yes	Yes
E7.1	Formal environmental policy	Yes	Yes
E7.2	Specific waste, water, energy, and/or recycling policies	Yes	Yes
E7.3	Recognized energy management system	Yes	Yes
E8	Climate related risk oversight by the Board/Management	Yes	Yes
E9	Sustainability issue oversight by the Board/Management	Yes	Yes
E10	Climate oversight/management	Yes	Yes

	Social	2023	2022
S1	CEO pay ratio	17.4:1	14.2:1
S1.2	Reported in regulatory filings	Yes	Yes
S2	Gender pay ratio (men/women)	5.0%[2]	4.1%
S3	Employee turnover ratio	14.9%[2]	13.3%
S4	Overall female ratio	19.4%[2]	17.9%
S5	Contingent worker ratio	4.9%[2]	6.2%
S6	Non-discrimination policy	Yes	Yes
S7	Injury rate	0.74	0.67
S8	Global health & safety policy	Yes	Yes
S9	Child & forced labor policy	Yes	Yes
S9.2	Policy covers suppliers and vendors	Yes	Yes
S10	Human rights policy	Yes	Yes
S10.2	Policy covers suppliers and vendors	Yes	Yes

	Governance	2023	2022
G1	Board diversity (women/men ratio)	43/57	43/57
G1.2	Board committee chairs (women/men ratio)	67/33	67/33
G2	Independent board directors	Yes 100%	Yes 100%
G2.1	CEO prohibited from serving as board chair	Yes	Yes
G3	ESG incentivized pay	Yes	Yes
G4	Collective bargaining	Yes	Yes
G5	Supplier code of conduct	Yes	Yes
G6	Ethics & anti-corruption	Yes	Yes
G7	Data privacy	Yes	Yes
G7.2	Compliance with GDPR	Yes	Yes
G8	ESG reporting (published and filed)	Yes	Yes
G9	Disclosure practices	Yes	Yes
G9.2	Specific focus on UN Sustainable Development Goals	2, 9, 12	2, 9, 12
G10	External validation assurance	No	Partial[3]

[1] Restated figure.

[2] Including Wenger. 2022 figures do not include Wenger.

[3] Environmental KPIs were determined with the support of Sustainalize, an ERM Group company.

Please see the explanatory note to the 2023 sustainability disclosure for further explanation including for restated metrics.

TCFD disclosures

Climate risk and opportunity reporting

Marel's 2023 climate-related financial disclosures (TCFD) status update

Marel committed to integrating the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2020 and started its climate risk and opportunity reporting in 2021. As a founding member of the Nordic CEOs for a Sustainable Future, Marel supports the implementation of the recommendations by the TCFD.

Now in its third year, Marel has built greater awareness internally and among its stakeholders, to understand the impact of climate on the company, its operations, customers and the overall value chain.

Material opportunities and risks from climate change

Selected risk causes and opportunity triggers deemed most relevant for Marel

Identifier	Primary climate-related risk driver	Time horizon[1]	Likelihood	Magnitude of impact		Likely potential financial impact[2]
				1.5°C scenario	2.5°C scenario	
Policy and Legal (Transition risk)	Emerging regulations on limitation of greenhouse gas emissions	Short-term	Likely	High	Low	Increased operating/ compliance costs
Market (Transition risk)	Increased cost of raw materials	Short-term	Likely	High	Medium	Reduced profitability
Chronic (Physical risk)	Rising temperature	Long-term	Likely	Low	High	Increased operating costs
Energy sources (Opportunity)	Use of new technologies	Medium-term	Very likely	High	Medium	Increased revenues and increased profits
Products and services (Opportunity)	Development of new products or services through R&D and innovation	Medium-term	Very likely	High	Medium	Increased revenues and increased profitability
Market (Opportunity)	Access to new markets	Medium-term	Likely	High	Medium	Higher revenues

Notes: Company information.

[1] Short-term < 3yrs, Medium-term 3-10yrs, Long-term >10yrs.

[2] Potential financial impact both positive and negative cannot yet be fully assessed and is likely to be integrated into Marel's day-to-day operations. Mitigating actions are being assessed and will be used going forward to align with Marel's business strategy to minimize negative effects and maximize the opportunities, where possible from climate change on Marel´s operations.

Update on Marel's TCFD journey

Marel is committed to climate-related risk reporting in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

	2023 achievements	Short-term priorities	Longer-term goals
Governance	• Increased focus across the organization on climate-related impacts, risks and opportunities of Marel operations and our value chain owing to our extensive preparatory work to comply with the EU Corporate Sustainability Reporting Directive (CSRD) in 2024 • Numerous internal and external stakeholder sessions undertaken on climate related issues. This includes half-yearly board strategy sessions, audit committee briefings, quarterly business review meetings with the Executive Team and interviews with our customers to inform our double materiality analysis.	• Increased structural attention on climate related impacts within the Board of Directors including structured decision-making and follow up on identified climate issues • Include climate related risk and opportunity reviews as a fixed agenda item at Sustainability Committee meetings	• Further integrate the impact of climate change in corporate governance and oversight
Strategy	• Identified climate change adaptation and mitigation as a material topic in our double materiality analysis • Undertook an assessment of climate change related impacts, risks and opportunities in terms of severity and likelihood, with input from 7 divisions across the company • Initiated our first pilot program for manufacturing products with green stainless steel which is made using renewable energy	• Further assess potential business implications of climate related risks and opportunities on Marel's operations • Further align the findings and recommendations from climate-related risks and opportunities with the business strategy and financial planning • Improve energy efficiency and use of renewable electricity in our own operations • Enhance our support to customers for them to improve their own emissions profile	• Further integrate climate impact into Marel's strategy and operations by improving the view on climate risks and opportunities and aiming to minimize climate impact with the majority of Marel's equipment solutions
Risk management	• Initiated work to expand our risk framework in line with the CSRD • Implemented ESG software to capture emissions data quarterly from across our locations and a CSRD tool to capture reporting on climate-related risks and opportunities from key internal stakeholders	• Integrate climate risk into Marel's overall risk framework including periodic reviews of climate risks and opportunities • Continue initial analysis on climate related risk causes and opportunity triggers with the aim to externally disclose the most material ones	• Further integrate climate risk into the overall risk management framework.
Metric & Targets	• Piloted a project to improve our Sustainability Scorecard for new product development • Adopted enhanced emission factors from the ecoinvent database to increase transparency for Scope 3.1 emissions	• Embed periodic reporting on material risks and opportunities • Improve disclosure on our Scope 3 greenhouse gas emissions (GHG) and targets to reduce GHG • Further improve Marel's innovation scorecard to elevate sustainability in new developments • Fully transition from using carbon intensity KPIs to absolute reduction KPIs in our strategy to better align with SBTi	• Disclose and report on forward-looking climate-related metrics and actual performance against goals

EU Taxonomy for sustainable activities

Background and scope

In 2019, the European Union (EU) introduced the EU Green Deal, a strategic initiative with the ambitious goal of achieving carbon neutrality by the year 2050. A pivotal element of this initiative is the establishment of the EU Taxonomy, a classification system designed to facilitate the funding of the transition to a sustainable economy and channel financial resources towards environmentally responsible activities. The EU Taxonomy places emphasis on activities contributing significantly to overall emissions and offers substantial potential for their reduction. This framework is designed to provide clarity and guidance for investors, businesses, and policymakers seeking to promote sustainable practices and investments.

The taxonomy is structured around six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

An economic activity is deemed 'eligible' when it falls under the description of an EU Taxonomy activity listed in one of the corresponding annexes. An eligible economic activity has the potential to make a substantial contribution to one or more of the environmental objectives of the EU Taxonomy.

An economic activity is deemed 'aligned' when it meets the technical screening criteria of the EU Taxonomy. To meet the associated technical screening criteria set out for a company's activity, the activity needs to substantially contribute to one of the six environmental objectives, do no significant harm (DNSH) to the remaining five environmental objectives, and adhere to the minimum safeguards (MS) criteria. Once all three aspects of the technical screening criteria have been met, an activity is determined to be 'aligned' and environmentally sustainable under the EU Taxonomy.

The EU Taxonomy requires companies to disclose both qualitatively and quantitatively on its eligibility and alignment. Companies need to disclose three key performance indicators: turnover, capital expenditure (CapEx) and operational expenditure (OpEx).

In 2023, the European Commission adopted the final delegated acts supporting the Taxonomy Regulation. These delegated acts outlined technical screening criteria for additional activities linked to the first two environmental objectives (Climate Change Mitigation and Climate Change Adaptation), and in addition the introduction of criteria and reporting obligations for activities pursuing the remaining four environmental objectives were adopted.

The far-reaching impact of the EU Taxonomy Regulation extends beyond EU borders, to all EEA countries including Iceland, Norway and Liechtenstein. The EU Taxonomy was transposed and implemented under Icelandic law in the Icelandic Act on Sustainability Disclosures in Financial Services and Taxonomy for Sustainable Investments (No. 1682/2023) and received final approval from the Icelandic parliament on May 3, 2023.

The regulation took effect on June 1, 2023 and follows a similar phase-in approach as to EU registered companies for the initial reporting years. Icelandic companies are only required to report its share of eligible and aligned activities against the first two environmental objectives; Climate change mitigation and Climate change adaption.

At Marel, we endorse the EU Taxonomy and its objectives and understand that considering the evolving nature of the EU Taxonomy Regulation, coupled with diverse perspectives on interpretation and application, a practical and forward-looking approach to reporting is required. Therefore, Marel is committed to staying up-to-date with regulatory changes and to aligning its taxonomy-related methodologies, with the latest guidance from the European Commission. As the regulatory landscape continues to unfold, Marel stands ready to adapt and enhance its reporting to reflect our ongoing dedication to sustainability.

Economic activities eligible under the EU taxonomy

Our core activities are providing advanced processing equipment, systems, software and services to the food processing industry. These activities were assessed against the two environmental objectives of climate change mitigation and climate change adaption for eligibility.

The first step of the eligibility analysis was to determine Marel's revenue generating economic activities. Through review of internal documentation, we have identified the following business segments with associated revenue generating economic activities.

1. Manufacturing of equipment for Poultry, Meat, Fish and Plant, Pet & Feed industries
2. Spare parts – Manufacturing and sale of spare parts
3. Maintenance – Execution of maintenance activities related to sold equipment.
4. Service – Software solutions services

These activities were predominantly assessed for eligibility based on their descriptions, as the NACE Codes included in the EU Taxonomy Regulation are more used as guidance during the analysis process.

Following, these four identified economic activities were assessed the list of corresponding activities listed under the Climate Change Mitigation (Annex 1) and Climate Change Adaptation (Annex 2) to determine whether they were included within the EU Taxonomy Annexes 1 and 2 and, therefore, eligible.

Eligibility Overview

		EU Taxonomy					
		Climate Change Mitigation	Climate Change Adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	pollution prevention and control	Protection and restoration of biodiversity and ecosystems
Marel's economic activities	**1.** Manufacturing of equipment for Poultry, Meat, Fish and Plant, Pet & Feed industries	Yes	Yes	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year
	2. Spare parts – Manufacturing and sale of spare parts	No	No	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year
	3. Maintenance – Execution of maintenance activities related to sold equipment	No	No	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year
	4. Service -Software solutions services	No	No	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year

Marel's economic activity *1. Manufacturing of equipment* for Poultry, Meat, Fish and Plant, Pet & Feed industries was deemed eligible against activity *3.6 Manufacture of other low carbon technologies for both Climate Change Mitigation and Climate Change Adaptation.*

In the upcoming year Marel aims to perform the eligibility assessment against all six environmental objectives.

Economic activities aligned under the EU taxonomy

In order for Marel's eligible activities to be classified as aligned, the following requirements need to be met under the technical screening criteria as set out under the corresponding eligible activity (as set out in the EU Taxonomy Regulations):

1. Substantially contribution to one of the environmental objectives;
2. Meet the requirements of the Do No Significant Harm criteria, and;
3. Compliance against the Minimum Safeguard criteria

As this is Marel's first year of reporting in accordance with the EU Taxonomy regulations, only the first step of the alignment assessment was conducted against the corresponding technical screening criteria of activity 3.6. Manufacture of other low carbon technologies "(Climate Change Mitigation)" for the eligible economic activity: Manufacturing of equipment for Poultry, Meat, Fish and Plant, Pet & Feed industries) as in the section above.

Through initial analysis, we have assessed this economic activity to potentially contribute substantially to the technical screening criteria of activity 3.6. Manufacture of other low carbon technologies under Climate Change Mitigation (Annex 1) within the EU Taxonomy regulation. This analysis was substantiated through Marel's being able to support clients in the Poultry, Meat, Fish and Plant, Pet & Feed processing industries to reduce their greenhouse gas emissions through the application of Marel's equipment. Currently Marel has performed 12 Life Cycle Analyses (LCAs) following international and EU Taxonomy recognized frameworks such as ISO 14044 and ISO 14040. Further in-depth analysis will be performed prior to reporting economic activities as Taxonomy aligned. This includes assessment against the DNSH and MS criteria.

Key performance indicators (KPI) under the EU Taxonomy

KPI Definitions

Marel followed the KPI definitions of turnover, capital expenditure and operating expense as set out in the EU Taxonomy Regulation.

Turnover

Turnover under EU taxonomy is equal to the consolidated revenues as reported in our Consolidated Statement of Income, amounting to EUR 1,721.4 million, which represents the denominator for this KPI. The numerator is calculated by considering the portion of revenue that has been recognized as eligible or aligned with the EU taxonomy.

CapEx

CapEx under EU taxonomy is the sum of additions in property, plant and equipment, intangible assets and right of use assets from both investments and acquisitions resulting from business combinations, amounting to EUR 107.4 million which represents the denominator for this KPI. The numerator is calculated by considering the portion of CapEx associated with defined eligible or aligned activities, CapEx part of a CapEx Plan or purchase of the output of an EU Taxonomy activity and/or individual measures (mainly activities listed in point 7.3-7.6 in Annex I of the Climate Delegated Act), that has been recognized within the EU taxonomy definitions. CapEx included in the Consolidated Financial Statements excludes the impact from acquisitions resulting from business combinations. The impact from acquisitions is included in Note 5 – Business combinations to the Consolidated Financial Statements.

OpEx

OpEx is calculated in accordance with the EU taxonomy as direct non-capitalized costs incurred for the day-to-day servicing of assets, consisting of research and development costs, short-term leases, maintenance and repair costs and other similar costs, amounting to EUR 112.8 million which represents the denominator for this KPI. The numerator is calculated by considering the portion of OpEx associated with defined eligible or aligned activities, CapEx part of a CapEx Plan or purchase of the output of a EU Taxonomy activity and/or individual measures (mainly activities listed in point 7.3-7.6 in Annex I of the Climate Delegated Act), that has been recognised within the EU taxonomy definitions. This definition differs from OpEx as included in our Consolidated Statement of Income, The differences is associated with the exclusion of depreciation, amortizations, general and administrative, and sales and marketing related expenses under the OpEx scope of the EU Taxonomy Regulation.

Assessment of compliance with regulation (EU) 2020/852

A precise definition is provided per activity included in the annexes of the EU Taxonomy, describing the economic activities that fall within the scope of the EU Taxonomy. The eligible activities reported on in these disclosures were activities that fall within these precise definitions provided by delegated acts and recommendations by the Platform on Sustainable Finance.

Marel has acted in good conscience and has rigorously followed the scope in the definitions described in the accompanying EU Taxonomy regulatory documentation provided by the EU Commission. We have not included any eligible activities that were deemed out of the scope of these definitions. When there was doubt regarding the inclusion of an activity, a decision was made to exclude the activity as eligible to allow for further in-depth analysis. For that, Marel commits to rectifying or excluding any inaccuracies in the subsequent reporting year in light of new insights or clarifications from the EU Commission. Our commitment to accuracy, transparency, and compliance remains, ensuring our reporting aligns with the evolving EU Taxonomy Regulation established by the EU Commission.

KPI Disclosure Tables

Turnover				Substantial Contribution Criteria						DNSH (Do No Significant Harm) criteria									
Economic activities (1)	Code (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
Text		Millions	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)*																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) **(A.1)**		0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
Of which enabling		0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	E	
Of which transitional		0%	0%	0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
1. Manufacturing of equipment for Poultry, Meat, Fish and Plant, Pet & Feed industries	3.6	935,5	54,3%														54,3%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		935,5	54,3%														54,3%		
Total (A.1+A.2)		**935,5**	**54,3%**																
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities		785,9	45,7%																
Total (A+B)		**1721,4**	**100%**																

CapEx				Substantial Contribution Criteria						DNSH (Do No Significant Harm) criteria									
Economic activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy aligned proportion of total CapEx	Category (enabling activity) (20)	Category (transitional activity) (21)
Text		Millions	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)*																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) **(A.1)**		0	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
Of which enabling		0	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	E	
Of which transitional		0%	0%	0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
1. Manufacturing of equipment for Poultry, Meat, Fish and Plant, Pet & Feed industries	3.6	28,8	26,8%														26,8%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		28,8	26,8%														26,8%		
Total (A.1+A.2)		**28,8**	**26,8%**																
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities		78,6	73,2%																
Total (A+B)		**107,4**	**100%**																

OpEx				Substantial Contribution Criteria						DNSH (Do No Significant Harm) criteria									
Economic activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy aligned proportion of total OpEx, year	Category (enabling activity) (20)	Category (transitional activity) (21)
Text		Millions	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. OpEx of environmentally sustainable activities (Taxonomy-aligned)*																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) **(A.1)**		0	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
Of which enabling		0	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	E	
Of which transitional		0%	0%	0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
1. Manufacturing of equipment for Poultry, Meat, Fish and Plant, Pet & Feed industries	3.6	90,2	80,0%														80,0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		90,2	80,0%														80,0%		
Total (A.1+A.2)		**90,2**	**80,0%**																
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities		22,6	20,0%																
Total (A+B)		**112,8**	**100%**																

Explanatory note

Reporting scope and principles

Marel follows the Nasdaq ESG reporting guidelines and has been a Nasdaq ESG transparency partner since 2019. The Nasdaq ESG guidelines are aligned in most cases with the Global Reporting Initiative, the UN Global Compact, the Task Force on Climate Related Financial Disclosures and the Sustainability Accounting Standards Board. Marel is in the process of aligning its sustainability reporting in accordance with the European Union Corporate Sustainability Reporting Directive (CSRD) and aligns with the ESRS standards where applicable. Entities that Marel has financial control over are included in its ESG data.

Marel does not account for sustainability performance from the operations it owns an interest in but has no control. Acquisitions are included in environmental and social metrics to the extent that the integration process has been finalized. Marel aims for a one-year time frame to include newly acquired entities into its sustainability disclosures. Once newly acquired entities have been integrated into sustainability disclosures, the previous year's figures are not restated.

Marel's ESG data covers the reporting year from January until December. As we become more mature in our ESG data journey we have more and better data quality available for 2023 compared to prior years, capturing all manufacturing and office locations. In selective office locations data constraints remain in 2023, though these have been accounted for by using regional benchmarks.

Definitions and abbreviations

Average full-time employee
Average of employees at end of each month.

CEO pay ratio
CEO total compensation to median Icelandic FTE compensation. CEO long-term incentives based on Black-Scholes.

Contingent workers ratio
Percentage of total headcount held by contingent workers. Contingent workers are workers not on Marel payroll. Also referred to as Third Party Workers.

Emissions from purchased goods and services
This emission category includes upstream emissions from the production of all the products purchased by Marel in a reporting year. Emission factors from Ecoinvent are used to calculate this scope 3 emission category.

Emissions from use of sold products
This emission category includes emissions from the use of all the equipment and parts sold by Marel in a reporting year. Emission factors from Ecoinvent are used to calculate this scope 3 emission category.

Emission intensity
Emission intensity is represented by three metrics, (i) Volume of carbon emissions per 1,000 Euros of revenue, expressed in tonnes CO2e (carbon dioxide equivalent), (ii) emissions per square meter of all Marel facilities globally and, (iii) emissions per average full-time employee. The emission intensity metrics have been restated for 2021 to account for the expanded scope 3 disclosure in 2022, the metrics were also converted from Kg CO2e to tonnes CO2e.

Employee turnover ratio
Percentage of employee turnover per average employee headcount.

Energy intensity
Total energy usage in megawatt hours (MWH) per average full time employee.

Energy usage (Direct)
Total amount of energy directly consumed by Marel in gigawatt hours (GWH). This includes combustion of gasses, petrol and diesel.

Energy usage (Indirect)
Total amount of energy indirectly consumed by Marel in gigawatt hours (GWH). This includes purchased electricity and heat.

ESG
Environmental, Social, and Governance

Overall female ratio
Percentage of total enterprise FTE held by women.

Gender pay ratio
Male median annual base salary to female median annual base salary of employees at Marel at year-end. Salaries of part-time employees are annualized to full-time.

GHG Protocol
Greenhouse Gas Protocol

GDPR
General Data Protection Regulation

Headcount
Person with an employment agreement for an (un)limited period, either full-time or part-time and being paid directly by Marel. The words employee and headcount are used interchangeably.

HSE
Health, safety, and the environment

Independent Board Directors
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 Grönfeldt 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 Grönfeldt 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 independency assessment.

Injury rate
Total reportable incident rate (TRIR) measured as total reportable injuries (fatality, lost time incident or restricted work) per 100 employees. A metric for measuring safety in terms of hours worked by all employees within a given year.

Market-based and location-based
Marel reports both a market-based and location-based scope 2 emissions figure, in line with the recommendation of the GHG protocol. The market-based figure reflects emissions resulting from the specific electricity mix and other contractual instruments that Marel has purposefully purchased. The location-based approach reflects the average emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factor data. In instances where the energy mix is unknown the location-based approach is used to calculate the carbon emissions based on the average kgCO2e/kWh that applies in the country of that facility. These country specific energy mixes are derived from the International Energy Agency.

Non-renewable energy
Includes natural gas, coal, oil, and nuclear.

Renewable energy
Includes hydro, solar, wind, and biomass.

SBTi
Science Based Target initiative. Science-based targets provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals. Marel's near-term target has been validated by the SBTi in 2022.

Scope 1, 2 & 3
We report our scope 1, 2 and 3 emissions according to the Greenhouse Gas Protocol.

Scope 1
All direct GHG emissions that occur from sources directly controlled by the company. Marel's scope 1 is composed of the emissions from the combustion of natural gas in controlled boilers and the emissions from fuel combustion in vehicles operated by Marel such as company cars. Leased vehicles are operational leases and are reported under scope 1 based on their tank-to-wheel emissions.

Scope 2
All Indirect GHG emissions that are associated with the purchase of electricity, steam, heat, or cooling. For Marel, scope 2 is composed of the emissions resulting from generating electricity purchased or used by Marel in offices and manufacturing facilities. Additionally, the emissions resulting from generating district heating is included in scope 2.

Scope 1 and 2 data
Data is collected from all entities on a quarterly basis and consolidated at the corporate level. Appropriate emission factors are applied to consumption data to calculate CO2e emissions. In cases where data is not (timely) available, we extrapolate emissions based on previous year consumption and local benchmarking.

Scope 3
All indirect emissions (not included in scope 2) that occur in Marel's value chain including both upstream and downstream emissions. Marel currently reports on business travel by air (downstream), waste generated in operations (downstream) from its manufacturing facilities, purchased goods and services and use of sold products.

Scope 3 data
Data is collected on scope 3 emission categories on a quarterly basis. Emissions from purchased goods and services and use of sold products make up a large part of Marel's reported emissions in 2023.

Purchased goods and services
Emissions from purchased goods and services are calculated by analyzing purchase orders and invoiced spend data as retrieved from Marel's manufacturing locations for purchased goods and services related to the production of products and spare parts. As such this includes raw materials, components, and/or outsourcing of production processes.

The purchase order data analyzed includes the material type, volume and weight purchased. The material type is used to assign corresponding emission factors from the ecoinvent database. This allows for automated calculation of total emission on the basis of the sum of all orders placed with suppliers by manufacturing sites.

Where data quality is lacking to use purchase order data, invoiced spend data is used to determine the value of residual goods & services that could not be calculated. This is used to estimate remaining emissions based on extrapolation which is added to the total calculation.

Purchased goods and services reporting has been restated for 2022 following updated emission factors.

Use of sold products
Emissions from use of sold products are calculated by analyzing electrical power of machines installed by Marel at customer sites in different geographical locations. Emissions are calculated by estimating an average usage time of the machines, multiplied by the electricity consumption which is then multiplied by the emission factor for the applicable geographic location as derived from International Financial Institutions (IFI) default grid factors database.

Waste generated from operations
This category accounts for total carbon footprint of the waste Marel generates with its operations. Manufacturing locations track whether a batch of waste is recycled or incinerated/landfilled. The total amount of waste per category is multiplied with emission factors to calculate the emissions. The final number is the sum of all categories and is reported in tonnes CO2e.

Business travel by air
Carbon emissions from air travel are provided to Marel directly from the external travel agency. These are based on all the short, medium, and long-haul flights taken over the year.

Marel is constantly working on improving data quality across scope 3 categories by putting stronger processes in place to reduce dependency on assumptions and extrapolations. The reported scope 3 emissions in 2023 may require restatement if improvements in data quality provides deeper insights into the reported figures.

TCFD
Task Force on Climate-Related Financial Disclosures. Marel's 2023 climate-related report is added as an attachment to Marel's 2023 Annual Report.