



**Condensed
Consolidated
Interim Financial
Statements**

31 March

2023

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The Board of Directors' and CEO's Report

Marel is a leading global provider of advanced solutions, software and services to food processing industries. Marel has a global reach with local presence in over 30 countries, with sales and service engineers servicing customers in over 140 countries.

The Condensed Consolidated Interim Financial Statements for the three-month period ended 31 March 2023 comprise the financial statements of Marel hf. ("the Company") and its subsidiaries (together "the Group" or "Marel"). The Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34 'Interim financial reporting' and should be read in conjunction with the Group's Annual Consolidated Financial Statements as at and for the year ended 31 December 2022.

The Condensed Consolidated Interim Financial Statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance from year end 2022.

These Condensed Consolidated Interim Financial Statements for the three-month period ended 31 March 2023 have not been audited nor reviewed by an external auditor.

Operations in three-month period ended 31 March 2023

The consolidated revenues for Marel for the three-month period ended 31 March 2023 are EUR 447.4 million (2022: EUR 371.6 million). The adjusted result from operations for the same period is EUR 40.2 million or 9.0% of revenues (2022: EUR 31.3 million or 8.4% of revenues).

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

	YTD 2023	YTD 2022
Adjusted result from operations ¹	40.2	31.3
Non-IFRS adjustments	(17.1)	(6.3)
Result from operations	23.1	25.0

¹ Result from operations is adjusted for PPA related costs, including depreciation and amortization, and acquisition related expenses.

At 31 March 2023 the Company's order book amounted to EUR 590.4 million (at 31 December 2022: EUR 675.2 million). Orders received for the three-

month period ended 31 March 2023 amounted to EUR 362.6 million (2022: EUR 421.7 million).

Net cash from operating activities during the three-month period was EUR 16.8 million (2022: EUR 28.2 million). The decrease in net cash from operating activities is mainly due to higher interest and finance costs paid.

Capital expenditures for the three-month period ended 31 March 2023 were EUR 31.4 million (2022: EUR 16.1 million), focusing on initiatives to automate and digitize our manufacturing platform, supply chain and aftermarket business. Marel will continue to invest on average 4-5% of revenues (excluding R&D) in the period 2021-2026 with the objective to create a more scalable growth platform allowing for agility and flexibility of operations and to position the business for future growth.

At 31 March 2023, net cash and cash equivalents were EUR 63.8 million (31 December 2022: EUR 75.7 million). Net interest-bearing debt increased from EUR 816.7 million at the end of 2022 to EUR 831.6 million as per 31 March 2023.

Based on the Company's 2023 Annual General Meeting resolution, a dividend of EUR 11.7 million (EUR 1.56 cents per share) was declared to the shareholders in Q1 2023 for the operational year 2022. This corresponds to approximately 20% of net result for the operational year 2022 (in Q1 2022: a dividend of EUR 38.7 million, EUR 5.12 cents per share, corresponding to 40% of net result for the year 2021, was declared and paid out to shareholders for the operational year 2021). The dividend will be fully paid in Q2 2023.

Outlook

Market conditions remain challenging resulting in elevated uncertainty. Headwinds expected to moderate in coming quarters, supported by optimization actions and general easing in supply chain and logistics, resulting in a stronger second half of the year towards the year end 2023 financial targets. Labor scarcity, inflation and rising input costs, coupled with favorable secular trends, focused on automation, robotics technology and digital solutions that support sustainable food processing, will continue to support organic growth outlook in the long term.

Marel targets a run-rate of 14-16% EBIT at year end 2023, allowing for 2% contingency buffer due to volatility in market conditions. Other 2023 financial targets are gross

profit of ~38-40%, SG&A of around ~18%, and innovation at the 6% strategic level.

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.

Statement by the Board of Directors and the CEO

According to the Board of Directors' and CEO's best knowledge, the Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34 'Interim financial reporting' and give a true and fair view of the consolidated financial performance of the Group for the three-month period ended 31 March 2023, its assets, liabilities and consolidated financial position as at 31 March 2023 and its consolidated cash flows for the three-month period ended 31 March 2023.

Furthermore, in our opinion the Condensed Consolidated Interim Financial Statements and the endorsement of the Board of Directors and the CEO give a fair view of the development and performance of the Group's operations and its position and describe the principal risks and uncertainties faced by the Group.

The Board of Directors and CEO of Marel hf. hereby ratify the Condensed Consolidated Interim Financial Statements of Marel hf. for the three-month period ended 31 March 2023 with their signatures.

Gardabaer, 3 May 2023

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 Oddur Thordarson

Consolidated Statement of Income

In EUR million unless stated otherwise	Notes	YTD 2023	YTD 2022
Revenues	3 & 5 & 6	447.4	371.6
Cost of sales	3 & 7	(294.7)	(237.9)
Gross profit	3	152.7	133.7
Selling and marketing expenses	3 & 7	(64.4)	(54.1)
General and administrative expenses	3 & 7	(37.0)	(30.5)
Research and development expenses	3 & 7	(28.2)	(24.1)
Result from operations	3	23.1	25.0
Finance costs	8	(13.7)	(1.5)
Finance income	8	0.8	4.9
Net finance costs	8	(12.9)	3.4
Share of result of associates		(0.2)	(0.8)
Result before income tax		10.0	27.6
Income tax	9	(0.9)	(5.9)
Net result		9.1	21.7
Of which:			
- Net result attributable to Shareholders of the Company	10	9.1	21.7
- 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	10	1.21	2.87
- Diluted	10	1.21	2.82

Consolidated Statement of Comprehensive Income

In EUR million	Notes	YTD 2023	YTD 2022
Net result		9.1	21.7
Items that are or may be reclassified to profit or loss:			
Foreign currency translation differences	13	(1.4)	5.3
Cash flow hedges	13	1.9	1.2
Deferred income taxes	13	(0.4)	(0.3)
Other comprehensive income / (loss) for the period, net of tax		0.1	6.2
Total comprehensive income for the period		9.2	27.9
Of which:			
- Total comprehensive income attributable to Shareholders of the Company		9.2	27.9
- Total comprehensive income attributable to non-controlling interests		-	0.0

Consolidated Statement of Financial Position

In EUR million	Notes	31/03 2023	31/12 2022
Assets			
Property, plant and equipment	11	337.0	327.1
Right of use assets		39.0	39.8
Goodwill	12	856.6	859.2
Intangible assets	12	557.5	562.3
Investments in associates		3.7	4.0
Other non-current financial assets		3.6	3.7
Derivative financial instruments	15	3.7	1.5
Deferred income tax assets		34.4	31.6
Non-current assets		1,835.5	1,829.2
Inventories		397.1	403.6
Contract assets	6	80.1	65.8
Trade receivables	6	231.7	218.3
Derivative financial instruments	15	0.3	1.8
Current income tax receivables		3.0	3.0
Other receivables and prepayments		102.7	99.0
Cash and cash equivalents		63.8	75.7
Current assets		878.7	867.2
Total assets		2,714.2	2,696.4
Equity and liabilities			
Share capital	13	6.7	6.7
Share premium reserve	13	439.1	440.2
Other reserves	13	(33.3)	(33.4)
Retained earnings	13	614.6	614.6
Shareholders' equity		1,027.1	1,028.1
Non-controlling interests		-	-
Total equity		1,027.1	1,028.1
Liabilities			
Borrowings	14	733.4	729.8
Lease liabilities	14	31.9	30.3
Deferred income tax liabilities		88.4	90.7
Provisions		5.8	6.9
Other payables		2.5	7.5
Non-current liabilities		862.0	865.2
Contract liabilities	6	316.4	324.3
Trade and other payables		350.9	316.8
Derivative financial instruments	15	2.1	3.5
Current income tax liabilities		14.1	14.2
Borrowings	14	121.6	121.5
Lease liabilities	14	8.5	10.8
Provisions		11.5	12.0
Current liabilities		825.1	803.1
Total liabilities		1,687.1	1,668.3
Total equity and liabilities		2,714.2	2,696.4

The notes on pages 10-20 are an integral part of the Condensed Consolidated Interim 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	Shareholders' 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					9.1	9.1	-	9.1
Other comprehensive income			0.1			0.1		0.1
Total comprehensive income for the period	-	-	0.1	-	9.1	9.2	-	9.2
<i>Transactions with owners of the Company</i>								
Options granted / exercised / canceled	0.0	(1.1)			2.6	1.5		1.5
Dividend					(11.7)	(11.7)		(11.7)
	0.0	(1.1)	0.1	-	0.0	(1.0)	-	(1.0)
Balance at 31 March 2023	6.7	439.1	(33.3)	-	614.6	1,027.1	-	1,027.1

In EUR million	Share capital	Share premium reserve ¹	Other reserves ²	Other equity	Retained earnings ³	Shareholders' 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					21.7	21.7	0.0	21.7
Other comprehensive income			6.5	(0.3)		6.2		6.2
Total comprehensive income for the period	-	-	6.5	(0.3)	21.7	27.9	0.0	27.9
<i>Transactions with owners of the Company</i>								
Treasury shares sold	0.0	(0.4)				(0.4)		(0.4)
Options granted / exercised / canceled	0.0	1.0			0.2	1.2		1.2
Transactions with non-controlling interests				13.9	(0.2)	13.7	(7.9)	5.8
Dividend					(38.7)	(38.7)		(38.7)
	0.0	0.6	6.5	13.6	(17.0)	3.7	(7.9)	(4.2)
Balance at 31 March 2022	6.7	450.9	(15.6)	-	576.8	1,018.8	0.1	1,018.9

Net result for the period					37.0	37.0	(0.0)	37.0
Other comprehensive income			(17.8)	-		(17.8)		(17.8)
Total comprehensive income for the period	-	-	(17.8)	-	37.0	19.2	(0.0)	19.2
<i>Transactions with owners of the Company</i>								
Treasury shares purchased	(0.0)	(19.8)				(19.8)		(19.8)
Treasury shares sold	0.0	4.6				4.6		4.6
Options granted / exercised / canceled	0.0	4.5			1.1	5.6		5.6
Transactions with non-controlling interests					(0.3)	(0.3)	(0.1)	(0.4)
	0.0	(10.7)	(17.8)	-	37.8	9.3	(0.1)	9.2
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 March 2023 of EUR 13.2 million (31 December 2022: EUR 13.3 million).

² For details on other reserves refer to note 13.

³ Includes a legal reserve for capitalized intangible assets related to product development projects as per 31 March 2023 of EUR 108.1 million (31 December 2022: EUR 102.8 million).

Consolidated Statement of Cash Flows

In EUR million	Notes	YTD 2023	YTD 2022
Cash Flow from operating activities			
Result from operations		23.1	25.0
<i>Adjustments to reconcile result from operations to net cash provided by / (used in) operating activities:</i>			
Depreciation and impairment of property, plant and equipment and right of use assets	11	10.5	7.7
Amortization and impairment of intangible assets	12	12.7	8.9
Adjustments for other non-cash income and expenses		2.5	1.2
Working capital provided by / (used in) operating activities		48.8	42.8
<i>Changes in:</i>			
Inventories and contract assets and liabilities		(23.1)	7.1
Trade and other receivables		(11.4)	(37.1)
Trade and other payables		21.5	19.5
Provisions		(1.5)	0.4
Changes in operating assets and liabilities		(14.5)	(10.1)
Cash generated from operating activities		34.3	32.7
Income taxes paid		(6.5)	(5.0)
Interest received		0.8	0.6
Interest paid		(11.8)	(0.1)
Net cash from operating activities		16.8	28.2
Cash Flow from investing activities			
Purchase of property, plant and equipment	11	(17.7)	(6.3)
Investments in intangibles	12	(10.7)	(7.1)
Proceeds from sale of non-current assets	11	0.3	0.3
Acquisition of subsidiaries, net of cash acquired	4	(3.7)	-
Net cash provided by / (used in) investing activities		(31.8)	(13.1)
Cash Flow from financing activities			
Options exercised		(1.1)	0.3
Dividends paid	13	-	(38.7)
Proceeds from borrowings	14	10.0	65.0
Repayments of borrowings	14	(0.4)	(40.0)
Payments of lease liabilities	14	(3.3)	(3.3)
Acquisition of non-controlling interests		-	(15.9)
Net cash provided by / (used in) financing activities		5.2	(32.6)
Net increase / (decrease) in cash and cash equivalents		(9.8)	(17.5)
Exchange gain / (loss) on cash and cash equivalents		(2.1)	4.0
Cash and cash equivalents at beginning of the period		75.7	77.1
Cash and cash equivalents at end of the period		63.8	63.6

The notes on pages 10-20 are an integral part of the Condensed Consolidated Interim Financial Statements.

Notes to the Condensed Consolidated Interim Financial Statements

1 General information

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 Condensed Consolidated Interim Financial Statements of the Company as at and for the three-month period ended 31 March 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 Condensed Consolidated Interim Financial Statements for the three-month period ended 31 March 2023 have not been audited nor reviewed by an external auditor.

These Condensed Consolidated Interim Financial Statements have been approved for issue by the Board of Directors and CEO on 3 May 2023.

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

2 Base of preparation and use of judgments and estimates

Base of preparation

These Condensed Consolidated Interim Financial Statements of the Company and its subsidiaries are for the three-month period ended 31 March 2023 and have been prepared in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union.

The Condensed Consolidated Interim Financial Statements should be read in conjunction with the

Group's Annual Consolidated Financial Statements for the year ended 31 December 2022. The Consolidated Financial Statements for the Group for the year ended 31 December 2022 are available upon request from the Company's registered office at Austurhraun 9, Gardabaer, Iceland or at www.marel.com.

These Condensed Consolidated Interim Financial Statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention, except for the revaluation of financial assets classified as 'fair value through other comprehensive income' or '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 of the Group's Annual Consolidated Financial Statements for the year ended 31 December 2022.

Items of each entity in the Group, as included in the Condensed Consolidated Interim Financial Statements, 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 Condensed Consolidated Interim Financial Statements are presented in Euro (EUR), which is the Group's reporting currency.

Accounting policies

The accounting policies applied in these Condensed Consolidated Interim Financial Statements are consistent with those applied and described in the Annual Consolidated Financial Statements for the year ended 31 December 2022, except for the estimation of income tax which is described in note 9. The accounting policies have been applied consistently for all periods presented in these Condensed Consolidated Interim Financial Statements.

A number of new and amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new and amended standards.

Use of judgments and estimates

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those described in the Group's Annual Consolidated Financial Statements for the year ended 31 December 2022.

3 Non-IFRS measurement

In this note to the Condensed Consolidated Interim 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 Condensed Consolidated Interim 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) and acquisition related expenses. The reconciliation of adjusted EBIT to the most directly comparable IFRS measure EBIT, is included in the following table.

	Non-IFRS			Non-IFRS		
	As reported	adjustments	measures	As reported	adjustments	measures
	YTD	YTD	YTD	YTD	YTD	YTD
	2023	2023	2023	2022	2022	2022
Revenues	447.4	-	447.4	371.6	-	371.6
Cost of sales	(294.7)	8.5	(286.2)	(237.9)	0.3	(237.6)
Gross profit	152.7	8.5	161.2	133.7	0.3	134.0
Selling and marketing expenses	(64.4)	4.3	(60.1)	(54.1)	2.8	(51.3)
General and administrative expenses	(37.0)	2.2	(34.8)	(30.5)	1.9	(28.6)
Research and development expenses	(28.2)	2.1	(26.1)	(24.1)	1.3	(22.8)
Adjusted EBIT		17.1	40.2		6.3	31.3
Non-IFRS adjustments		(17.1)	(17.1)		(6.3)	(6.3)
EBIT	23.1	-	23.1	25.0	-	25.0

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

	YTD	YTD
	2023	2022
PPA related charges	15.0	4.5
Acquisition related expenses	2.1	1.8
Total non-IFRS adjustments	17.1	6.3

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

	YTD	YTD
	2023	2022
EBIT	23.1	25.0
Depreciation, amortization and impairment	23.2	16.6
EBITDA	46.3	41.6
Non-IFRS adjustments	10.2	2.1
Adjusted EBITDA	56.5	43.7

4 Business combinations

Wenger

As part of the acquisition of Wenger Manufacturing LLC ("Wenger") in 2022, Marel donated USD 4.0 million (EUR 3.7 million) founding the Wenger Marel Charitable Fund in Q1 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.

5 Segment information

Operating segments

The identified operating segments comprise the four core industries, which are the reportable segments. These operating segments form the basis for managerial decision taking.

Following the acquisition of Wenger, a new operating segment plant, pet and feed was added to Marel's segment reporting alongside the poultry, meat and fish segments. As of Q3 2022, the revenues, results from operations and assets of Wenger were reported into the segment plant, pet and feed, which also included revenues that were historically reported under the other segment.

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

- Poultry processing: Our poultry full-line product range offers integrated systems, software and services for processing broilers, turkeys and ducks;
- Meat processing: Our meat industry 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 industry 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 industry 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 industries.

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 March 2023	Poultry	Meat	Fish	Plant, pet and feed	Other	Total
Revenues	227.8	111.6	47.4	54.6	6.0	447.4
Adjusted result from operations	35.1	0.8	(3.5)	7.6	0.2	40.2
PPA related charges	(0.1)	(3.6)	(0.4)	(10.7)	(0.2)	(15.0)
Acquisition related expenses						(2.1)
Result from operations						23.1
Net finance costs						(12.9)
Share of result of associates						(0.2)
Result before income tax						10.0
Income tax						(0.9)
Net result for the period						9.1
Assets excluding cash and cash equivalents	933.9	868.1	256.8	559.5	32.1	2,650.4
Capital expenditures	17.2	7.3	5.2	1.6	0.1	31.4
Depreciation and amortization	(7.1)	(8.0)	(2.6)	(4.0)	(0.6)	(22.3)
Impairment	(0.5)	(0.3)	(0.1)	-	-	(0.9)

31 March 2022	Poultry	Meat	Fish	Plant, pet and feed	Other	Total
Revenues	188.6	125.9	43.6	-	13.5	371.6
Adjusted result from operations	22.7	8.4	(1.0)	-	1.2	31.3
PPA related charges	(0.1)	(3.4)	(0.8)	-	(0.2)	(4.5)
Acquisition related expenses						(1.8)
Result from operations						25.0
Net finance costs						3.4
Share of result of associates						(0.8)
Result before income tax						27.6
Income tax						(5.9)
Net result for the period						21.7
Assets excluding cash and cash equivalents	849.6	867.3	232.8	-	57.9	2,007.6
Capital expenditures	8.6	5.8	1.1	-	0.6	16.1
Depreciation and amortization	(6.2)	(8.0)	(1.8)	-	(0.6)	(16.6)

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	31/03 2023	31/12 2022
Europe, Middle East and Africa ¹	1,819.3	1,785.8
Americas	798.0	801.3
Asia and Oceania	33.1	33.6
Total	2,650.4	2,620.7

¹ Iceland accounts for EUR 283.7 million (31 December 2022: EUR 278.2 million).

Capital expenditure	YTD 2023	YTD 2022
Europe, Middle East and Africa ¹	29.4	14.1
Americas	1.9	1.8
Asia and Oceania	0.1	0.2
Total	31.4	16.1

¹ Iceland accounts for EUR 4.1 million (2022: EUR 2.9 million).

Cash capital expenditures are made up of capital expenditures excluding the investments in right of use assets. Cash capital expenditures for the three-month period ended 31 March 2023 amount to EUR 28.4 million (2022: EUR 13.4 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 12).

6 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	YTD	YTD
	2023	2022
Europe, Middle East and Africa ¹	223.3	189.1
Americas	177.5	139.1
Asia and Oceania	46.6	43.4
Total	447.4	371.6

¹ Iceland accounts for EUR 3.8 million (2022: EUR 4.6 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	YTD	YTD
	2023	2022
Equipment revenue	256.2	222.4
Aftermarket revenue	191.2	149.2
Total	447.4	371.6

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	31/03	31/12
	2023	2022
Trade receivables	231.7	218.3
Contract assets	80.1	65.8
Contract liabilities	(316.4)	(324.3)

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

7 Expenses by nature

Expenses by nature	YTD	YTD
	2023	2022
Cost of goods sold	165.7	130.8
Employee benefits	175.8	153.8
Other personnel expenses	9.1	6.7
Depreciation, amortization and impairment	23.2	16.6
Other ¹	50.5	38.7
Total	424.3	346.6

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

8 Net finance costs

Net finance costs	YTD	YTD
	2023	2022
Finance costs:		
Interest on borrowings	(11.9)	(0.8)
Interest on leases	(0.3)	(0.2)
Other finance expenses	(1.5)	(0.5)
Subtotal finance costs	(13.7)	(1.5)
Finance income:		
Interest income	0.5	0.5
Net foreign exchange gain	0.3	4.4
Subtotal finance income	0.8	4.9
Total	(12.9)	3.4

9 Income tax

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in the interim period. As such, the effective tax rate in the Condensed Consolidated Interim Financial Statements may differ from the effective tax rate for the Annual Consolidated Financial Statements.

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	YTD		YTD	
	2023	%	2022	%
Result before income tax	10.0		27.6	
Income tax using Icelandic rate	(2.0)	20.0	(5.5)	20.0
Effect of tax rates in other jurisdictions	(0.6)	6.0	(1.9)	6.8
Weighted average applicable tax	(2.6)	26.0	(7.4)	26.8
Foreign exchange effect Iceland	0.3	(3.0)	0.4	(1.4)
Research and development tax incentives	1.7	(17.0)	1.9	(6.9)
Other permanent differences	(0.2)	2.0	(0.3)	1.1
(Impairment)/reversal of tax losses	(0.3)	3.0	(0.2)	0.7
Effect of changes in tax rates	-	-	(0.3)	1.1
Others	0.2	(2.0)	0.0	(0.0)
Tax charge included in the Consolidated Statement of Income	(0.9)	9.0	(5.9)	21.4

10 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)	YTD 2023	YTD 2022
Net result attributable to Shareholders (EUR millions)	9.1	21.7
Weighted average number of outstanding shares issued (millions)	752.9	755.9
Basic earnings per share (EUR cent per share)	1.21	2.87

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)	YTD 2023	YTD 2022
Net result attributable to Shareholders (EUR millions)	9.1	21.7
Weighted average number of outstanding shares issued (millions)	752.9	755.9
Adjustments for stock options (millions)	1.4	13.1
Weighted average number of outstanding shares for diluted earnings per share (millions)	754.3	769.0
Diluted earnings per share (EUR cent per share)	1.21	2.82

11 Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Under construction	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
Three months ended 31 March 2023					
Opening net book value	205.5	74.8	17.6	29.2	327.1
Divestments	(0.1)	(0.1)	(0.1)	-	(0.3)
Effect of movements in exchange rates	(0.1)	(0.4)	(0.0)	(0.0)	(0.5)
Additions	0.5	1.6	0.9	14.7	17.7
Transfer between categories	1.5	2.3	0.3	(4.1)	-
Depreciation	(2.6)	(3.2)	(1.2)	-	(7.0)
Closing net book value	204.7	75.0	17.5	39.8	337.0
At 31 March 2023					
Cost	294.2	180.6	74.3	39.8	588.9
Accumulated depreciation	(89.5)	(105.6)	(56.8)	-	(251.9)
Net book value	204.7	75.0	17.5	39.8	337.0

12 Goodwill and intangible assets

	Goodwill	Technology & development costs	Customer relations, patents & trademarks	Other intangibles	Total intangible assets
At 1 January 2023					
Cost	859.2	469.4	388.0	101.7	959.1
Accumulated amortization	-	(211.8)	(104.1)	(80.9)	(396.8)
Net book value	859.2	257.6	283.9	20.8	562.3
Three months ended 31 March 2023					
Opening net book value	859.2	257.6	283.9	20.8	562.3
Effect of movements in exchange rates	(2.6)	(1.2)	(1.6)	(0.0)	(2.8)
Additions	-	8.8	-	1.9	10.7
Impairment charge	-	-	-	(0.9)	(0.9)
Amortization	-	(5.4)	(4.7)	(1.7)	(11.8)
Closing net book value	856.6	259.8	277.6	20.1	557.5
At 31 March 2023					
Cost	856.6	476.7	385.8	103.7	966.2
Accumulated amortization	-	(216.9)	(108.2)	(83.6)	(408.7)
Net book value	856.6	259.8	277.6	20.1	557.5

Impairment testing

The Group tested at the end of 2022 whether goodwill and capitalized development costs had suffered any

impairment. The conclusion was there were no triggers indicating that impairment was necessary. At 31 March 2023, there is no reason to deviate from the conclusions taken at year end.

13 Equity

Share capital	Ordinary	Treasury	Outstanding
	shares	shares	number of
	(thousands)	(thousands)	(thousands)
At 1 January 2023	771,008	(18,293)	752,715
Treasury shares - sold	-	385	385
At 31 March 2023	771,008	(17,908)	753,100
	100.00%	2.32%	97.68%

Class of share capital	31/03	31/12
	2023	2022
Nominal value	6.7	6.7
Share premium reserve	425.9	426.9
Reserve for share-based payments	13.2	13.3
Total share premium reserve	439.1	440.2

Dividends

In March 2023, a dividend of EUR 11.7 million (EUR 1.56 cents per share) was declared to the shareholders for the operational year 2022. This corresponds to approximately 20% of net result for the operational year 2022 (in Q1 2022, a dividend of EUR 38.7 million (EUR 5.12 cents per share) was declared and paid for the operational year 2021). The dividend will be fully paid in Q2 2023, and is reported as other payable at 31 March 2023.

Other reserves

Other reserves in shareholder's equity include the following reserves:

Other reserves	Hedge reserve	Translation reserve	Total other reserves
Balance at 1 January 2023	(0.0)	(33.4)	(33.4)
Total other comprehensive income	1.5	(1.4)	0.1
Balance at 31 March 2023	1.5	(34.8)	(33.3)

Limitation in the distribution of Shareholders' equity

As at 31 March 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 108.1 million as at 31 March 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.

14 Borrowings and lease liabilities

	31/03 2023	31/12 2022
Borrowings and lease liabilities		
Borrowings	733.4	729.8
Lease liabilities	31.9	30.3
Non-current	765.3	760.1
Borrowings	121.6	121.5
Lease liabilities	8.5	10.8
Current	130.1	132.3
Total	895.4	892.4
Borrowings	855.0	851.3
Lease liabilities	40.4	41.1
Total	895.4	892.4

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

The Group has the following headroom in committed facilities:

	31/03 2023	31/12 2022
Available headroom		
Expiring within one year	-	-
Expiring beyond one year	241.3	243.8
Total	241.3	243.8

Borrowings and lease liabilities in currency recorded in EUR at 31 March 2023

	Borrowings	Capitalized finance charges	Lease liabilities	Total
Liabilities in EUR	520.0	(1.0)	14.0	533.0
Liabilities in USD	336.5	(1.4)	9.0	344.1
Liabilities in other currencies	0.9	-	17.4	18.3
Total	857.4	(2.4)	40.4	895.4
Current maturities	(123.1)	1.5	(8.5)	(130.1)
Non-current maturities	734.3	(0.9)	31.9	765.3

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 March 2023

	Borrowings	Capitalized finance charges	Lease liabilities	Total
Between 1 and 2 years	430.6	(0.5)	10.8	440.9
Between 2 and 3 years	303.7	(0.4)	6.9	310.2
Between 3 and 4 years	-	-	4.4	4.4
Between 4 and 5 years	-	-	5.4	5.4
After 5 years	-	-	4.4	4.4
Total	734.3	(0.9)	31.9	765.3

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

15 Financial instruments

Fair value of financial assets and liabilities	Carrying amount	Fair value	Level 1	Level 2	Level 3
At 31 March 2023					
Cash and cash equivalents	63.8	63.8	-	-	-
Trade receivables, other receivables and prepayments	334.4	334.4	-	-	-
Other non-current financial assets	3.6	3.6	-	-	3.6
Interest rate swaps	4.0	4.0	-	4.0	-
Subtotal financial assets	405.8	405.8	-	4.0	3.6
Forward exchange contracts	(2.1)	(2.1)	-	(2.1)	-
Borrowings	(855.0)	(855.0)	-	-	-
Trade and other payables	(353.4)	(353.4)	-	-	-
Subtotal financial liabilities	(1,210.5)	(1,210.5)	-	(2.1)	-
Total	(804.7)	(804.7)	-	1.9	3.6
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.

16 Contingencies

Contingent liabilities

At 31 March 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 44.6 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.

17 Related party transactions

At 31 March 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 three-month period ended 31 March 2023 and 2022.

18 Subsequent events

Acquisition of E+V Technology

On 4 April 2023, Marel announced an asset purchase agreement to acquire 100% of operating assets related to E+V Technology, a global provider of advanced vision systems for the meat and poultry industries. E+V Technology 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 amounts to EUR 10.0 million, of which EUR 8.0 million was paid in Q2 2023 at closing of the deal and the remaining EUR 2.0 million will be paid in one year subject to certain conditions.

In accordance with IFRS 3 'business combinations' the purchase price of E+V Technology will be allocated to identifiable assets and liabilities acquired. Due to the short timeframe between closing of the acquisition and issuance of the Condensed Consolidated Interim Financial Statements, this has not been completed and as such the allocation of the purchase price to acquired assets and liabilities assumed is not disclosed.

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

Appendices

1 Quarterly results

	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Revenues	447.4	489.2	450.6	397.3	371.6
Cost of sales	(294.7)	(325.1)	(301.9)	(265.5)	(237.9)
Gross profit	152.7	164.1	148.7	131.8	133.7
Selling and marketing expenses	(64.4)	(60.0)	(63.5)	(58.6)	(54.1)
General and administrative expenses	(37.0)	(38.2)	(36.9)	(33.6)	(30.5)
Research and development expenses	(28.2)	(27.8)	(29.2)	(24.8)	(24.1)
Result from operations (EBIT)	23.1	38.1	19.1	14.8	25.0
Net finance costs	(12.9)	(15.6)	1.1	(1.9)	3.4
Share of result of associates	(0.2)	(0.2)	(0.1)	(0.8)	(0.8)
Impairment loss of associates	-	-	(7.0)	-	-
Result before income tax	10.0	22.3	13.1	12.1	27.6
Income tax	(0.9)	(3.8)	(4.2)	(2.5)	(5.9)
Net result for the period	9.1	18.5	8.9	9.6	21.7
Result from operations before depreciation & amortization (EBITDA)	46.3	62.9	40.7	33.4	41.6

The below table provides an overview of the quarterly adjusted result from operations and adjusted result from operations before depreciation & amortization, which management believes to be a relevant Non-IFRS measurement, as mentioned in note 3.

	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Revenues	447.4	489.2	450.6	397.3	371.6
Cost of sales	(286.2)	(313.4)	(288.6)	(264.2)	(237.6)
Gross profit	161.2	175.8	162.0	133.1	134.0
Selling and marketing expenses	(60.1)	(54.3)	(57.0)	(55.3)	(51.3)
General and administrative expenses	(34.8)	(35.6)	(32.2)	(29.7)	(28.6)
Research and development expenses	(26.1)	(25.0)	(26.6)	(23.1)	(22.8)
Adjusted result from operations¹	40.2	60.9	46.2	25.0	31.3
Non-IFRS adjustments	(17.1)	(22.8)	(27.1)	(10.2)	(6.3)
Result from operations (EBIT)	23.1	38.1	19.1	14.8	25.0
Adjusted result from operations before depreciation & amortization (EBITDA)	56.5	77.9	61.3	38.5	43.7

¹ Result from operations is adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 and Q4 2022, result from operations is adjusted for restructuring costs due to the 5% headcount reduction.

2 Definitions and abbreviations

EBIT

Earnings before interest and tax

EBITDA

Earnings before interest, tax, depreciation and amortization

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

PPA

Purchase Price Allocation

STEM

Science, Technology, Engineering and Mathematics