30 September 2022

Condensed Consolidated Interim Financial Statements

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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 nine-month period ended 30 September 2022 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 2021.

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 2021.

Operations in nine-month period ended 30 September 2022

The consolidated revenues for Marel for the nine-month period ended 30 September 2022 are EUR 1,219.5 million (2021: EUR 993.4 million). The adjusted result from operations for the same period is EUR 102.5 million or 8.4% of revenues (2021: EUR 112.6 million or 11.3% 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 2022	YTD 2021
Adjusted result from operations[1]	102.5	112.6
Non-IFRS adjustments	(43.6)	(18.1)
Result from operations	**58.9**	**94.5**

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

At 30 September 2022 the Company's order book amounted to EUR 751.0 million (at 31 December 2021: EUR 569.0 million). Orders received for the nine-month period ended 30 September 2022 amounted to EUR 1,320.6 million (2021: EUR 1,101.3 million). EUR 80.9 million order book was acquired in 2022 from Wenger and Sleegers.

Net cash from operating activities for the nine-month period ended 30 September 2022 was EUR 25.7 million (2021: EUR 132.6 million). The decrease in net cash from operating activities is mainly due to a lower result from operations and unfavorable movements in working capital.

Capital expenditures for the nine-month period ended 30 September 2022 were EUR 68.0 million (2021: EUR 50.3 million). Ahead of the foreseen growth curve, Marel stepped up its focus on important initiatives to automate and digitize our manufacturing platform, supply chain and aftermarket business. Marel will continue to invest 4-5% of revenues 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 30 September 2022, net cash and cash equivalents were EUR 79.6 million (31 December 2021: EUR 77.1 million). Net interest-bearing debt increased from EUR 199.2 million at the end of 2021 to EUR 843.3 million as per 30 September 2022. In Q2 2022, the Group drew USD 530.0 million on its committed revolving facility in order to finance the Wenger acquisition. In addition, the Group utilized the full EUR 150.0 million bridge facility to provide operational liquidity. In Q2 2022, EUR 100.0 million was repaid on the revolving facility. In Q3 2022, the Group drew an additional net EUR 20.4 million on the revolving facility. The remaining increase in net interest-bearing debt in the quarter was due to FX volatility.

Based on the Company's 2022 Annual General Meeting resolution, a dividend of EUR 38.7 million (EUR 5.12 cents per share) was declared and paid to the shareholders in Q1 2022 for the operational year 2021. This corresponds to approximately 40% of net result for the operational year 2021 (in 2021: a dividend of EUR 41.0 million, EUR 5.45 cents per share, corresponding to 40% of net result for the year 2020, was declared and paid out to shareholders for the operational year 2020).

Acquisitions in 2022

On 1 February 2022, Marel acquired an additional 50.0% of the share capital of Curio ehf. ("Curio") bringing Marel's total share to 100%. Curio and Marel have worked closely together since Marel's initial investment in Curio on 22 October 2019 and as such, Marel initiated the acquisition of the remaining shares ahead of the timing agreed in the put option.

On 21 April 2022, Marel concluded the acquisition of the entire share capital of Sleegers Techniek B.V. ("Sleegers"). Sleegers is a Dutch provider of interleaving, stacking, loading, and slicing solutions for food processers globally. The joint offering by the two companies will strengthen Marel's position in the case-ready and prepared foods segments.

On 9 June 2022, Marel concluded the acquisition of the entire share capital of Wenger Manufacturing LLC ("Wenger"), including all relevant business activities of the group. Wenger is a global leader in processing solutions focused on pet food, plant-based proteins and aqua feed. The acquisition of Wenger is a platform investment into new and attractive growth markets where Wenger's industry-leading extrusion and dryer technologies forms the anchor point in a new segment in Marel's business model, plant pet and feed. As of Q3 2022, the revenues, results from operations and assets of Wenger are reported into this new segment, which also includes revenues that were historically reported under the other segment. The acquisition is fully in line with Marel's growth strategy and increased focus on adjacent markets.

Further information on acquisitions in 2022 is provided in note 4 of the Condensed Consolidated Interim Financial Statements.

In relation to the Wenger acquisition, Marel signed a EUR 150.0 million multi-currency bridge facility in order to provide operational headroom. The facility was provided by BNP PARIBAS SA/NV, has up to a 2-year term and an initial interest rate of EURIBOR/SOFR + 50 bps margin. On 2 November 2022, Marel signed a new USD 300.0 million term loan which will be utilized to replace the EUR 150.0 million multi-currency bridge facility. Further information is provided in note 27 of the Condensed Consolidated Interim Financial Statements.

Stranda Prolog entered into insolvency proceedings

On 5 September 2022, the board of Stranda Prolog AS ("Stranda") filed for insolvency with Møre og Romsdal district court in Norway. As a result, an impairment loss on Marel's 40.0% stake in Stranda of EUR 7.0 million was recognized in the net result of the quarter.

Share buyback program

On 1 June 2022, the Board of Directors of Marel decided to initiate a share buyback program on Nasdaq Iceland for up to 4,000,000 shares, or about 0.52% of the total issued share capital in the Company. In addition, the Board of Directors of Marel decided to initiate a share buyback program on Euronext Amsterdam for up to 1,000,000 shares, or about 0.13% of the total issued share capital in the Company. The purpose of the buyback program was to meet the Company's obligations under share incentive programs with employees.

As part of the buyback program, Marel purchased 4.6 million shares (EUR 19.8 million) in the period 1 June 2022 to 2 September 2022. The buyback program on Nasdaq Iceland was in effect from 1 June 2022 and was discontinued after 1 July 2022, when the maximum number of shares to be purchased was reached. The buyback program on Euronext Amsterdam was in effect from 2 June 2022 until and including 2 September 2022 when the buyback program was ended.

Outlook

The demand for Marel's pioneering solutions has been strong since 3Q 2021 with orders above EUR 400 million. The need for automation and digitalization investments in food processing continues. Initially accelerated by the pandemic and the accompanying shift in market dynamics in today's inflationary environment, colored by labor scarcity and geopolitics, the need for further automation and sustainable use of raw materials, energy and water within food processing has become ever more pressing.

Market conditions remain challenging due to continued supply chain disruption and inflation at high levels resulting in inefficiencies in manufacturing and aftermarket, and higher costs associated with timely delivery. Marel is targeting a gradual build-up of revenues and operational performance in 2022-2023, based on a strong order book with better price/cost coverage in new orders. To drive the performance improvements needed to reach the 2026 growth targets, Marel is refining its operating model to foster customer-centricity, enhance end-to-end accountability and enable cross-business collaboration.

In Q2 2022, Marel revised its year-end 2023 financial target to a run-rate of 14-16% EBIT, from the previously stated 16%, allowing for 2% contingency buffer due to volatility in market conditions. Other 2023 financial targets are unchanged, gross profit of around 40%, SG&A of around 18% and innovation at the 6% strategic level.

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 give a true and fair view of the consolidated financial performance of the Group for the nine-month period ended 30 September 2022, its assets, liabilities and consolidated financial position as at 30 September 2022 and its consolidated cash flows for the nine-month period ended 30 September 2022.

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 nine-month period ended 30 September 2022 with their signatures.

Gardabaer, 2 November 2022

Board of Directors

Arnar Thor Masson
Chairman of the Board

Ann Elizabeth Savage

Astvaldur Johannsson

Lillie Li Valeur

Olafur S. Gudmundsson

Svafa Grönfeldt

Ton van der Laan

Chief Executive Officer

Arni Oddur Thordarson

Consolidated Statement of Income

In EUR million unless stated otherwise	Notes	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Revenues	5 & 6 & 7	450.6	331.9	1,219.5	993.4
Cost of sales	5 & 8	(301.9)	(209.0)	(805.3)	(631.2)
Gross profit	5	**148.7**	**122.9**	**414.2**	**362.2**
Selling and marketing expenses	5 & 8	(63.5)	(47.2)	(176.2)	(132.1)
General and administrative expenses	5 & 8	(36.9)	(22.9)	(101.0)	(70.2)
Research and development expenses	5 & 8	(29.2)	(21.4)	(78.1)	(65.4)
Result from operations	5	**19.1**	**31.4**	**58.9**	**94.5**
Finance costs	9	(7.7)	(2.2)	(12.3)	(8.7)
Finance income	9	8.8	0.1	14.9	0.3
Net finance costs	9	**1.1**	**(2.1)**	**2.6**	**(8.4)**
Share of result of associates	16	(0.1)	0.0	(1.7)	(0.5)
Impairment loss of associates	16	(7.0)	-	(7.0)	-
Result before income tax		**13.1**	**29.3**	**52.8**	**85.6**
Income tax	10	(4.2)	(6.1)	(12.6)	(17.9)
Net result		**8.9**	**23.2**	**40.2**	**67.7**
Of which:					
- Net result attributable to Shareholders of the Company	11	8.9	23.4	40.2	68.2
- Net result attributable to non-controlling interests	20	-	(0.2)	0.0	(0.5)
Earnings per share for result attributable to Shareholders of the Company during the period (expressed in EUR cent per share):					
- Basic	11	1.18	3.10	5.33	9.05
- Diluted	11	1.18	3.08	5.29	8.97

The notes on pages 11-30 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Comprehensive Income

In EUR million	Notes	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Net result		**8.9**	**23.2**	**40.2**	**67.7**
Items that are or may be reclassified to profit or loss:					
Currency translation differences	20	11.4	(1.0)	14.3	3.1
Cash flow hedges	20	(0.5)	(2.5)	1.8	(1.0)
Deferred income taxes	18 & 20	0.1	0.5	(0.4)	0.2
Other comprehensive income / (loss) for the period, net of tax		**11.0**	**(3.0)**	**15.7**	**2.3**
Total comprehensive income for the period		**19.9**	**20.2**	**55.9**	**70.0**
Of which:					
- Total comprehensive income attributable to Shareholders of the Company		19.9	20.4	55.9	70.5
- Total comprehensive income attributable to non-controlling interests	20	-	(0.2)	0.0	(0.5)

The notes on pages 11-30 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Financial Position

In EUR million	Notes	30/09 2022	31/12 2021
Assets			
Property, plant and equipment	12	331.8	228.7
Right of use assets	13	39.9	40.5
Goodwill	14	901.7	705.2
Intangible assets	15	557.7	357.2
Investments in associates	16	4.0	12.7
Other non-current financial assets		0.9	-
Derivative financial instruments	24	1.6	-
Deferred income tax assets	18	26.7	18.1
Non-current assets		**1,864.3**	**1,362.4**
Inventories	19	430.4	273.4
Contract assets	7	79.0	69.6
Trade receivables	7 & 17	247.4	154.7
Derivative financial instruments	24	1.6	1.1
Other receivables and prepayments	17	117.7	66.7
Cash and cash equivalents		79.6	77.1
Current assets		**955.7**	**642.6**
Total assets		**2,820.0**	**2,005.0**
Equity and liabilities			
Share capital	20	6.7	6.7
Share premium reserve	20	438.6	450.3
Other reserves	20	(6.1)	(22.1)
Other equity	20	-	(13.6)
Retained earnings	20	595.4	593.8
Shareholders' equity		**1,034.6**	**1,015.1**
Non-controlling interests	20	-	8.0
Total equity		**1,034.6**	**1,023.1**
Liabilities			
Borrowings	21	881.5	234.9
Lease liabilities	21	30.6	30.9
Deferred income tax liabilities	18	90.9	92.1
Provisions	22	6.6	4.0
Other payables	23	9.0	22.7
Derivative financial instruments	24	-	0.4
Non-current liabilities		**1,018.6**	**385.0**
Contract liabilities	7	387.8	306.0
Trade and other payables	23	342.2	259.4
Derivative financial instruments	24	0.4	0.8
Current income tax liabilities		13.5	10.7
Borrowings	21	0.0	0.0
Lease liabilities	21	10.8	10.5
Provisions	22	12.1	9.5
Current liabilities		**766.8**	**596.9**
Total liabilities		**1,785.4**	**981.9**
Total equity and liabilities		**2,820.0**	**2,005.0**

The notes on pages 11-30 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[3]	Retained earnings[4]	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					40.2	40.2	0.0	40.2
Total other comprehensive income			16.0	(0.3)		15.7		15.7
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	3.9			0.6	4.5		4.5
Transactions with non-controlling interests				13.9	(0.5)	13.4	(8.0)	5.4
Dividend					(38.7)	(38.7)		(38.7)
	0.0	**(11.7)**	**16.0**	**13.6**	**1.6**	**19.5**	**(8.0)**	**11.5**
Balance at 30 September 2022	**6.7**	**438.6**	**(6.1)**	**-**	**595.4**	**1,034.6**	**-**	**1,034.6**

In EUR million	Share capital	Share premium reserve[1]	Other reserves[2]	Other equity[3]	Retained earnings[4]	Share-holders' equity	Non-controlling interests	Total equity
Balance at 1 January 2021	**6.7**	**442.8**	**(27.5)**	**-**	**536.4**	**958.4**	**0.3**	**958.7**
Net result for the period					68.2	68.2	(0.5)	67.7
Total other comprehensive income			2.8	(0.5)		2.3		2.3
Transactions with owners of the Company								
Options granted / exercised / canceled	0.0	(3.4)			1.6	(1.8)		(1.8)
Non-controlling interests on acquisition of subsidiary							8.5	8.5
Transactions with non-controlling interests				(12.8)		(12.8)		(12.8)
Dividend					(41.0)	(41.0)	(0.2)	(41.2)
	0.0	**(3.4)**	**2.8**	**(13.3)**	**28.8**	**14.9**	**7.8**	**22.7**
Balance at 30 September 2021	**6.7**	**439.4**	**(24.7)**	**(13.3)**	**565.2**	**973.3**	**8.1**	**981.4**
Net result for the period					28.6	28.6	(0.1)	28.5
Total other comprehensive income			2.6	(0.3)		2.3		2.3
Transactions with owners of the Company								
Treasury shares sold	0.0	9.9				9.9		9.9
Options granted / exercised / canceled	0.0	1.0				1.0		1.0
	0.0	**10.9**	**2.6**	**(0.3)**	**28.6**	**41.8**	**(0.1)**	**41.7**
Balance at 31 December 2021	**6.7**	**450.3**	**(22.1)**	**(13.6)**	**593.8**	**1,015.1**	**8.0**	**1,023.1**

1 Includes reserve for share-based payments as per 30 September 2022 of EUR 11.8 million (31 December 2021: EUR 7.3 million).
2 For details on other reserves refer to note 20.
3 Includes equity impact of the option to acquire the remaining shares of non-controlling interests. For further information refer to note 20.
4 Includes a legal reserve for capitalized intangible assets related to product development projects as per 30 September 2022 of EUR 98.9 million (31 December 2021: EUR 88.1 million).

The notes on pages 11-30 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Cash Flows

In EUR million	Notes	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Cash Flow from operating activities					
Result from operations		**19.1**	**31.4**	**58.9**	**94.5**
Adjustments to reconcile result from operations to net cash provided by / (used in) operating activities:					
Depreciation and impairment of property, plant and equipment and right of use assets	12 & 13	10.4	7.3	26.7	21.4
Amortization and impairment of intangible assets	15	11.2	9.3	30.1	29.2
Adjustments for other non-cash income and expenses		2.6	0.9	5.2	2.8
Working capital provided by / (used in) operating activities		**43.3**	**48.9**	**120.9**	**147.9**
Changes in working capital:					
Inventories and contract assets and liabilities		(8.0)	(35.4)	(33.1)	(6.7)
Trade and other receivables		(31.6)	8.9	(70.4)	6.3
Trade and other payables		(6.1)	0.6	31.6	11.9
Provisions		3.4	(3.3)	3.1	(1.6)
Changes in operating assets and liabilities		**(42.3)**	**(29.2)**	**(68.8)**	**9.9**
Cash generated from operating activities		**1.0**	**19.7**	**52.1**	**157.8**
Income taxes paid		(9.9)	(6.9)	(20.2)	(20.2)
Interest and finance income received		0.6	0.0	0.8	0.3
Interest and finance costs paid		(4.6)	(2.4)	(7.0)	(5.3)
Net cash from operating activities		**(12.9)**	**10.4**	**25.7**	**132.6**
Cash Flow from investing activities					
Purchase of property, plant and equipment	12	(18.0)	(8.6)	(36.8)	(22.6)
Investments in intangibles	15	(7.9)	(5.1)	(23.8)	(17.4)
Proceeds from sale of non-current assets and assets held for sale	12 & 15	-	1.0	0.6	2.6
Investments in associates	16	-	-	-	(8.6)
Acquisition of subsidiaries, net of cash acquired	4	-	-	(479.9)	(19.1)
Net cash provided by / (used in) investing activities		**(25.9)**	**(12.7)**	**(539.9)**	**(65.1)**
Cash Flow from financing activities					
Purchase of treasury shares	20	(2.2)	-	(19.8)	-
Sale of treasury shares and options exercised	20	-	0.3	0.6	0.7
Dividends paid	20	-	(0.2)	(38.7)	(41.2)
Proceeds from borrowings	21	80.0	-	789.8	22.5
Repayments of borrowings	21	(59.6)	(15.6)	(200.9)	(59.1)
Payments of lease liabilities	21	(3.7)	(2.7)	(9.8)	(8.1)
Acquisition of non-controlling interests[1]	4 & 20	-	-	(16.4)	-
Net cash provided by / (used in) financing activities		**14.5**	**(18.2)**	**504.8**	**(85.2)**
Net increase / (decrease) in net cash		**(24.3)**	**(20.5)**	**(9.4)**	**(17.7)**
Exchange gain / (loss) on net cash		3.7	1.1	11.9	5.3
Net cash at beginning of the period		100.2	85.6	77.1	78.6
Net cash at end of the period		**79.6**	**66.2**	**79.6**	**66.2**

[1] In Q3 2022, EUR 16.4 million cash flow relating to the acquisition of non-controlling interests was reclassed from acquisition of subsidiaries in investing activities to financing activities in order to improve the accuracy of reporting in the Consolidated Statement of Cash Flows.

The notes on pages 11-30 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 nine-month period ended 30 September 2022 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 nine-month period ended 30 September 2022 have not been audited nor reviewed by an external auditor.

All amounts are in millions of EUR unless otherwise indicated.

These Condensed Consolidated Interim Financial Statements have been approved for issue by the Board of Directors and CEO on 2 November 2022.

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

2 Basis 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 nine-month period ended 30 September 2022 and have been prepared in accordance with IAS 34 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 2021. The Consolidated Financial Statements for the Group for the year ended 31 December 2021 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.

These Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention, except for the valuation of financial assets and liabilities (including derivative instruments) which are valued at fair value through the Consolidated Statement of Comprehensive Income.

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.

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 were the same as those described in the Group's Annual Consolidated Financial Statements for the year ended 31 December 2021.

3 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 2021.

The accounting policies have been applied consistently for all periods presented in these Condensed Consolidated Interim Financial Statements.

4 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.

Sleegers

On 21 April 2022, Marel concluded the acquisition of the entire share capital of Sleegers, a Dutch provider of interleaving, stacking, loading, and slicing solutions for food processers globally. Sleegers was founded in 1993, has 27 employees and around EUR 5.0 million in annual revenues. The joint offering by the two companies will strengthen Marel’s position in the case-ready and prepared foods segments. The purchase consideration was paid with EUR 12.9 million in cash. The acquisition was financed through Marel’s strong cash position and existing credit facilities.

Provisional goodwill amounted to EUR 5.9 million is allocated to the meat and other segments and is primarily related to the strategic fit of Sleegers and Marel with a highly complementary product portfolio in the case-ready and prepared foods segments. The goodwill for the Sleegers acquisition is not deductible for corporate income tax.

Wenger

On 9 June 2022, Marel concluded the acquisition of the entire share capital of Wenger, including all relevant business activities of the group. The acquisition of Wenger is a platform investment into new and attractive growth markets where Wenger’s industry-leading extrusion and dryer technologies forms the anchor point in a new segment in Marel’s business model. Wenger shares Marel’s passion for innovation and commitment to best-in-class products, backed by an experienced team, and long-standing partnerships with customers. The acquisition is fully in line with Marel’s growth strategy and increased focus on adjacent markets.

Wenger is a global leader in processing solutions focused on pet food, plant-based proteins and aqua feed. Founded in 1935, Wenger is a family-owned business headquartered in Sabetha, Kansas, USA, has around 500 employees and revenues in 2022 are expected to be around USD 190.0 million.

Closing was subject to customary closing conditions, including anti-trust and approval of Wenger's shareholders. The purchase consideration includes a cash consideration of USD 521.6 million (EUR 487.1 million), 1.0 million Marel shares (EUR 4.2 million) and a cash contribution of USD 4.0 million (EUR 3.7 million) into a not-for-profit private foundation, to continue the legacy of Wenger and its meaningful impact on the community. The purchase consideration is preliminary and may be adjusted when the net working capital calculations are finalized. The fair value of the Marel shares transferred was based on the listed share price of the Company at 9 June 2022 of EUR 4.37 per share. The acquisition was financed through Marel's strong cash position, existing credit facilities and available treasury shares.

Immediately after the acquisition date the PPA activities started. The amounts recorded for the acquisition are provisional. The preliminary purchase price allocation may be further revised within the one year period from the acquisition date if additional information is obtained which might impact the purchase consideration and / or fair value of assets and liabilities.

Provisional goodwill amounted to EUR 170.5 million and is primarily related to the strategic and cultural fit and a highly complementary product portfolio. The goodwill is allocated to the new segment plant, pet and feed.

The goodwill for Wenger is tax deductible in the US if certain conditions are met.

In 2022 Sleegers and Wenger contributed EUR 63.6 million to the Group's revenue and EUR 8.7 million to the Group's adjusted result from operations. If these companies had been acquired on 1 January 2022, revenues on a year to date basis contributed to Marel would have been approximately EUR 139.0 million and adjusted result from operations EUR 17.0 million.

The impact to Marel's Consolidated Statement of Financial Position of acquisitions in 2022 is shown in the below table.

Impact on the Consolidated Statement of Financial Position in 2022	**Wenger**	**Sleegers**	**Total**
Property, plant and equipment	72.8	0.3	73.1
Right of use assets	1.1	-	1.1
Intangible assets	181.5	5.1	186.6
Other non-current assets	1.2	-	1.2
Inventories	78.5	1.7	80.2
Contract assets	-	-	-
Trade receivables	22.3	0.9	23.2
Other receivables and prepayments	11.5	0.8	12.3
Cash and cash equivalents	19.8	0.2	20.0
Assets acquired	**388.7**	**9.0**	**397.7**
Borrowings, current and non-current	12.1	-	12.1
Lease liabilities, current and non-current	1.1	-	1.1
Provisions, current and non-current	1.3	-	1.3
Deferred and other tax liabilities	0.4	1.2	1.6
Contract liabilities	33.2	0.3	33.5
Trade and other payables	16.1	0.5	16.6
Liabilities assumed	**64.2**	**2.0**	**66.2**
Total net identified assets	**324.5**	**7.0**	**331.5**
Purchase consideration	**495.0**	**12.9**	**507.9**
of which paid / to be paid in cash	490.8	12.9	503.7
of which paid / to be paid in shares	4.2	-	4.2
Goodwill on acquisition	**170.5**	**5.9**	**176.4**

Purchase of non-controlling interest

On 1 February 2022, Marel acquired the remaining 50.0% of the shares of Curio for an additional investment of EUR 15.9 million. Curio and Marel have worked closely together since Marel's initial investment in Curio on 22 October 2019 and as such, Marel initiated the acquisition of the remaining shares ahead of the timing agreed in the put option. Curio was consolidated in Marel’s financial results as of Q1 2021 at the moment Marel assessed it had control over Curio.

On 21 June 2022, Marel acquired the remaining 24.0% of the shares of MPS France S.A.R.L. ("MPS France") for an additional investment of EUR 0.5 million.

As these additional investments in Curio and MPS France do not result in a change of control, the purchase is treated as an equity transaction. As a result, no changes in the carrying amounts of assets (including goodwill) were recognized. The difference between the change in non-controlling interest and the consideration paid is recognized directly in equity.

5 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 as a performance measure because it monitors this performance measure at a consolidated level and believes that this measure is relevant to an understanding of the Group’s financial performance. Adjusted result from operations is calculated by adjusting result from operations to exclude the impact of PPA related costs (consisting of depreciation and amortization of acquisition related (in)tangible assets) and acquisition related expenses. Restructuring costs due to the 5% headcount reduction are adjusted for in Q3 2022. No other adjustments are included in adjusted result from operations.

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

	As reported Q3 2022	Non-IFRS adjustments Q3 2022	Non-IFRS measures Q3 2022	As reported Q3 2021	Non-IFRS adjustments Q3 2021	Non-IFRS measures Q3 2021
Revenues	450.6	-	450.6	331.9	-	331.9
Cost of sales	(301.9)	13.3	(288.6)	(209.0)	0.3	(208.7)
Gross profit	**148.7**	**13.3**	**162.0**	**122.9**	**0.3**	**123.2**
Selling and marketing expenses	(63.5)	6.5	(57.0)	(47.2)	2.6	(44.6)
General and administrative expenses	(36.9)	4.7	(32.2)	(22.9)	0.1	(22.8)
Research and development expenses	(29.2)	2.6	(26.6)	(21.4)	1.6	(19.8)
Adjusted result from operations		**27.1**	**46.2**		**4.6**	**36.0**
Non-IFRS adjustments		(27.1)	(27.1)		(4.6)	(4.6)
Result from operations	**19.1**	**-**	**19.1**	**31.4**	**-**	**31.4**

	As reported YTD 2022	Non-IFRS adjustments YTD 2022	Non-IFRS measures YTD 2022	As reported YTD 2021	Non-IFRS adjustments YTD 2021	Non-IFRS measures YTD 2021
Revenues	1,219.5	-	1,219.5	993.4	-	993.4
Cost of sales	(805.3)	14.9	(790.4)	(631.2)	4.0	(627.2)
Gross profit	**414.2**	**14.9**	**429.1**	**362.2**	**4.0**	**366.2**
Selling and marketing expenses	(176.2)	12.6	(163.6)	(132.1)	7.7	(124.4)
General and administrative expenses	(101.0)	10.5	(90.5)	(70.2)	1.5	(68.7)
Research and development expenses	(78.1)	5.6	(72.5)	(65.4)	4.9	(60.5)
Adjusted result from operations		**43.6**	**102.5**		**18.1**	**112.6**
Non-IFRS adjustments		(43.6)	(43.6)		(18.1)	(18.1)
Result from operations	**58.9**	**-**	**58.9**	**94.5**	**-**	**94.5**

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

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
PPA related charges	16.0	4.6	26.1	16.8
Acquisition related expenses	5.6	0.0	12.0	1.3
Restructuring costs	5.5	-	5.5	-
Total non-IFRS adjustments	**27.1**	**4.6**	**43.6**	**18.1**

The reconciliation of earnings before interest (net finance costs), tax (income tax), depreciation and amortization ("EBITDA") to the most directly comparable IFRS measurement, result from operations, for the period indicated is included in the table below.

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Result from operations (EBIT)	19.1	31.4	58.9	94.5
Depreciation, amortization and impairment	21.6	16.6	56.8	50.6
Result before depreciation & amortization (EBITDA)	**40.7**	**48.0**	**115.7**	**145.1**

Result before depreciation & amortization (EBITDA) adjusted for non-IFRS measures in Q3 2022 amount to EUR 61.3 million (Q3 2021: 48.2 million) and for the nine-month period ended 30 September 2022 amount to 143.5 million (2021: EUR 150.4 million).

6 Segment information

Operating segments

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

Following the acquisition of Wenger, a new operating segment plant, pet and feed has been 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 are reported into this new segment, which also includes revenues that were historically reported under the other segment. For more information refer to note 4.

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 and taxes 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.

30 September 2022	Poultry	Meat	Fish	Plant, pet and feed	Other	Total
Revenues	**595.7**	**380.5**	**139.2**	**78.3**	**25.8**	**1,219.5**
Adjusted result from operations	**79.4**	**10.1**	**(1.7)**	**11.7**	**3.0**	**102.5**
PPA related charges	(0.3)	(10.9)	(1.9)	(12.3)	(0.7)	(26.1)
Acquisition related expenses						(12.0)
Restructuring costs						(5.5)
Result from operations						**58.9**
Net finance costs						2.6
Share of result of associates						(1.7)
Impairment loss off associates						(7.0)
Result before income tax						**52.8**
Income tax						(12.6)
Net result for the period						**40.2**
Assets excluding cash and cash equivalents	**908.9**	**911.4**	**255.0**	**641.0**	**24.1**	**2,740.4**
Capital expenditures	31.3	20.9	10.6	4.4	0.8	68.0
Depreciation and amortization	(19.4)	(24.7)	(6.5)	(5.3)	(0.9)	(56.8)

30 September 2021	Poultry	Meat	Fish	Plant, pet and feed	Other	Total
Revenues	**459.6**	**385.1**	**115.4**	**-**	**33.3**	**993.4**
Adjusted result from operations	**64.8**	**37.5**	**7.0**	**-**	**3.3**	**112.6**
PPA related charges	(0.3)	(13.6)	(1.4)	-	(1.5)	(16.8)
Acquisition related expenses						(1.3)
Result from operations						**94.5**
Net finance costs						(8.4)
Share of result of associates						(0.5)
Result before income tax						**85.6**
Income tax						(17.9)
Net result for the period						**67.7**
Assets excluding cash and cash equivalents	**829.2**	**751.7**	**190.1**	**-**	**51.4**	**1,822.4**
Capital expenditures	23.3	19.5	5.8	-	1.7	50.3
Depreciation and amortization	(19.1)	(24.6)	(5.1)	-	(1.8)	(50.6)

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	30/09 2022	31/12 2021
Europe, Middle East and Africa[1]	1,780.3	1,669.4
Americas	923.8	228.3
Asia and Oceania	36.3	30.2
Total	**2,740.4**	**1,927.9**

[1] Iceland accounts for EUR 290.0 million (31 December 2021: EUR 270.8 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 15).

Capital expenditure	YTD 2022	YTD 2021
Europe, Middle East and Africa[1]	59.3	37.0
Americas	8.3	10.7
Asia and Oceania	0.4	2.6
Total	**68.0**	**50.3**

[1] Iceland accounts for EUR 10.3 million (2021: EUR 12.9 million).

Cash capital expenditures are made up of capital expenditures excluding the investments in right of use assets. Cash capital expenditures for the nine-month period ended 30 September 2022 amount to EUR 60.6 million (2021: EUR 40.0 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	YTD 2022	YTD 2021
Europe, Middle East and Africa[1]	576.8	500.0
Americas	506.6	351.6
Asia and Oceania	136.1	141.8
Total	**1,219.5**	**993.4**

[1] Iceland accounts for EUR 13.3 million (2021: EUR 8.1 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 2022	YTD 2021
Equipment revenue	720.8	596.2
Aftermarket revenue	498.7	397.2
Total	**1,219.5**	**993.4**

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	30/09 2022	31/12 2021
Trade receivables	247.4	154.7
Contract assets	79.0	69.6
Contract liabilities	(387.8)	(306.0)

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.

No information is provided about remaining performance obligations at 30 September 2022 that have an original expected duration of one year or less, as allowed by IFRS 15.

8 Expenses by nature

Expenses by nature	YTD 2022	YTD 2021
Cost of goods sold	446.1	354.2
Employee benefits	488.7	385.2
Depreciation, amortization and impairment	56.8	50.6
Maintenance and rent of buildings and equipment	15.9	12.0
Other	153.1	96.9
Total	**1,160.6**	**898.9**

9 Net finance costs

Net finance costs	YTD 2022	YTD 2021
Finance costs:		
Interest on borrowings	(8.6)	(4.0)
Interest on leases	(0.8)	(0.6)
Other finance expenses	(2.9)	(0.8)
Net foreign exchange transaction losses	-	(3.3)
Subtotal finance costs	**(12.3)**	**(8.7)**
Finance income:		
Interest income	0.9	0.3
Net foreign exchange transaction gains	14.0	-
Subtotal finance income	**14.9**	**0.3**
Total	**2.6**	**(8.4)**

10 Income tax

Income tax recognized in the Consolidated Statement of Income	YTD 2022	YTD 2021
Current tax	(23.2)	(23.8)
Deferred tax	10.6	5.9
Total	**(12.6)**	**(17.9)**

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 effective income tax	YTD 2022	%	YTD 2021	%
Result before income tax	52.8		85.6	
Income tax using Icelandic rate	(10.6)	20.0	(17.1)	20.0
Effect of tax rates in other jurisdictions	(3.4)	6.5	(3.2)	3.7
Weighted average applicable tax	(14.0)	26.5	**(20.3)**	**23.7**
Foreign exchange effect Iceland	0.5	(0.9)	0.7	(0.8)
Research and development tax incentives	3.7	(7.0)	3.1	(3.6)
Other permanent differences	(1.5)	2.8	(1.1)	1.3
(Impairment)/reversal of tax losses	(0.4)	0.8	-	-
Effect of changes in tax rates	(0.1)	0.2	0.0	(0.0)
Others	(0.8)	1.5	(0.3)	0.3
Tax charge included in the Consolidated Statement of Income	**(12.6)**	**23.9**	**(17.9)**	**20.9**

The EUR 7.0 million impairment loss following the filling for insolvency by the board of Stranda is not tax deductible, resulting in an increase of the effective tax rate by 3.4% included within others in the table above.

11 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 2022	YTD 2021
Net result attributable to Shareholders (EUR millions)	40.2	68.2
Weighted average number of outstanding shares issued (millions)	754.8	753.2
Basic earnings per share (EUR cent per share)	**5.33**	**9.05**

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 2022	YTD 2021
Net result attributable to Shareholders (EUR millions)	40.2	68.2
Weighted average number of outstanding shares issued (millions)	754.8	753.2
Adjustments for stock options (millions)	4.4	7.1
Weighted average number of outstanding shares for diluted earnings per share (millions)	759.2	760.3
Diluted earnings per share (EUR cent per share)	**5.29**	**8.97**

12 Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Under con-struction	Total
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**
Nine months ended 30 September 2022					
Opening net book value	160.3	39.3	13.0	16.1	228.7
Divestments	-	(0.2)	(0.4)	-	(0.6)
Effect of movements in exchange rates	4.3	3.6	0.7	2.1	10.7
Additions	4.1	7.7	4.1	20.9	36.8
Business combinations, note 4	36.0	30.4	4.3	2.4	73.1
Transfer between categories	9.1	1.9	2.0	(13.0)	-
Depreciation	(6.6)	(6.8)	(3.5)	-	(16.9)
Closing net book value	**207.2**	**75.9**	**20.2**	**28.5**	**331.8**
At 30 September 2022					
Cost	294.6	180.0	77.0	28.5	580.1
Accumulated depreciation	(87.4)	(104.1)	(56.8)	-	(248.3)
Net book value	**207.2**	**75.9**	**20.2**	**28.5**	**331.8**

	Land & buildings	Plant & machinery	Vehicles & equipment	Under con-struction	Total
At 1 January 2021					
Cost	204.4	91.6	56.9	4.5	357.4
Accumulated depreciation	(58.1)	(58.3)	(44.3)	-	(160.7)
Net book value	**146.3**	**33.3**	**12.6**	**4.5**	**196.7**
Year ended 31 December 2021					
Opening net book value	146.3	33.3	12.6	4.5	196.7
Divestments	(0.1)	(0.5)	(0.5)	0.0	(1.1)
Effect of movements in exchange rates	1.0	0.7	0.1	0.0	1.8
Additions	17.9	7.9	3.2	17.1	46.1
Business combinations, note 4	0.1	2.0	0.7	-	2.8
Transfer between categories	1.1	3.5	0.9	(5.5)	-
Depreciation	(6.0)	(7.6)	(4.0)	-	(17.6)
Closing net book value	**160.3**	**39.3**	**13.0**	**16.1**	**228.7**
At 31 December 2021					
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**

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

Depreciation of property, plant and equipment	YTD 2022	YTD 2021
Cost of sales	7.4	5.6
Selling and marketing expenses	0.6	0.4
General and administrative expenses	8.3	7.0
Research and development expenses	0.6	0.1
Total	**16.9**	**13.1**

13 Right of use assets

	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**
Nine months ended 30 September 2022				
Opening net book value	26.1	1.0	13.4	40.5
Divestments	-	(0.2)	(1.2)	(1.4)
Effect of movements in exchange rates	1.8	0.0	0.3	2.1
Business combinations, note 4	1.1	-	-	1.1
Additions	1.4	0.7	5.3	7.4
Depreciation	(4.6)	(0.2)	(5.0)	(9.8)
Closing net book value	**25.8**	**1.3**	**12.8**	**39.9**
At 30 September 2022				
Cost	44.5	2.3	28.7	75.5
Accumulated depreciation	(18.7)	(1.0)	(15.9)	(35.6)
Net book value	**25.8**	**1.3**	**12.8**	**39.9**

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2021				
Cost	38.8	1.2	24.4	64.4
Accumulated depreciation	(9.3)	(0.7)	(11.7)	(21.7)
Net book value	**29.5**	**0.5**	**12.7**	**42.7**
Year ended 31 December 2021				
Opening net book value	29.5	0.5	12.7	42.7
Divestments[1]	(10.4)	(0.1)	(0.3)	(10.8)
Effect of movements in exchange rates	0.8	0.1	0.2	1.1
Business combinations, note 4	5.4	-	0.1	5.5
Additions	5.8	0.7	7.7	14.2
Depreciation	(5.0)	(0.2)	(7.0)	(12.2)
Closing net book value	**26.1**	**1.0**	**13.4**	**40.5**
At 31 December 2021				
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**

[1] Divestments in land & buildings in 2021 include the impact of reassessing remaining estimated lease terms.

For the annual maturity of the lease liabilities, refer to note 21.

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

Depreciation of right of use assets	**YTD 2022**	**YTD 2021**
Cost of sales	2.7	2.5
Selling and marketing expenses	1.8	1.6
General and administrative expenses	5.1	4.0
Research and development expenses	0.2	0.2
Total	**9.8**	**8.3**

14 Goodwill

	30/09 2022	31/12 2021
At 1 January		
Cost	705.2	678.8
Net book value	**705.2**	**678.8**
Period ended 30 September / 31 December		
Opening net book value	705.2	678.8
Business combinations, note 4	176.4	25.7
Effect of movements in exchange rates	20.1	0.7
Closing net book value	**901.7**	**705.2**
At 30 September / 31 December		
Cost	901.7	705.2
Net book value	**901.7**	**705.2**

For 2022 business combinations relate to the acquisition of Wenger (increase in provisional goodwill of EUR 170.5 million) and Sleegers (increase in provisional goodwill of EUR 5.9 million).

For 2021 business combinations relate to the acquisition of PMJ (increase in goodwill of EUR 6.7 million), Curio (increase in goodwill of EUR 3.7 million), Valka (increase in provisional goodwill of EUR 17.3 million) and TREIF (decrease in goodwill of EUR 2.0 million due to finalization of the PPA).

Impairment testing

The Group tested at the end of 2021 whether goodwill had suffered any impairment. The conclusion was there were no triggers indicating that impairment was necessary. At 30 September 2022, there is no reason to deviate from the conclusions taken at year end.

15 Intangible assets

	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**
Nine months ended 30 September 2022				
Opening net book value	162.3	175.3	19.6	357.2
Business combinations, note 4	88.5	98.1	-	186.6
Effect of movements in exchange rates	9.7	10.5	0.0	20.2
Additions	19.4	-	4.4	23.8
Amortization	(14.4)	(11.0)	(4.7)	(30.1)
Closing net book value	**265.5**	**272.9**	**19.3**	**557.7**
At 30 September 2022				
Cost	473.4	374.7	98.5	946.6
Accumulated amortization	(207.9)	(101.8)	(79.2)	(388.9)
Net book value	**265.5**	**272.9**	**19.3**	**557.7**

	Technology & development costs	Customer relations, patents & trademarks	Other intangibles	Total
At 1 January 2021				
Cost	313.3	233.5	89.7	636.5
Accumulated amortization	(166.5)	(72.1)	(66.9)	(305.5)
Net book value	**146.8**	**161.4**	**22.8**	**331.0**
Year ended 31 December 2021				
Opening net book value	146.8	161.4	22.8	331.0
Divestments	-	-	(0.9)	(0.9)
Business combinations, note 4	13.8	25.2	-	39.0
Effect of movements in exchange rates	1.1	1.0	0.0	2.1
Additions	19.5	-	5.3	24.8
Impairment loss	(0.6)	-	(0.1)	(0.7)
Amortization	(18.3)	(12.3)	(7.5)	(38.1)
Closing net book value	**162.3**	**175.3**	**19.6**	**357.2**
At 31 December 2021				
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**

Business combinations for 2022 relate to the acquisition of Wenger and Sleegers. For 2021, business combinations relate to the acquisitions of PMJ, Curio and Valka. Further information on the acquisitions is disclosed in note 4 of the Condensed Consolidated Interim Financial Statements.

The additions for 2022 of EUR 23.8 million (31 December 2021: EUR 24.8 million) predominantly comprise internally generated assets for product development and for development of software products.

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

Amortization of intangible assets	YTD 2022	YTD 2021
Selling and marketing expenses	11.0	8.8
General and administrative expenses	4.7	6.3
Research and development expenses	14.4	14.1
Total	**30.1**	**29.2**

Impairment testing

The Group tested at the end of 2021 whether indefinite intangible assets had suffered any impairment. The conclusion was there were no triggers indicating that impairment was necessary. At 30 September 2022, there is no reason to deviate from the conclusions taken at year end.

16 Investments in associates

The investments in associates relate to a 25.3% interest in the Canadian software company Worximity Technology ("Worximity").

As per 31 December 2021, investment in associates as well included a 40.0% stake in Stranda, a Norwegian provider of salmon processing solutions. On 5 September 2022, the board of Stranda filed for insolvency with Møre og Romsdal district court in Norway. As a result, an impairment loss on Marel's 40.0% stake in Stranda of EUR 7.0 million was recognized in the net result of the quarter.

17 Trade receivables, other receivables and prepayments

Trade receivables, other receivables and prepayments	30/09 2022	31/12 2021
Trade receivables	250.2	156.1
Less: write-down to net-realizable value	(2.8)	(1.4)
Trade receivables - net	**247.4**	**154.7**
Prepayments	20.1	14.2
Other receivables	97.6	52.5
Other receivables and prepayments	**117.7**	**66.7**

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

Trade receivables in 2022 increased by EUR 23.2 million and other receivables and prepayments increased by EUR 12.3 million due to the acquisition of Wenger and Sleegers. Further information on the acquisitions is disclosed in note 4 of the Condensed Consolidated Interim Financial Statements.

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

18 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	2022	2021
At 1 January	**(74.0)**	**(71.6)**
Exchange differences and changes within the Group	1.0	(0.5)
Consolidated Statement of Income charge (excluding tax rate change)	10.7	7.6
Effect of changes in tax rates	(0.1)	(1.4)
Business combinations, note 4	(1.4)	(8.3)
Recognized in other comprehensive income	(0.4)	0.2
At 30 September / 31 December	**(64.2)**	**(74.0)**

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.

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

Deferred income taxes	30/09 2022	31/12 2021
Deferred income tax assets	26.7	18.1
Deferred income tax liabilities	(90.9)	(92.1)
Total	**(64.2)**	**(74.0)**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The recoverability has been tested by the Group at the end of 2021. At 30 September 2022, there is no reason to deviate from the conclusions taken at year end.

19 Inventories

Inventories	30/09 2022	31/12 2021
Raw materials	40.9	54.6
Semi-finished goods	352.7	193.8
Finished goods	77.2	58.1
Gross inventories	**470.8**	**306.5**
Allowance for obsolescence and/or lower market value	(40.4)	(33.1)
Net inventories	**430.4**	**273.4**

Inventories in 2022 increased by EUR 80.2 million due to the acquisition of Wenger and Sleegers. Further information on the acquisitions is disclosed in note 4 of the Condensed Consolidated Interim Financial Statements.

There were no material reversals of write-downs to net realizable value. The write-downs recognized following a recoverability analysis are included in cost of sales.

20 Equity

Share capital	Ordinary shares (thousands)	Treasury shares (thousands)	Outstanding number of shares (thousands)
At 1 January 2022	**771,008**	**(15,263)**	**755,745**
Treasury shares - purchased	-	(4,602)	(4,602)
Treasury shares - sold	-	1,559	1,559
At 30 September 2022	**771,008**	**(18,306)**	**752,702**
	100.00%	2.37%	97.63%
At 1 January 2021	**771,008**	**(18,768)**	**752,240**
Treasury shares - sold	-	3,505	3,505
At 31 December 2021	**771,008**	**(15,263)**	**755,745**
	100.00%	1.98%	98.02%

Class of share capital	30/09 2022	31/12 2021
Nominal value	6.7	6.7
Share premium reserve	426.8	443.0
Reserve for share based payments	11.8	7.3
Total share premium reserve	**438.6**	**450.3**

Share capital

The total authorized number of ordinary shares on the Nasdaq and Euronext exchanges is 771.0 million (31 December 2021: 771.0 million) with a par 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 March 2022, a dividend of EUR 38.7 million (EUR 5.12 cents per share) was declared and paid to the shareholders for the operational year 2021. This corresponds to approximately 40% of net result for the operational year 2021 (in 2021, a dividend of EUR 41.0 million (EUR 5.45 cents per share) was declared and paid for the operational year 2020).

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 16 March 2022, 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 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.

Share premium reserve

The share premium reserve is comprised of payments in excess of par value of ISK 1 per share that shareholders have paid for shares sold by the Company, less payments in excess of par 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 reserves:

- 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 2022	**0.6**	**(22.7)**	**(22.1)**
Total other comprehensive income	1.4	14.6	16.0
Balance at 30 September 2022	**2.0**	**(8.1)**	**(6.1)**

Other reserves	Hedge reserve	Translation reserve	Total other reserves
Balance at 1 January 2021	**0.9**	**(28.4)**	**(27.5)**
Total other comprehensive income	(0.3)	5.7	5.4
Balance at 31 December 2021	**0.6**	**(22.7)**	**(22.1)**

Other equity

Other equity included the impact of the option to acquire the remaining shares of non-controlling interests. In Q1 2022, following the acquisition of the remaining shares of Curio ahead of the timing agreed in the put option, the non-current liability recorded for the option was released through other equity.

Limitation in the distribution of Shareholders' equity

As at 30 September 2022, 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 98.9 million as at 30 September 2022 (31 December 2021: EUR 88.1 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.

The legal reserves as required by Icelandic law are required as of effective date 1 January 2016.

Non-controlling interests

Non-controlling interests relate to minority shares held by third parties in consolidated Group companies. The net result attributable to NCI amounted to EUR 0.0 million for the nine-month period ended 30 September 2022 (30 September 2021: loss of EUR 0.5 million).

In 2022, Marel acquired the remaining shares of Curio ehf. and MPS France.

21 Borrowings and lease liabilities

Borrowings and lease liabilities	30/09 2022	31/12 2021
Borrowings	881.5	234.9
Lease liabilities	30.6	30.9
Non-current	**912.1**	**265.8**
Borrowings	0.0	0.0
Lease liabilities	10.8	10.5
Current	**10.8**	**10.5**
Total	**922.9**	**276.3**
Borrowings	881.5	234.9
Lease liabilities	41.4	41.4
Total	**922.9**	**276.3**

The Group loan agreements contain restrictive covenants, relating to interest cover and leverage. At 30 September 2022 and 31 December 2021 the Group complies with all restrictive covenants.

On 27 April 2022, Marel signed a EUR 150.0 million multi-currency bridge facility. The facility was provided by BNP PARIBAS SA/NV and has a 12 month term and two six month extension options at Marel's discretion. The facility is largely based on the existing syndicated revolving facility and has an initial interest rate of EURIBOR/SOFR + 50 bps margin. On 2 November 2022, Marel signed a new USD 300.0 million term loan which will be utilized to replace the EUR 150.0 million multi-currency bridge facility. Further information is provided in note 27 of the Condensed Consolidated Interim Financial Statements.

In Q2 2022, the Group drew USD 530.0 million on its committed revolving facility in order to finance the Wenger acquisition. In addition, the Group utilized the full EUR 150.0 million bridge facility to provide operational liquidity. In Q2 2022, EUR 100.0 million was repaid on the revolving facility. In Q3 2022, the Group drew an additional net EUR 20.4 million on the revolving facility. The remaining increase in net interest-bearing debt in the quarter was due to FX volatility.

The Group has the following headroom in committed facilities:

Available headroom	30/09 2022	31/12 2021
Expiring within one year	-	-
Expiring beyond one year	90.7	589.4
Total	**90.7**	**589.4**

Liabilities in currency recorded in EUR at 30 September 2022	Borrowings	Capitalized finance charges	Lease liabilities	Total
Liabilities in EUR	390.0	(0.8)	13.6	402.8
Liabilities in USD	491.6	(0.2)	10.4	501.8
Liabilities in other currencies	0.9	-	17.4	18.3
Total	**882.5**	**(1.0)**	**41.4**	**922.9**
Current maturities	(0.7)	0.7	(10.8)	(10.8)
Non-current maturities	**881.8**	**(0.3)**	**30.6**	**912.1**

Liabilities in currency recorded in EUR at 31 December 2021	Borrowings	Capitalized finance charges	Lease liabilities	Total
Liabilities in EUR	236.5	(1.3)	17.3	252.5
Liabilities in USD	-	(0.3)	6.3	6.0
Liabilities in other currencies	-	-	17.8	17.8
Total	**236.5**	**(1.6)**	**41.4**	**276.3**
Current maturities	(0.7)	0.7	(10.5)	(10.5)
Non-current maturities	**235.8**	**(0.9)**	**30.9**	**265.8**

Annual maturity of non-current borrowings at 30 September 2022	Borrowings	Capitalized finance charges	Lease liabilities	Total
Between 1 and 2 years	284.2	(0.3)	10.7	294.6
Between 2 and 3 years	579.1	-	6.4	585.5
Between 3 and 4 years	18.5	-	4.1	22.6
Between 4 and 5 years	-	-	4.3	4.3
After 5 years	-	-	5.1	5.1
Total	**881.8**	**(0.3)**	**30.6**	**912.1**

Annual maturity of non-current borrowings at 31 December 2021	Borrowings	Capitalized finance charges	Lease liabilities	Total
Between 1 and 2 years	120.8	(0.8)	10.7	130.7
Between 2 and 3 years	-	(0.1)	6.0	5.9
Between 3 and 4 years	113.5	-	4.1	117.6
Between 4 and 5 years	0.2	-	4.2	4.4
After 5 years	1.3	-	5.9	7.2
Total	**235.8**	**(0.9)**	**30.9**	**265.8**

22 Provisions

	Guarantee commitments	Pension commitments	Other provisions	Total
Balance at 1 January 2022	**6.6**	**3.4**	**3.5**	**13.5**
Additions	2.2	1.0	6.6	9.8
Business combinations, note 4	1.3	-	-	1.3
Effect of movements in exchange rates	0.3	0.3	0.1	0.7
Used	(0.7)	(0.2)	(3.5)	(4.4)
Released	(0.2)	-	(2.0)	(2.2)
Balance at 30 September 2022	**9.5**	**4.5**	**4.7**	**18.7**

	Guarantee commitments	Pension commitments	Other provisions	Total
Balance at 1 January 2021	**6.1**	**3.9**	**4.6**	**14.6**
Additions	2.4	0.2	6.2	8.8
Business combinations, note 4	-	-	0.5	0.5
Effect of movements in exchange rates	0.2	0.3	0.0	0.5
Used	(1.3)	(0.3)	(7.5)	(9.1)
Released	(0.8)	(0.7)	(0.3)	(1.8)
Balance at 31 December 2021	**6.6**	**3.4**	**3.5**	**13.5**

Analysis of provisions	30/09 2022	31/12 2021
Non-current	6.6	4.0
Current	12.1	9.5
Total	**18.7**	**13.5**

A provision of EUR 5.5 million was recognized in Q3 2022 due to the 5% headcount reduction. In the same period an amount of EUR 2.6 million was used.

23 Trade and other payables

Trade and other payables	30/09 2022	31/12 2021
Trade payables	131.3	117.1
Accruals	31.3	11.0
Personnel payables	84.5	65.5
Other payables	104.1	88.5
Total	**351.2**	**282.1**
Less non-current portion	(9.0)	(22.7)
Current portion of trade and other payables	**342.2**	**259.4**

Trade and other payables in 2022 increased by EUR 16.6 million due to the acquisition of Wenger and Sleegers. Further information on the acquisitions is disclosed in note 4 of the Condensed Consolidated Interim Financial Statements.

24 Financial instruments and risks

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 a 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 Group 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 Group 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 operates internationally and is exposed to currency risk arising from mainly the USD, GBP, ISK and BRL, primarily with respect to the EUR, as the EUR is the Group's reporting currency. 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 7% 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.

(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.

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 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 incurred 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.

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.

In relation to the Wenger acquisition, Marel has signed a EUR 150.0 million multi-currency bridge facility in order to provide operational headroom. On 2 November 2022, Marel signed a new USD 300.0 million term loan which will be utilized to replace the EUR 150.0 million multi-currency bridge facility.

The Group has EUR 700.0 million of committed facilities (31 December 2021: EUR 700.0 million), which can be used both as a revolver and to issue guarantees for down payments. As per 30 September 2022, the Group had drawn EUR 579.9 million on the syndicated revolving credit facility (31 December 2021: EUR 95.0 million), and issued guarantees for EUR 29.4 million (31 December 2021: EUR 15.6 million), therefore the total usage is EUR 609.3 million (31 December 2021: EUR 110.6 million), leaving a headroom of EUR 90.7 million (31 December 2021: EUR 589.4 million). All facilities are subject to operational and Consolidated Statement of Financial Position covenants (interest cover and leverage). At 30 September 2022 Marel complies with all covenants.

At 30 September 2022, net cash and cash equivalents were EUR 79.6 million (31 December 2021: EUR 77.1 million).

25 Contingencies

Contingent liabilities

At 30 September 2022 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 48.8 million (31 December 2021: EUR 33.8 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, we 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.

26 Related party transactions

At 30 September 2022 and 31 December 2021 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 nine-month period ended 30 September 2022 and the year 2021.

27 Subsequent events

Marel has signed a new USD 300.0 million term loan which will be utilized to replace the EUR 150.0 million multi-currency bridge facility that was signed in April 2022 to provide operational headroom. The facility was signed on 2 November 2022; closing and utilization is subject to standard conditions precedent.

The term loan is provided by the same group of banks as the EUR 700.0 million revolving facility highlighting the strong partnership between Marel and the banking group. The loan has an initial term of 3 years and includes two uncommitted one-year extension options. Initial interest terms are SOFR + 2.5% and will move in line with Marel's Net debt/EBITDA leverage profile.

Marel and the banking group agreed to a temporary increased Net debt/EBITDA leverage headroom on the EUR 700.0 million revolving facility. While Marel remains within the term of the originally agreed covenant terms, the additional headroom acts as safety headroom for temporary swings in cash flow and operational performance as well as volatility in FX rates.

No other significant events have taken place since the reporting date, 30 September 2022.

Appendices

1 Quarterly results

	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3
Revenues	450.6	397.3	371.6	367.4	331.9
Cost of sales	(301.9)	(265.5)	(237.9)	(235.8)	(209.0)
Gross profit	**148.7**	**131.8**	**133.7**	**131.6**	**122.9**
Selling and marketing expenses	(63.5)	(58.6)	(54.1)	(48.3)	(47.2)
General and administrative expenses	(36.9)	(33.6)	(30.5)	(26.0)	(22.9)
Research and development expenses	(29.2)	(24.8)	(24.1)	(21.5)	(21.4)
Result from operations (EBIT)	**19.1**	**14.8**	**25.0**	**35.8**	**31.4**
Net finance costs	1.1	(1.9)	3.4	(0.3)	(2.1)
Share of result of associates	(0.1)	(0.8)	(0.8)	(0.4)	0.0
Impairment loss of associates	(7.0)	-	-	-	-
Result before income tax	**13.1**	**12.1**	**27.6**	**35.1**	**29.3**
Income tax	(4.2)	(2.5)	(5.9)	(6.6)	(6.1)
Net result for the period	**8.9**	**9.6**	**21.7**	**28.5**	**23.2**
Result before depreciation & amortization (EBITDA)	**40.7**	**33.4**	**41.6**	**53.8**	**48.0**

The below table provides an overview of the quarterly adjusted result from operations, which management believes to be a relevant Non-IFRS measurement, as mentioned in note 5.

	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3
Revenues	450.6	397.3	371.6	367.4	331.9
Cost of sales	(288.6)	(264.2)	(237.6)	(235.5)	(208.7)
Gross profit	**162.0**	**133.1**	**134.0**	**131.9**	**123.2**
Selling and marketing expenses	(57.0)	(55.3)	(51.3)	(45.6)	(44.6)
General and administrative expenses	(32.2)	(29.7)	(28.6)	(25.0)	(22.8)
Research and development expenses	(26.6)	(23.1)	(22.8)	(20.3)	(19.8)
Adjusted result from operations[1]	**46.2**	**25.0**	**31.3**	**41.0**	**36.0**
Non-IFRS adjustments	(27.1)	(10.2)	(6.3)	(5.2)	(4.6)
Result from operations (EBIT)	**19.1**	**14.8**	**25.0**	**35.8**	**31.4**

[1] Result from operations is adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 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

EURIBOR

Euro interbank offered rates

FX

Foreign exchange

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

NCI

Non-controlling interest

PPA

Purchase Price Allocation

SOFR

Secured Overnight Financing Rate