

30 September 2021

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 processing equipment, systems, software and services to the poultry, meat and fish 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 2021 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 2020.

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 2020.

COVID-19

Marel is a critical infrastructure company for the poultry, meat and fish processing industry. Marel's focus during COVID-19 is on keeping its employees and customers safe, while maintaining productivity of all manufacturing sites. Marel reorganized its manufacturing sites ensuring all sites remained open, although operating at below historical and targeted utilization rates. By systematically building up safety stock of spare parts across locations and having local presence in more than 30 countries, Marel managed to maintain good levels of delivery performance despite a challenging environment.

COVID-19 has had an impact on Marel's results in 2021. There was a global peak in the pandemic resulting in significant lockdowns and logistical challenges, which led to inefficiencies in manufacturing and higher costs for service operations and logistics. Despite positive developments in Q2 2021 in parts of the world following the introduction of vaccines, the infectious Delta variant has affected the recovery of the global economy.

In Q3 2021, Marel has been impacted by an imbalance between supply and demand for electronic components and other raw materials, resulting in an increase in prices and delivery times. It is expected the supply chain and logistics challenges will continue to have an impact on Marel's operations. To mitigate the impact, Marel

is working with its highly talented team and partners around the world to resolve imbalances; innovation and agility in ways of working is critical. Marel's highest priority remains to deliver to our customers the right quality, at the right time.

Marel enjoys a balanced exposure to global economies and local markets through its global reach, innovative product portfolio and diversified business mix. There is clear demand for increased automation. Marel's balance sheet and cash flow remain strong.

Operations in the nine-month period ended 30 September 2021

The consolidated revenues for Marel for the nine-month period ended 30 September 2021 are EUR 993.4 million (2020: EUR 894.5 million). The adjusted result from operations for the same period is EUR 112.6 million or 11.3% of revenues (2020: EUR 114.5 million or 12.8% 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 2021	YTD 2020
Adjusted result from operations ¹	112.6	114.5
Non-IFRS adjustments	(18.1)	(7.9)
Result from operations	94.5	106.6

¹ Result from operations is adjusted for PPA related costs, including depreciation and amortization, and as of Q4 2020, acquisition related expenses.

At 30 September 2021 the Company's order book amounted to EUR 527.8 million (31 December 2020: EUR 415.7 million). Orders received for the nine-month period ended 30 September 2021 amounted to EUR 1,101.3 million (2020: EUR 914.4 million). EUR 4.2 million order book was acquired in 2021 as part of the acquisition of Curio and PMJ.

Net cash from operating activities for the nine-month period ended 30 September 2021 is EUR 132.6 million (2020: EUR 147.2 million). The decrease in net cash from operating activities is mainly due to less favorable movements in working capital including strategic buildup of inventory to ensure timely delivery to customers.

Capital expenditures for the nine-month period ended 30 September 2021 are EUR 50.3 million (2020: EUR 46.5 million). Marel is stepping up in market coverage and focusing on important initiatives to automate and digitize our manufacturing platform,

supply chain and aftermarket business to create more agility and flexibility in our operations ahead of the anticipated growth curve. Further step up in capital expenditures is expected.

At 30 September 2021, net cash and cash equivalents were EUR 66.2 million (31 December 2020: EUR 78.6 million). Net interest bearing debt decreased from EUR 205.2 million at the end of 2020 to EUR 186.6 million as per 30 September 2021.

Based on the Company's 2021 Annual General Meeting resolution, a dividend of EUR 41.0 million (EUR 5.45 cents per share) was declared for the operational year 2020. This corresponds to approximately 40% of net result for the operational year 2020. The dividend was fully paid in Q2 2021 (in 2020: a dividend of EUR 43.9 million, EUR 5.79 cents per share, corresponding to 40% of net result for the year 2019, was declared and paid out to shareholders for the operational year 2019).

Acquisitions in 2021

On 4 January 2021, Marel invested EUR 2.6 million in Curio ehf. ("Curio") for an additional 10.7% of the share capital bringing Marel's total share to 50.0%. Following this additional investment, Marel has assessed that it has control of Curio as it holds 50.0% of the shares and is entitled to appoint a majority of Curio's Board of Directors, including the Chairman. Curio's results are consolidated into the Group's results as per 2021. Curio's complimentary product portfolio of deheading, filleting and skinning solutions brings Marel closer to becoming a full-line provider to the global fish industry. Further information is provided in note 4 of the Condensed Consolidated Interim Financial Statements.

On 21 January 2021, Marel concluded the acquisition of the entire share capital of Poultry Machinery Joosten B.V. ("PMJ"). PMJ is at the forefront of duck and goose processing solutions and services. PMJ's complementary product portfolio of primary processing, including waxing and automated evisceration, will make Marel the industry's only full-line provider of duck processing solutions. Further information is provided in note 4 of the Condensed Consolidated Interim Financial Statements.

On 5 July 2021, Marel announced it entered into an agreement to acquire Valka ehf. ("Valka"), an Icelandic provider of advanced processing solutions for the global fish industry. Valka is a highly innovative player in the whitefish and salmon processing industries. Together, Marel and Valka will be in a stronger position to transform the fish processing industry in partnership with customers. An agreement has been reached to acquire over 90% of the share capital of Valka, and the remaining shareholders will be offered to sell their shares at the same terms.

The transaction is subject to customary closing conditions, including anti-trust approval and is expected to be completed later this year.

Investments in 2021

On 29 January 2021, Marel acquired a 40.0% interest in Stranda Prolog ("Stranda"), a Norwegian provider of salmon processing solutions. The transaction is in line with Marel's strategic objective to be a full-line supplier of advanced food processing solutions, software and services to the fish, meat and poultry industries. Stranda's complementary product portfolio for primary salmon processing and aquaculture solutions will bring Marel closer to becoming a full-line provider to the global salmon industry. Further information is provided in note 16 of the Condensed Consolidated Interim Financial Statements.

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 2021, its assets, liabilities and consolidated financial position as at 30 September 2021 and its consolidated cash flows for the nine-month period ended 30 September 2021.

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 the CEO have today discussed the Condensed Consolidated Interim Financial Statements of Marel hf. for the nine-month period ended 30 September 2021 and ratify them with their signatures.

Gardabaer, 20 October 2021

Board of Directors

Ann Elizabeth Savage	Arnar Thor Masson Chairman of the Board	Astvaldur Johannsson
Lillie Li Valeur		Olafur S. Gudmundsson
Svafa Gronfeldt		Ton van der Laan

Chief Executive Officer

Arni Oddur Thordarson

Consolidated Statement of Income

In EUR million unless stated otherwise	Notes	Q3	Q3	YTD	YTD
		2021	2020	2021	2020
Revenues	5 & 6 & 7	331.9	287.2	993.4	894.5
Cost of sales	5 & 8	(209.0)	(174.7)	(631.2)	(560.5)
Gross profit	5	122.9	112.5	362.2	334.0
Selling and marketing expenses	5 & 8	(47.2)	(32.8)	(132.1)	(109.4)
General and administrative expenses	5 & 8	(22.9)	(21.4)	(70.2)	(64.1)
Research and development expenses	5 & 8	(21.4)	(16.9)	(65.4)	(53.9)
Result from operations	5	31.4	41.4	94.5	106.6
Finance costs	9	(2.2)	(3.2)	(8.7)	(13.7)
Finance income	9	0.1	0.0	0.3	0.2
Net finance costs	9	(2.1)	(3.2)	(8.4)	(13.5)
Share of result of associates	16	0.0	(0.1)	(0.5)	0.0
Result before income tax		29.3	38.1	85.6	93.1
Income tax	10	(6.1)	(8.7)	(17.9)	(19.6)
Net result		23.2	29.4	67.7	73.5
Of which:					
- Net result attributable to Shareholders of the Company	11	23.4	29.4	68.2	73.4
- Net result attributable to non-controlling interests	20	(0.2)	0.0	(0.5)	0.1
Earnings per share for result attributable to Shareholders of the Company during the period (expressed in EUR cent per share):					
- Basic	11	3.10	3.93	9.05	9.75
- Diluted	11	3.08	3.90	8.97	9.68

Consolidated Statement of Comprehensive Income

In EUR million	Notes	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Net result		23.2	29.4	67.7	73.5
Items that are or may be reclassified to profit or loss:					
Currency translation differences	20	(1.0)	(5.8)	3.1	(18.0)
Cash flow hedges	20	(2.5)	(0.1)	(1.0)	(0.1)
Deferred income taxes	18 & 20	0.5	0.0	0.2	0.0
Other comprehensive income / (loss) for the period, net of tax		(3.0)	(5.9)	2.3	(18.1)
Total comprehensive income for the period		20.2	23.5	70.0	55.4
Of which:					
- Total comprehensive income attributable to Shareholders of the Company		20.4	23.5	70.5	55.3
- Total comprehensive income attributable to non-controlling interests	20	(0.2)	0.0	(0.5)	0.1

Consolidated Statement of Financial Position

In EUR million	Notes	30/09 2021	31/12 2020
Assets			
Property, plant and equipment	12	208.8	196.7
Right of use assets	13	47.2	42.7
Goodwill	14	687.0	678.8
Intangible assets	15	338.1	331.0
Investments in associates	16	11.3	17.6
Other receivables	17	-	2.1
Deferred income tax assets	18	14.8	13.3
Non-current assets		1,307.2	1,282.2
Inventories	19	251.8	199.9
Contract assets	7	57.8	46.1
Trade receivables	7 & 17	153.8	151.3
Assets held for sale		-	1.8
Derivative financial instruments	24	0.7	1.9
Other receivables and prepayments	17	51.1	53.1
Cash and cash equivalents		66.2	78.6
Current assets		581.4	532.7
Total assets		1,888.6	1,814.9
Equity and liabilities			
Share capital	20	6.7	6.7
Share premium reserve	20	439.4	442.8
Other reserves	20	(24.7)	(27.5)
Other equity	20	(13.3)	-
Retained earnings	20	565.2	536.4
Shareholders' equity		973.3	958.4
Non-controlling interests	20	8.1	0.3
Total equity		981.4	958.7
Liabilities			
Borrowings	21	204.8	240.2
Lease liabilities	21	37.7	33.6
Deferred income tax liabilities	18	85.0	84.9
Provisions	22	4.1	4.1
Other payables	23	16.2	1.1
Derivative financial instruments	24	1.9	3.7
Non-current liabilities		349.7	367.6
Contract liabilities	7	286.8	236.6
Trade and other payables	23	238.5	222.7
Current income tax liabilities		12.4	8.8
Borrowings	21	0.0	0.0
Lease liabilities	21	10.3	10.0
Provisions	22	9.5	10.5
Current liabilities		557.5	488.6
Total liabilities		907.2	856.2
Total equity and liabilities		1,888.6	1,814.9

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 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
<i>Transactions with owners of the Company</i>								
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

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 2020	6.8	483.1	(10.9)	-	476.5	955.5	0.3	955.8
Net result for the period					73.4	73.4	0.1	73.5
Total other comprehensive income			(18.1)			(18.1)		(18.1)
<i>Transactions with owners of the Company</i>								
Treasury shares purchased	(0.1)	(55.8)				(55.9)		(55.9)
Treasury shares sold	0.0	3.3				3.3		3.3
Options granted / exercised / canceled		1.0			0.4	1.4		1.4
Dividend					(43.9)	(43.9)	(0.1)	(44.0)
	(0.1)	(51.5)	(18.1)	-	29.9	(39.8)	0.0	(39.8)
Balance at 30 September 2020	6.7	431.6	(29.0)	-	506.4	915.7	0.3	916.0

Net result for the period					29.1	29.1	0.0	29.1
Total other comprehensive income			1.5			1.5		1.5
<i>Transactions with owners of the Company</i>								
Treasury shares sold	0.0	11.7				11.7		11.7
Options granted / exercised / canceled		(0.5)			0.9	0.4		0.4
	0.0	11.2	1.5	-	30.0	42.7	0.0	42.7
Balance at 31 December 2020	6.7	442.8	(27.5)	-	536.4	958.4	0.3	958.7

¹ Includes reserve for share-based payments as per 30 September 2021 of EUR 6.3 million (31 December 2020: EUR 5.5 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 notes 4 and 20.

⁴ Includes a legal reserve for capitalized intangible assets related to product development projects as per 30 September 2021 of EUR 81.3 million (31 December 2020: EUR 76.5 million).

Consolidated Statement of Cash Flows

In EUR million	Notes	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Cash Flow from operating activities					
Result from operations		31.4	41.4	94.5	106.6
<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	12 & 13	7.3	6.3	21.4	19.4
Amortization and impairment of intangible assets	15	9.3	8.0	29.2	24.2
Adjustments for other non-cash income and expenses		0.9	0.8	2.8	1.7
Working capital provided by / (used in) operating activities		48.9	56.5	147.9	151.9
<i>Changes in working capital:</i>					
Inventories and contract assets and liabilities		(35.4)	(6.0)	(6.7)	(22.9)
Trade and other receivables		8.9	13.3	6.3	39.3
Trade and other payables		0.6	(8.8)	11.9	8.8
Provisions		(3.3)	(0.9)	(1.6)	1.6
Changes in operating assets and liabilities		(29.2)	(2.4)	9.9	26.8
Cash generated from operating activities		19.7	54.1	157.8	178.7
Taxes paid		(6.9)	(2.3)	(20.2)	(22.6)
Interest and finance income		0.0	0.0	0.3	0.3
Interest and finance costs		(2.4)	(2.0)	(5.3)	(9.2)
Net cash from operating activities		10.4	49.8	132.6	147.2
Cash Flow from investing activities					
Purchase of property, plant and equipment	12	(8.6)	(8.7)	(22.6)	(15.9)
Investments in intangibles	15	(5.1)	(6.5)	(17.4)	(18.7)
Proceeds from sale of non-current assets and assets held for sale		1.0	-	2.6	1.3
Loans in associates	17	-	-	-	(1.0)
Investments in associates	16	-	-	(8.6)	(1.7)
Acquisition of subsidiary, net of cash acquired	4	-	-	(19.1)	-
Net cash provided by / (used in) investing activities		(12.7)	(15.2)	(65.1)	(36.0)
Cash Flow from financing activities					
Purchase of treasury shares	20	-	-	-	(55.9)
Sale of treasury shares and options exercised	20	0.3	-	0.7	3.3
Dividends paid	20	(0.2)	(5.8)	(41.2)	(44.0)
Proceeds from borrowings	21	-	-	22.5	600.0
Repayments of borrowings	21	(15.6)	(100.0)	(59.1)	(825.7)
Payments of lease liabilities	21	(2.7)	(2.3)	(8.1)	(8.0)
Net cash provided by / (used in) financing activities		(18.2)	(108.1)	(85.2)	(330.3)
Net increase / (decrease) in net cash		(20.5)	(73.5)	(17.7)	(219.1)
Exchange gain / (loss) on net cash		1.1	(3.0)	5.3	(7.7)
Net cash at beginning of the period		85.6	153.4	78.6	303.7
Net cash at end of the period		66.2	76.9	66.2	76.9

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 2021 comprise the Company and its subsidiaries (together referred to as "the Group" or "Marel").

The Group is a leading global provider of advanced processing equipment, systems, software and services to the poultry, meat and fish 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 2021 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 20 October 2021.

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 2021

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 2020. The Consolidated Financial Statements for the Group for the period ended 31 December 2020 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 2020.

COVID-19 could have a significant impact on the estimates and assumptions made in the preparation of these Condensed Consolidated Interim Financial Statements. COVID-19 is expected to continue to have an impact in 2021, although it is not known what the full economic impact of COVID-19 on Marel will be. Marel enjoys a balanced exposure to global economies and local markets through its global reach, innovative product portfolio and diversified business mix. Marel is committed to achieve its mid- and long term growth targets.

The estimates and assumptions that are most likely affected by COVID-19 are:

- Estimated impairment;
- Expected Credit Losses; and
- Deferred income taxes.

For each of these estimates and assumptions, additional analyses and/or tests were done in 2020 to confirm if they were materially impacted by COVID-19. The results of these tests were that no material impact was found. The impact of COVID-19 on these estimates and assumptions did not materially change in 2021 and as such there is no reason to deviate from the conclusions taken at year end 2020. For further information refer to notes 14, 15, 17 and 18.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Estimated impairment

The Group annually tests whether the financial and non-financial assets, including goodwill and capitalized development costs, were impaired in accordance with the Group's accounting policies. At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The impact of COVID-19 on the estimates and underlying assumptions used in the annual impairment test did not materially change in 2021 and as such, there is no reason to deviate from the conclusions taken at year end 2020.

Expected Credit Losses

Loss allowances are measured based on the Expected Credit Losses ("ECL") that result from all possible default events over the expected life of a financial instrument. The estimated ECL were calculated based on actual credit loss experience over the past five years. As a result of COVID-19, Marel reassessed the ECL used in calculating its loss allowances. Based on the industry which Marel operates in and current market insights, it is expected that impairment losses will remain at similar limited levels as they are currently going forward. The Group takes a holistic view of its financial assets and applies the same expected credit loss rate over all trade receivables.

Income taxes and deferred income taxes

As of each period-end, the Group evaluates the recoverability of deferred tax assets, based on projected future taxable profits. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, Marel believes it is probable the Group will realize the benefits of these deductible differences. As future developments are uncertain and partly beyond Marel's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will recover. Estimates are revised in the period in which there is sufficient evidence to revise the assumption.

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 2020.

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.

Curio

On 4 January 2021, Marel purchased an additional 10.7% stake in Curio for a cash consideration of ISK 408.0 million (EUR 2.6 million), bringing Marel's total share to 50.0%. As of 4 January 2021, Marel has assessed that it has control of Curio as it is entitled to appoint a majority of Curio's Board of Directors, including the Chairman. Curio's results are consolidated into the Group's results as per 2021. The remaining 50.0% of the shares in Curio continues to be held by Gullmolar ehf., Marel has an option to acquire the remaining 50.0% of shares within three years;

a liability for the option has been recorded in non-current other payables.

Provisional goodwill amounted to EUR 3.7 million and is allocated to the fish segment. The resulting goodwill from this acquisition is primarily related to the strategic (and cultural) fit of Curio and Marel with a highly complementary product portfolio to Marel's existing portfolio of fish processing solutions. Marel elected to measure the non-controlling interest in Curio at the proportionate share of Curio's identifiable net assets.

PMJ

On 21 January 2021, Marel concluded the acquisition of the entire share capital of PMJ, including all relevant business activities of the group. PMJ's complementary product portfolio of primary processing, including waxing and automated evisceration, will make Marel the industry's only full-line provider of duck processing solutions. PMJ has 40 employees and is located in Opmeer in the Netherlands. PMJ's annual revenues are around EUR 5.0 million. Closing was subject to standard closing conditions. The purchase consideration was paid with EUR 12.4 million in cash. The acquisition was financed through Marel's strong cash position and existing credit facilities.

Provisional goodwill amounted to EUR 6.7 million and is allocated to the poultry segment. The resulting goodwill from this acquisition is primarily related to the strategic (and cultural) fit of PMJ and Marel with a highly complementary product portfolio in the duck processing industry.

Curio and PMJ contributed around EUR 7 million to revenues since their acquisition dates and affected adjusted result from operations negatively.

The goodwill for the Curio and PMJ acquisitions is not deductible for corporate income tax.

TREIF

In 2021, the purchase price allocation ("PPA") for TREIF Maschinenbau GmbH ("TREIF") was finalized. Compared to the provisional goodwill reported in the Annual Consolidated Financial Statements for the period ended 31 December 2020, it resulted in an allocation of EUR 1.2 million to inventories, a decrease of the purchase consideration of EUR 0.8 million and a decrease of the goodwill amount from EUR 36.7 million to EUR 34.7 million.

The goodwill for TREIF is tax deductible in Germany if certain conditions are met.

In Q2 2021, an amount of EUR 6.0 million was paid as part of the net working capital settlement. The remaining part is expected to be paid in Q4 2021.

The impact to Marel's Consolidated Statement of Financial Position of acquisitions closed in 2021 and the changes to provisional accounting of acquisitions closed in 2020, is shown in the below table.

	Curio	Other ¹	Total
Property, plant and equipment	1.8	0.6	2.4
Right of use assets	2.0	0.3	2.3
Intangible assets	12.4	5.6	18.0
Inventories	6.2	1.7	7.9
Trade receivables	2.7	0.2	2.9
Other receivables and prepayments	0.5	-	0.5
Cash and cash equivalents	0.2	1.7	1.9
Assets acquired	25.8	10.1	35.9
Non-controlling interests	8.5	-	8.5
Borrowings, current and non-current	1.5	-	1.5
Lease liabilities, current and non-current	2.0	0.3	2.3
Provisions, current and non-current	0.5	-	0.5
Deferred and other tax liabilities	3.0	1.5	4.5
Trade and other payables	1.8	1.4	3.2
Liabilities assumed	17.3	3.2	20.5
Total net identified assets	8.5	6.9	15.4
Purchase consideration	12.2	11.6	23.8
of which paid / to be paid in cash	-	11.6	11.6
of which fair value of previously held interest	12.2	-	12.2
Goodwill on acquisition	3.7	4.7	8.4

¹ Relates to PPA finalization for the 2020 TREIF acquisition and the acquisition of PMJ in 2021.

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)angible assets) and acquisition related expenses. No other adjustments are included in adjusted result from operations.

In Q4 2020, Marel updated its calculation method for the non-IFRS measurement. Previously, Marel adjusted result from operations to exclude the impact of PPA related costs. As of Q4 2020, Marel adjusted result from operations to exclude the impact of PPA related costs and acquisition related expenses. Acquisition related expenses include fees incurred as part of an acquisition process. This change is meant to increase transparency of one-off cost items related to acquisitions which do not impact the underlying performance of Marel's segments.

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	Non-IFRS adjustments	Non-IFRS measures	As reported	Non-IFRS adjustments	Non-IFRS measures
	Q3	Q3	Q3	Q3	Q3	Q3
	2021	2021	2021	2020	2020	2020
Revenues	331.9	-	331.9	287.2	-	287.2
Cost of sales	(209.0)	0.3	(208.7)	(174.7)	-	(174.7)
Gross profit	122.9	0.3	123.2	112.5	-	112.5
Selling and marketing expenses	(47.2)	2.6	(44.6)	(32.8)	1.7	(31.1)
General and administrative expenses	(22.9)	0.1	(22.8)	(21.4)	0.1	(21.3)
Research and development expenses	(21.4)	1.6	(19.8)	(16.9)	0.9	(16.0)
Adjusted result from operations		4.6	36.0		2.7	44.1
Non-IFRS adjustments		(4.6)	(4.6)		(2.7)	(2.7)
Result from operations	31.4	-	31.4	41.4	-	41.4

	As reported	Non-IFRS adjustments	Non-IFRS measures	As reported	Non-IFRS adjustments	Non-IFRS measures
	YTD	YTD	YTD	YTD	YTD	YTD
	2021	2021	2021	2020	2020	2020
Revenues	993.4	-	993.4	894.5	-	894.5
Cost of sales	(631.2)	4.0	(627.2)	(560.5)	-	(560.5)
Gross profit	362.2	4.0	366.2	334.0	-	334.0
Selling and marketing expenses	(132.1)	7.7	(124.4)	(109.4)	5.0	(104.4)
General and administrative expenses	(70.2)	1.5	(68.7)	(64.1)	0.3	(63.8)
Research and development expenses	(65.4)	4.9	(60.5)	(53.9)	2.6	(51.3)
Adjusted result from operations		18.1	112.6		7.9	114.5
Non-IFRS adjustments		(18.1)	(18.1)		(7.9)	(7.9)
Result from operations	94.5	-	94.5	106.6	-	106.6

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

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
PPA related charges	4.6	2.7	16.8	7.9
Acquisition related expenses	0.0	-	1.3	-
Total non-IFRS adjustments	4.6	2.7	18.1	7.9

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 2021	Q3 2020	YTD 2021	YTD 2020
Result from operations (EBIT)	31.4	41.4	94.5	106.6
Depreciation, amortization and impairment	16.6	14.3	50.6	43.6
Result before depreciation & amortization (EBITDA)	48.0	55.7	145.1	150.2

6 Segment information

Operating segments

The identified operating segments comprise the three industries, which are the reporting segments. These operating segments form the basis for managerial decision taking. The following summary describes the operations in each of the Group's reportable segments:

- Poultry processing: Our poultry full-line product range offers 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; and
- The 'Other' segment includes any revenues, result from operations and assets which do not belong to the three core industries.

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, therefore no financial income and expenses nor tax are 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 2021	Poultry	Meat	Fish	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	-	-	-	(1.3)	(1.3)
Result from operations	64.5	23.9	5.6	0.5	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	829.2	751.7	190.1	117.6	1,888.6
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)

¹ Acquisition related expenses are adjusted for as of Q4 2020.

30 September 2020	Poultry	Meat	Fish	Other	Total
Revenues	470.3	291.1	113.4	19.7	894.5
Adjusted result from operations	83.5	20.8	8.1	2.1	114.5
PPA related charges	-	(7.9)	-	-	(7.9)
Result from operations	83.5	12.9	8.1	2.1	106.6
Net finance costs					(13.5)
Share of result of associates					0.0
Result before income tax					93.1
Income tax					(19.6)
Net result for the period					73.5
Assets	703.9	666.5	142.6	98.2	1,611.2
Capital expenditures	24.4	15.2	5.9	1.0	46.5
Depreciation and amortization	(18.2)	(19.2)	(4.9)	(0.7)	(43.0)
Impairment	-	-	(0.6)	-	(0.6)

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 2021	31/12 2020
Europe, Middle East and Africa ¹	1,576.1	1,501.4
Americas	213.9	213.3
Asia and Oceania	32.4	21.6
Total	1,822.4	1,736.3

¹ Iceland accounts for EUR 219.0 million (31 December 2020: EUR 149.0 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 2021	YTD 2020
Europe, Middle East and Africa ¹	37.0	42.1
Americas	10.7	3.8
Asia and Oceania	2.6	0.6
Total	50.3	46.5

¹ Iceland accounts for EUR 12.9 million (2020: EUR 10.8 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 2021 amount to EUR 40.0 million (2020: EUR 34.6 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	YTD
	2021	2020
Europe, Middle East and Africa ¹	500.0	502.6
Americas	351.6	293.2
Asia and Oceania	141.8	98.7
Total	993.4	894.5

¹ Iceland accounts for EUR 8.1 million (2020: EUR 17.5 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
	2021	2020
Equipment revenue	596.2	533.8
Aftermarket revenue	397.2	360.7
Total	993.4	894.5

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	31/12
	2021	2020
Trade receivables	153.8	151.3
Contract assets	57.8	46.1
Contract liabilities	(286.8)	(236.6)

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 2021 that have an original expected duration of one year or less, as allowed by IFRS 15.

8 Expenses by nature

Expenses by nature	YTD	YTD
	2021	2020
Cost of goods sold	354.2	307.1
Employee benefits	385.2	345.8
Depreciation, amortization and impairment	50.6	43.6
Maintenance and rent of buildings and equipment	12.0	10.9
Other	96.9	80.5
Total	898.9	787.9

9 Net finance costs

Net finance costs	YTD	YTD
	2021	2020
Finance costs:		
Interest on borrowings	(4.0)	(4.1)
Interest on leases	(0.6)	(0.7)
Other finance expenses	(0.8)	(4.0)
Net foreign exchange transaction losses	(3.3)	(4.9)
Subtotal finance costs	(8.7)	(13.7)
Finance income:		
Interest income	0.3	0.2
Subtotal finance income	0.3	0.2
Total	(8.4)	(13.5)

10 Income tax

Income tax recognized in the Consolidated Statement of Income	YTD	YTD
	2021	2020
Current tax	(23.8)	(17.9)
Deferred tax	5.9	(1.7)
Total	(17.9)	(19.6)

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.

In December 2020, a new corporate tax law was enacted in the Netherlands. Consequently, the reduction in the corporate tax rate from 25.0% to 21.7% as approved by the Dutch Government in 2019 is reversed and the Dutch income tax rate remains at 25.0%.

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

Result before income tax	85.6	
Income tax using Icelandic rate	(17.1)	20.0
Effect of tax rates in other jurisdictions	(3.2)	3.7
Weighted average applicable tax	(20.3)	23.7
Foreign exchange effect Iceland	0.7	(0.8)
Research and development tax incentives	3.1	(3.6)
Permanent differences	(1.1)	1.3
Effect of changes in tax rates	0.0	0.0
Others	(0.3)	0.3
Tax charge included in the Consolidated Statement of Income	(17.9)	20.9

	YTD 2021		YTD 2020	
		%		%
Result before income tax	85.6		93.1	
Income tax using Icelandic rate	(17.1)	20.0	(18.6)	20.0
Effect of tax rates in other jurisdictions	(3.2)	3.7	(2.9)	3.1
Weighted average applicable tax	(20.3)	23.7	(21.5)	23.1
Foreign exchange effect Iceland	0.7	(0.8)	(1.5)	1.6
Research and development tax incentives	3.1	(3.6)	4.5	(4.8)
Permanent differences	(1.1)	1.3	(1.0)	1.1
Effect of changes in tax rates	0.0	0.0	0.5	(0.5)
Others	(0.3)	0.3	(0.6)	0.6
Tax charge included in the Consolidated Statement of Income	(17.9)	20.9	(19.6)	21.1

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 2021	YTD 2020
Net result attributable to Shareholders (EUR millions)	68.2	73.4
Weighted average number of outstanding shares issued (millions)	753.2	753.0
Basic earnings per share (EUR cent per share)	9.05	9.75

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 2021	YTD 2020
Net result attributable to Shareholders (EUR millions)	68.2	73.4
Weighted average number of outstanding shares issued (millions)	753.2	753.0
Adjustments for stock options (millions)	7.1	5.2
Weighted average number of outstanding shares for diluted earnings per share (millions)	760.3	758.2
Diluted earnings per share (EUR cent per share)	8.97	9.68

12 Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Under construction	Total
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
Nine months ended 30 September 2021					
Opening net book value	146.3	33.3	12.6	4.5	196.7
Divestments	(0.1)	(0.5)	(0.2)	-	(0.8)
Effect of movements in exchange rates	0.7	0.3	-	-	1.0
Additions	4.9	4.1	2.0	11.6	22.6
Business combinations, note 4	0.1	2.0	0.3	-	2.4
Transfer between categories	0.6	3.0	0.5	(4.1)	-
Depreciation charge	(4.5)	(5.6)	(3.0)	-	(13.1)
Closing net book value	148.0	36.6	12.2	12.0	208.8
At 30 September 2021					
Cost	219.2	99.7	59.5	12.0	390.4
Accumulated depreciation	(71.2)	(63.1)	(47.3)	-	(181.6)
Net book value	148.0	36.6	12.2	12.0	208.8
At 1 January 2020					
Cost	190.9	83.3	62.3	4.2	340.7
Accumulated depreciation	(54.8)	(56.1)	(48.4)	-	(159.3)
Net book value	136.1	27.2	13.9	4.2	181.4
Year ended 31 December 2020					
Opening net book value	136.1	27.2	13.9	4.2	181.4
Divestments	(0.6)	(0.5)	(0.6)	-	(1.7)
Effect of movements in exchange rates	(3.1)	(0.9)	(0.7)	0.0	(4.7)
Additions	10.8	4.8	4.5	7.4	27.5
Held for sale	(1.8)	-	-	-	(1.8)
Business combinations, note 4	8.5	2.7	1.7	-	12.9
Reclassifications between categories	0.1	(0.1)	-	-	-
Transfer between categories	2.7	7.0	(2.6)	(7.1)	-
Impairment charge	(0.6)	(0.2)	-	-	(0.8)
Depreciation charge	(5.8)	(6.7)	(3.6)	-	(16.1)
Closing net book value	146.3	33.3	12.6	4.5	196.7
At 31 December 2020					
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

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

Depreciation of property, plant and equipment	YTD 2021	YTD 2020
Cost of sales	5.6	5.3
Selling and marketing expenses	0.4	0.4
General and administrative expenses	7.0	5.6
Research and development expenses	0.1	0.1
Total	13.1	11.4

13 Right of use assets

	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
Nine months ended 30 September 2021				
Opening net book value	29.5	0.5	12.7	42.7
Divestments	(0.2)	(0.1)	(0.2)	(0.5)
Effect of movements in exchange rates	0.4	-	0.3	0.7
Business combinations, note 4	2.2	-	0.1	2.3
Additions	5.7	-	4.6	10.3
Depreciation charge	(3.7)	(0.1)	(4.5)	(8.3)
Closing net book value	33.9	0.3	13.0	47.2
At 30 September 2021				
Cost	48.4	1.1	26.0	75.5
Accumulated depreciation	(14.5)	(0.8)	(13.0)	(28.3)
Net book value	33.9	0.3	13.0	47.2
	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2020				
Cost	32.0	1.2	19.3	52.5
Accumulated depreciation	(7.4)	(0.5)	(8.2)	(16.1)
Net book value	24.6	0.7	11.1	36.4
Year ended 31 December 2020				
Opening net book value	24.6	0.7	11.1	36.4
Divestments	(3.9)	-	-	(3.9)
Effect of movements in exchange rates	(0.6)	-	0.0	(0.6)
Business combinations, note 4	2.9	-	2.0	4.9
Reclassifications between categories	-	0.1	(0.1)	-
Additions	10.9	-	5.6	16.5
Depreciation charge	(4.4)	(0.3)	(5.9)	(10.6)
Closing net book value	29.5	0.5	12.7	42.7
At 31 December 2020				
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

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:

	YTD 2021	YTD 2020
Depreciation of right of use assets		
Cost of sales	2.5	2.2
Selling and marketing expenses	1.6	1.5
General and administrative expenses	4.0	4.1
Research and development expenses	0.2	0.2
Total	8.3	8.0

14 Goodwill

	30/09 2021	31/12 2020
At 1 January		
Cost	678.8	645.8
Net book value	678.8	645.8
Period ended 30 September / 31 December		
Opening net book value	678.8	645.8
Business combinations, note 4	8.4	36.9
Exchange differences	(0.2)	(3.9)
Closing net book value	687.0	678.8
At 30 September / 31 December		
Cost	687.0	678.8
Net book value	687.0	678.8

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

For 2020 business combinations relate to the acquisition of TREIF (increase in provisional goodwill of EUR 36.7 million) and Cedar Creek (increase in goodwill of EUR 0.2 million due to the finalization of the PPA). Further information on the acquisitions is disclosed in note 4 of the Condensed Consolidated Interim Financial Statements.

Impairment testing

The Group tested at the end of 2020 whether goodwill had suffered any impairment. The conclusion was there were no triggers indicating that impairment was necessary.

The impact of COVID-19 on the estimates and underlying assumptions used in the annual impairment test did not materially change in 2021 and as such, there is no reason to deviate from the conclusions taken at year end 2020.

15 Intangible assets

	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
Nine months ended 30 September 2021				
Opening net book value	146.8	161.4	22.8	331.0
Business combinations, note 4	7.4	10.6	-	18.0
Exchange differences	0.4	0.4	0.1	0.9
Additions	13.6	-	3.8	17.4
Amortization charge	(14.1)	(9.2)	(5.9)	(29.2)
Closing net book value	154.1	163.2	20.8	338.1
At 30 September 2021				
Cost	335.9	245.9	93.6	675.4
Accumulated amortization	(181.8)	(82.7)	(72.8)	(337.3)
Net book value	154.1	163.2	20.8	338.1
At 1 January 2020				
Cost	267.5	177.8	81.9	527.2
Accumulated amortization	(152.2)	(64.5)	(58.1)	(274.8)
Net book value	115.3	113.3	23.8	252.4
Year ended 31 December 2020				
Opening net book value	115.3	113.3	23.8	252.4
Divestments	(0.8)	-	(0.1)	(0.9)
Business combinations, note 4	30.4	58.6	0.4	89.4
Exchange differences	(0.5)	(1.1)	(0.1)	(1.7)
Additions	19.2	0.5	7.4	27.1
Impairment charge	(1.1)	-	(0.9)	(2.0)
Amortization charge	(15.7)	(9.9)	(7.7)	(33.3)
Closing net book value	146.8	161.4	22.8	331.0
At 31 December 2020				
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

Business combinations for 2021 relate to the acquisition of PMJ and Curio. For 2020, business combinations relate to the acquisition of TREIF. Further information on the acquisitions is disclosed in note 4 of the Condensed Consolidated Financial Statements.

The additions for 2021 predominantly comprise internally generated assets of EUR 17.4 million (31 December 2020: EUR 27.1 million) for product development and for development of software products.

The impairment charge in intangible assets analyzes as follows in the Consolidated Statement of Income:

	YTD 2021	YTD 2020
Impairment of intangible assets		
Research and development expenses	-	0.6
Total	-	0.6

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

	YTD 2021	YTD 2020
Amortization of intangible assets		
Selling and marketing expenses	8.8	5.8
General and administrative expenses	6.3	6.6
Research and development expenses	14.1	11.2
Total	29.2	23.6

Impairment testing

The Group tested at the end of 2020 whether indefinite intangible assets had suffered any impairment. The conclusion was there were no triggers indicating that impairment was necessary.

The impact of COVID-19 on the estimates and underlying assumptions used in the annual impairment test did not materially change in 2021 and as such, there is no reason to deviate from the conclusions taken at year end 2020.

16 Investments in associates

The investments in associates relate to a 40.0% stake in Stranda, a Norwegian provider of salmon processing solutions and a 25.0% interest in the Canadian software company Worximity Technology ("Worximity").

On 29 January 2021, Marel acquired a 40.0% interest for an amount of EUR 8.6 million in Stranda.

On 19 June 2020, Marel invested an additional CAD 2.5 million (EUR 1.7 million) in Worximity, bringing Marel's total ownership from 14.3% to 25.0%.

As of 4 January 2021, Marel has assessed that it has control of Curio as it holds 50.0% of the shares and is entitled to appoint a majority of Curio's Board of Directors, including the Chairman. From that date, Curio's results are consolidated into the Group's results as per 2021 and no longer reported as an investment in associates. For further information refer to note 4.

17 Trade receivables, other receivables and prepayments

	30/09 2021	31/12 2020
Trade receivables, other receivables and prepayments		
Trade receivables	155.1	153.1
Less: write-down to net-realizable value	(1.3)	(1.8)
Trade receivables - net	153.8	151.3
Prepayments	9.1	11.0
Other receivables	42.0	44.2
Other receivables and prepayments	51.1	55.2
Less non-current portion	-	(2.1)
Current portion of other receivables and prepayments	51.1	53.1

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

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. COVID-19 has not caused a material impact on collections of trade receivables.

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	2021	2020
At 1 January	(71.6)	(43.6)
Exchange differences and changes within the Group	(0.2)	0.4
Consolidated Statement of Income charge (excluding tax rate change)	5.9	5.6
Effect of changes in tax rates	0.0	(5.2)
Business combinations, note 4	(4.5)	(28.5)
Recognized in other comprehensive income	0.2	(0.3)
At 30 September / 31 December	(70.2)	(71.6)

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 2021	31/12 2020
Deferred income tax assets	14.8	13.3
Deferred income tax liabilities	(85.0)	(84.9)
Total	(70.2)	(71.6)

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 2020. The impact of COVID-19 on the estimates and underlying assumptions used in these tests did not materially change in 2021 and as such, there is no reason to deviate from the conclusions taken at year end 2020.

19 Inventories

Inventories	30/09 2021	31/12 2020
Raw materials	44.5	31.4
Semi-finished goods	178.8	136.4
Finished goods	59.9	58.7
Gross inventories	283.2	226.5
Allowance for obsolescence and/or lower market value	(31.4)	(26.6)
Net inventories	251.8	199.9

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 2021	771,008	(18,768)	752,240
Treasury shares - sold	-	1,749	1,749
At 30 September 2021	771,008	(17,019)	753,989
	100.00%	2.21%	97.79%
At 1 January 2020	771,008	(10,774)	760,234
Treasury shares - purchased	-	(14,332)	(14,332)
Treasury shares - sold	-	6,338	6,338
At 31 December 2020	771,008	(18,768)	752,240
	100.00%	2.43%	97.57%

Class of share capital	30/09 2021	31/12 2020
Nominal value	6.7	6.7
Share premium reserve	433.1	437.3
Reserve for share based payments	6.3	5.5
Total share premium reserve	439.4	442.8

Share capital

The total authorized number of ordinary shares on the Nasdaq and Euronext exchanges is 771.0 million (31 December 2020: 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 2021 a dividend of EUR 41.0 million (EUR 5.45 cents per share) was declared for the operational year 2020. This corresponds to approximately 40% of net result for the operational year 2020. The dividend was fully paid in Q2 2021 (in 2020, a dividend of EUR 43.9 million (EUR 5.79 cents per share) was declared and paid for the operational year 2019).

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 2021	0.9	(28.4)	(27.5)
Total other comprehensive income	(0.8)	3.6	2.8
Balance at 30 September 2021	0.1	(24.8)	(24.7)

Other reserves	Hedge reserve	Translation reserve	Total other reserves
Balance at 1 January 2020	(0.7)	(10.2)	(10.9)
Total other comprehensive income	1.6	(18.2)	(16.6)
Balance at 31 December 2020	0.9	(28.4)	(27.5)

Other equity

Other equity includes the impact of the option to acquire the remaining shares of non-controlling interests. Currency revaluation related to this option is posted through other comprehensive income within other equity.

Limitation in the distribution of Shareholders' equity

As at 30 September 2021, 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 81.3 million as at 30 September 2021 (31 December 2020: EUR 76.5 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 in 2021 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 a loss of EUR 0.5 million for the nine-month period in 2021 (30 September 2020: income of EUR 0.1 million).

The NCI relates to Curio ehf., Iceland, in which Gullmolar ehf. holds an ownership percentage of 50.0% and to MPS France S.A.R.L., France, in which the managing director of MPS France holds an ownership percentage of 24.0%.

21 Borrowings and lease liabilities

	30/09 2021	31/12 2020
Borrowings and lease liabilities		
Borrowings	204.8	240.2
Lease liabilities	37.7	33.6
Non-current	242.5	273.8
Borrowings	0.0	0.0
Lease liabilities	10.3	10.0
Current	10.3	10.0
Total	252.8	283.8
Borrowings	204.8	240.2
Lease liabilities	48.0	43.6
Total	252.8	283.8

The Group loan agreements contain restrictive covenants, relating to interest cover and leverage. At 30 September 2021 and 31 December 2020 the Group complies with all restrictive covenants. COVID-19 has not impacted Marel's ability to comply with restrictive covenants in place.

The Group has the following headroom in committed facilities:

	30/09 2021	31/12 2020
Available headroom		
Expiring within one year	-	-
Expiring beyond one year	608.1	567.8
Total	608.1	567.8

Liabilities in currency recorded in EUR at 30 September 2021

	Borrowings	Capitalized finance charges	Lease liabilities	Total
Liabilities in EUR	206.5	(1.4)	22.0	227.1
Liabilities in USD	-	(0.3)	9.5	9.2
Liabilities in other currencies	-	-	16.5	16.5
Total	206.5	(1.7)	48.0	252.8
Current maturities	(0.7)	0.7	(10.3)	(10.3)
Non-current maturities	205.8	(1.0)	37.7	242.5

Liabilities in currency recorded in EUR at 31 December 2020

	Borrowings	Capitalized finance charges	Lease liabilities	Total
Liabilities in EUR	241.8	(1.8)	22.7	262.7
Liabilities in USD	-	(0.4)	8.4	8.0
Liabilities in other currencies	0.6	-	12.5	13.1
Total	242.4	(2.2)	43.6	283.8
Current maturities	(0.7)	0.7	(10.0)	(10.0)
Non-current maturities	241.7	(1.5)	33.6	273.8

Annual maturity of non-current borrowings at 30 September 2021

	Borrowings	Capitalized finance charges	Lease liabilities	Total
Between 1 and 2 years	-	(0.7)	11.3	10.6
Between 2 and 3 years	120.9	(0.3)	8.5	129.1
Between 3 and 4 years	65.0	-	6.3	71.3
Between 4 and 5 years	18.7	-	5.5	24.2
After 5 years	1.2	-	6.1	7.3
Total	205.8	(1.0)	37.7	242.5

Annual maturity of non-current borrowings at

31 December 2020	Borrowings	Capitalized		Total
		finance charges	Lease liabilities	
Between 1 and 2 years	-	(0.7)	11.7	11.0
Between 2 and 3 years	120.7	(0.7)	7.4	127.4
Between 3 and 4 years	-	(0.1)	5.0	4.9
Between 4 and 5 years	118.7	-	5.0	123.7
After 5 years	2.3	-	4.5	6.8
Total	241.7	(1.5)	33.6	273.8

22 Provisions

	Guarantee commitments	Pension commitments	Other provisions	Total
Balance at 1 January 2021	6.1	3.9	4.6	14.6
Additions	1.4	0.2	5.2	6.8
Business combinations, note 4	-	-	0.5	0.5
Exchange differences	0.1	0.1	0.1	0.3
Used	(0.6)	(0.3)	(6.6)	(7.5)
Release	(0.6)	(0.2)	(0.3)	(1.1)
Balance at 30 September 2021	6.4	3.7	3.5	13.6

	Guarantee commitments	Pension commitments	Other provisions	Total
Balance at 1 January 2020	7.2	11.0	0.6	18.8
Additions	1.0	2.0	5.9	8.9
Business combinations, note 4	0.3	0.2	-	0.5
Exchange differences	(0.2)	(0.3)	(0.2)	(0.7)
Used	(1.4)	(6.0)	(1.4)	(8.8)
Release	(0.8)	(3.0)	(0.3)	(4.1)
Balance at 31 December 2020	6.1	3.9	4.6	14.6

Analysis of provisions	30/09 2021	31/12 2020
Non-current	4.1	4.1
Current	9.5	10.5
Total	13.6	14.6

23 Trade and other payables

	30/09 2021	31/12 2020
Trade and other payables		
Trade payables	87.6	81.8
Accruals	10.6	5.4
Personnel payables	66.9	66.3
Other payables	89.6	70.3
Total	254.7	223.8
Less non-current portion	(16.2)	(1.1)
Current portion of trade and other payables	238.5	222.7

24 Financial instruments and risks

Risk management framework

The main financial risks faced by Marel relate to market 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, (b) interest rate risk and (c) credit 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 beginning in Q4 2020, 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.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. 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. COVID-19 has not caused a material impact on collections of trade receivables.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and committed credit facilities to give reasonable operating

headroom. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by maintaining availability under committed credit lines.

The Group has EUR 700.0 million of committed facilities, which can be used both as a revolver and to issue guarantees for down payments. As per 30 September 2021, the Group had drawn EUR 65.0 million on the syndicated revolving credit facility (31 December 2020: EUR 100.0 million), and issued guarantees for EUR 26.9 million (31 December 2020: EUR 32.2 million), therefore the total usage is EUR 91.9 million (31 December 2020: EUR 132.2 million), leaving a headroom of EUR 608.1 million (31 December 2020: EUR 567.8 million). All facilities are subject to operational and Consolidated Statement of Financial Position covenants (interest cover and leverage). At 30 September 2021 there is sufficient headroom.

At 30 September 2021, net cash and cash equivalents were EUR 66.2 million (31 December 2020: EUR 78.6 million).

Marel has a strong cash position and sufficient headroom in its committed facilities and therefore, does not foresee additional liquidity risks despite the challenging environment due to COVID-19.

25 Contingencies

Contingent liabilities

At 30 September 2021 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 40.7 million (31 December 2020: EUR 48.3 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, 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 2021 and 31 December 2020 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 2021 and the year 2020.

27 Subsequent events

No significant events have taken place since the reporting date, 30 September 2021.

Appendices

1 Quarterly results

	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3
Revenues	331.9	327.5	334.0	343.3	287.2
Cost of sales	(209.0)	(210.0)	(212.2)	(217.9)	(174.7)
Gross profit	122.9	117.5	121.8	125.4	112.5
Selling and marketing expenses	(47.2)	(42.3)	(42.6)	(39.2)	(32.8)
General and administrative expenses	(22.9)	(20.4)	(26.9)	(23.7)	(21.4)
Research and development expenses	(21.4)	(21.8)	(22.2)	(19.4)	(16.9)
Result from operations (EBIT)	31.4	33.0	30.1	43.1	41.4
Net finance costs	(2.1)	(1.9)	(4.4)	(4.9)	(3.2)
Share of result of associates	0.0	(0.4)	(0.1)	0.3	(0.1)
Result before income tax	29.3	30.7	25.6	38.5	38.1
Income tax	(6.1)	(7.4)	(4.4)	(9.4)	(8.7)
Net result for the period	23.2	23.3	21.2	29.1	29.4
Result before depreciation & amortization (EBITDA)	48.0	49.8	47.3	62.3	55.7

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

	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3
Revenues	331.9	327.5	334.0	343.3	287.2
Cost of sales	(208.7)	(208.9)	(209.6)	(214.8)	(174.7)
Gross profit	123.2	118.6	124.4	128.5	112.5
Selling and marketing expenses	(44.6)	(39.8)	(40.0)	(36.7)	(31.1)
General and administrative expenses	(22.8)	(20.2)	(25.7)	(21.7)	(21.3)
Research and development expenses	(19.8)	(20.0)	(20.7)	(17.8)	(16.0)
Adjusted result from operations¹	36.0	38.6	38.0	52.3	44.1
Non-IFRS adjustments	(4.6)	(5.6)	(7.9)	(9.2)	(2.7)
Result from operations (EBIT)	31.4	33.0	30.1	43.1	41.4

¹ Result from operations is adjusted for PPA related costs, including depreciation and amortization, and as of Q4 2020, acquisition related expenses.

2 Definitions and abbreviations

EBIT

Earnings before interest and tax

EBITDA

Earnings before interest, tax, depreciation and amortization

ECL

Expected credit loss

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

NCI

Non-controlling interest

PPA

Purchase Price Allocation