

Marel Meat A/S

Company registration number (CVR): 13 00 99 10

Langebjerg 29c, 4000 Roskilde

Annual report for 2023

Approved at the Company's annual general meeting on 28 June 2024

Chairman of the meeting

Arni Sigurjonsson

Contents

	Page
Statement by the Board of Directors and the Management Board.....	3
Independent auditor’s report.....	4
Company details.....	7
Financial highlights for the Company	8
Management's review	9
Income statement 1 January – 31 December 2023.....	13
Balance sheet 31 December 2023	14
Statement of changes in equity	16
Notes to the annual report	17

Statement by the Board of Directors and the Management Board

The Board of Directors and the Management Board have today discussed and approved the annual report of Marel Meat A/S for the financial year 1 January to 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of its operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 28 June 2024

Management Board:

Sofie Cammers

Board of Directors:

René Poulsen
Chairman

Sofie Cammers

Morten Munk Rasmussen

Independent auditor's report

To the shareholders of Marel Meat A/S

Opinion

We have audited the financial statements of Marel Meat A/S for the financial year 1 January – 31 December 2023 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control, that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 28 June 2024

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael E. K. Rasmussen
State Authorised
Public Accountant
mne41364

Management's review

Company details

Marel Meat A/S
Langebjerg 29c
DK-4000 Roskilde

CVR No.: 13 00 99 10

Registered office: Roskilde

Financial year: 01.01 – 31.12

Established: 14.12.1976

Board of Directors

René Poulsen, Chairman
Sofie Cammers
Morten Munk Rasmussen

Management Board

Sofie Cammers

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42
DK-8000 Aarhus C
CVR no. 25578198

Consolidated financial statements

The financial statements of Marel Meat A/S are included in the consolidated financial statements of Marel hf., Austurhraun 9, 210 Gardabaer, Iceland. The consolidated financial statements can be downloaded at www.marel.com.

Management's review

Financial highlights

(DKK'000)	2023	2022	2021	2020	2019
Income statement:					
Gross profit	48.012	43.540	79.219	54.055	68.986
Ordinary operating profit	26.313	16.695	33.529	5.386	20.791
Financial income and expenses, net	4.912	1.557	61	-786	2.133
Profit for the year	24.393	13.536	26.478	3.729	17.859
Balance sheet:					
Total assets	199.081	202.856	221.263	203.928	160.857
Equity	147.893	123.500	109.964	83.486	79.757
Gross investments in property, plant and equipment	747	1.134	3.260	43.060	207
Financial ratios %:					
Return on investment	13,1	7,9	15,8	3,0	25,9
Return on equity	18.0	11,6	27,4	4,6	25,2
Solvency ratio	74,3	60,9	49,7	40,9	49,6

The financial ratios are defined as follows:

Return on investment $\frac{\text{Ordinary operating profit/loss}}{\text{Average number of operating assets}}$

Return on equity $\frac{\text{Profit after tax x 100}}{\text{Average equity}}$

Solvency ratio $\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at 31 December}}$

Management's review

Operating review

Principal activities

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

Our revenue streams consist of sales of standard equipment, major projects, and recurring sales of parts, services, and software licenses. We have a global customer base diversified across different industries, product mixes, and geographical areas, allowing us to achieve and maintain strong profitability throughout economic cycles.

Development in activities and financial position

Profit for the year after tax totalled DKK 24.4 million, which is an increase of DKK 10.9 million (+80.2%) compared to 2022.

Equity totalled DKK 147.9 million at the end of the year, corresponding to a solvency ratio of 74.3%.

Overall, the financial statements are in line with our expectations disclosed in the latest published annual report.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year end.

Management's review

Operating review

Particular risks

Our management has identified certain key risks to our business that demand attention. Of these, seven key risks are discussed below, together with an overview of corresponding mitigative actions.

Profit and earnings volatility risk:

Our operational results are subject to volatility. Factors like increase in competition, geopolitical conflicts, trade restrictions, and natural disasters might influence our ability to predict revenues, costs, and expenses affecting our growth objectives. Our business model with revenue streams generated by different industries, geographical areas, and product mix allows us to achieve and maintain strong profitability throughout economic cycles.

Innovation risk:

Changes in technology, failure to understand customer needs, inability to enforce intellectual property rights, etc. can affect our expansion objectives. Our success depends on our ability to develop and successfully introduce new products in addition to ensuring the competitiveness of existing ones, including solutions and software.

The company will continue to lead the innovation game in the food processing industry by committing significant resources to support its ambitious innovation objectives.

People management risk:

A high turnover rate, disengaged employees, gaps in workforce skills or misalignment of those skills with the company's needs, an inadequate succession plan, etc. can harm our business. Workplace instability, absenteeism, and additional stress caused by the global pandemic, coupled with changing global workforce preferences, further increase the risk of effective talent management.

The Company remains a desirable place to work that attracts and retains talented employees. Throughout the pandemic, we have implemented initiatives to maintain motivation and engage with our workforce in a personal manner. Marel is proactive in adapting its policies to align with current global trends.

Management's review

Operating review

Particular risks

Supply chain disruption risk:

The Company makes use of its global footprint to mitigate supply chain risks, while continuing to adopt new supply chain technologies. Deliberate mitigations include the increasing of inventory levels, as well as identifying substitute suppliers. The company remains agile and proactive when prioritising its manufacturing needs.

Reputation and compliance risk:

The Company operates worldwide and needs to comply with numerous and changing laws and regulations. Failure to comply can lead to penalties and adverse publicity. The evolution of social media further increases the risk of reputational damage.

The Company strives to preserve and enhance its brand value, build resilience, and create emotionally connected customers, employees, and stakeholders, while complying with all industry, regulatory, and other general standards of significance.

Information security risk:

Failure to secure our information systems and data could result in operational disruptions, financial losses, reputational damage with existing and new customers, etc.

The Company continues to invest in new facilities and infrastructure and in upgrading existing ones to ensure their integrity and availability in case of adverse events.

Foreign exchange risk:

As an international company, the Company is exposed to foreign exchange risk arising from various currency movements, primarily with respect to the EUR/USD exchange rate for revenues and EUR/ISK rate on the cost side.

The Company takes advantage of natural currency hedges by matching revenues and operational costs as economically as possible. The company's funding is denominated in its main operational currencies to create natural hedging in the balance sheet. Where necessary, financial exposure is hedged in accordance with the Company's policy on permitted instruments and exposure limits.

Management's review

Operating review

Intellectual capital

The primary business foundation is to provide competitive products, solutions and technology for the food industry improving its competitiveness. Accordingly, the Company must be able to develop and retain intellectual capital and know-how on products and business processes. The Company therefore regularly develops policies and procedures for recruiting, training and retaining employees and for developing and documenting products and business processes.

Research and development activities

The Company's research and development activities comprise regular development of new and existing products and processes for the food industry. The Company is committed to developing industry-leading technology in partnership with our customers.

In 2023 we have invested DKK 16,3 million in research and development activities. This is essential to the creation of transformative solutions for the food processing industry and securing our competitive advantage, which in turn deliver organic growth to the company.

Outlook

The continued geopolitical tensions, especially in Europe is still causing uncertainty. Marel has a balanced exposure to global economies and local markets through its global reach, innovative product portfolio and diversified business mix. Indeed, our business model has proved to be resilient during times of turbulence. Our global reach and years of investment in innovation and digital solutions have proved to be key differentiating factors for Marel. These will enable us to push forward and help us navigate geopolitical tensions in the long run. That path is of course one of discovery to some extent, with inherent challenges and learnings, but one that team Marel will manage with its characteristic determination.

The expectation for 2024 is an unchanged activity level and net results in line with current year. These expectations are subjected to uncertainties due the increased geopolitical tensions mentioned above.

Financial statements 1 January - 31 December 2023

Income statement

	Note	2023 <u>(DKK'000)</u>	2022 <u>(DKK'000)</u>
Gross profit		48.012	43.540
Distribution costs	2,3	-12.972	-17.517
Administrative expenses	2,3	-8.727	-9.419
Other operating expenses		<u>0</u>	<u>91</u>
Ordinary operating profit		26.313	16.695
Financial income	4	5.666	2.004
Financial expenses	5	<u>-754</u>	<u>-447</u>
Profit before tax		31.225	18.252
Tax on profit for the year	6	<u>-6.832</u>	<u>-4.716</u>
Profit for the year	7	<u>24.393</u>	<u>13.536</u>

Financial statements 1 January - 31 December 2023

Balance sheet

	Note	2023 (DKK'000)	2022 (DKK'000)
ASSETS			
Property, plant and equipment			
Land and buildings	8	27.673	32.541
Plant and machinery	8	1.041	1.514
Fixtures, fittings and other equipment	8	1.655	2.325
Total property, plant and equipment		30.369	36.380
Rent deposit and other receivables			
Rent deposit and other receivables	9	864	864
Total rent deposit and other receivables		864	864
Total non-current assets		31.233	37.244
Current assets			
Inventories			
Inventories	10	4.670	6.332
Receivables			
Deferred tax asset	13	100	0
Trade receivables		2.973	7.334
Contract work in progress	11	1.782	1.879
Receivables from group enterprises		13.237	22.072
Other receivables		2.814	939
Total receivables		20.906	32.224
Cash at bank and in hand		142.272	127.056
Total current assets		167.848	165.612
TOTAL ASSETS		199.081	202.856

Financial statements 1 January - 31 December 2023

Balance sheet

	Note	2023	2022
		(DKK'000)	(DKK'000)
EQUITY AND LIABILITIES			
Equity	12		
Share capital		2.008	2.008
Retained earnings		145.885	121.492
Total equity		147.893	123.500
Provisions			
Deferred tax	13	0	2.190
Warranties	14	268	268
Other provisions	15	34	0
Total provisions		302	2.458
Non-current liabilities other than provisions	16		
Lease liabilities		17.234	21.479
Payables to group enterprises		0	2.359
Total non-current liabilities other than provisions		17.234	23.838
Current liabilities other than provisions			
Lease liabilities	16	2.306	2.463
Prepayments from customers	11	1.252	18.934
Trade payables		1.621	4.214
Payables to group enterprises	16	6.208	3.049
Payables to credit institutions		0	11.079
Corporation tax		9.159	4.937
Other payables		13.106	8.384
Total current liabilities other than provisions		33.652	53.060
Total liabilities other than provisions		50.886	76.898
TOTAL EQUITY AND LIABILITIES		199.081	202.856
Related parties	17		
Collateral, contingent liabilities and lease liabilities	18		

Financial statements 1 January - 31 December 2023

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2022	2.008	105.051	107.059
Net profit for the year		16.441	16.441
Equity at 1 January 2023	2.008	121.492	123.500
Net profit for the year	0	24.393	24.393
Equity at 31 December 2023	2.008	145.885	147.893

Financial statements 1 January - 31 December 2023

Notes

1 Accounting policies

The annual report of Marel Meat A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C mellem enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Minor reclassifications in the comparative financial statement for 2022 have been incorporated. The reclassifications have no effect on profit for the year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

Income statement

Revenue

Revenue from the sale of goods and services is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year-end and that the income can be reliably measured and is expected to be received. Contract work in progress is recognised at the selling price of the work performed. Revenue is measured excl. VAT and taxes and less discounts granted in connection with the sale.

Financial statements 1 January - 31 December 2023

Notes

1 Accounting policies

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials, goods for resale and consumables, wages and salaries, rent and leases, and depreciation of production plant and other assets used for production purposes. Write-down for inventories and write-down in connection with anticipated bad debt losses on contract work in progress are also included. Production costs also comprise development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc. during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for Company management and administration, including expenses for administrative staff, management, office premises, insurance and office expenses, etc. and depreciation.

Other operating income or operating costs

Other operating income and costs comprises items secondary to the activities of the Company, including gains and losses on the disposal of non-current assets.

Financial income and expenses

Financial income and expenses comprise interest income and expense, finance charges in respect of finance leases, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 January - 31 December 2023

Notes

1 Accounting policies

Tax on profit for the year

Tax for the year comprises current tax for the year end and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery, fixtures and fittings, as well as other plant and equipment are measured at cost less accumulated depreciation. Land is not depreciated.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	20 - 55 years
Plant and machinery	3 - 10 years
Fixtures, fittings and other equipment	4 - 6 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or operating costs.

Financial statements 1 January - 31 December 2023

Notes

1 Accounting policies

Leased assets

Leased assets is depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use assets or the end of the lease term. The estimated useful lives of the assets are determined on the same basis as those of property and equipment.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Short term leases and leases of low-value assets

Short term leases that have a lease term of 12 month or less and leases of low-value assets are not recognised as right of use assets and lease liability and the lease payments associated with these leases are expensed as a straight line base over the lease term.

The Company's obligation relating to these leases is disclosed in contingent liabilities.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as rent deposit and other receivables is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests of individual assets or groups of assets are conducted when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

Financial statements 1 January - 31 December 2023

Notes

1 Accounting policies

Inventories

Inventories are measured at cost in accordance with the average cost formula. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as direct and indirect production overheads.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of the country of domicile and credit ratings of the debtors in accordance with the credit risk management policy of the Company. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements 1 January - 31 December 2023

Notes

1 Accounting policies

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the work. The degree of completion is computed as the proportion between resources spent and total estimated resources for the completion of the contract. When it is probable that contract work in progress will result in losses, the estimated loss is recognised in the income statement.

When the selling price of contract work in progress cannot be measured reliably, the contract work in progress is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet as receivables or payables depending on the net value of the sales amount less on-account invoicing and prepayments. Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years, such as office rent, insurance premiums and licences.

Equity

Dividends:

The expected dividend payment for the year is disclosed as a separate item under equity.

Financial statements 1 January - 31 December 2023

Notes

1 Accounting policies

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, e.g. regarding shares, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the expected value of their realisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement.

The Company is jointly taxed with other Danish subsidiaries and affiliated companies. Current Danish corporation tax is settled by the parent company, which is the administrative company, and allocated between the jointly taxed companies in proportion to their taxable income.

Provisions

Provisions comprise expected costs of warranties, losses on work in progress, restructurings, etc.

Financial statements 1 January - 31 December 2023

Notes

1 Accounting policies

Liabilities other than provisions

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Applied exemption clauses in the Danish Financial Statements Act

In accordance with section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement, as this is included in the consolidated cash flow statement of the parent company, Marel hf., Iceland.

Pursuant to section 98b(3) of the Danish Financial Statements Act, the Company has not disclosed remuneration of Management as only one member of the Management Board is remunerated.

The financial statements of Marel A/S are included in the consolidated financial statements of Marel hf., Austurhraun 9, 210 Gardabaer, Iceland. The consolidated financial statements can be downloaded at www.marel.com.

Financial statements 1 January - 31 December 2023

Notes

2023	2022
(DKK'000)	(DKK'000)

2 Staff costs

Wages and salaries, etc.	34.146	40.090
Pensions	3.286	3.242
Other social security costs	234	601
	37.666	43.933

Staff costs are recognised as follows:

Production	26.949	27.934
Distribution	8.986	12.891
Administration	1.731	3.108
	37.666	43.933

Average number of employees	51	63
-----------------------------	----	----

Incentive schemes

Pursuant to section 98b(3) of the Danish Financial Statements Act, the Company has not disclosed remuneration of Management as only one member of the Management Board is remunerated.

3 Depreciation

Land and building	2.515	2.505
Plant and machinery	552	575
Fixtures, fittings and other equipment	1.147	1.157
	4.214	4.237

Depreciation is recognised as follows:

Production	456	377
Distribution	436	513
Administration	3.322	3.347
	4.214	4.237

Financial statements 1 January - 31 December 2023

Notes

	<u>2023</u>	<u>2022</u>
	(DKK'000)	(DKK'000)
4 Financial income		
Other financial income	5.666	2.004
	<u>5.666</u>	<u>2.004</u>
5 Financial expenses		
Other financial expenses	754	447
	<u>754</u>	<u>447</u>
6 Tax on profit for the year		
Tax on profit for the year is specified as follows:		
Current tax	-9.159	-4.828
Correction tax prior years	37	0
Deferred tax	2.290	112
	<u>-6.832</u>	<u>-4.716</u>
7 Proposed profit appropriation		
Profit for the year	24.393	13.536
Transferred to next year	<u>24.393</u>	<u>13.536</u>

Financial statements 1 January - 31 December 2023

Notes

8 Property, plant and equipment

Own assets	Land and buildings	Plant and machinery	Fixtures, fittings	Assets under construction	Total
			and other equipment		
Cost at 1 January	12.645	3.436	1.622	0	17.703
Audit adjustment to cost price	0	58	0	0	58
Additions	80	21	0	0	101
Transferred	0	0	0	0	0
Disposals	0	0	0	0	0
Cost at 31 December	12.725	3.515	1.622	0	17.862
Impairment loss and depreciation at 1 January	1.790	1.922	1.172	0	4.884
Depreciation for the year	853	552	179	0	1.584
Impairment loss and depreciation at 31 December	2.643	2.474	1.351	0	6.468
Carrying amount at 31 December	10.082	1.041	271	0	11.394
Leased assets					
Cost at 1 January	25.770	0	3.338	0	29.108
Audit adjustment to cost price	-2.433	0	0	0	-2.433
Additions	0	0	646	0	646
Disposals	0	0	-1.002	0	-1.002
Cost at 31 December	23.337	0	2.982	0	26.319
Impairment loss and depreciation at 1 January	4.084	0	1.463	0	5.547
Disposals	0	0	-833	0	-833
Depreciation for the year	1.662	0	968	0	2.630
Impairment loss and depreciation at 31 December	5.746	0	1.598	0	7.344
Carrying amount at 31 December	17.591	0	1.384	0	18.975
Total	27.673	1.041	1.655	0	30.369

Financial statements 1 January - 31 December 2023

Notes

	2023	2022
	(DKK'000)	(DKK'000)
9 Rent deposit and other receivables		
Deposits for lease of building	864	864
	864	864
10 Inventories		
Spare parts	4.670	6.332
	4.670	6.332
11 Contract work in progress		
Contract work in progress	-2.287	-95.221
Progress billings	2.817	78.166
Net value at 31 December	530	-17.055
- recognised as follows:		
Contract work in progress	1.782	1.879
Prepayments from customers	-1.252	-18.934
Net value at 31 December	530	-17.055

In the above numbers are intercompany projects included with a sales value of DKK 955 thousand and progress billings of DKK 4.039 thousand or a net value of DKK -3.084 thousand with DKK 955 thousand reported under assets and DKK 3.084 thousand reported under liabilities.

12 Equity

The Company's share capital amounts to DKK 2,008 thousand, broken down on a share with a face value of DKK 1. No shares carry special rights.

	2023	2022	2021	2020	2019
Share capital for the last 5 years	2.008	2.008	2.008	2.008	2.008

Financial statements 1 January - 31 December 2023

Notes

	2023	2022
	(DKK'000)	(DKK'000)
13 Deferred tax		
Deferred tax at 1 January	2.190	2.302
Deferred tax for the year recognised in profit for the year	-2.290	-112
Deferred tax at 31 December	-100	2.190
Deferred tax relates to:		
Intangible assets	5	6
Property, plant and equipment	-231	-62
Retaxation obligation, foreign entities	0	2.343
Current assets	250	-97
Provisions	-124	0
Leased assets and liabilities	0	0
	-100	2.190
14 Warranties		
Balance at 1 January	268	530
Adjustments for the year	0	-262
Balance at 31 December	268	268
Date of maturity is expected to be 0-1 year		
15 Other provisions		
Reorganisation Provision	34	0
	34	0
Date of maturity is expected to be 0-1 year		

Financial statements 1 January - 31 December 2023

Notes

16 Non-current liabilities

	Current portion	Non-current portion	Total	Hereof falling due after more than five years
Finance leases	2.306	17.234	19.540	10.002
Payables to group enterprises	6.208	0	6.208	0
Other payables	13.106	0	13.106	0
	21.620	17.234	38.854	10.002

17 Related parties

Marel Meat A/S' related parties comprise the following:

Control:

Marel Red Meat B.V., Albert Schweitzerstraat 33, 7131 Lictenvoorde, The Nederland
Marel Red Meat B.V. holds the majority of the share capital in the Company

Marel Meat A/S is part of the consolidated financial statements of Marel hf. Austurhraun 9, Gardabaer, Iceland, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Marel hf. can be obtained by contacting the Company or at the following website: www.marel.com.

2023 2022

Financial statements 1 January - 31 December 2023

Notes

17 Related parties

(DKK'000) (DKK'000)

Related party transactions:

Group

Sale of goods	7.912	7.082
Production costs	-1.822	-742
Distribution costs	-2.944	-629
Administrative expenses	-9.060	-9.877
Total	-5.914	-4.166

Parent Company

Sale of goods	81.750	101.180
Production costs	-2.230	6.610
Distribution costs	3.593	0
Administrative expenses	122	-68
Total	83.235	0

Payables and receivables to group enterprises are disclosed in the balance sheet and in note 14 and 19.

Consolidated financial statements

The financial statements of Marel Meat A/S are included in the consolidated financial statements of Marel hf., Austurhraun 9, 210 Gardabaer, Iceland. The consolidated financial statements can be downloaded at www.marel.com.

18 Collateral, contingent liabilities and lease liabilities

The Company is jointly taxed with other Danish group companies. Marel A/S is registered as the administrative company, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. Corporation taxes payable and withholding taxes within the joint taxation unit totalled a receivable of DKK 513 thousand at 31 December 2023. Any subsequent corrections to the taxable joint taxation income or withholding taxes may imply that the Company's liability will increase.

Cash at bank and in hand amounting to DKK 142 milion has been pledged as security for a group cash pool.