

# **Marel Salmon A/S**

**Company registration number (CVR): 66 30 97 11**

Juelstrupparken 14, 9530 Støvring

Annual report for 2022

Approved at the Company's annual general meeting on 30. June 2023  
Chairman of the meeting

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Árni Sigurjónsson

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## **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 Salmon A/S for the financial year 1 January to 31 December 2022.

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 2022 and of the results of its operations for the financial year 1 January – 31 December 2022.

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

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

Støvring, 30. June 2023

### **Management Board:**

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Lars Mynderup

### **Board of Directors:**

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Olafur Karl Sigurdarson  
Chairman

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Arni Sigurjonsson

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Rebekka Joelsdottir

# **Independent auditor's report**

**To the shareholders of Marel Salmon A/S**

## **Opinion**

### **Opinion**

We have audited the financial statements of Marel Salmon A/S for the financial year 1 January – 31 December 2022 comprising income statement, balance sheet, statement of changes in equity, cash flow statement 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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 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' 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 scepticism 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.

## **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, 30. June 2023

### **KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen  
State Authorised  
Public Accountant  
MNE34459

Michael E.K. Rasmussen  
State Authorised  
Public Accountant  
MNE41364

## **Management's review**

### **Company details**

Marel Salmon A/S  
Juelstrupparken 14  
DK-9530 Støvring

CVR No.: 66 30 97 11

Registered office: Støvring

Financial year: 01.01 – 31.12

Established: 27.07.1981

### **Board of Directors**

Olafur Karl Sigurdarson, Chairman  
Arni Sigurjonsson  
Rebekka Joelsdottir

### **Management Board**

Lars Mynderup

### **Auditors**

KPMG P/S  
Frederiks Plads 42, 7. tv  
8000 Aarhus C  
DK - Denmark

### **Consolidated financial statements**

The financial statements of Marel Salmon 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](http://www.marel.com).

## Management's review

### Financial highlights

(DKK'000)	2022	2021	2020	2019	2018
<b>Income statement:</b>					
Revenue	592,134	480,576	450,183	460,034	434,591
Gross profit	149,629	101,019	100,985	145,641	129,955
Ordinary operating profit	30,002	30,349	26,258	68,234	42,507
Financial income and expenses, net	-1,166	-928	-3,108	-2,620	-3,536
Profit for the year	22,577	23,712	19,126	51,103	30,094
<b>Balance sheet:</b>					
Total assets	533,992	417,654	358,019	367,663	330,739
Equity	133,922	126,345	112,633	133,507	92,404
Gross investments in property, plant and equipment	17,240	10,474	3,944	13,880	19,100
<b>Financial ratios %:</b>					
Gross margin	25.3	21.0	22.4	31.7	29.9
Operating margin	5.1	6.3	5.8	14.8	9.8
Return on investment (yearly basis)	6.4	7.8	7.2	19.5	12.7
Return on equity	17.3	19.8	15.5	45.2	27.9
Solvency ratio	25.3	30.3	31.5	36.3	27.9

Financial ratios are calculated in accordance with the guidelines "Recommendations and Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Ordinary operating profit/loss} \times 100}{\text{Revenue}}$
Return on investment	$\frac{\text{Ordinary operating profit/loss}}{\text{Average number of operating assets}}$
Return on equity	$\frac{\text{Profit after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at 31 December}}$



## **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.

Marel'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**

Revenue in 2022 totalled DKK 592.1 million which is an increase of DKK 111.6 million (23.2%) compared to 2021.

The higher revenue volume resulted in an improved gross profit margin of 25.3% compared to 21.0% in 2021 leading to a gross profit of DKK 149.6 million compared to DKK 101.0 million in 2021.

The profit for the year after tax totalled DKK 22.5 million, which is a decrease of DKK 1.1 million (4.7%) compared to 2021.

Equity totalled DKK 133.9 million at the end of the year, corresponding to a solvency ratio of 25.3%. In 2022 a dividend of DKK 15 million was paid.

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

#### Unusual circumstances

Market conditions remain challenging due to the ongoing pandemic, the war in Ukraine, continued supply chain disruption, higher interest rates and inflation at high levels resulting in inefficiencies in manufacturing and aftermarket, and higher cost associated with timely delivery. There are signs of easing in supply chain and parts availability which should improve operational efficiency.

#### 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.

Marel 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.

Marel 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:*

As a manufacturer of leading technology solutions, we rely on the timely supply of inputs, as well as continued supply of scarce resources. The global pandemic caused instability in commercial transport and saw an increase in the demand of raw materials. This can lead to increased costs as well as delays to customer delivery.

Marel 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 prioritizing its manufacturing needs.

##### *Reputation and compliance risk:*

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

Marel strives to preserve and enhance its brand value, build resilience, and create emotionally connected customers, employees, and stakeholders, while complying with all industry, regulatory, and other 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.

Marel 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, Marel 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.

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

## **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. Marel is committed to developing industry-leading technology in partnership with our customers.

Annually, we invest approximately 6-8% of revenues in research and development, which translated to DKK 48.0 million in 2022. 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.

#### **Corporate social responsibility**

Marel Salmon A/S is part of the Marel Group that has signed the United Nations Global Compact. The Company meets the statutory requirement for Corporate Social Responsibility by following the Consolidated Sustainability Policy for Marel Group. For the statutory reporting on Corporate Social Responsibility, according to §99a, we refer to the official SCR reporting for the group which can be found in the ESG report for Marel on the website:

<https://marel.com/en/investors/financials#sustainability-and-esg>

#### **Goals and policies for the underrepresented gender**

This section constitutes Marel Salmon A/S' reporting on gender diversity according to §99b in the Danish Financial Statements Act.

The Marel Group promotes diversity in all its locations worldwide. We must ensure that Marel has a diverse and truly inclusive culture. With this in mind, we have set targets for achieving a better-balanced gender representation across managerial levels and included targets to that effect in our sustainability program.

## Management's review

### Operating review

#### Goals and policies for the underrepresented gender

We understand the value of reflecting the markets and communities we serve across all dimensions – whether that is servicing our customers in their local languages, listening to the needs of our end consumers, moving towards fully local management teams in the regions or hiring and developing more diverse talent in technical roles. Marel employees, prospective employees, contractors, consultants, suppliers, and customers must be treated equally and should not be discriminated against on the grounds of age, race or ethnicity, nationality, or on any other aspect.

We want to lead by example and have already taken steps towards this with a well gender-balanced board and executive team. We are also committed to ensuring the right diversity and set of competences at all managerial levels to meet future challenges. We hope to be part of moving our industry towards more diversity and more inclusivity going forward and feel very proud that both our Board and Executive team are in the optimal gender balance within the 40-60% ratio.

In 2021, Marel introduced a new Global Diversity and Inclusion Policy with additional focus on inclusion and accountability. To embed D&I in our culture, it was decided to do more than offer simple training. Instead, almost 40 employees from all around the globe stepped forward and became D&I champions and completed a two-day workshop. We now have the foundation to implement and follow through with D&I initiatives supported by a diverse group of enthusiastic liaisons.

The first initiative is inviting all employees to a course on creating a culture of inclusion. This one-hour interactive talk is facilitated by Marel's champions. The course is offered online and in person in 13 languages, demonstrating our dedication to inclusivity. Approximately 52% of the employees have taken part in the course by the end of 2022.

#### *Policy for the gender quota in the Board of Directors*

Under section 99b of the Danish Companies Act, the Board of Directors of Marel Salmon A/S has determined the Company's policy to increase the share of the underrepresented gender in the Company's Management in general.

The board of directors of Marel Salmon A/S consist of one woman and three men. As this is compliant with the Danish Business Authority's recommendations, Marel Salmon is not required to set targets for the underrepresented gender.

#### *Policy for other management levels:*

Marel Salmon A/S wishes that the gender quota of society between men and women is reflected in the Company's management level. Through this policy, the Company will create an equal distribution of sexes at management level.

## **Management's review**

### **Operating review**

#### **Goals and policies for the underrepresented gender**

Managers of the Company should be elected / employed based on their overall qualifications, and it is essential that the managers have the right qualifications, irrespective of their sex. The Board of Directors, however, acknowledges the advantages of a broad-based management at all levels taking into consideration experience, specialized knowledge, culture and sex, etc.

Marel Salmon A/S is in a line of business, which has a predominance of male employees. The present management team in Marel Salmon A/S comprises 5 persons of which one is female.

In the management team, we seek diversity in line with Group policy. Marel aims to obtain equality between co-workers and finds that the positions in the management team are equally suitable for both men and women. However, as Marel is considered a good workplace, we do not have frequently changes in the management group.

In case a manger leaves, Marel will strive to get a more diverse management team, as we want to improve the gender balance for the future, as well as making a systematic effort to give the employees a good work life balance.

The measures initiated has led to a change in the gender quota of the management team in 2022 as one male member is replaced by a female.

#### **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 2023 is to maintain an unchanged revenue level and to maintain a gross margin of 25 %, which includes R&D cost that are expected to remain at 6-8 % of revenue. For the sales and administration cost these are expected to be at a level of 17-19 % of revenue. Thereby the expectation is to deliver an EBIT margin of 6 %. These expectations are subjected to uncertainties due the increased geopolitical tensions mentioned above.

## **Management's review**

### **Operating review**

#### **Reporting on data ethics**

Marel is committed to the responsible and transparent use and protection of personal data entrusted to us by customers, employees, and others. We provide our employees and contractors with training on global privacy principles in accordance with our commitment to respect and safeguard personal data.

Our Data Ethics Policy are governed by Marel Compliance, and they will regularly assess whether the policy needs to be updated and initiate relevant updates. Marel Compliance will supervise and report on the day-to-day work of using the data ethic principles of the Policy. Marel Compliance monitors compliance with this Policy with relevant checkpoints, communicating the reports significant risks or breaches to the Marel Executive Board.

Example of the practices we follow to help ensure the integrity of our data privacy processes include:

- Collecting and using the minimum amount of personal data necessary to achieve our business Purposes.
- Sharing personal data only with individuals who have a legitimate need for it and will protect it.
- Maintaining appropriate administrative, technical, and organizational security measures to protect personal data.
- Training our employees on the responsible use of personal information

# Financial statements 1 January - 31 December 2022

## Income statement

	Note	2022 <small>(DKK'000)</small>	2021 <small>(DKK'000)</small>
Revenue	2	592.134	480.576
Production costs	3,4	-442.505	-379.557
<b>Gross profit</b>		<b>149.629</b>	<b>101.019</b>
Distribution costs	3,4	-76.835	-57.894
Administrative expenses	3,4	-42.792	-12.776
<b>Ordinary operating profit</b>		<b>30.002</b>	<b>30.349</b>
Financial income	5	1.126	959
Financial expenses	6	-2.292	-1.886
<b>Profit before tax</b>		<b>28.836</b>	<b>29.422</b>
Tax on profit for the year	7	-6.259	-5.710
<b>Profit for the year</b>	8	<b>22.577</b>	<b>23.712</b>



## Financial statements 1 January - 31 December 2022

### Balance sheet

	Note	2022 (DKK'000)	2021 (DKK'000)
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	9	2.178	3.267
Development projects	9	52.671	41.219
<b>Total intangible assets</b>		<b>54.849</b>	<b>44.486</b>
<b>Property, plant and equipment</b>			
Land and buildings	10	38.337	39.446
Plant and machinery	10	16.851	14.715
Fixtures, fittings and other equipment	10	5.188	3.852
Assets under construction	10	11.612	6.005
<b>Total property, plant and equipment</b>		<b>71.988</b>	<b>64.018</b>
<b>Equity investments</b>			
Equity investments in group enterprises	11	1.333	1.122
<b>Total equity investments</b>		<b>1.333</b>	<b>1.122</b>
<b>Total non-current assets</b>		<b>128.170</b>	<b>109.626</b>
<b>Current assets</b>			
<b>Inventories</b>			
	12	231.408	116.309
<b>Receivables</b>			
Trade receivables		86.189	16.570
Contract work in progress	13	41.484	93.349
Receivables from group enterprises		40.281	25.026
Corporation tax		465	0
Other receivables		4.049	4.544
Prepayments		0	180
<b>Total receivables</b>		<b>172.468</b>	<b>139.669</b>
<b>Cash at bank and in hand</b>		<b>1.945</b>	<b>52.050</b>
<b>Total current assets</b>		<b>405.821</b>	<b>308.028</b>
<b>TOTAL ASSETS</b>		<b>533.991</b>	<b>417.654</b>

## Financial statements 1 January - 31 December 2022

### Balance sheet

	Note	2022 (DKK'000)	2021 (DKK'000)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	14		
Share capital		47.000	47.000
Reserve for development costs		40.096	30.550
Retained earnings		36.826	33.795
Proposed dividends		10.000	15.000
<b>Total equity</b>		<b>133.922</b>	<b>126.345</b>
<b>Provisions</b>			
Deferred tax	15	35.169	28.625
Warranties	16	3.390	3.390
Other provision	17	3.547	0
<b>Total provisions</b>		<b>42.106</b>	<b>32.015</b>
<b>Non-current liabilities other than provisions</b>	18		
Lease liabilities		4.852	5.502
Payables to group enterprises		74.363	74.380
Other payables		14.493	14.474
<b>Total non-current liabilities other than provisions</b>		<b>93.708</b>	<b>94.356</b>
<b>Current liabilities other than provisions</b>			
Lease liabilities	18	3.223	2.815
Prepayments from customers	13	95.823	25.673
Trade payables		46.619	40.177
Payables to group enterprises	18	60.002	56.982
Payables to credit institutions		26.849	0
Corporation tax		0	258
Other payables		31.738	39.032
<b>Total current liabilities other than provisions</b>		<b>264.254</b>	<b>164.937</b>
<b>Total liabilities other than provisions</b>		<b>357.962</b>	<b>259.294</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>533.991</b>	<b>417.654</b>
Related parties	19		
Collateral, contingent liabilities and lease liabilities	20		

## Financial statements 1 January - 31 December 2022

### Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Proposed dividends	Total
Balance at 1 January 2021	47.000	25.048	30.585	10.000	112.633
Foreign exc. adj. of equity			0		0
Net profit for the year		5.502	18.210		23.712
Interim dividends paid			0		0
Dividends paid				-10.000	-10.000
Proposed dividends			-15.000	15.000	0
<b>Equity at 1 January 2022</b>	<b>47.000</b>	<b>30.550</b>	<b>33.795</b>	<b>15.000</b>	<b>126.345</b>
Foreign exc. adj. of equity			0		0
Net profit for the year		9.546	13.031		22.577
Dividends paid				-15.000	-15.000
Proposed dividends			-10.000	10.000	0
<b>Equity at 31 December 2022</b>	<b>47.000</b>	<b>40.096</b>	<b>36.826</b>	<b>10.000</b>	<b>133.922</b>

# Financial statements 1 January - 31 December 2022

## Notes

### 1 Accounting policies

The annual report of Marel Salmon A/S for 2021 has been prepared in accordance with the provisions applying to reporting class C large 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.

#### 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.

#### Consolidated financial statements

In accordance with section 112 (1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements, as the Company is a subsidiary and as the financial statements of the Company and its subsidiaries are included in the consolidated financial statements of the parent company, Marel hf., Iceland.

#### 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 2022

## 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 cost**

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

#### **Result from investments in subsidiaries**

Result from investments in subsidiaries comprises dividends from subsidiaries recognised as income in the income statement when adopted at the General Meeting of the subsidiary.

# Financial statements 1 January - 31 December 2022

## Notes

### 1 Accounting policies

#### 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.

#### Tax on profit/loss 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

##### Intangible assets

Development projects comprise costs directly and indirectly attributable to the Company's development activities and which comply with the criteria for recognition under the Danish Financial Statements Act. Capitalised development projects are measured at cost less accumulated amortisation or at recoverable amount if the latter is lower. Capitalised development projects are amortised on a straight-line basis of the estimated useful lives after completion of the development project. The amortisation period is usually five years.

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortized on a straight-line basis over the remaining life.

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

Goodwill	10 years
Software	3 - 5 years

# Financial statements 1 January - 31 December 2022

## Notes

### 1 Accounting policies

#### 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.

#### 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.

# Financial statements 1 January - 31 December 2022

## Notes

### 1 Accounting policies

#### 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 recognized 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.

#### Equity investments

Equity investments in subsidiaries are recognised in the balance sheet at cost. Write-down is made to the lower of cost and recoverable amount.

Cost is reduced by dividends received that exceed accumulated earnings after the date of acquisition.

For subsidiaries where the parent company has a legal or constructive obligation to cover the deficit equity investments are written down corresponding to the parent company's share of negative equity. Any receivable from these enterprises is written down by the parent company's share of the negative net asset value. If the net asset value exceeds the amount owed, the residual amount is recognised under provisions.

#### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries 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. Write-down of goodwill is not reversed.



# Financial statements 1 January - 31 December 2022

## 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 2022

## 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.

##### *Reserve for development costs:*

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

# Financial statements 1 January - 31 December 2022

## 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 2022

## 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.

#### Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Company's accounting policies, risks and internal financial management.

#### 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 96(3) of the Danish Financial Statements Act, the Company has not disclosed the fee to the auditors appointed at the annual general meeting.

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](http://www.marel.com).

# Financial statements 1 January - 31 December 2022

## Notes

### 2 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 segment information for the period ended 31 December 2022 is as follows:

	<b>Poultry</b>	<b>Fish</b>	<b>Meat</b>	<b>Others</b>	<b>Total</b>
<b>Revenue</b>	<u>31.335</u>	<u>490.790</u>	<u>62.999</u>	<u>7.010</u>	<u>592.134</u>

#### Geographical information

The Company's operating segments operate in four main geographical areas

	<b>2022</b>	<b>2021</b>
	(DKK'000)	(DKK'000)
<b>Revenue</b>		
Denmark	34.240	39.726
Europe other	390.488	314.336
North America	88.718	56.121
Other countries	78.688	70.393
<b>Total</b>	<u><b>592.134</b></u>	<u><b>480.576</b></u>

### 3 Staff costs

Wages and salaries, etc.	164.654	134.290
Pensions	20.254	16.808
Other social security costs	2.721	2.181
	<u><b>187.629</b></u>	<u><b>153.279</b></u>

Staff costs are recognised as follows:

Production	149.659	119.183
Distribution	28.659	26.992
Administration	9.311	7.104
	<u><b>187.629</b></u>	<u><b>153.279</b></u>

Average number of employees	<u>331</u>	<u>282</u>
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# Financial statements 1 January - 31 December 2022

## Notes

### 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.

	2022	2021
	(DKK'000)	(DKK'000)
<b>4 Depreciations</b>		
Land and building	3.546	3.402
Plant and machinery	3.279	2.862
Fixtures, fittings and other equipment	1.783	1.784
	<b>8.608</b>	<b>8.048</b>

Depreciations are recognised as follows:

Production	3.786	3.287
Distribution	401	581
Administration	4.421	4.180
	<b>8.608</b>	<b>8.048</b>

### 5 Financial income

Other financial income	1.125	959
	<b>1.125</b>	<b>959</b>

### 6 Financial expenses

Interest expense, group companies	1.511	1.411
Other financial expenses	781	475
	<b>2.292</b>	<b>1.886</b>

### 7 Tax

Tax on profit for the year is specified as follows:

Current tax	465	-258
Deferred tax	-6.724	-5.452
	<b>-6.259</b>	<b>-5.710</b>

# Financial statements 1 January - 31 December 2022

## Notes

	2022	2021
	(DKK'000)	(DKK'000)
<b>8 Proposed profit appropriation</b>		
Profit for the year	22.577	23.712
Reserve for development costs	-9.546	-5.502
Proposed dividends	-10.000	-15.000
<b>Transferred to next year</b>	<b>3.031</b>	<b>3.210</b>

## 9 Intangible assets

	Knowhow	Rights	Goodwill
Cost at 1 January	2.500	2.499	43.281
Cost at 31 December	2.500	2.499	43.281
Impairment loss and amortisation at 1 January	2.500	2.499	40.014
Amortisation for the year		0	1.089
Impairment loss and amortisation at 31 December	2.500	2.499	41.103
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>0</b>	<b>2.178</b>

Goodwill is amortized over 20 years, as the service business is linked to equipment with a long

# Financial statements 1 January - 31 December 2022

## Notes

### 9 Intangible assets

	Completed development projects	Ongoing development projects	Total development projects
Cost at 1 January	76.736	30.789	107.525
Additions	0	15.395	15.395
Transferred	46.184	-46.184	0
Cost at 31 December	122.920	0	122.920
Impairment loss and amortisation at 1 January	66.306	0	66.306
Amortisation and impairment for the year	3.943	0	3.943
Impairment loss and amortisation at 31 December	70.249	0	70.249
<b>Carrying amount at 31 December</b>	<b>52.671</b>	<b>0</b>	<b>52.671</b>

Completed development projects relate to the development and test of machines for the food processing industry and are usually amortised over five years.

Ongoing development projects relate to the development and test of machines for the food processing industry and the majority of the projects are expected to be completed within 1-3 years where considerable economic benefits are expected.



# Financial statements 1 January - 31 December 2022

## Notes

### 10 Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures, fittings and other		Assets under construction	Total
			equipment			
<b>Own assets</b>						
Cost at 1 January	64.724	43.550	10.429		6.004	124.707
Foreign exchange adjustments at 1 January	0	0	0		0	0
Additions	250	1.411	2.554		9.612	13.827
Transferred	0	4.004	0		-4.004	0
Disposals	0	0	0		0	0
<b>Cost at 31 December</b>	<b>64.974</b>	<b>48.965</b>	<b>12.983</b>		<b>11.612</b>	<b>138.534</b>
Impairment loss and depreciation at 1 January	30.272	28.835	9.781		0	68.891
Foreign exchange adjustments at 1 January	0	0	0		0	0
Transferred	0	0	0		0	0
Disposals	0	0	0		0	0
Depreciation for the year	1.754	3.279	526		0	5.559
<b>Impairment loss and depreciation at 31 December</b>	<b>32.026</b>	<b>32.114</b>	<b>10.310</b>		<b>0</b>	<b>74.450</b>
<b>Carrying amount at 31 December</b>	<b>32.948</b>	<b>16.851</b>	<b>2.673</b>		<b>11.612</b>	<b>64.084</b>
<b>Leased assets</b>						
Cost at 1 January	8.291	0	5.297		0	13.588
Foreign exchange adjustments	0	0	0		0	0
Additions	2.187	0	1.226		0	3.413
Disposals	0	0	-1.172		0	-1.172
<b>Cost at 31 December</b>	<b>10.478</b>	<b>0</b>	<b>5.351</b>		<b>0</b>	<b>15.829</b>
Impairment loss and depreciation at 1 January	3.297	0	2.090		0	5.387
Foreign exchange adjustments	0	0	0		0	0
Disposals	0	0	-511		0	-511
Depreciation for the year	1.792	0	1.257		0	3.049
<b>Impairment loss and depreciation at 31 December</b>	<b>5.089</b>	<b>0</b>	<b>2.836</b>		<b>0</b>	<b>7.925</b>
<b>Carrying amount at 31 December</b>	<b>5.389</b>	<b>0</b>	<b>2.515</b>		<b>0</b>	<b>7.904</b>
<b>Total</b>	<b>38.337</b>	<b>16.851</b>	<b>5.188</b>		<b>11.612</b>	<b>71.988</b>

# Financial statements 1 January - 31 December 2022

## Notes

	2022	2021
	(DKK'000)	(DKK'000)
<b>11 Other securities and equity investments</b>		
Deposits for lease of building	1.038	827
Deposits for foreign VAT	295	295
	<u>1.333</u>	<u>1.122</u>
<b>12 Inventories</b>		
Finished goods	28.727	16.389
Work in progress	188.674	94.436
Raw materials and consumables	14.007	5.484
	<u>231.408</u>	<u>116.309</u>
<b>13 Contract work in progress</b>		
Contract work in progress	146.182	141.787
Progress billings	-200.521	-74.111
Net value at 31 December	<u>-54.339</u>	<u>67.676</u>
- recognised as follows:		
Contract work in progress	41.484	93.349
Prepayments from customers	-95.823	-25.673
Net value at 31 December	<u>-54.339</u>	<u>67.676</u>

In the above numbers are intercompany projects included with a sales value of DKK 37,410 thousand and progress billings of DKK 4,373 thousand or a net value of DKK 33,037 thousand reported under assets.

## 14 Equity

The Company's share capital amounts to EUR 1,342 thousand, broken down on a share with a face value of EUR 134.2 thousand. No shares carry special rights.

	2022	2021	2020	2019	2018
Share capital for the last 5 years	47.000	47.000	47.000	47.000	47.000

# Financial statements 1 January - 31 December 2022

## Notes

	2022	2021
	(DKK'000)	(DKK'000)
<b>15 Deferred tax</b>		
Deferred tax at 1 January	28.625	23.173
Deferred tax for the year recognised in profit for the year	6.544	5.452
<b>Deferred tax at 31 December</b>	<b>35.169</b>	<b>28.625</b>
Deferred tax relates to:		
Intangible assets	12.065	9.786
Property, plant and equipment	5.469	5.713
Retaxation obligation, foreign entities	0	0
Current assets	17.673	13.151
Provisions	-38	0
Leased assets and liabilities	0	-25
	<b>35.169</b>	<b>28.625</b>
<b>16 Warranties</b>		
Balance at 1 January	3.390	3.390
Adjustments for the year	0	0
<b>Balance at 31 December</b>	<b>3.390</b>	<b>3.390</b>
Date of maturity is expected to be 0-1 year		
<b>17 Other provisions</b>		
Reorganization Provision	3.547	0
Employee Benefits Provision	0	0
Other provisions	0	0
	<b>3.547</b>	<b>0</b>
Date of maturity is expected to be 0-1 year		

# Financial statements 1 January - 31 December 2022

## Notes

### 18 Non-current liabilities

	Current portion	Non-current portion	Total	Hereof falling due after more than five years
Finance leases	3.223	4.852	8.075	0
Payables to group enterprises	60.002	74.363	134.365	0
Other payables	17.253	14.493	31.746	13.175
	<b>80.478</b>	<b>93.708</b>	<b>174.186</b>	<b>13.175</b>

### 19 Related parties

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

**Control:**

Marel A/S, P.O. Pedersensvej 18, 8200 Aarhus N, Denmark

Marel A/S holds the majority of the share capital in the Company

Marel Salmon 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](http://www.marel.com).

# Financial statements 1 January - 31 December 2022

## Notes

	2022	2021
	(DKK'000)	(DKK'000)
<b>20 Related parties</b>		
<b>Related party transactions:</b>		
<b>Group</b>		
Sale of goods	228.911	239.382
Production costs	-46.946	-52.710
Distribution costs	-30.203	-22.191
Administrative expenses	-28.734	-5.520
Interest	-1.511	-1.411
<b>Total</b>	<b><u>121.517</u></b>	<b><u>157.550</u></b>
<b>Parent Company</b>		
Sale of goods	19.794	22.268
Production cost	-32.373	-25.328
Dividend	-15.000	-10.000
<b>Total</b>	<b><u>-27.579</u></b>	<b><u>-13.060</u></b>

Payables and receivables to group enterprises are disclosed in the balance sheet and in note 14 and 19, and expensed interest and received dividend is disclosed in note 5 and 7.

## 21 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 payable of DKK 7,177 thousand at 31 December 2022. 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 1.942 thousand has been pledged as security for a group cash pool.