CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 September 2020

ADVANCING FOOD PROCESSING

Contents Condensed Consolidated Interim Financial Statements

The Board of Directors' and CEO's Report

Marel is a leading global provider of advanced processing equipment, systems, software and services to the poultry, meat and fish industries. Marel has around 6,300 full-time equivalent employees (“FTEs”), a presence in over 30 countries, six continents and a global network of more than 100 agents and distributors.

The Condensed Consolidated Interim Financial Statements for the nine-month period ended 30 September 2020 comprise the financial statements of Marel hf. (“the Company”) and its subsidiaries (together “the Group” or "Marel”). The Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group’s Annual Consolidated Financial Statements as at and for the year ended 31 December 2019 and the Condensed Consolidated Interim Financial Statements for the period ended 31 March 2020.

The Condensed Consolidated Interim Financial Statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group’s financial position and performance from year end 2019.

COVID-19

Marel’s focus during COVID-19 is on maintaining productivity of all manufacturing sites while keeping its employees and customers safe. Marel is a critical infrastructure company for the poultry, meat and fish processing industry. Marel has systemically built up sufficient safety stock of spare parts across locations to serve customer demand and ensure timely delivery. Marel is committed to serving its customers around the world despite the logistical challenges.

At the moment it is not known what the full economic impact of COVID-19 will be on Marel. Marel enjoys a balanced exposure to global economies and local markets through its global reach, innovative product portfolio and diversified business mix. Marel is committed to achieve its mid- and long term growth targets.

Operations in the nine-month period ended 30 September 2020

The consolidated revenues for Marel for the nine-month period ended 30 September 2020 are EUR 894.5 million (2019: EUR 963.6 million). The adjusted result from operations for the same period is EUR 114.5 million or 12.8% of revenues (2019: EUR 141.4 million or 14.7% of revenues).

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

	YTD 2020	YTD 2019
Adjusted result from operations	114.5	141.4
PPA related costs	(7.9)	(8.0)
Result from operations	**106.6**	**133.4**

At 30 September 2020 the Company’s order book amounted to EUR 434.3 million (at 31 December 2019: EUR 414.4 million).

Cash generated from operating activities for the nine-month period ended 30 September 2020 is EUR 178.7 million (2019: EUR 129.6 million).

At 30 September 2020, net cash and cash equivalents were EUR 76.9 million (31 December 2019: EUR 303.7 million). During Q1 2020 the Group repaid EUR 220.8 million on its former syndicated loan facility and drew EUR 600.0 million on the new syndicated revolving credit facility as a precautionary measure to increase its flexibility and ability to react to unforeseen future business needs. During Q2 2020 the Group repaid EUR 500.0 million and the remaining EUR 100.0 million was repaid in Q3 2020.

Based on the Company's 2020 Annual General Meeting resolution, a dividend of EUR 43.9 million (EUR 5.79 cents per share, corresponding to approximately 40% of net result for the year 2019) was declared for the operational year 2019, of which EUR 38.1 million was paid in Q2 2020 and EUR 5.8 million was paid in Q3 2020 (in 2019: a dividend of EUR 36.7 million, EUR 5.57 cents per share, corresponding to 30% of net result for the year 2018, was declared and paid out to shareholders for the operational year 2018).

New syndicated revolving credit facility

On 5 February 2020 Marel signed a new syndicated revolving credit facility of EUR 700.0 million. This new credit facility replaced the previous syndicated loan facility and gives Marel strategic and operational flexibility to support its 2026 strategic vision for further growth and value creation. The new credit facility includes an incentive structure based on a set of sustainability key performance indicators ("KPIs"). This supports Marel's strong commitment to fulfilling its vision of a world where quality food is produced in a sustainable and affordable way.

Share buyback program

On 10 March 2020 the Board of Directors of Marel decided to initiate a new share buyback program for up to 25,000,000 shares in the Company, or about 3.2% of the total issued share capital in the Company. The purpose of the share buyback program was to reduce the Company's share capital and to meet the Company's obligations under share incentive programs with employees.

The share buyback program complies with the provisions of the Icelandic Act on Securities Transactions No. 108/2007, the appendix to the Icelandic Regulation on Insider Information and Market Manipulation No. 630/2005, Regulation No. 596/2014 of the European Parliament and of the Council on market abuse, and the Commission's delegated regulation 2016/1052.

As part of the share buyback program, Marel purchased 14.3 million shares (EUR 55.9 million) in the period 11 March 2020 to 10 June 2020 after which the share buyback program was discontinued.

Acquisition of TREIF Maschinenbau GmbH

On 8 October 2020, Marel concluded the acquisition of the entire share capital of TREIF Maschinenbau GmbH ("TREIF"), including all relevant business activities of the group. This transaction is in line with Marel's strategic objectives, strengthening the full-line product offering, increasing standard equipment sales and leveraging aftermarket potential with Marel's extensive global reach and local services in all regions. Like Marel, TREIF is highly focused on innovation and cutting-edge technology, backed by an experienced and committed team and long-standing partnerships with customers.

Founded in 1948, TREIF is at the forefront in solutions and services focused on portioning, dicing, slicing and cutting of food. The company is mainly focusing on cutting solutions for the meat industry, which continues to be its largest segment. Headquartered in Oberlahr, Germany it has around 500 employees in facilities in Europe, US and China and annual revenues of over EUR 80.0 million.

The transaction was subject to customary closing conditions, including anti-trust approval. Further information is provided in note 28 of the Condensed Consolidated Interim Financial Statements.

Statement by the Board of Directors and the CEO

According to the Board of Directors' and CEO's best knowledge, the Condensed Consolidated Interim Financial Statements give a true and fair view of the consolidated financial performance of the Group for the nine-month period ended 30 September 2020, its assets, liabilities and consolidated financial position as at 30 September 2020 and its consolidated cash flows for the nine-month period ended 30 September 2020.

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

The Board of Directors and the CEO have today discussed the Condensed Consolidated Interim Financial Statements of Marel hf. for the nine-month period ended 30 September 2020 and ratify them with their signatures.

Garðabær, 20 October 2020

Board of Directors

Ásthildur Margrét Otharsdóttir
Chairman of the Board

Arnar Þór Másson

Ann Elizabeth Savage

Ástvaldur Jóhannsson

Lillie Li Valeur

Ólafur S. Guðmundsson

Ton van der Laan

Chief Executive Officer

Árni Oddur Þórðarson

Consolidated Statement of Income

In EUR million unless stated otherwise	Notes	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenues	6 & 7 & 8	287.2	312.5	894.5	963.6
Cost of sales	6 & 9	(174.7)	(193.0)	(560.5)	(588.5)
Gross profit	6	**112.5**	**119.5**	**334.0**	**375.1**
Selling and marketing expenses	6 & 9	(32.8)	(37.2)	(109.4)	(117.5)
General and administrative expenses	6 & 9	(21.4)	(20.2)	(64.1)	(60.9)
Research and development expenses	6 & 9	(16.9)	(20.5)	(53.9)	(63.3)
Result from operations	6	**41.4**	**41.6**	**106.6**	**133.4**
Finance costs	10	(3.2)	(4.1)	(13.7)	(12.7)
Finance income	10	0.0	2.1	0.2	4.4
Net finance costs	10	(3.2)	(2.0)	(13.5)	(8.3)
Share of result of associates	17	(0.1)	(0.0)	0.0	(0.0)
Result before income tax		**38.1**	**39.6**	**93.1**	**125.1**
Income tax	11	(8.7)	(6.2)	(19.6)	(25.2)
Net result		**29.4**	**33.4**	**73.5**	**99.9**
Of which:					
- Net result attributable to Shareholders of the Company	12	29.4	33.3	73.4	99.8
- Net result attributable to non-controlling interests	21	0.0	0.1	0.1	0.1
Earnings per share for result attributable to Shareholders of the Company during the period (expressed in EUR cent per share):					
- basic	12	3.93	4.38	9.75	14.19
- diluted	12	3.90	4.34	9.68	14.07

The notes on pages 9-34 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Comprehensive Income

In EUR million	Notes	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Net result		29.4	33.4	73.5	99.9
Items that are or may be reclassified to profit or loss:					
Currency translation differences	21	(5.8)	1.0	(18.0)	2.4
Cash flow hedges	21	(0.1)	0.1	(0.1)	0.8
Income tax relating to cash flow hedges	19 & 21	0.0	(0.1)	0.0	(0.2)
Other comprehensive income / (loss) for the period, net of tax		(5.9)	1.0	(18.1)	3.0
Total comprehensive income for the period		**23.5**	**34.4**	**55.4**	**102.9**
Of which:					
- Total comprehensive income attributable to Shareholders of the Company		23.5	34.3	55.3	102.8
- Total comprehensive income attributable to non-controlling interests	21	0.0	0.1	0.1	0.1

The notes on pages 9-34 are an integral part of the Condensed Consolidated Interim Financial Statements.

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Consolidated Statement of Financial Position

In EUR million	Notes	30/09 2020	31/12 2019
ASSETS			
Property, plant and equipment	13	180.5	181.4
Right of use assets	14	38.6	36.4
Goodwill	15	642.3	645.8
Intangible assets	16	245.4	252.4
Investments in associates	17	17.3	15.6
Other receivables	18	2.5	2.1
Deferred income tax assets	19	11.8	11.9
Non-current assets		**1,138.4**	**1,145.6**
Inventories	20	180.6	166.8
Contract assets	8	50.6	38.3
Trade receivables	8 & 18	111.7	160.0
Other receivables and prepayments	18	53.0	46.8
Cash and cash equivalents		76.9	303.7
Current assets		**472.8**	**715.6**
TOTAL ASSETS		**1,611.2**	**1,861.2**
EQUITY AND LIABILITIES			
Share capital	21	6.7	6.8
Share premium reserve	21	431.6	483.1
Other reserves	21	(29.0)	(10.9)
Retained earnings	21	506.4	476.5
Shareholders' equity		**915.7**	**955.5**
Non-controlling interests	21	0.3	0.3
Total equity		**916.0**	**955.8**
LIABILITIES			
Borrowings	22	138.1	333.5
Lease liabilities	22	30.7	28.4
Deferred income tax liabilities	19	56.8	55.5
Provisions	23	11.8	10.6
Other payables	24	1.4	5.1
Derivative financial instruments	25	4.4	3.0
Non-current liabilities		**243.2**	**436.1**
Contract liabilities	8	221.9	217.5
Trade and other payables	24	208.1	200.5
Current income tax liabilities		4.9	3.7
Borrowings	22	0.0	30.6
Lease liabilities	22	8.8	8.8
Provisions	23	8.3	8.2
Current liabilities		**452.0**	**469.3**
Total liabilities		**695.2**	**905.4**
TOTAL EQUITY AND LIABILITIES		**1,611.2**	**1,861.2**

The notes on pages 9-34 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Changes in Equity

In EUR million	Share capital	Share premium reserve [1]	Other reserves [2]	Retained earnings [3]	Share-holders' equity	Non-controlling interests	Total equity
Balance at 1 January 2020	**6.8**	**483.1**	**(10.9)**	**476.5**	**955.5**	**0.3**	**955.8**
Net result for the period				73.4	73.4	0.1	73.5
Total other comprehensive income			(18.1)		(18.1)		(18.1)
Transactions with owners of the Company							
Treasury shares purchased	(0.1)	(55.8)			(55.9)		(55.9)
Treasury shares sold	0.0	3.3			3.3		3.3
Options granted / excercised / cancelled		1.0		0.4	1.4		1.4
Dividend				(43.9)	(43.9)	(0.1)	(44.0)
	(0.1)	**(51.5)**	**(18.1)**	**29.9**	**(39.8)**	**0.0**	**(39.8)**
Balance at 30 September 2020	**6.7**	**431.6**	**(29.0)**	**506.4**	**915.7**	**0.3**	**916.0**

In EUR million	Share capital	Share premium reserve [1]	Other reserves [2]	Retained earnings [3]	Share-holders' equity	Non-controlling interests	Total equity
Balance at 1 January 2019	**6.1**	**161.7**	**(10.3)**	**403.2**	**560.7**	**0.2**	**560.9**
Net result for the period				99.8	99.8	0.1	99.9
Total other comprehensive income			3.0		3.0		3.0
Transactions with owners of the Company							
New shares issued	0.8	369.2			370.0		370.0
Transaction costs		(14.6)			(14.6)		(14.6)
Treasury shares purchased	(0.1)	(37.5)			(37.6)		(37.6)
Treasury shares sold	0.0	0.2			0.2		0.2
Options granted / excercised / cancelled		1.7			1.7		1.7
Dividend				(36.7)	(36.7)	(0.0)	(36.7)
	0.7	**319.0**	**3.0**	**63.1**	**385.8**	**0.1**	**385.9**
Balance at 30 September 2019	**6.8**	**480.7**	**(7.3)**	**466.3**	**946.5**	**0.3**	**946.8**
Net result for the period				10.2	10.2	0.0	10.2
Total other comprehensive income			(3.6)		(3.6)		(3.6)
Transactions with owners of the Company							
Transaction costs		0.4			0.4		0.4
Treasury shares sold	0.0	0.7			0.7		0.7
Options granted / excercised / cancelled		0.8			0.8		0.8
Other movements		0.5		-	0.5		0.5
	0.0	**2.4**	**(3.6)**	**10.2**	**9.0**	**0.0**	**9.0**
Balance at 31 December 2019	**6.8**	**483.1**	**(10.9)**	**476.5**	**955.5**	**0.3**	**955.8**

[1] Includes reserve for share based payments as per 30 September 2020 of EUR 6.0 million (31 December 2019: EUR 5.0 million).
[2] For details on other reserves refer to note 21.
[3] Includes a legal reserve for capitalized intangible assets related to product development projects as per 30 September 2020 of EUR 70.3 million (31 December 2019: EUR 71.6 million).

The notes on pages 9-34 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Cash Flows

In EUR million	Notes	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Cash Flow from operating activities					
Result from operations		**41.4**	**41.6**	**106.6**	**133.4**
Adjustments to reconcile result from operations to net cash provided by / (used in) operating activities:					
Depreciation of property, plant and equipment and right of use assets	13 & 14	6.3	6.5	19.4	18.3
Amortization and impairment of intangible assets	16	8.0	8.3	24.2	24.9
Adjustments for other non-cash income and expenses		0.8	0.7	1.7	1.8
Changes in non-current receivables and payables		(0.0)	-	(0.0)	0.1
Working capital provided by / (used in) operating activities		**56.5**	**57.1**	**151.9**	**178.5**
Changes in working capital:					
Inventories and contract assets and liabilities		(6.0)	(14.3)	(22.9)	(46.8)
Trade and other receivables		13.3	9.0	39.3	(3.8)
Trade and other payables		(8.8)	(4.5)	8.8	0.4
Provisions		(0.9)	0.4	1.6	1.3
Changes in operating assets and liabilities		**(2.4)**	**(9.4)**	**26.8**	**(48.9)**
Cash generated from operating activities		**54.1**	**47.7**	**178.7**	**129.6**
Taxes paid		(2.3)	(11.5)	(22.6)	(32.3)
Interest and finance income		0.0	0.8	0.3	2.4
Interest and finance costs		(2.0)	(2.4)	(9.2)	(10.6)
Net cash from operating activities		**49.8**	**34.6**	**147.2**	**89.1**
Cash Flow from investing activities					
Purchase of property, plant and equipment	13	(8.7)	(3.9)	(15.9)	(13.1)
Investments in intangibles	16	(6.5)	(3.9)	(18.7)	(14.3)
Proceeds from sale of non-current assets	13 & 16	-	0.6	1.3	1.4
Loans in associates	18	-	-	(1.0)	-
Investments in associates	17	-	-	(1.7)	(1.8)
Net cash provided by / (used in) investing activities		**(15.2)**	**(7.2)**	**(36.0)**	**(27.8)**
Cash Flow from financing activities					
New shares issued	21	-	-	-	370.0
Transaction costs	21	-	(9.6)	-	(18.2)
Purchase of treasury shares	21	-	-	(55.9)	(37.6)
Sale of treasury shares	21	-	-	3.3	0.2
Proceeds from borrowings	22	-	-	600.0	40.0
Repayments of borrowings	22	(100.0)	(0.5)	(825.7)	(129.8)
Payments of lease liabilities	22	(2.3)	(1.8)	(8.0)	(14.5)
Dividends paid	21	(5.8)	-	(44.0)	(36.7)
Net cash provided by / (used in) financing activities		**(108.1)**	**(11.9)**	**(330.3)**	**173.4**
Net increase (decrease) in net cash		**(73.5)**	**15.5**	**(219.1)**	**234.7**
Exchange gain / (loss) on net cash		(3.0)	2.4	(7.7)	3.6
Net cash at beginning of the period		153.4	276.7	303.7	56.3
Net cash at end of the period		**76.9**	**294.6**	**76.9**	**294.6**

The notes on pages 9-34 are an integral part of the Condensed Consolidated Interim Financial Statements.

Notes to the Condensed Consolidated Interim Financial Statements

Note 1 General information

Reporting entity

Marel hf. ("the Company") is a limited liability company incorporated and domiciled in Iceland. The address of its registered office is Austurhraun 9, Garðabær.

The Condensed Consolidated Interim Financial Statements of the Company as at and for the nine-month period ended 30 September 2020 comprise the Company and its subsidiaries (together referred to as "the Group" or "Marel”).

The Group is a leading global provider of advanced processing equipment, systems, software and services to the poultry, meat and fish industries and is involved in the manufacturing, development, distribution and sales of solutions for these industries.

The Condensed Consolidated Interim Financial Statements for the nine-month period ended 30 September 2020 have not been audited nor reviewed by an external auditor.

All amounts are in millions of EUR unless otherwise indicated.

These Condensed Consolidated Interim Financial Statements have been approved for issue by the Board of Directors and CEO on 20 October 2020.

The Company is listed on the Nasdaq OMX Nordic Iceland (“Nasdaq”) and on Euronext Amsterdam (“Euronext”) exchanges.

Note 2 Basis of preparation and use of judgements and estimates

Base of preparation

These Condensed Consolidated Interim Financial Statements of the Company and its subsidiaries are for the nine-month period ended 30 September 2020 and have been prepared in accordance with IAS 34 as adopted by the European Union.

The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Group’s Annual Consolidated Financial Statements for the year ended 31 December 2019 and the Condensed Consolidated Interim Financial Statements for the period ended 31 March 2020. The Consolidated Financial Statements for the Group for the period ended 31 December 2019 and the Condensed Consolidated Interim Financial Statements for the period ended 31 March 2020 are available upon request from the Company's registered office at Austurhraun 9, Garðabær, Iceland or at www.marel.com.

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

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

Items of each entity in the Group, as included in the Condensed Consolidated Interim Financial Statements, are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (“the functional currency”). The Condensed Consolidated Interim Financial Statements are presented in Euro (EUR), which is the Group's reporting currency.

Use of judgements and estimates

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

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

The estimates and assumptions that are affected by COVID-19 and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year are discussed below.

The remaining significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last Group's Annual Consolidated Financial Statements for the year ended 31 December 2019 and in the Condensed Consolidated Interim Financial Statements for the period ended 31 March 2020.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. The estimates and assumptions made by the Group concerning the future are uncertain and the actual results may differ from these estimates.

Estimated impairment

The Group annually tests whether the financial and non-financial assets, including goodwill, were impaired in accordance with the Group's accounting policies. At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. COVID-19 classifies as such an impairment indicator and therefore the financial and non-financial assets, including goodwill, were tested for impairment in Q1 2020. The impact of COVID-19 on the estimates and underlying assumptions used in the Q1 2020 impairment test did not materially change in Q2 and Q3 2020 and as such, there is no reason to deviate from the conclusions taken in Q1 2020.

Expected Credit Losses

Under IFRS 9, loss allowances are measured based on the Expected Credit Losses ("ECL") that result from all possible default events over the expected life of a financial instrument. The estimated ECL were calculated based on actual credit loss experience over the past five years. As a result of COVID-19, Marel reassessed the ECL used in calculating its loss allowances. Based on the industry which Marel operates in and current market insights, it is expected that impairment losses will remain at similar limited levels as they are currently going forward. The Group takes a holistic view of its financial assets and applies the same expected credit loss rate over all trade receivables.

Deferred income taxes

As of each period-end, the Group evaluates the recoverability of deferred tax assets, based on projected future taxable profits. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, Marel believes it is probable the Group will realize the benefits of these deductible differences. As future developments are uncertain and partly beyond Marel's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will recover. Estimates are revised in the period in which there is sufficient evidence to revise the assumption. For further information refer to note 19.

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Note 3 Accounting policies

The accounting policies applied in these Condensed Consolidated Interim Financial Statements are consistent with those applied and described in the Annual Consolidated Financial Statements for the year ended 31 December 2019.

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

Note 4 Financial management

The Company's policy is to finance its operations in its revenue currencies. More than 98% of Marel's revenues originate outside of Iceland and there is a good currency balance between the Company's revenues and costs. Efforts have been made to systematically reduce currency risk in the Company's financing and to reduce interest cost.

Marel has two main funding facilities:

Syndicated revolving credit facility

On 5 February 2020 Marel signed a syndicated revolving credit facility of EUR 700.0 million with seven leading international banks: ABN AMRO, BNP Paribas, Danske Bank, HSBC, ING Bank, Rabobank and UniCredit. The facility is based on investment-grade Loan Market Association documentation. This new credit facility replaced the previous syndicated loan facility.

The key elements of the syndicated revolving credit facility are:

- The term of the EUR 700.0 million syndicated revolving credit facility is for five years with two one-year extension options with final maturity in February 2027 if utilized.
- Interest terms are EURIBOR/LIBOR +80bp and will vary in line with Marel's leverage ratio (Net debt/EBITDA) and the facility utilization level.
- The credit facility includes an incentive structure based on a set of sustainability KPIs. Based on the extent to which the KPIs are met, Marel will either receive a margin reduction or increase.

The facility includes a 0% interest floor for LIBOR/EURIBOR. At inception of the loan, the 0% floor did not have an intrinsic value and is not separated from the original contract in the Consolidated Statement of Financial Position.

Schuldschein promissory notes

On 7 December 2018 Marel finalized an issue of Schuldschein promissory notes for EUR 140 million. The investors were a mixture of Central European and Asian commercial banks. The notes were split in 5 and 7 year terms and a mixture of fixed and floating rates:

- EUR 8.5 million at 1.83% fixed interest for 7 years.
- EUR 15.5 million at 1.366% fixed interest for 5 years.
- EUR 106.0 million with floating EURIBOR rate and 1.1% margin for 5 years.
- EUR 10.0 million with floating EURIBOR rate and 1.3% margin for 7 years.

The floating rate tranches include a 0% floor on the 6 month EURIBOR. At inception of the loan, the 0% floor did not have an intrinsic value and is not separated from the original contract in the Consolidated Statement of Financial Position.

The Group has a financing structure which can accommodate the Group's financing requirements until 2027 and will give Marel strategic and operational flexibility to support its 2026 strategic vision for further growth and value creation.

Note 5 Business combinations

Under IFRS 3, up to one year from the acquisition date, the initial accounting for business combinations is to be adjusted to reflect new information that has been received about facts and circumstances that existed at the acquisition date and would have affected the measurement of amounts recognized as of that date. As a result of such adjustments the values of assets and liabilities recognized may change in the one-year period from the acquisition date.

Acquisition Cedar Creek Company

On 15 November 2019, Marel concluded the acquisition of a number of business assets and liabilities from Cedar Creek Company (Australia) Pty Ltd. and Cedar Creek Company (NZ) Ltd. ("Cedar Creek"). This acquisition is in line with Marel's strategic objective to be a leading global provider of advanced processing equipment, systems, software and services to the poultry, meat and fish industries.

Cedar Creek offers specialized software solutions that integrate on-floor processing data capture, production control, head office reporting and traceability throughout production. Cedar Creek has built long-standing relationships with some of the largest meat and poultry processors in Australia and New Zealand. The acquisition strengthens Marel´s presence in Australia and New Zealand. Cedar Creek has annual revenues of around EUR 3.0 million.

Closing of the transaction was subject to customary closing conditions. The acquisition was funded from cash on hand and available facilities.

In accordance with IFRS 3 Business Combinations the purchase price of Cedar Creek is allocated to identifiable assets and liabilities acquired. Provisional goodwill amounted to EUR 1.6 million, is allocated to the meat segment and is primarily related to the strategic (and cultural) fit of Cedar Creek and Marel with an experienced and capable workforce, highly complementary software and hardware solutions, and geographic presence. The goodwill is under certain conditions, deductible for income tax purposes.

The Purchase Price Allocation of Cedar Creek is finalized. The impact of the valuation of property, plant and equipment, intangible assets and goodwill, is described in note 13, note 15 and note 16 and is included in the numbers as presented below. If new information obtained prior to 15 November 2020 about facts and circumstances that existed at the date of acquisition identifies adjustments to the provisional amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

The following table summarizes the consideration paid for Cedar Creek and the recognized provisional amounts of assets acquired and liabilities assumed at the acquisition date being 15 November 2019.

15 November 2019	
Property, plant and equipment	0.0
Intangible assets	1.8
Inventories	0.4
Trade receivables, current and non-current	0.4
Assets acquired	**2.6**
Trade and other payables	0.0
Liabilities assumed	**0.0**
Total net identified assets	**2.6**
Consideration transferred	4.2
Provisional goodwill on acquisition	**1.6**

PPA related costs, including depreciation and amortization of acquisition-related (in)tangible assets for Cedar Creek relate to the following lines in the Consolidated Statement of Income:

PPA related costs	**YTD 2020**	**YTD 2019**
Selling and marketing expenses	0.1	-
General and administrative expenses	0.1	-
Total	**0.2**	**-**

Note 6 Non-IFRS measurement

Reconciliation of non-IFRS information

In this note to the Condensed Consolidated Interim Financial Statements Marel presents certain financial measures when discussing Marel's performance that are not measures of financial performance or liquidity under IFRS ("non-IFRS"). Non-IFRS measures do not have standardized meanings under IFRS and not all companies calculate non-IFRS measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies that have the same or similar names.

Management presents adjusted result from operations as a performance measure because it monitors this performance measure at a consolidated level and believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted result from operations is calculated by adjusting result from operations to exclude the impact of PPA related costs (consisting of depreciation and amortization of acquisition-related (in)tangible assets). No other adjustments are included in adjusted result from operations.

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

	2020 as reported	PPA related charges	2020 non-IFRS measures	2019 as reported	PPA related charges	2019 non-IFRS measures
In EUR million	Q3 2020	Q3 2020	Q3 2020	Q3 2019	Q3 2019	Q3 2019
Revenues	287.2	-	287.2	312.5	-	312.5
Cost of sales	(174.7)	-	(174.7)	(193.0)	-	(193.0)
Gross profit	**112.5**	**-**	**112.5**	**119.5**	**-**	**119.5**
Selling and marketing expenses	(32.8)	1.7	(31.1)	(37.2)	1.7	(35.5)
General and administrative expenses	(21.4)	0.1	(21.3)	(20.2)	0.1	(20.1)
Research and development expenses	(16.9)	0.9	(16.0)	(20.5)	0.9	(19.6)
Adjusted result from operations		**2.7**	**44.1**		**2.7**	**44.3**
PPA related costs		(2.7)	(2.7)		(2.7)	(2.7)
Result from operations	**41.4**	**-**	**41.4**	**41.6**	**-**	**41.6**

	2020 as reported	PPA related charges	2020 non-IFRS measures	2019 as reported	PPA related charges	2019 non-IFRS measures
In EUR million	YTD 2020	YTD 2020	YTD 2020	YTD 2019	YTD 2019	YTD 2019
Revenues	894.5	-	894.5	963.6	-	963.6
Cost of sales	(560.5)	-	(560.5)	(588.5)	-	(588.5)
Gross profit	**334.0**	**-**	**334.0**	**375.1**	**-**	**375.1**
Selling and marketing expenses	(109.4)	5.0	(104.4)	(117.5)	5.0	(112.5)
General and administrative expenses	(64.1)	0.3	(63.8)	(60.9)	0.3	(60.6)
Research and development expenses	(53.9)	2.6	(51.3)	(63.3)	2.7	(60.6)
Adjusted result from operations		**7.9**	**114.5**		**8.0**	**141.4**
PPA related costs		(7.9)	(7.9)		(8.0)	(8.0)
Result from operations	**106.6**	**-**	**106.6**	**133.4**	**-**	**133.4**

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

	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Result from operations (EBIT)	41.4	41.6	106.6	133.4
Depreciation, amortization and impairment	14.3	14.8	43.6	43.2
Result before depreciation & amortization (EBITDA)	**55.7**	**56.4**	**150.2**	**176.6**

Note 7 Segment information

Operating segments

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

- Poultry processing: Our poultry full-line product range offers integrated systems, software and services for processing broilers, turkeys and ducks.
- Meat processing: Our meat industry is a full-line supplier for primary, secondary and further processing equipment, systems, software and services of pork, beef, veal and sheep.
- Fish processing: Marel provides advanced equipment, systems, software and services for processing salmon and whitefish, both farmed and wild, on-board and ashore.
- The 'Others' segment includes any revenues, result from operations and assets which do not belong to the three core industries.

The reporting entities are reporting their revenues per operating segment based on the industry for which the customer is using Marel's product range. Therefore inter-segment revenues do not exist, only intercompany revenues within the same segment.

Results are monitored and managed at the operating segment level, up to the adjusted result from operations. Adjusted result from operations is used to measure performance as management believes that this information is the most relevant in evaluating the results of the respective Marel segments relative to other entities that operate in the same industries.

The Group's CEO reviews the internal management reports of each segment on a monthly basis.

Fluctuations between quarters are mainly due to general economic developments, timing of receiving and delivery of orders, margin on projects and business mix. Decisions on tax and financing structures including cash and cash equivalents are taken at a corporate level, therefore no financial income and expenses nor tax are allocated to the operating segments. The profit or loss per operating segment is the adjusted result from operations (before PPA related costs including depreciation and amortization of acquisition-related (in)tangible assets); finance costs and taxes are reported in the column total.

Intercompany transactions are entered at arm's length terms and conditions comparable to those available to unrelated parties. Information on assets per operating segment is reported; however, decisions on liabilities are taken at a corporate level and as such are not included in this disclosure.

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

	Poultry	Meat	Fish	Others	Total
30 September 2019					
Revenues	**523.3**	**309.0**	**112.4**	**18.9**	**963.6**
Adjusted result from operations	**97.1**	**35.4**	**6.7**	**2.2**	**141.4**
PPA related costs	-	(8.0)	-	-	(8.0)
Result from operations	**97.1**	**27.4**	**6.7**	**2.2**	**133.4**
Net finance costs					(8.3)
Share of result of associates					(0.0)
Result before income tax					**125.1**
Income tax					(25.2)
Net result for the period					**99.9**
Assets	**719.3**	**689.7**	**128.9**	**307.9**	**1,845.8**
Investments (including right of use assets)	20.1	11.8	4.4	0.4	36.7
Depreciation and amortization	(18.2)	(18.9)	(5.2)	(0.4)	(42.7)
Impairment	-	-	(0.5)	-	(0.5)

Geographical information

The Group's three operating segments operate in three main geographical areas, although they are managed on a global basis. The Group is domiciled in Iceland.

Assets excluding cash and cash equivalents	**30/09 2020**	**31/12 2019**
Europe, Middle East and Africa	1,311.7	1,300.3
Americas	201.0	234.2
Asia and Oceania	21.6	23.0
Total	**1,534.3**	**1,557.5**

Iceland accounts for EUR 155.0 million (31 December 2019: EUR 130.4 million).

Total assets exclude the Group's cash pool which the Group manages at a corporate level.

Capital expenditures include investments in property, plant and equipment, right of use assets and intangible assets (including capitalized technology and development costs, refer to note 16).

Capital expenditure	**YTD 2020**	**YTD 2019**
Europe, Middle East and Africa	42.1	31.8
Americas	3.8	4.6
Asia and Oceania	0.6	0.3
Total	**46.5**	**36.7**

Iceland accounts for EUR 10.8 million (2019: EUR 8.5 million).

Note 8 Revenues

Revenues

The Group's revenue is derived from contracts with customers. Within the segments and within the operating companies, Marel is not relying on any individual major customers.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical markets (revenue is allocated based on the country where the customer is located):

Revenue by geographical markets	YTD 2020	YTD 2019
Europe, Middle East and Africa	502.6	486.8
Americas	293.2	362.2
Asia and Oceania	98.7	114.6
Total	**894.5**	**963.6**

Iceland accounts for EUR 17.5 million (2019: EUR 6.4 million).

In the following table revenue is disaggregated by equipment revenue (comprised of revenue from greenfield and large projects, standard equipment and modernization equipment) and aftermarket revenue (comprised of maintenance, service and spare parts).

Revenue by business mix	YTD 2020	YTD 2019
Equipment revenue	533.8	620.6
Aftermarket revenue	360.7	343.0
Total	**894.5**	**963.6**

Trade receivables and contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	30/09 2020	31/12 2019
Trade receivables	111.7	160.0
Contract assets	50.6	38.3
Contract liabilities	(221.9)	(217.5)

The contract assets (cost exceed billing) primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities (billing exceed cost) primarily relate to the advance consideration received from customers for standard equipment for which revenue is recognized at a point in time and for the sale of complete solutions or systems for which revenue is recognized over time.

No information is provided about remaining performance obligations at 30 September 2020 that have an original expected duration of one year or less, as allowed by IFRS 15.

Note 9 Expenses by nature

Expenses by nature	YTD 2020	YTD 2019
Cost of goods sold	307.1	335.9
Employee benefits	345.8	336.3
Depreciation, amortization and impairment	43.6	43.2
Maintenance and rent of buildings and equipment	10.9	10.9
Other	80.5	103.9
Total	**787.9**	**830.2**

Note 10 Net finance costs

Net finance costs	YTD 2020	YTD 2019
Finance costs:		
Interest on borrowings	(4.1)	(7.3)
Interest on leases	(0.7)	(0.7)
Other finance expenses	(4.0)	(4.7)
Net foreign exchange transaction losses	(4.9)	-
Subtotal finance costs	**(13.7)**	**(12.7)**
Finance income:		
Interest income	0.2	2.4
Net foreign exchange transaction gains	-	2.0
Subtotal finance income	**0.2**	**4.4**
Total	**(13.5)**	**(8.3)**

Note 11 Income tax

Income tax recognized in the Consolidated Statement of Income	YTD 2020	YTD 2019
Current tax	(17.9)	(26.9)
Deferred tax	(1.7)	1.7
Total	**(19.6)**	**(25.2)**

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

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as shown in the table below.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

Reconciliation of effective income tax	YTD 2020	%	YTD 2019	%
Result before income tax	93.1		125.1	
Income tax using Icelandic rate	(18.6)	20.0	(25.0)	20.0
Effect of tax rates in other jurisdictions	(2.9)	3.1	(5.2)	4.2
Weighted average applicable tax	(21.5)	23.1	(30.2)	24.2
Foreign exchange effect Iceland	(1.5)	1.6	0.1	(0.1)
Research and development tax incentives	4.5	(4.8)	4.2	(3.4)
Permanent differences	(1.0)	1.1	(0.3)	0.2
Effect of changes in tax rates	0.5	(0.5)	0.6	(0.5)
Others	(0.6)	0.6	0.4	(0.3)
Tax charge included in the profit or loss for the period	**(19.6)**	**21.1**	**(25.2)**	**20.1**

Note 12 Earnings per share

Basic earnings per share is calculated by dividing the net result attributable to Shareholders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

Basic earnings per share (EUR cent per share)	YTD 2020	YTD 2019
Net result attributable to Shareholders (EUR millions)	73.4	99.8
Weighted average number of outstanding shares issued (millions)	753.0	703.1
Basic earnings per share (EUR cent per share)	**9.75**	**14.19**

As a result of the dual listing on Euronext the weighted average number of outstanding shares issued increased from 703.1 million shares at 30 September 2019 to 753.0 million shares at 30 September 2020.

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary shares: stock options. For the stock options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding stock options. The weighted average number of outstanding shares is compared with the number of shares that would have been issued assuming the exercise of the stock options.

Diluted earnings per share (EUR cent per share)	YTD 2020	YTD 2019
Net result attributable to Shareholders (EUR millions)	73.4	99.8
Weighted average number of outstanding shares issued (millions)	753.0	703.1
Adjustments for stock options (millions)	5.2	6.0
Weighted average number of outstanding shares for diluted earnings per share (millions)	**758.2**	**709.1**
Diluted earnings per share (EUR cent per share)	**9.68**	**14.07**

Note 13 Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Under con-struction	Total
1 January 2020					
Cost	190.9	83.3	62.3	4.2	340.7
Accumulated depreciation	(54.8)	(56.1)	(48.4)	-	(159.3)
Net book value	**136.1**	**27.2**	**13.9**	**4.2**	**181.4**
Nine months ended 30 September 2020					
Opening net book value	136.1	27.2	13.9	4.2	181.4
Divestments	(0.5)	(0.3)	(0.3)	-	(1.1)
Effect of movements in exchange rates	(2.7)	(0.9)	(0.7)	0.0	(4.3)
Additions	4.5	3.3	2.0	6.1	15.9
Transfer between categories	0.1	6.1	(3.1)	(3.1)	-
Depreciation charge	(4.0)	(4.8)	(2.6)	-	(11.4)
Closing net book value	**133.5**	**30.6**	**9.2**	**7.2**	**180.5**
At 30 September 2020					
Cost	193.1	88.0	52.6	7.2	340.9
Accumulated depreciation	(59.6)	(57.4)	(43.4)	-	(160.4)
Net book value	**133.5**	**30.6**	**9.2**	**7.2**	**180.5**

	Land & buildings	Plant & machinery	Vehicles & equipment	Under con-struction	Total
At 1 January 2019					
Cost	182.6	95.1	44.7	12.0	334.4
Accumulated depreciation	(52.9)	(68.1)	(37.8)	-	(158.8)
Net book value	**129.7**	**27.0**	**6.9**	**12.0**	**175.6**
Year ended 31 December 2019					
Opening net book value	129.7	27.0	6.9	12.0	175.6
Divestments	-	-	(0.3)	-	(0.3)
Effect of movements in exchange rates	-	0.1	-	0.1	0.2
Additions	4.9	2.5	5.9	6.0	19.3
Business combinations, note 5	(0.9)	1.4	0.2	-	0.7
Reclassifications between categories	(1.8)	(2.1)	3.9	-	-
Transfer between categories	9.1	4.0	0.8	(13.9)	-
Depreciation charge	(4.9)	(5.7)	(3.5)	-	(14.1)
Closing net book value	**136.1**	**27.2**	**13.9**	**4.2**	**181.4**
At 31 December 2019					
Cost	190.9	83.3	62.3	4.2	340.7
Accumulated depreciation	(54.8)	(56.1)	(48.4)	-	(159.3)
Net book value	**136.1**	**27.2**	**13.9**	**4.2**	**181.4**

Depreciation of property, plant and equipment and of acquisition-related tangible assets analyzes as follows in the Consolidated Statement of Income:

Depreciation of property, plant and equipment	YTD 2020	YTD 2019
Cost of sales	5.3	5.2
Selling and marketing expenses	0.4	0.6
General and administrative expenses	5.6	5.1
Research and development expenses	0.1	0.2
Total	**11.4**	**11.1**
Of which: depreciation of acquisition-related property, plant and equipment	0.2	0.3

Note 14 Right of use assets

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2020				
Cost	32.0	1.2	19.3	52.5
Accumulated depreciation	(7.4)	(0.5)	(8.2)	(16.1)
Net book value	**24.6**	**0.7**	**11.1**	**36.4**
Nine months ended 30 September 2020				
Opening net book value	24.6	0.7	11.1	36.4
Divestments	(0.5)	(0.0)	(0.4)	(0.9)
Effect of movements in exchange rates	(0.6)	(0.0)	(0.2)	(0.8)
Additions	7.7	-	4.2	11.9
Depreciation charge	(3.5)	(0.2)	(4.3)	(8.0)
Closing net book value	**27.7**	**0.5**	**10.4**	**38.6**
At 30 September 2020				
Cost	37.8	1.0	21.4	60.2
Accumulated depreciation	(10.1)	(0.5)	(11.0)	(21.6)
Net book value	**27.7**	**0.5**	**10.4**	**38.6**

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2019				
Cost	27.8	1.0	13.3	42.1
Accumulated depreciation	(4.1)	(0.2)	(4.5)	(8.8)
Net book value	**23.7**	**0.8**	**8.8**	**33.3**
Year ended 31 December 2019				
Opening net book value	23.7	0.8	8.8	33.3
Divestments	-	-	(0.6)	(0.6)
Effect of movements in exchange rates	0.4	-	-	0.4
Business combinations, note 5	0.2	-	0.4	0.6
Additions	5.0	0.2	7.3	12.5
Depreciation charge	(4.7)	(0.3)	(4.8)	(9.8)
Closing net book value	**24.6**	**0.7**	**11.1**	**36.4**
At 31 December 2019				
Cost	32.0	1.2	19.3	52.5
Accumulated depreciation	(7.4)	(0.5)	(8.2)	(16.1)
Net book value	**24.6**	**0.7**	**11.1**	**36.4**

For the annual maturity of the lease liabilities, refer to note 22.

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

Depreciation of right of use assets	YTD 2020	YTD 2019
Cost of sales	2.2	1.8
Selling and marketing expenses	1.5	1.3
General and administrative expenses	4.1	3.9
Research and development expenses	0.2	0.2
Total	**8.0**	**7.2**

Note 15 Goodwill

	30/09 2020	31/12 2019
At 1 January		
Cost	645.8	641.3
Net book value	**645.8**	**641.3**
Period ended 30 September / 31 December		
Opening net book value	645.8	641.3
Business combinations, note 5	0.2	4.0
Exchange differences	(3.7)	0.5
Closing net book value	**642.3**	**645.8**
At 30 September / 31 December		
Cost	642.3	645.8
Net book value	**642.3**	**645.8**

Impairment testing

The Group tested at the end of 2019 whether goodwill had suffered any impairment. In Q1 2020, the Group updated the impairment test in order to reflect the changed market circumstances due to COVID-19. The conclusion was there were no triggers indicating that impairment was necessary. The impact of COVID-19 on the estimates and underlying assumptions used in the Q1 2020 impairment test did not materially change in Q2 and Q3 2020 and as such, there is no reason to deviate from the conclusions taken in Q1 2020.

Note 16 Intangible assets

	Techno-logy & develop-ment costs	Customer relations, patents & trademarks	Other intangibles	Total
At 1 January 2020				
Cost	267.5	177.8	81.9	527.2
Accumulated amortization	(152.2)	(64.5)	(58.1)	(274.8)
Net book value	**115.3**	**113.3**	**23.8**	**252.4**
Nine months ended 30 September 2020				
Opening net book value	115.3	113.3	23.8	252.4
Divestments	-	-	(0.2)	(0.2)
Exchange differences	(0.2)	(0.9)	(0.2)	(1.3)
Additions	13.8	-	4.9	18.7
Impairment charge	(0.6)	-	-	(0.6)
Amortization charge	(11.3)	(6.8)	(5.5)	(23.6)
Closing net book value	**117.0**	**105.6**	**22.8**	**245.4**
At 30 September 2020				
Cost	279.6	175.6	86.2	541.4
Accumulated amortization	(162.6)	(70.0)	(63.4)	(296.0)
Net book value	**117.0**	**105.6**	**22.8**	**245.4**

	Techno-logy & develop-ment costs	Customer relations, patents & trademarks	Other intangibles	Total
At 1 January 2019				
Cost	255.3	178.6	79.2	513.1
Accumulated amortization	(134.0)	(57.7)	(54.4)	(246.1)
Net book value	**121.3**	**120.9**	**24.8**	**267.0**
Year ended 31 December 2019				
Opening net book value	121.3	120.9	24.8	267.0
Divestments	-	-	(0.2)	(0.2)
Business combinations, note 5	(1.5)	1.8	-	0.3
Exchange differences	0.3	0.2	0.0	0.5
Additions	13.4	-	5.2	18.6
Impairment charge	(0.7)	-	-	(0.7)
Amortization charge	(17.5)	(9.6)	(6.0)	(33.1)
Closing net book value	**115.3**	**113.3**	**23.8**	**252.4**
At 31 December 2019				
Cost	267.5	177.8	81.9	527.2
Accumulated amortization	(152.2)	(64.5)	(58.1)	(274.8)
Net book value	**115.3**	**113.3**	**23.8**	**252.4**

The additions for 2020 predominantly comprise internally generated assets of EUR 18.7 million (31 December 2019: EUR 18.6 million) for product development and for development of software products.

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

Impairment of intangible assets	YTD 2020	YTD 2019
Research and development expenses	0.6	0.5
Total	**0.6**	**0.5**

Amortization of intangible assets and amortization of acquisition-related intangible assets analyzes as follows in the Consolidated Statement of Income:

Amortization of intangible assets	YTD 2020	YTD 2019
Selling and marketing expenses	5.8	5.8
General and administrative expenses	6.6	5.3
Research and development expenses	11.2	13.3
Total	**23.6**	**24.4**
Of which: amortization of acquisition-related intangible assets	7.7	7.7

Impairment testing

The Group tested at the end of 2019 whether indefinite intangible assets had suffered any impairment. In Q1 2020, the Group updated the impairment test in order to reflect the changed market circumstances due to COVID-19. The conclusion was there were no triggers indicating that impairment was necessary. The impact of COVID-19 on the estimates and underlying assumptions used in the Q1 2020 impairment test did not materially change in Q2 and Q3 2020 and as such, there is no reason to deviate from the conclusions taken in Q1 2020.

Note 17 Investments in associates

The investments in associates relate to a 25.0% interest in the Canadian software company Worximity Technology ("Worximity") and a 50% stake in the Iceland based company Curio ehf. ("Curio").

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

On 22 October 2019, Marel entered into an agreement to acquire a 50% stake in Curio. On 8 November 2019, the first phase of the transaction was finalized as closing conditions were satisfied. Marel acquired 39.3% of the total share capital of Curio. On 1 January 2021, Marel will acquire an additional 10.7% of the share capital bringing Marel's total share in Curio as of 1 January 2021 to 50%. Marel has an option to acquire the remaining 50% of shares in three years.

Note 18 Trade receivables, other receivables and prepayments

	30/09 2020	31/12 2019
Trade receivables	113.5	161.3
Less: write-down to net-realizable value	(1.8)	(1.3)
Trade receivables - net	**111.7**	**160.0**
Prepayments	7.7	12.3
Other receivables	47.8	36.6
Other receivables and prepayments	**55.5**	**48.9**
Less non-current portion	(2.5)	(2.1)
Current portion of other receivables and prepayments	**53.0**	**46.8**

Non-current receivables

Non-current receivables are associated with an escrow account regarding the acquisition of Sulmaq Industrial e Comercial S.A. for EUR 1.5 million (31 December 2019: EUR 2.1 million) and with a loan to Curio for EUR 1.0 million granted in 2020. All non-current receivables are due within one and five years.

Current receivables

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

There were no material reversal of write-downs of trade receivables. Due to the insignificant amount of write-downs, these are not shown separately in the Consolidated Statement of Income.

Note 19 Deferred income tax

Deferred income taxes are calculated in full on temporary differences under the liability method.

The gross movement on the deferred income tax account is as follows:

At 31 December 2019	**(43.6)**
Exchange differences and changes within the Group	0.3
Consolidated Statement of Income charge (excluding tax rate change)	(2.2)
Effect of changes in tax rates	0.5
Hedge reserve recognized in other comprehensive income	0.0
At 30 September 2020	**(45.0)**

At 31 December 2018	**(47.1)**
Exchange differences and changes within the Group	(0.1)
Consolidated Statement of Income charge (excluding tax rate change)	1.0
Effect of changes in tax rates	(2.0)
Business combinations, note 5	0.4
Hedge reserve recognized in other comprehensive income	0.6
Listing Euronext Amsterdam	3.6
At 31 December 2019	**(43.6)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

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

Deferred income taxes	30/09 2020	31/12 2019
Deferred income tax assets	11.8	11.9
Deferred income tax liabilities	(56.8)	(55.5)
Total	**(45.0)**	**(43.6)**

In December 2019, a new corporate tax law was enacted in the Netherlands reducing the corporate income tax rate for 2021 from 25.0% to 21.7%. Marel anticipated this new tax rate in its calculation of the deferred tax assets and liabilities per Q4 2019. In the 2021 budget of the Dutch Government, a proposal is included to reverse this income tax rate reduction completely. As this proposal is not yet enacted, Marel has not taken this into account in the deferred income tax calculations in Q3 2020. If the proposal is enacted, it would result in a negative impact on the Q4 2020 tax expense.

Note 20 Inventories

	30/09 2020	31/12 2019
Raw materials	32.2	31.2
Semi-finished goods	126.4	112.0
Finished goods	47.8	47.8
Gross inventories	**206.4**	**191.0**
Allowance for obsolescence and/or lower market value	(25.8)	(24.2)
Net inventories	**180.6**	**166.8**

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

Note 21 Equity

Share capital	Ordinary shares (thousands)	Treasury shares (thousands)	Outstanding number of shares (thousands)
At 1 January 2020	**771,008**	**(10,774)**	**760,234**
Treasury shares - purchased	-	(14,332)	(14,332)
Treasury shares - sold	-	2,025	2,025
At 30 September 2020	**771,008**	**(23,081)**	**747,927**
	100.00%	2.99%	97.01%
At 1 January 2019	**682,586**	**(10,762)**	**671,824**
Treasury shares - purchased	-	(12,096)	(12,096)
Treasury shares - sold	-	506	506
Capital reduction	(11,578)	11,578	-
New shares issued	100,000	-	100,000
At 31 December 2019	**771,008**	**(10,774)**	**760,234**
	100.00%	1.40%	98.60%

Class of share capital	30/09 2020	31/12 2019
Nominal value	6.7	6.8
Share premium reserve	425.6	478.1
Reserve for share based payments	6.0	5.0
Total share premium reserve	**431.6**	**483.1**

Share capital

On 7 June 2019, Marel began trading on Euronext, marking the dual listing of Marel on both Nasdaq and Euronext. A total of 100.0 million ordinary shares of ISK 1 each were issued and sold, increasing the Company's share capital from 671.0 million shares to 771.0 million shares.

During the Annual General Meeting of Shareholders on 6 March 2019 the proposal to reduce the Company's share capital by 11.6 million shares, from 682.6 million shares to 671.0 million shares, was approved. The reduction was executed by way of cancelling 11.6 million of the Company's own shares of ISK 1 each, in accordance with the provisions of the Icelandic Act No. 2/1995 on Public Limited Companies. The Company's share capital was reduced in connection with the preparation of the dual listing of the Company, for the benefit of shareholders. Marel's Articles of Association were changed accordingly.

The total authorized number of ordinary shares on the Nasdaq and Euronext exchanges is 771.0 million (31 December 2019: 771.0 million) with a par value of ISK 1 per share. All issued shares are fully paid.

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at shareholders meetings of the Company. Shareholders who hold shares in Marel on Nasdaq and Euronext have identical voting rights and the same rights to dividends. All rights attached to the Company's treasury shares are suspended until those shares are sold again.

Dividends

In March 2020 a dividend of EUR 43.9 million (EUR 5.79 cents per share) was declared for the operational year 2019 of which EUR 38.1 million was paid in Q2 2020 and EUR 5.8 million was paid in Q3 2020 (in 2019, a dividend of EUR 36.7 million (EUR 5.57 cents per share) was declared and paid for the operational year 2018).

Share premium reserve

The share premium reserve is comprised of payments in excess of par value of ISK 1 per share that shareholders have paid for shares sold by the Company, less payments in excess of par value that the Company has paid for treasury shares. According to the Icelandic Companies Act, 25% of the nominal value share capital must be held in reserve which cannot be paid out as dividend to shareholders. Marel is compliant with this requirement.

As a result of the dual listing on 7 June 2019, shareholders' equity increased by EUR 370.0 million of which share premium increased by EUR 369.2 million. Total gross transaction costs amounted to EUR 17.8 million. Transaction costs net of tax of EUR 14.2 million are deducted from the share premium reserve.

Other reserves

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

- Hedge reserve: comprises revaluations on derivatives, on which hedge accounting is applied. The value relates to derivatives for the Group, the interest rate swap contracts.
- Translation reserve: comprises the translation results of the consolidation of subsidiaries reporting in foreign currencies, as well as a currency revaluation related to financing of subsidiaries.

	Hedge reserve	Translation reserve	Total other reserves
Balance at 1 January 2020	**(0.7)**	**(10.2)**	**(10.9)**
Total other comprehensive income	(0.1)	(18.0)	(18.1)
Balance at 30 September 2020	**(0.8)**	**(28.2)**	**(29.0)**

	Hedge reserve	Translation reserve	Total other reserves
Balance at 1 January 2019	**1.8**	**(12.1)**	**(10.3)**
Total other comprehensive income	(2.5)	1.9	(0.6)
Balance at 31 December 2019	**(0.7)**	**(10.2)**	**(10.9)**

Limitation in the distribution of Shareholders' equity

As at 30 September 2020, pursuant to Icelandic law, certain limitations exist relating to the distribution of shareholders' equity. Such limitations relate to legal reserves required by Icelandic law included under retained earnings for capitalized intangible assets related to product development projects and for legal reserves relating to any legal or economic restrictions to the ability of affiliated companies to transfer funds to the parent company in the form of dividends.

The legal reserve included under retained earnings for capitalized intangible assets related to product development projects amounted to EUR 70.3 million as at 30 September 2020 (31 December 2019: EUR 71.6 million).

Since the profits retained in Marel hf.'s subsidiaries can be distributed and received in Iceland, no legal reserve for any legal or economic restrictions to the ability of affiliated companies to transfer funds to the parent company in the form of dividends is required.

The amount of the legal reserve for the share of profit of affiliates is reduced by dividends received from those companies and those dividends from them which can be claimed. Therefore Marel could, based on its control as the parent company, decide to let its subsidiaries pay dividends. The dividends would lower the amount of legal reserves within equity and therefore leave more room for Marel to make dividend payments to its shareholders. The new provision of the act does not prevent Marel from making dividend payments to its shareholders in 2020 since the Company has sufficient retained earnings from previous years.

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

Non-controlling interests
Non-controlling interests ("NCI") relate to minority shares held by third parties in consolidated Group companies. The net income attributable to NCI amounted to EUR 0.1 million for the nine-month period in 2020 (30 September 2019: EUR 0.1 million).

A dividend of EUR 0.1 million was paid to the NCI in Q2 2020 for the operational year 2019.

The NCI relates to MPS France S.A.R.L., France, in which the managing director of MPS France holds an ownership percentage of 24%.

Note 22 Borrowings and lease liabilities

Borrowings and lease liabilities	30/09 2020	31/12 2019
Borrowings	138.1	333.5
Lease liabilities	30.7	28.4
Non-current	**168.8**	**361.9**
Borrowings	0.0	30.6
Lease liabilities	8.8	8.8
Current	**8.8**	**39.4**
Total	**177.6**	**401.3**
Borrowings	138.1	364.1
Lease liabilities	39.5	37.2
Total	**177.6**	**401.3**

As of 30 September 2020, interest bearing debt amounted to EUR 180.1 million including lease liabilities (31 December 2019: EUR 401.9 million), of which for 30 September 2020 and 31 December 2019 nothing is secured against shares that Marel hf. holds in certain subsidiaries. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The Group loan agreements contain restrictive covenants, relating to interest cover and leverage. At 30 September 2020 and 31 December 2019 the Group complies with all restrictive covenants.

The Group has the following headroom in committed facilities:

Available headroom	30/09 2020	31/12 2019
Expiring within one year	-	-
Expiring beyond one year	652.0	277.4
Total	**652.0**	**277.4**

30/09/2020 **Liabilities in currency recorded in EUR**	Borrowings	Capitalized finance charges	Lease liabilities	**Total**
Liabilities in EUR	140.0	(2.0)	16.0	154.0
Liabilities in USD	-	(0.5)	11.3	10.8
Liabilities in other currencies	0.6	-	12.2	12.8
Total	**140.6**	**(2.5)**	**39.5**	**177.6**
Current maturities	(0.8)	0.8	(8.8)	(8.8)
Non-current maturities	**139.8**	**(1.7)**	**30.7**	**168.8**

31/12/2019 **Liabilities in currency recorded in EUR**	Borrowings	Capitalized finance charges	Lease liabilities	**Total**
Liabilities in EUR	297.0	(0.6)	16.0	312.4
Liabilities in USD	67.0	-	10.7	77.7
Liabilities in other currencies	0.7	-	10.5	11.2
Total	**364.7**	**(0.6)**	**37.2**	**401.3**
Current maturities	(30.7)	0.1	(8.8)	(39.4)
Non-current maturities	**334.0**	**(0.5)**	**28.4**	**361.9**

30/09/2020 Annual maturity of non-current borrowings	Borrowings	Capitalized finance charges	Lease liabilities	Total
Between 1 and 2 years	0.1	(0.7)	10.4	9.8
Between 2 and 3 years	0.1	(0.7)	5.9	5.3
Between 3 and 4 years	120.9	(0.3)	4.9	125.5
Between 4 and 5 years	0.1	-	5.1	5.2
After 5 years	18.6	-	4.4	23.0
Total	**139.8**	**(1.7)**	**30.7**	**168.8**

31/12/2019 Annual maturity of non-current borrowings	Borrowings	Capitalized finance charges	Lease liabilities	Total
Between 1 and 2 years	30.7	(0.1)	9.9	40.5
Between 2 and 3 years	160.8	(0.2)	3.8	164.4
Between 3 and 4 years	122.3	(0.2)	3.9	126.0
Between 4 and 5 years	0.7	-	6.0	6.7
After 5 years	19.5	-	4.8	24.3
Total	**334.0**	**(0.5)**	**28.4**	**361.9**

Note 23 Provisions

	Guarantee commit-ments	Pension commit-ments	Other provisions	Total
Balance at 1 January 2020	**7.2**	**11.0**	**0.6**	**18.8**
Additions	0.3	1.7	3.1	5.1
Exchange differences	(0.2)	(0.1)	-	(0.3)
Used	(0.9)	(0.5)	(1.2)	(2.6)
Release	(0.4)	-	(0.5)	(0.9)
Balance at 30 September 2020	**6.0**	**12.1**	**2.0**	**20.1**

	Guarantee commit-ments	Pension commit-ments	Other provisions	Total
Balance at 1 January 2019	**7.0**	**9.4**	**0.6**	**17.0**
Additions	1.8	1.8	0.8	4.4
Exchange differences	0.0	0.0	0.0	0.0
Used	(0.8)	(0.2)	(0.4)	(1.4)
Release	(0.8)	-	(0.4)	(1.2)
Balance at 31 December 2019	**7.2**	**11.0**	**0.6**	**18.8**

Analysis of provisions	30/09 2020	31/12 2019
Non-current	11.8	10.6
Current	8.3	8.2
Total	**20.1**	**18.8**

Guarantee commitments

The provisions for guarantee commitments reflect the estimated costs of replacement and free-of-charge services that will be incurred by the Company with respect to products sold.

Pension commitments

The pension commitments includes the provision for early retirements rights, which has increased to EUR 8.4 million as per 30 September 2020 (31 December 2019: EUR 7.5 million).

Note 24 Trade and other payables

Trade and other payables	30/09 2020	31/12 2019
Trade payables	86.7	83.6
Accruals	5.3	11.0
Personnel payables	61.0	51.9
Other payables	56.5	59.1
Total	**209.5**	**205.6**
Less non- current portion	(1.4)	(5.1)
Current portion of trade and other payables	**208.1**	**200.5**

Note 25 Financial instruments and risks

Risk management framework

The main financial risks faced by Marel relate to market risk and liquidity risk. Market risk comprises foreign exchange risk, interest rate risk and credit risk. Risk management is carried out by a central treasury department (Group Treasury) under policies and with instruments approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group´s financial performance.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. The credit quality of the customer is assessed, taking into account its financial position, past experience and other factors. Each customer has a set credit limit and the utilization of the credit limit is regularly monitored. No significant credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and products are not delivered until payments are secured. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. COVID-19 is not expected to have a substantial impact on the credit risk of the Group.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and committed credit facilities to give reasonable operating headroom. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by maintaining availability under committed credit lines.

The Group has EUR 700.0 million of committed facilities, which can be used both as a revolver and to issue guarantees for down payments. As per 30 September 2020, the Group had nothing drawn on the syndicated revolving credit facility (31 December 2019: EUR 0.0 million), and issued guarantees for EUR 48.0 million (31 December 2019: EUR 45.6 million) therefore the total usage is EUR 48.0 million (31 December 2019: EUR 45.6 million), leaving a headroom of EUR 652.0 million (31 December 2019: EUR 277.4 million). All facilities are subject to operational and Consolidated Statement of Financial Position covenants (interest cover and leverage). At 30 September 2020 there is sufficient headroom.

At 30 September 2020, net cash and cash equivalents were EUR 76.9 million (31 December 2019: EUR 303.7 million).

Interest-rate swap

To protect Marel from fluctuations in EURIBOR-EUR-Reuters/LIBOR-BBA ("British Bankers Association") and in accordance with the interest hedge policy, Marel has entered into interest rate swaps (the hedging instruments) to receive floating interest and to pay fixed interest. This is in line with Marel's risk management policy to have 50 - 70% of core debt fixed for 3 – 5 years.

The notional principal amount of the outstanding active interest rate swap contracts at 30 September 2020 was EUR 279.7 million (31 December 2019: EUR 282.5 million).

30/09 2020	Currency	Principal	Maturity	Interest %
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	USD	10.0	2020	1.3
Interest rate SWAP	USD	60.0	2020	1.6
Forward starting interest rate SWAP	EUR	80.0	2022	0.4
Forward starting interest rate SWAP	EUR	40.0	2022	0.4
Forward starting interest rate SWAP	USD	50.0	2022	2.3
FX EUR DKK interest rate SWAP (EUR fixed, DKK floating)	EUR	0.8	2027	5.2

31/12 2019	Currency	Principal	Maturity	Interest %
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	USD	10.0	2020	1.3
Interest rate SWAP	USD	60.0	2020	1.6
Forward starting interest rate SWAP	EUR	80.0	2022	0.4
Forward starting interest rate SWAP	EUR	40.0	2022	0.4
Forward starting interest rate SWAP	USD	50.0	2022	2.3
Embedded floor (0,00% cap on interest rates in financing agreements)	EUR	168.0	2022	0.0
FX EUR DKK interest rate SWAP (EUR fixed, DKK floating)	EUR	0.8	2027	5.2

Note 26 Contingencies

Contingent liabilities

At 30 September 2020 the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Group has given guarantees amounting to EUR 80.1 million (31 December 2019: EUR 82.4 million) to third parties.

Legal proceedings

As part of doing business and acquisitions the Group is involved in claims and litigations, under such indemnities and guarantees. These claims are pending and all are contested. Provisions are recognized when an outflow of economic benefits for settlement is probable and the amount can be estimated reliably. It should be understood that, in light of possible future developments, such as (a) potential additional lawsuits, (b) possible future settlements, and (c) rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs.

At this point in time, we cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful. Moreover, if and to the extent that the contingent liabilities materialize, they are often resolved over a number of years and the timing of such payments cannot be predicted with confidence. While the outcome of said cases, claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our consolidated financial position but could be material to our results from operations or cash flows in any one accounting period.

Environmental remediation

The Company and its subsidiaries are subject to environmental laws and regulations. Under these laws, the Company and/or its subsidiaries may be required to remediate the effects of certain incidents on the environment.

Note 27 Related party transactions

At 30 September 2020 and 31 December 2019 there are no loans to the members of the Board of Directors and the CEO. In addition, there were no transactions carried out (purchases of goods and services) between the Group and members of the Board of Directors nor the CEO in the nine-month period ended 30 September 2020 and the year 2019.

The Group has an outstanding loan to Curio for EUR 1.0 million granted in 2020.

Note 28 Subsequent events

On 8 October 2020, Marel concluded the acquisition of the entire share capital of TREIF Maschinenbau GmbH ("TREIF"), including all relevant business activities of the group. This transaction is in line with Marel's strategic objectives, strengthening the full-line product offering, increasing standard equipment sales and leveraging aftermarket potential with Marel's extensive global reach and local services in all regions. Like Marel, TREIF is highly focused on innovation and cutting-edge technology, backed by an experienced and committed team and long-standing partnerships with customers.

Founded in 1948, TREIF is at the forefront in solutions and services focused on portioning, dicing, slicing and cutting of food. The company is mainly focusing on cutting solutions for the meat industry, which continues to be its largest segment. With annual revenues of over EUR 80.0 million, and around EUR 13.0 million in EBITDA, TREIF has an impressive track record of continuous product innovation and steady growth with around 500 employees in facilities in Europe, US, and China. Its long-standing customer base is diversified, ranging from specialist retailers to blue-chip international food processors.

Closing was subject to anti-trust approval and standard closing conditions. The consideration transferred on a cash and debt free basis (enterprise value) was paid with EUR 128.0 million in cash and 2.9 million Marel shares (EUR 12.6 million). The fair value of the Marel shares transferred was based on the listed share price of the Company at 8 October 2020 of EUR 4.34 per share. The acquisition was financed through Marel's strong cash position, existing credit facilities and available treasury shares. The treasury shares will be held by Mr. Uwe Reifenhäuser, current owner and CEO, with a lock-up period of 18 months.

In accordance with IFRS 3, business combinations, the purchase price of TREIF will be allocated to identifiable assets and liabilities acquired. Due to the short timeframe between closing of the acquisition and issuance of the Condensed Consolidated Interim Financial Statements for the nine-month period ended 30 September 2020, this has not been completed and as such the allocation of the purchase price to acquired assets and liabilities assumed is not disclosed.

No other significant events have taken place since the reporting date, 30 September 2020.

Note 29 Quarterly results

	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
Revenues	287.2	305.7	301.6	320.1	312.5
Cost of sales	(174.7)	(191.5)	(194.3)	(204.1)	(193.0)
Gross profit	**112.5**	**114.2**	**107.3**	**116.0**	**119.5**
Selling and marketing expenses	(32.8)	(34.5)	(42.1)	(41.7)	(37.2)
General and administrative expenses	(21.4)	(18.7)	(24.0)	(22.5)	(20.2)
Research and development expenses	(16.9)	(18.6)	(18.4)	(22.6)	(20.5)
Result from operations (EBIT)	**41.4**	**42.4**	**22.8**	**29.2**	**41.6**
Net finance costs	(3.2)	(5.3)	(5.0)	(12.4)	(2.0)
Share of result of associates	(0.1)	0.1	0.0	(0.1)	(0.0)
Result before income tax	**38.1**	**37.2**	**17.8**	**16.7**	**39.6**
Income tax	(8.7)	(6.5)	(4.4)	(6.5)	(6.2)
Net result for the period	**29.4**	**30.7**	**13.4**	**10.2**	**33.4**
Result before depreciation & amortization (EBITDA)	**55.7**	**56.9**	**37.6**	**43.7**	**56.4**

The below tables provides an overview of the quarterly adjusted result from operations, which management believes to be a relevant Non-IFRS measurement, as mentioned in note 6.

	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
Revenues	287.2	305.7	301.6	320.1	312.5
Cost of sales	(174.7)	(191.5)	(194.3)	(204.1)	(193.0)
Gross profit	**112.5**	**114.2**	**107.3**	**116.0**	**119.5**
Selling and marketing expenses	(31.1)	(32.8)	(40.5)	(40.1)	(35.5)
General and administrative expenses	(21.3)	(18.6)	(23.9)	(22.4)	(20.1)
Research and development expenses	(16.0)	(17.8)	(17.5)	(21.5)	(19.6)
Adjusted result from operations*)	**44.1**	**45.0**	**25.4**	**32.0**	**44.3**
PPA related costs	(2.7)	(2.6)	(2.6)	(2.8)	(2.7)
Result from operations (EBIT)	**41.4**	**42.4**	**22.8**	**29.2**	**41.6**

*) Operating income adjusted for PPA costs related to acquisitions, including depreciation and amortization.

Note 30 Definitions and abbreviations

BBA
British Bankers Association

EBIT
Earnings before interest and tax

EBITDA
Earnings before interest, tax, depreciation and amortization

ECL
Expected Credit Losses

EURIBOR
Euro interbank offered rates

FTE
Full-time equivalent

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards

KPIs
Key performance indicators

LIBOR
London Interbank Offered Rate

NCI
Non-controlling interest

PPA
Purchase Price Allocation