CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 March 2020

ADVANCING
FOOD PROCESSING

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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 6,400 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 three-month period ended 31 March 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.

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 safety stock of spare parts across locations to serve strong 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 three-month period ended 31 March 2020

The consolidated revenues for Marel for the three-month period ended 31 March 2020 are EUR 301.6 million (2019: EUR 324.6 million). The adjusted result from operations for the same period is EUR 25.4 million or 8.4% of revenues (2019: EUR 47.5 million or 14.6% 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	25.4	47.5
PPA related costs	(2.6)	(2.6)
Result from operations	**22.8**	**44.9**

At 31 March 2020 the Company's order book amounted to EUR 464.6 million (at 31 December 2019: EUR 414.4 million).

Cash generated from operating activities for the three-month period ended 31 March 2020 is EUR 61.5 million (2019: EUR 59.6 million).

At 31 March 2020, net cash and cash equivalents were EUR 695.1 million (31 December 2019: EUR 303.7 million). During Q1 2020 the Group repaid EUR 220.8 million on its former syndicated loan facility. Furthermore the Group 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.

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 will be paid in Q2 2020 and EUR 5.8 million 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 a sustainability linked incentive structure, whereby the Company undertakes to meet 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 buyback program is to reduce the Company's share capital and to meet the Company's obligations under share incentive programs with employees.

The 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 buyback program, Marel has purchased 4.4 million shares (EUR 14.5 million) in the period 11 March 2020 to 31 March 2020.

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 three-month period ended 31 March 2020, its assets, liabilities and consolidated financial position as at 31 March 2020 and its consolidated cash flows for the three-month period ended 31 March 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 three-month period ended 31 March 2020 and ratify them with their signatures.

Garðabær, 20 April 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	YTD 2020	YTD 2019
Revenues	6 & 7 & 8	301.6	324.6
Cost of sales	6 & 9	(194.3)	(199.2)
Gross profit	6	**107.3**	**125.4**
Selling and marketing expenses	6 & 9	(42.1)	(39.0)
General and administrative expenses	6 & 9	(24.0)	(20.1)
Research and development expenses	6 & 9	(18.4)	(21.4)
Result from operations	6	**22.8**	**44.9**
Finance costs	10	(5.2)	(4.6)
Finance income	10	0.2	0.8
Net finance costs	10	(5.0)	(3.8)
Share of result of associates	17	0.0	-
Result before income tax		**17.8**	**41.1**
Income tax	11	(4.4)	(8.9)
Net result		**13.4**	**32.2**
Of which:			
- Net result attributable to Shareholders of the Company	12	13.4	32.2
- Net result attributable to non-controlling interests	21	0.0	0.0
Earnings per share for result attributable to Shareholders of the Company during the period (expressed in EUR cent per share):			
- basic	12	1.76	4.85
- diluted	12	1.75	4.82

The notes on pages 8-35 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Comprehensive Income

In EUR million	Notes	YTD 2020	YTD 2019
Net result		13.4	32.2
Items that are or may be reclassified to profit or loss:			
Currency translation differences	21	(8.7)	4.8
Cash flow hedges	21	(0.1)	(0.1)
Income tax relating to cash flow hedges	19 & 21	(0.0)	(0.1)
Other comprehensive income / (loss) for the period, net of tax		(8.8)	4.6
Total comprehensive income for the period		**4.6**	**36.8**
Of which:			
- Total comprehensive income attributable to Shareholders of the Company		4.6	36.8
- Total comprehensive income attributable to non-controlling interests	21	0.0	0.0

The notes on pages 8-35 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Financial Position

In EUR million	Notes	31/03 2020	31/12 2019
ASSETS			
Property, plant and equipment	13	178.4	181.4
Right of use assets	14	37.0	36.4
Goodwill	15	644.1	645.8
Intangible assets	16	250.2	252.4
Investments in associates	17	15.6	15.6
Trade and other receivables	18	2.7	2.1
Deferred income tax assets	19	12.7	11.9
Non-current assets		**1,140.7**	**1,145.6**
Inventories	20	173.8	166.8
Contract assets	8	42.3	38.3
Trade receivables	8 & 18	139.1	160.0
Other receivables and prepayments	18	54.6	46.8
Cash and cash equivalents		695.1	303.7
Current assets		**1,104.9**	**715.6**
TOTAL ASSETS		**2,245.6**	**1,861.2**
EQUITY AND LIABILITIES			
Share capital	21	6.8	6.8
Share premium reserve	21	469.0	483.1
Other reserves	21	(19.7)	(10.9)
Retained earnings	21	446.0	476.5
Shareholders' equity		**902.1**	**955.5**
Non-controlling interests	21	0.3	0.3
Total equity		**902.4**	**955.8**
LIABILITIES			
Borrowings	22	741.7	333.5
Lease liabilities	22	28.9	28.4
Deferred income tax liabilities	19	55.5	55.5
Provisions	23	11.4	10.6
Other payables	24	1.7	5.1
Derivative financial instruments	25	4.2	3.0
Non-current liabilities		**843.4**	**436.1**
Contract liabilities	8	229.1	217.5
Trade and other payables	24	247.0	200.5
Current income tax liabilities		5.0	3.7
Borrowings	22	-	30.6
Lease liabilities	22	8.7	8.8
Provisions	23	10.0	8.2
Current liabilities		**499.8**	**469.3**
Total liabilities		**1,343.2**	**905.4**
TOTAL EQUITY AND LIABILITIES		**2,245.6**	**1,861.2**

The notes on pages 8-35 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				13.4	13.4	0.0	13.4
Total other comprehensive income			(8.8)		(8.8)		(8.8)
Transactions with owners of the Company							
Treasury shares purchased	(0.0)	(14.5)			(14.5)		(14.5)
Other movements		0.4			0.4		0.4
Dividend				(43.9)	(43.9)	0.0	(43.9)
	(0.0)	**(14.1)**	**(8.8)**	**(30.5)**	**(53.4)**	**0.0**	**(53.4)**
Balance at 31 March 2020	**6.8**	**469.0**	**(19.7)**	**446.0**	**902.1**	**0.3**	**902.4**

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				32.2	32.2	0.0	32.2
Total other comprehensive income			4.6		4.6		4.6
Transactions with owners of the Company							
Treasury shares purchased	(0.1)	(37.5)			(37.6)		(37.6)
Other movements		0.5			0.5		0.5
Dividend				(36.7)	(36.7)	(0.0)	(36.7)
	(0.1)	**(37.0)**	**4.6**	**(4.5)**	**(37.0)**	**(0.0)**	**(37.0)**
Balance at 31 March 2019	**6.0**	**124.7**	**(5.7)**	**398.7**	**523.7**	**0.2**	**523.9**
Net result for the period				77.8	77.8	0.1	77.9
Total other comprehensive income			(5.2)		(5.2)		(5.2)
Transactions with owners of the Company							
New shares issued	0.8	369.2			370.0		370.0
Transaction costs		(14.2)			(14.2)		(14.2)
Treasury shares sold	0.0	0.9			0.9		0.9
Options granted / excercised / cancelled		2.5			2.5		2.5
Dividend						0.0	0.0
	0.8	**358.4**	**(5.2)**	**77.8**	**431.8**	**0.1**	**431.9**
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 31 March 2020 of EUR 5.4 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 31 March 2020 of EUR 73.7 million (31 December 2019: EUR 71.6 million).

The notes on pages 8-35 are an integral part of the Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Cash Flows

In EUR million	Notes	YTD 2020	YTD 2019
Cash Flow from operating activities			
Result from operations		**22.8**	**44.9**
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	7.1	6.0
Amortization and impairment of intangible assets	16	7.7	8.2
Changes in non-current receivables and payables		0.0	0.1
Working capital provided by / (used in) operating activities		**37.6**	**59.2**
Changes in working capital:			
Inventories and contract assets and liabilities		(0.4)	0.3
Trade and other receivables		18.6	(15.1)
Trade and other payables		3.1	14.8
Provisions		2.6	0.4
Changes in operating assets and liabilities		**23.9**	**0.4**
Cash generated from operating activities		**61.5**	**59.6**
Taxes paid		(13.4)	(4.8)
Interest and finance income		0.3	0.8
Interest and finance costs		(4.4)	(3.3)
Net cash from operating activities		**44.0**	**52.3**
Cash Flow from investing activities			
Purchase of property, plant and equipment	13	(4.1)	(5.2)
Investments in intangibles	16	(6.2)	(6.0)
Proceeds from sale of property, plant and equipment	13	0.8	0.4
Loans to associates	18	(1.0)	-
Net cash provided by / (used in) investing activities		**(10.5)**	**(10.8)**
Cash Flow from financing activities			
Purchase of treasury shares	21	(14.5)	(37.6)
Proceeds from borrowings	22	600.0	30.0
Repayments of borrowings	22	(220.8)	-
Payments of lease liabilities	22	(2.9)	(9.4)
Dividends paid	21	-	(32.6)
Net cash provided by / (used in) financing activities		**361.8**	**(49.6)**
Net increase (decrease) in net cash		**395.3**	**(8.1)**
Exchange gain / (loss) on net cash		(3.9)	1.9
Net cash at beginning of the period		303.7	56.3
Net cash at end of the period		**695.1**	**50.1**

The notes on pages 8-35 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 three-month period ended 31 March 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 three-month period ended 31 March 2020 have not been audited nor reviewed by an external auditor.

All amounts are in millions of EUR and have been rounded to the nearest million, unless otherwise indicated.

These Condensed Consolidated Interim Financial Statements have been approved for issue by the Board of Directors and CEO on 20 April 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 three-month period ended 31 March 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. The Consolidated Financial Statements for the Group for the period ended 31 December 2019 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 valued at fair value through the Consolidated Statement of Comprehensive Income.

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

Use of 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.

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. The recoverable amounts of CGUs have been determined based on value in use calculation. These calculations require the use of estimates. For further information refer to note 15.

The recoverability of the capitalized development costs was also tested for impairment, to verify if expected future economic benefits justify the values captured in the intangible fixed assets. The Group uses discounted cash flow analysis for this purpose. For further information refer to note 16.

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 upon 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.

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 99% 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:

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.

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 a sustainability linked incentive structure where Marel agrees to meet a set of sustainability KPIs. Based on the extent to which the KPIs are met, Marel will either receive a margin reduction up to 0.025% or increase of 0.025%.

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.

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.

Marel drew EUR 600.0 million from its syndicated revolving credit facility in the quarter as a precautionary measure to increase its flexibility and ability to react to unforeseen future business needs. Marel will periodically review the need to keep the EUR 600.0 million drawn on the revolver and repay in part or in full as the Company deems appropriate, in line with the terms of the syndicated revolving credit facility.

Note 5 Business combinations

Under IFRS 3, up to one year from the acquisition date, the initial accounting for business combinations needs to be adjusted to reflect additional 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 transaction 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 transaction will strengthen Marel´s presence in Australia and New Zealand. Cedar Creek has annual revenues of around EUR 3 million.

Closing of the transaction was subject to customary closing conditions. The transaction 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.

Immediately after the acquisition date the Purchase Price Allocation ("PPA") activities started. The process is still ongoing and is expected to be finished in the first half of 2020. As a consequence all of the numbers recorded for the acquisition are provisional.

Provisional goodwill amounted to EUR 1.4 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 impact of the valuation of property, plant and equipment, and as a consequence the impact on intangible assets and goodwill, is described in note 13, note 15 and note 16 and is included in the numbers as presented below.

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	4.0
Provisional goodwill on acquisition	**1.4**

Since the PPA process is not yet finalized, no PPA related costs are included in the Consolidated Statement of Income.

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	YTD 2020	YTD 2020	YTD 2020	YTD 2019	YTD 2019	YTD 2019
Revenues	301.6	-	301.6	324.6	-	324.6
Cost of sales	(194.3)	-	(194.3)	(199.2)	-	(199.2)
Gross profit	**107.3**	**-**	**107.3**	**125.4**	**-**	**125.4**
Selling and marketing expenses	(42.1)	1.6	(40.5)	(39.0)	1.7	(37.3)
General and administrative expenses	(24.0)	0.1	(23.9)	(20.1)	0.1	(20.0)
Research and development expenses	(18.4)	0.9	(17.5)	(21.4)	0.8	(20.6)
Adjusted result from operations		**2.6**	**25.4**		**2.6**	**47.5**
PPA related costs		(2.6)	(2.6)		(2.6)	(2.6)
Result from operations	**22.8**	**-**	**22.8**	**44.9**	**-**	**44.9**

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

	YTD 2020	YTD 2019
Result from operations (EBIT)	22.8	44.9
Depreciation, amortization and impairments	14.8	14.2
Result before depreciation & amortization (EBITDA)	**37.6**	**59.1**

The table below shows other key financial ratio's (definitions of these ratios are included in note 30).

	YTD 2020	YTD 2019
Current ratio	2.2	0.9
Quick ratio	1.9	0.6
Return on equity	5.8%	23.7%
Leverage	0.4	2.2
Debt to adjusted capital ratio	0.1	0.9
Market capitalization in EUR billion	2.7	2.6

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 processing product range offers integrated systems for processing broilers, turkeys and ducks.
- Meat processing: Our meat industry specializes in the key processes of slaughtering, deboning and trimming, and case ready food service for processing pork, beef, veal and sheep.
- Fish processing: Marel provides advanced equipment and systems for salmon and whitefish processing, both farmed and wild, on-board and on-shore.
- 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 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
31 March 2020					
Revenues	**151.1**	**103.6**	**39.4**	**7.5**	**301.6**
Adjusted result from operations	**18.2**	**4.6**	**1.7**	**0.9**	**25.4**
PPA related costs	-	(2.6)	-	-	(2.6)
Result from operations	**18.2**	**2.0**	**1.7**	**0.9**	**22.8**
Net finance costs					(5.0)
Share of result of associates					0.0
Result before income tax					**17.8**
Income tax					(4.4)
Net result for the period					**13.4**
Assets	**680.2**	**685.5**	**161.4**	**718.5**	**2,245.6**
Investments (including right of use assets)	7.5	5.2	2.0	-	14.7
Depreciation and amortization	(6.4)	(6.5)	(1.7)	(0.2)	(14.8)

	Poultry	Meat	Fish	Others	Total
31 March 2019					
Revenues	**174.0**	**100.8**	**40.6**	**9.2**	**324.6**
Adjusted result from operations	**30.6**	**12.7**	**3.0**	**1.2**	**47.5**
PPA related costs	-	(2.6)	-	-	(2.6)
Result from operations	**30.6**	**10.1**	**3.0**	**1.2**	**44.9**
Net finance costs					(3.8)
Share of result of associates					-
Result before income tax					**41.1**
Income tax					(8.9)
Net result for the period					**32.2**
Assets	**703.6**	**691.8**	**134.3**	**55.3**	**1,585.0**
Investments (including right of use assets)	8.8	4.9	1.9	-	15.6
Depreciation and amortization	(6.0)	(6.2)	(1.8)	(0.2)	(14.2)

Geographical information

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

Total assets excluding cash and cash equivalents	**31/03 2020**	**31/12 2019**
Europe, Middle East and Africa	1,304.5	1,300.3
Americas	212.6	234.2
Asia and Oceania	33.4	23.0
	1,550.5	**1,557.5**

Iceland accounts for EUR 140.0 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	12.2	12.1
Americas	2.4	2.9
Asia and Oceania	0.1	0.6
	14.7	**15.6**

Iceland accounts for EUR 3.2 million (2019: EUR 3.1 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):

	YTD 2020	**YTD 2019**
Europe, Middle East and Africa	168.5	160.8
Americas	97.4	127.3
Asia and Oceania	35.7	36.5
	301.6	**324.6**

Iceland accounts for EUR 6.4 million (2019: EUR 2.3 million).

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

	YTD 2020	YTD 2019
Equipment revenue	176.8	211.2
Aftermarket revenue	124.8	113.4
Total revenue	**301.6**	**324.6**

Trade receivables and contract balances

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

	31/03 2020	31/12 2019
Trade receivables	139.1	160.0
Contract assets	42.3	38.3
Contract liabilities	(229.1)	(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 31 March 2020 that have an original expected duration of one year or less, as allowed by IFRS 15.

Note 9 Expenses by nature

	YTD 2020	YTD 2019
Cost of goods sold	106.4	115.4
Employee benefits	122.4	113.5
Depreciation, amortization and impairments	14.8	14.2
Maintenance and rent of buildings and equipment	3.8	3.7
Other	31.4	32.9
	278.8	**279.7**

Note 10 Net finance costs

	YTD 2020	YTD 2019
Finance costs:		
Interest on borrowings	(1.5)	(2.9)
Interest on leases	(0.2)	(0.2)
Other finance expenses	(2.1)	(1.4)
Net foreign exchange transaction losses	(1.4)	(0.1)
Subtotal finance costs	**(5.2)**	**(4.6)**
Finance income:		
Interest income	0.2	0.8
Subtotal finance income	**0.2**	**0.8**
Net finance costs	**(5.0)**	**(3.8)**

Note 11 Income tax

Income tax recognized in the Consolidated Statement of Income	YTD 2020	YTD 2019
Current tax	(4.9)	(11.8)
Deferred tax	0.5	2.9
	(4.4)	**(8.9)**

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

The 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.

In December 2019, a new corporate tax law was enacted in the Netherlands. Consequently, the reduction in corporate tax rate as approved by the Dutch Government in 2018 was delayed by a year and the rate will only be reduced from 25.0% to 21.7% as of 2021.

Reconciliation of effective income tax	YTD 2020	%	YTD 2019	%
Result before income tax	17.8		41.1	
Income tax using Icelandic rate	(3.5)	20.0	(8.2)	20.0
Effect of tax rates in other jurisdictions	(0.5)	2.5	(1.7)	4.1
Weighted average applicable tax	(4.0)	22.5	(9.9)	24.1
Foreign exchange effect Iceland	(1.4)	7.9	(0.2)	0.5
Research and development tax incentives	1.4	(7.9)	1.4	(3.4)
Permanent differences	(0.4)	2.2	(0.4)	1.0
Tax losses (un)recognized	0.0	(0.0)	0.0	(0.0)
(Impairment)/reversal of tax losses	0.0	(0.0)	0.0	(0.0)
Effect of tax rate changes	0.2	(1.1)	0.2	(0.5)
Others	(0.2)	1.1	0.0	(0.0)
Tax charge included in the profit or loss for the period	**(4.4)**	**24.7**	**(8.9)**	**21.7**

Note 12 Earnings per share

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

Basic earnings per share (EUR cent per share)	YTD 2020	YTD 2019
Net result attributable to Shareholders (EUR millions)	13.4	32.2
Weighted average number of outstanding shares in issue (millions)	759.7	664.1
Basic earnings per share (EUR cent per share)	**1.76**	**4.85**

As a result of the dual listing on the Euronext the weighted average number of outstanding shares issued increased from 664.1 million shares at 31 March 2019 to 759.7 million shares at 31 March 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)	YTD 2020	YTD 2019
Net result attributable to Shareholders (EUR millions)	13.4	32.2
Weighted average number of outstanding shares in issue (millions)	759.7	664.1
Adjustments for stock options (millions)	5.0	4.0
Weighted average number of outstanding shares for diluted earnings per share (millions)	**764.7**	**668.1**
Diluted earnings per share (EUR cent per share)	**1.75**	**4.82**

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**
Three months ended 31 March 2020					
Opening net book value	136.1	27.2	13.9	4.2	181.4
Divestments	(0.3)	(0.4)	(0.0)	(0.1)	(0.8)
Effect of movements in exchange rates	(1.3)	(0.1)	(0.5)	0.0	(1.9)
Additions	0.2	1.1	0.3	2.5	4.1
Transfer between categories	0.3	4.0	(2.9)	(1.4)	-
Depreciation charge	(1.7)	(1.8)	(0.9)	-	(4.4)
Closing net book value	**133.3**	**30.0**	**9.9**	**5.2**	**178.4**
At 31 March 2020					
Cost	189.9	87.8	52.9	5.2	335.8
Accumulated depreciation	(56.6)	(57.8)	(43.0)	-	(157.4)
Net book value	**133.3**	**30.0**	**9.9**	**5.2**	**178.4**

	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:

	YTD 2020	YTD 2019
Cost of sales	1.9	1.6
Selling and marketing expenses	0.2	0.1
General and administrative expenses	2.1	1.7
Research and development expenses	0.1	-
	4.3	**3.4**
Depreciation of acquisition-related property, plant and equipment	0.1	0.1
	4.4	**3.5**

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**
Three months ended 31 March 2020				
Opening net book value	24.6	0.7	11.1	36.4
Divestments	(0.4)	-	(0.4)	(0.8)
Effect of movements in exchange rates	(0.2)	-	(0.1)	(0.3)
Additions	2.2	-	2.2	4.4
Depreciation charge	(1.2)	(0.1)	(1.4)	(2.7)
Closing net book value	**25.0**	**0.6**	**11.4**	**37.0**
At 31 March 2020				
Cost	26.0	1.2	20.7	47.9
Accumulated depreciation	(1.0)	(0.6)	(9.3)	(10.9)
Net book value	**25.0**	**0.6**	**11.4**	**37.0**

	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:

	YTD 2020	YTD 2019
Cost of sales	0.7	0.5
Selling and marketing expenses	0.5	0.5
General and administrative expenses	1.4	1.4
Research and development expenses	0.1	0.1
	2.7	**2.5**

Note 15 Goodwill

	31/03 2020	31/12 2019
At 1 January		
Cost	645.8	641.3
Net book value	**645.8**	**641.3**
Period ended 31 March / 31 December		
Opening net book value	645.8	641.3
Business combinations, note 5	-	4.0
Exchange differences	(1.7)	0.5
Closing net book value	**644.1**	**645.8**
At 31 March / 31 December		
Cost	644.1	645.8
Net book value	**644.1**	**645.8**

Impairment testing

The Group tested at the end of 2019 whether goodwill had suffered any impairment. The conclusion was there were no triggers indicating that impairment was necessary. 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 at the end of Q1 2020.

The goodwill is tested for impairment at the level of the CGUs. For Marel, the CGUs are based on the market oriented business model, poultry, meat and fish, in accordance with IFRS 8 Operating Segments. Poultry, meat and fish serve the customer needs in primary, secondary and further processing. Only at the level of the operating segments the connection can be made between the businesses for which the goodwill was originally paid and the results of the synergies after the acquisitions.

The impairment test includes property, plant and equipment, right of use assets, goodwill, other intangible assets and net working capital allocated to CGUs to determine the final recoverable amount.

The purpose of impairment testing is to determine whether the recoverable amount exceeds the carrying amount of the above mentioned assets. The recoverable amount of an operating segment is determined as the present value of the future cash flows expected to be derived from a CGU, based on amongst others:

- The estimated future cash flows that the Group expects the CGU to earn.
- Possible variations in the amount or timing of those future cash flows.
- The time value of money, which is reflected by using a discount rate based on the current market risk-free rate of interest.
- The price for the uncertainty inherent in the CGU.

The sales growth rates and margins used to estimate future cash flows are based on management estimates that take into account past performance and experience, external market growth assumptions and industry long term averages. The weighted growth rate for the period 2021 to 2024 of forecast cash flows is between 5% and 7% for all CGUs, which is management's best estimate. These growth rates are in line with external market predictions of the worldwide industry for providing equipment and solutions for the protein industry as well. Revenues, operating results and cash flows beyond the 5 year forecast period are extrapolated using estimated growth rates of 1.9% (31 December 2019: 1.9%) as shown in the table on the next page. The time value of money and price of uncertainty, calculated as the Weighted Average Cost of Capital ("WACC"), are based on external market information about market risk, interest rates and some CGU specific elements like country risk. The post-tax discount rate is calculated at CGU level and is in the range of 7.5% - 7.8% (31 December 2019: 6.6% - 7.0%) for all CGUs. The pre-tax discount rate for the three CGUs is calculated in the range of 9.1% - 9.6% (31 December 2019: 7.9% - 8.5%).

Key assumptions used in the impairment tests for the segments were sales growth rates, EBITDA and the rates used for discounting the projected cash flows. These cash flow projections were determined using managements' internal forecasts that cover an initial period from 2020. Projections were extrapolated with stable growth rates for a period of 4 years, after which a terminal value was calculated. For terminal value calculation, the terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

The sales growth rates and EBITDA used to estimate cash flows are based on past performance, external market growth assumptions and industry long-term growth averages. EBITDA in all segments mentioned in this note is expected to increase over the projected period as a result of volume growth and cost efficiencies.

The key assumptions used for the impairment tests are listed below.

31/03 2020	Poultry	Meat	Fish	Total
Goodwill	329.2	285.7	29.2	644.1
Infinite Intangible assets	-	-	-	-
Terminal growth rate	1.9%	1.9%	1.9%	1.9% [1]
Discount rate (post-tax)	7.6%	7.8%	7.5%	7.7% [2]

31/12 2019	Poultry	Meat	Fish	Total
Goodwill	330.0	286.5	29.3	645.8
Infinite Intangible assets	-	-	-	-
Terminal growth rate	1.9%	1.9%	1.9%	1.9% [1]
Discount rate (post-tax)	6.7%	7.0%	6.6%	6.8% [2]

[1] Weighted average growth rate used to extrapolate cash flows beyond strategic plan period.
[2] Discount rate applied to the cash flow projections.

The goodwill impairment test performed show that there is sufficient headroom and that there are no triggers indicating that impairment is necessary. For all three operating segments the recoverable amount exceeds the carrying amount by a substantial amount.

Sensitivity tests were performed for growth assumptions (a 50% reduction of the sales growth rate), adjusted EBITDA margin development assumptions (a 1% percentage decrease in EBITDA) and for the WACC (a 1% increase in WACC). All sensitivity tests showed that the conclusions would not have been different if significant adverse changes in key parameters had been assumed.

The market capitalization of Marel at 31 March 2020 amounted to EUR 2.7 billion (31 December 2019: EUR 3.5 billion) and was clearly above the carrying amount of net assets, thus providing an additional indication that goodwill was not impaired.

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**
Three months ended 31 March 2020				
Opening net book value	115.3	113.3	23.8	252.4
Divestments	-	-	(0.2)	(0.2)
Exchange differences	(0.0)	(0.5)	(0.0)	(0.5)
Additions	5.1	-	1.1	6.2
Amortization charge	(3.7)	(2.2)	(1.8)	(7.7)
Closing net book value	**116.7**	**110.6**	**22.9**	**250.2**
At 31 March 2020				
Cost	272.6	177.8	82.8	533.2
Accumulated amortization	(155.9)	(67.2)	(59.9)	(283.0)
Net book value	**116.7**	**110.6**	**22.9**	**250.2**

	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 6.2 million (31 December 2019: EUR 18.6 million) for product development and for development of software products.

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

	YTD 2020	YTD 2019
Selling and marketing expenses	0.3	0.2
General and administrative expenses	2.2	1.8
Research and development expenses	2.7	3.7
	5.2	**5.7**
Amortization of acquisition-related intangible assets	2.5	2.5
	7.7	**8.2**

Impairment testing

The Group tested at the end of 2019 whether indefinite intangible assets had suffered any impairment. The conclusion was there were no triggers indicating that impairment was necessary. Marel updated the impairment test to reflect current market expectations. Based on this updated impairment test, there is no reason to deviate from the conclusions taken at year-end 2019.

Note 17 Investments in associates

The investments in associates relate to a 14.3% interest in the Canadian software company Worximity Technology ("Worximity") and a 50% stake in the Iceland based company Curio ehf. ("Curio").

Although Marel holds less than 20% of the voting rights in Worximity, Marel determined it has significant influence because it has meaningful representation on the board.

Marel will invest an additional CAD 2.5 million in new share capital in Worximity in the next three months, bringing Marel's total ownership to 25.0%.

On 22 October 2019, Marel has 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 four years.

Note 18 Trade receivables, other receivables and prepayments

	31/03 2020	31/12 2019
Trade receivables	143.3	163.4
Less: write-down to net-realizable value	(1.5)	(1.3)
Trade receivables - net	**141.8**	**162.1**
Less non-current portion	(2.7)	(2.1)
Current portion of trade receivables	**139.1**	**160.0**
Prepayments	6.8	12.3
Other receivables	47.8	34.5
Other receivables and prepayments	**54.6**	**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 1.7 million (31 December 2019: EUR 2.1 million) and with a loan to Curio for EUR 1.0 million (31 December 2019: EUR 0.0 million). 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)	0.3
Effect of change in tax rates	0.2
Hedge reserve recognized in other comprehensive income	0.0
At 31 March 2020	**(42.8)**

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 change 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:

	31/03 2020	**31/12 2019**
Deferred income tax assets	12.7	11.9
Deferred income tax liabilities	(55.5)	(55.5)
	(42.8)	**(43.6)**

Note 20 Inventories

	31/03 2020	**31/12 2019**
Raw materials	32.6	31.2
Semi-finished goods	116.4	112.0
Finished goods	49.3	47.8
	198.3	**191.0**
Allowance for obsolescence and/or lower market value	(24.5)	(24.2)
	173.8	**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	-	(4,381)	(4,381)
At 31 March 2020	**771,008**	**(15,155)**	**755,853**
	100.00%	1.97%	98.03%
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	**31/03 2020**	**31/12 2019**
Nominal value	6.8	6.8
Share premium reserve	463.6	478.1
Reserve for share based payments	5.4	5.0
Total share premium reserve	**469.0**	**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 will be paid in Q2 2020 and EUR 5.8 million 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 comprises of payment 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, 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 of 31 March 2020 and 31 December 2019 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)	(8.7)	(8.8)
Balance at 31 March 2020	**(0.8)**	**(18.9)**	**(19.7)**
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 31 March 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 73.7 million as at 31 March 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 0.0 million for the three-month period in 2020 (31 March 2019: EUR 0.0 million).

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

	31/03 2020	31/12 2019
Borrowings	741.7	333.5
Lease liabilities	28.9	28.4
Non-current	**770.6**	**361.9**
Borrowings	-	30.6
Lease liabilities	8.7	8.8
Current	**8.7**	**39.4**
Total borrowings and lease liabilities	**779.3**	**401.3**
Borrowings	741.7	364.1
Lease liabilities	37.6	37.2
Total borrowings and lease liabilities	**779.3**	**401.3**

As of 31 March 2020, interest bearing debt amounted to EUR 782.2 million including lease liabilities (31 December 2019: EUR 401.9 million), of which for 31 March 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 31 March 2020 and 31 December 2019 the Group complies with all restrictive covenants.

Marel drew EUR 600.0 million from its syndicated revolving credit facility in the quarter as a precautionary measure to increase its flexibility and ability to react to unforeseen future business needs. Marel will periodically review the need to keep the EUR 600.0 million drawn on the revolver and repay in part or in full as the company deems appropriate, in line with the terms of the syndicated revolving credit facility.

The Group has the following headroom in committed ancillary facilities:

Floating rate	31/03 2020	31/12 2019
Expiring within one year	-	-
Expiring beyond one year	66.7	277.4
	66.7	**277.4**

31/03/2020

Liabilities in currency recorded in EUR	Borrowings	Capitalized finance charges	Lease liabilities	**Total**
Liabilities in EUR	743.9	(2.9)	15.1	756.1
Liabilities in USD	-	-	12.7	12.7
Liabilities in other currencies	0.7	-	9.8	10.5
	744.6	**(2.9)**	**37.6**	**779.3**
Current maturities	(0.8)	0.8	(8.7)	(8.7)
Non-current maturities	**743.8**	**(2.1)**	**28.9**	**770.6**

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
	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**

31/03/2020

Annual maturity of non-current borrowings	Borrowings	Capitalized finance charges	Lease liabilities	Total
Between 1 and 2 years	0.8	(0.8)	9.8	9.8
Between 2 and 3 years	0.7	(0.7)	4.6	4.6
Between 3 and 4 years	122.3	(0.6)	4.7	126.4
Between 4 and 5 years	600.7	-	5.0	605.7
After 5 years	19.3	-	4.8	24.1
	743.8	**(2.1)**	**28.9**	**770.6**

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
	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	0.1	1.2	2.9	4.2
Used	(0.1)	(0.3)	(0.9)	(1.3)
Release	(0.1)	(0.1)	(0.1)	(0.3)
Balance at 31 March 2020	**7.1**	**11.8**	**2.5**	**21.4**

	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
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 total provisions	31/03 2020	31/12 2019
Non-current	11.4	10.6
Current	10.0	8.2
	21.4	**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 7.8 million as per 31 March 2020 (31 December 2019: EUR 7.5 million).

Note 24 Trade and other payables

	31/03 2020	31/12 2019
Trade payables	82.8	83.6
Accruals	5.9	11.0
Personnel payables	59.1	51.9
Dividend payables	43.9	-
Other payables	57.0	59.1
Total trade and other payables	**248.7**	**205.6**
Less non- current portion	(1.7)	(5.1)
Current portion of trade and other payables	**247.0**	**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 ancillary facilities, which can be used both as a revolver and to issue guarantees for down payments. The Group drew EUR 600.0 million on the syndicated revolving credit facility (31 December 2019: EUR 0.0 million), and issued guarantees for EUR 33.3 million (31 December 2019: EUR 45.6 million) therefore the total usage is EUR 633.3 million (31 December 2019: EUR 45.6 million), leaving a headroom of EUR 66.7 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 31 March 2020 there is sufficient headroom.

At 31 March 2020, net cash and cash equivalents were EUR 695.1 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 31 March 2020 was EUR 284.2 million (31 December 2019: EUR 282.5 million).

31/03 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 31 March 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 95.7 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 31 March 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 three-month period ended 31 March 2020 and the year 2019.

The Group has an outstanding loan to Curio for EUR 1.0 million (31 December 2019: EUR 0.0 million).

Note 28 Subsequent events

No significant events have taken place since the reporting date, 31 March 2020.

Note 29 Quarterly results

	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Revenues	301.6	320.1	312.5	326.5	324.6
Cost of sales	(194.3)	(204.1)	(193.0)	(196.3)	(199.2)
Gross profit	**107.3**	**116.0**	**119.5**	**130.2**	**125.4**
Selling and marketing expenses	(42.1)	(41.7)	(37.2)	(41.3)	(39.0)
General and administrative expenses	(24.0)	(22.5)	(20.2)	(20.6)	(20.1)
Research and development expenses	(18.4)	(22.6)	(20.5)	(21.4)	(21.4)
Result from operations (EBIT)	**22.8**	**29.2**	**41.6**	**46.9**	**44.9**
Net finance costs	(5.0)	(12.4)	(2.0)	(2.5)	(3.8)
Share of result of associates	0.0	(0.1)	(0.0)	0.0	-
Result before income tax	**17.8**	**16.7**	**39.6**	**44.4**	**41.1**
Income tax	(4.4)	(6.5)	(6.2)	(10.1)	(8.9)
Net result for the period	**13.4**	**10.2**	**33.4**	**34.3**	**32.2**
Result before depreciation & amortization (EBITDA)	**37.6**	**43.7**	**56.4**	**61.1**	**59.1**

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 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Revenues	301.6	320.1	312.5	326.5	324.6
Cost of sales	(194.3)	(204.1)	(193.0)	(196.3)	(199.2)
Gross profit	**107.3**	**116.0**	**119.5**	**130.2**	**125.4**
Selling and marketing expenses	(40.5)	(40.1)	(35.5)	(39.7)	(37.3)
General and administrative expenses	(23.9)	(22.4)	(20.1)	(20.5)	(20.0)
Research and development expenses	(17.5)	(21.5)	(19.6)	(20.4)	(20.6)
Adjusted result from operations*)	**25.4**	**32.0**	**44.3**	**49.6**	**47.5**
PPA related costs	(2.6)	(2.8)	(2.7)	(2.7)	(2.6)
Result from operations (EBIT)	**22.8**	**29.2**	**41.6**	**46.9**	**44.9**

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

Note 30 Definitions and abbreviations

BBA
British Bankers Association

BPS
Basis points

Current ratio
Current assets / current liabilities

CGU
Cash generating units

Debt to adjusted capital ratio
Net debt (including lease liabilities) / adjusted capital (total equity – hedge reserve)

EBIT
Earnings before interest and tax

EBITDA
Earnings before interest, tax, depreciation and amortization

ECL
Expected Credit Losses

EPS
Earnings per share

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

Leverage
Net debt (including lease liabilities) / Last twelve months EBITDA

NCI
Non-controlling interest

OCI
Other comprehensive income

PPA
Purchase Price Allocation

Quick ratio
(Current assets – Inventories) / Current liabilities

Return on equity
Result for the period / average of total equity. Average of total equity: (beginning balance + ending balance for the period) / 2

WACC
Weighted average cost of capital