TOMRA

Form into Transformation

Annual Report

2021

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This publication is printed on 100% recycled fibers.

Additional information about TOMRA's organization is available at www.tomra.com.
Print: Cicero Grafisk | Design: Tomra | Production: Mac & Alt AS | Photos: TOMRA, Colourbox.com
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KEY FIGURES

KEY FIGURES		2021	2020	2019	2018	2017
Operating revenues	NOK million	10,909	9,941	9,346	8,596	7,432
EBITA	NOK million	1,769	1,522	1,381	1,253	1,068
Operating profit (EBIT)	NOK million	1,552	1,300	1,177	1,078	916
Profit before taxes	NOK million	1,524	1,070	1,130	1,033	887
Net profit (profit for the period)	NOK million	1,133	798	858	779	658
Total assets	NOK million	11,589	10,977	10,867	9,595	8,437
Equity	NOK million	5,993	5,429	5,076	5,077	4,594
Return on equity	%	19,1	14.8	16.2	15.3	13.9
Return on total assets before tax	%	14,4	11.9	11.8	12.0	12.1
Earnings per share	NOK	7,39	5.25	5.57	5.01	4.14
Earnings per share fully diluted	NOK	7,39	5.25	5.57	5.01	4.14
Net cash flow from operating activities	NOK million	1,809	1,710	1,313	1,025	1,023
Number of employees as of 31 December		4,610	4,307	4,328	4,025	3,420
Female employees	%	22	21	21	20	19
Female managers (of all managers)	%	24	24	23	22	21
Number of reportable injuries		92	71	142	113	102
Carbon dioxide emissions	Metric tons	30,000	32,400	36,200	33,000	28,600

CEO REVIEW

FORM INTO TRANSFORMATION

The coronavirus pandemic has served as a lesson of interconnectedness. In the same way as viruses pose a global challenge, so does climate change. Greenhouse gas particles are immune to borders and countries. As timelines are getting shorter, policymakers and businesses alike have most to gain from working together to design sound policies and action plans.

Tove Andersen
President and CEO TOMRA Systems ASA

Deeds not words

In 2021, the US rejoined the Paris agreement on climate change. The COP26 summit committed actions to limit global warming to 1.5°C above pre-industrial averages. The European Union has remained firmly behind the Green Deal and its objective to put the goal of climate neutrality by 2050 into legislation. China has pledged to achieve carbon neutrality by 2060. Companies are setting ambitious emissions-cutting targets, asset managers turn to sustainable investing, and the general public is concerned about climate change.

However, significant investment is needed to reach the global ambition of net-zero emissions by mid-century. We do our part by deploying our experience, technology, and the dedication of 4.600 TOMRA employees. In 2021, we have increased our installed base of reverse vending machines from 78,000 to 81,000 and are today collecting in a closed loop approximately 42 billion containers, up from 40 billion last year. Yet, this accounts for only 2% of the global consumption of drinks containers of some two trillion units. More needs to be done.

The circular economy has grown to become a new desired standard and has gained much focus during recent years. It is urgently needed, as traditional practices contribute to catastrophic effects on the environment, plastic in our oceans and waterways, and wasteful use of resources. Though sometimes criticized, forecasts can be useful to put things in perspective. Plastic production is projected to double over the next 20 years. More than half of it is short-lived and ends up as waste within one year. Little is reused. According to the Circularity Gap report by Circle Economy, the world was only 8.6% circular in 2021. This is a significant waste of both resources and economic value.

Sustainability commitments from companies, nudging legislation, and dearer commodities have boosted recycling during 2021. Our order intake in the recycling business has reached record levels this year. There is a clear expectation of sustainability from consumers, and corporate pledges for improved practices abound. At TOMRA, we believe that technology and know-how will play an important role in making those commitments a reality.

Our teams have been working at full capacity and in September we opened a new flake sorting test center in Parma, Italy, to expand capacity in the market for high-quality recycled plastics. It has been one year of operation of our demo plant for advanced mechanical recycling in Germany, a cooperation project with Borealis, a leading provider of polyolefins, and Zimmerman, a local waste management company close to Koblenz. Together with our partners we have shown that production of plastic flakes from post-consumer material can reach 99.9% purity levels and helped put recycled polystyrene on the market for use in high quality applications, including food grade. We made advancements in textile sorting as well, where we delivered sorting technologies for the first automated sorting plant for textiles in Sweden. The solutions we can demonstrate within circular economy have led to an exciting pipeline of new projects and strengthened our market leadership position.

The food sector, our second strategic pillar, is a vast industry and one which is growing and becoming ever more sophisticated. By 2050, the world will have two billion more people, in addition to increased food demand per capita. The food industry will have to produce more food, increase yields and at the same time cut food waste and carbon emissions. This will require significant changes and increased reliance on technology.

Our portfolio of sorting and grading solutions is the broadest in the industry, with a unique offering of technologies and geographical reach. During 2021 we have positioned our global sales teams to zoom in on key categories and further invested in innovation, such as digital platforms and machine learning applications. Although the coronavirus pandemic has been a challenge to the food service industry, several long-term trends have been accelerated: food safety requirements, automation, remote services, and digital innovations. We are uniquely positioned to support the food industry, given our leading presence in fresh and processed food, geographical footprint in developed and emerging markets, and leading technology platforms.

Circular economy and sustainable food supply are our strategic pillars and areas where we anticipate significant development ahead. We are well positioned as a trusted and innovative partner, and we have shown how technology, expertise, and collaboration across the value chain have the potential to transform industries and foster less wasteful growth paths going forward.

2021 in brief

The year 2021 turned out different than we had anticipated. The coronavirus pandemic has once again marked the year. Vaccines were rolled-out and lockdowns eased, reducing travel restrictions and reopening restaurants and cafes. But the surge in demand that followed, combined with labor shortages and new virus variants threw the global supply chain off-balance. We encountered new challenges and had to respond with the highest resilience. Which we did. We grew stronger as a team and we delivered strong results.

Among the hardship around lockdowns, travel restrictions, home office and business expansion, our people demonstrated again and again their passion and dedication. In the course of 2021, we saw our learning commitment increase through a higher use of our Learning Management System, targeted change management courses to support transformation projects, as well as ongoing leadership training gone virtual. We invested in strengthening our diversity and inclusion culture through local initiatives on building awareness around unconscious bias and starting an employee resource group and pilot programs for personal development. All initiatives that we will build on in 2022. We will continue to invest in the development of all of us so we can continue to grow with TOMRA as professionals, leaders, and individuals.

We are grateful that we have not suffered any major incidents in 2021. During this year, we rolled out the TOMRA Safe program with the belief that all accidents are preventable, an aim to ensure that a safety mindset is instilled in every employee and that our safety culture is actively lived and shared.

As individuals, we have been impacted by the pandemic and as a company, we have had to adapt. We have been able to maintain safe infrastructures and ensure that internal spread was limited. We ended the year with 25 active cases reported and 266 recovered for 2021.

In this challenging year, the TOMRA can-do culture has been more relevant than ever before. We will continue to cultivate an environment in which people are eagerly learning and where they feel energized to come together to find the best and most innovative solutions.

2021 performance highlights

TOMRA achieved revenues of NOK 10,909 million in 2021, representing a growth of 10 percent compared to 2020. EBITA earnings grew 16 percent, ending at NOK 1,769 million, and cash flow from operations resulted in NOK 1,809 million in 2021, compared to NOK 1,710 million in the previous year.

TOMRA Collection has had a year with strong financial and operational performance. Revenue growth was 16 percent compared to 2020. All areas of the business have delivered strong results including the successful rollout of reverse vending machines in The Netherlands, Slovakia, and the ongoing installtions in Latvia. There has been significant effort in developing new deposit markets and establishing TOMRA in new countries. The supply chain and development teams have had a major contribution to the positive 2021 results with their competence, efforts, and persistence to overcome the challenging component and supply situation.

2021 has also been a busy year for the TOMRA Recycling and Mining division. Starting the year with a relatively lower backlog and order intake, the situation quickly improved. Driven by the continuing momentum towards a circular economy and with new product developments, our recycling business has experienced a record order intake in the year.

We continued to position TOMRA as one of the thought and impact leaders within the Circular Economy, exemplified by our TOMRA Talks event in October. Here we were able to gather the entire plastics value chain with excellent speakers from various industries.

CEO REVIEW

Our mining business was impacted by the pandemic in 2020 and started the year with a low activity level. The situation improved during 2021, and we highlight the successful introduction of our new small-diamond sorter XRT300. The order intake in the Recycling/Mining division has been NOK 2,032 million, 21 percent above 2020 and 2019 levels. Despite the operational challenges, the team has managed to make 2021 another record year for TOMRA Recycling Mining.

Within TOMRA Food, the business recovered in most markets and core categories. Fresh food growth was driven by higher home consumption via traditional and e-commerce channels. Processed food growth came from food service with restaurants having reopened, combined with delivery services.

TOMRA Food made substantial progress with its transformation and customer centricity program, reorganization efforts, implementation of Communities of Expertise, and opening a new field research center in Hamilton, New Zealand.

The order intake in TOMRA Food was NOK 3,420 million in 2021, up 3 percent compared to 2020 and 11 percent above 2019 levels.

TOMRA started as a technology pioneer in 1972 and for 50 years has advanced sustainable practices and better use of resources. Sustainability is at the core of what we do. Central to our efforts in 2021 was shaping our sustainability strategy and crafting our path towards net-zero emissions. We remain committed to the United Nations Global Compact (as a member since 2009) and strive to support the UN's sustainable development goals (SDGs). The 2021 Annual Report contains our twelfth consecutive Communication on Progress to the UN Global Compact. A detailed review is available in our Corporate Sustainability Report on pages 12-29.

TOMRA – our way forward

In the last decade, TOMRA transformed from selling and servicing reverse vending machines supported by a smaller industrial processing portfolio, into becoming a global player within circular economy and food sorting solutions. The geographic footprint was expanded to cover all continents, and the solutions evolved to become increasingly relevant for serving sustainable societies.

Our business today covers a larger geographical domain, a broad and leading range of technologies for various types of applications, digital solutions, and enhanced value-generating services. Our market position is unique, and our financial performance is robust. We are entering 2022 stronger than ever, with a positive market outlook.

There has been good momentum in TOMRA Collection overall, and particularly in Europe, driven by replacements of the installed base and expansion in new markets. Driven by the EU Single-Use Plastic Directive, the topic of extended producer responsibility and container deposit systems is on the agenda of many countries and policymakers. The business is expected to continue with high activity levels and investment in preparation for new markets and successful rollout of upcoming deposit systems.

Within recycling, we serve the waste management sector as well as the plastic and metal recycling markets. Going forward, establishing circular economy solutions, and increasing recycling rates will comprise wider and higher quality collection solutions, upgraded downstream processing, as well as closer collaboration with converters and brand owners.

In the developing world, there is a need for more automation within food processing. In developed markets, the emphasis is on food quality, productivity and hygiene. We are positioned to serve customers in both the fresh produce sector (such as fruits and berries) and processed food (such as nuts, potatoes, vegetables). We have a wide geographical footprint, enabling us to serve customers at their doorstep, speaking their language and embracing their culture.

This unique position in the industry allows us to capitalize on scaling technology and operations and serve customers with a broader offering. We have ongoing improvement programs and investments in optimizing our operations. TOMRA's portfolio of businesses is performing well, and we are the market leader in all segments served.

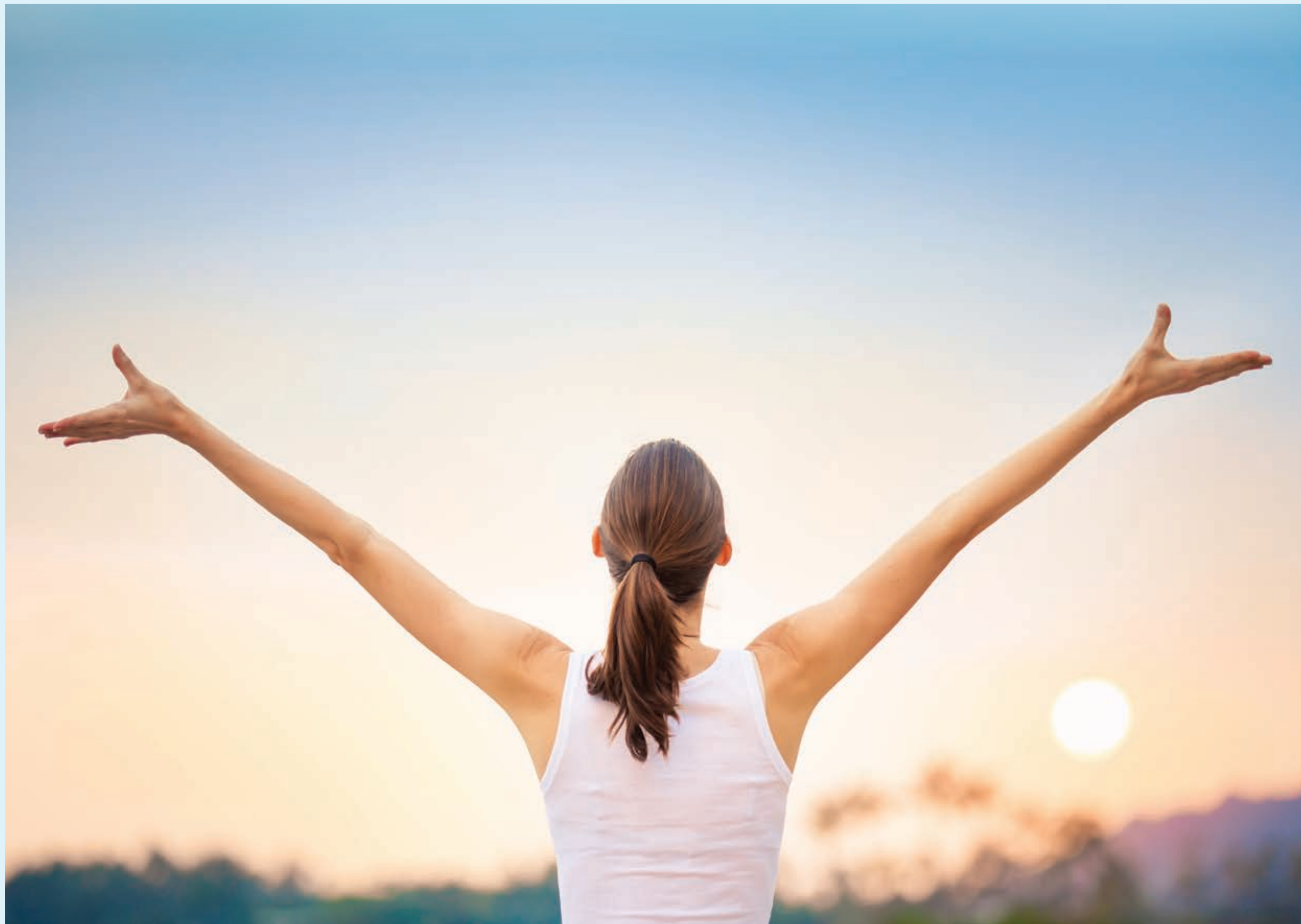
TOMRA's financial performance has proven strong, resilient, and predictable. With the future developments, we envisage accelerated focus on climate change and sustainability, continued urbanization, further emergence of digital solutions and services and changes in consumer desires and behaviors.

There is a burst of innovation in digital technologies. In TOMRA Collection we have built an advanced digital platform ensuring connectivity of our installed base of reverse vending machines. For sorting equipment, we have developed TOMRA Insight, our cloud-based, secure, digital platform for near real-time monitoring of sorting lines. We will continue to invest in digital capabilities and machine learning technologies in 2022. We will also explore more opportunities along value chains in both circular economy and food.

During the year we developed and published the TOMRA Holistic Resource Systems whitepaper together with Eunomia. According to the study, deploying current best practices in waste management at a global scale has the potential to reduce global carbon emissions by approximately 2.8 billion tons per year. This amount is roughly equivalent to the reduction achieved in 2020 globally as a result of lockdowns triggered by the coronavirus pandemic. It is achievable with existing technologies and proven systems - yet arriving there is not straightforward. As timelines are getting shorter, the need to act is ever more pressing.

After 50 years of sustainable business, we have developed proven solutions to tackle some of the most important challenges of our time. Our expertise is highly valued, and we are committed to continuing to work hard toward delivering on our vision of leading the resource revolution.

Tove Andersen
President and CEO TOMRA Systems ASA



BUSINESS OVERVIEW

LEADING THE RESOURCE REVOLUTION

TOMRA's vision of leading the resource revolution is about transforming how we obtain, use and reuse our world's resources.

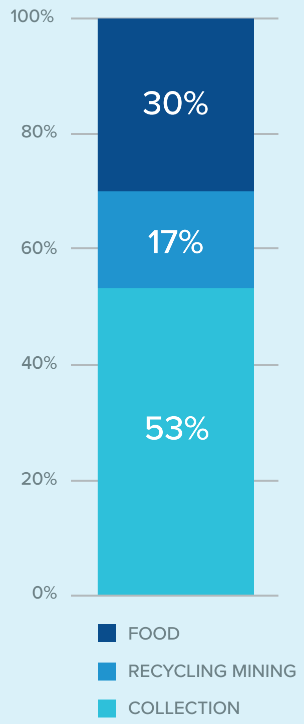
TOMRA was founded on an innovation in 1972 that began with the design, manufacturing and sale of reverse vending machines for automated collection of used beverage containers. Today TOMRA provides technology-led solutions that optimize resource use and recovery in the food, recycling, and mining industries.

4600+
EMPLOYEES GLOBALLY

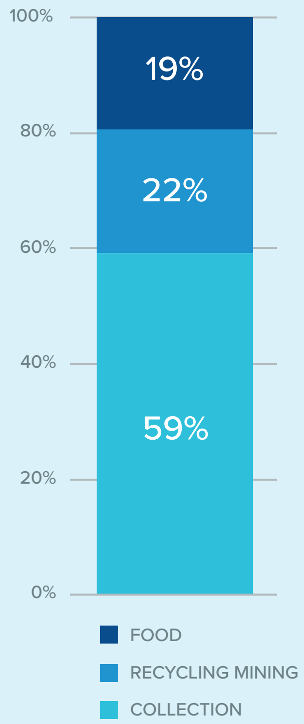
10.9
BILLION NOK REVENUES IN 2021

Creating value through three divisions:

2021 Revenue



2021 EBITA



TOMRA COLLECTION

REVERSE VENDING

MATERIAL RECOVERY

TOMRA RECYCLING MINING

RECYCLING

MINING

TOMRA FOOD

PROCESSED FOOD

FRESH FOOD

EXECUTIVE LEADERSHIP TEAM

SUSTAINABLE DEVELOPMENT IS AT THE CORE OF OUR BUSINESS MODEL AND STRATEGY

TOVE ANDERSEN (B. 1970)
President and CEO of TOMRA Group

MBA from the Norwegian School of Management in Sandvika, Norway (1997); Master of Science Degree in Physics and Mathematics from the Norwegian Institute of Technology in Trondheim, Norway (1994).

Career history: August 2021: Joined TOMRA as President and CEO; 1997-2021 Yara International ASA; Executive Vice President Europe (2020-2021), EVP Production (2018-20), EVP Supply Chain (2016-18), as well as diverse management roles with responsibility for marketing, business development and finance.

Number of TOMRA shares held: 2,000 shares and 10,000 share options.

Board memberships: Publicly listed: Equinor ASA, Borregaard ASA.

ESPEN GUNDERSEN (B. 1964)
Deputy CEO and CFO of TOMRA Group

MBA, Norwegian School of Management, Oslo, and CPA, Norwegian School of Economics and Business Administration, Bergen.

Career history: 1999: Joined TOMRA; 1995–1999: Selmer ASA, VP Business development; 1989-1995: Arthur Andersen

Number of TOMRA shares held: 39,553.

Board memberships: Publicly listed: Kitron ASA, Hexagon Purus ASA.

HELENA DREISIG, (B. 1974)
Head of People & Organisation, TOMRA Group and TOMRA Food

Bachelor's in Finance and Administration, St Louis Brussels, with studies in languages and modern literature at l'Université Libre de Bruxelles.

Career history: Before joining TOMRA in January 2020, she worked for Lhoist Group for the past 13 years in international HR roles, most recently as VP HR Europe. She started her career in Executive Search with various international players like Heidrick & Struggles, Whitehead Mann, Russel Reynolds and a startup Lancor Group.

Number of TOMRA shares held: 368.

Board memberships: none.

HARALD HENRIKSEN (B. 1963)
Executive Vice President, Head of TOMRA Collection

B.Sc. Electronics, University of Salford, Manchester.

Career history: 2011 – 2016: CEO and President TOMRA North America; 2004 - 2011: SVP Technology, TOMRA; 2000-2004: VP Business Unit Tactical Radio, Kongsberg Defense and Communications AS; 1997-2000: VP Product Management, VP R&D, Kongsberg Ericsson Communications ANS; 1990-1997: Technical management and project management, NFT-Ericsson ANS.

Number of TOMRA shares held: 41,052.

Board memberships: Non-listed: Jets Vacuum AS

VOLKER REHRMANN (B. 1961)
Executive Vice President, Head of TOMRA Recycling / Mining & Circular Economy

PhD in Computer Science, University of Koblenz, master's in Computer Science, University of Paderborn.

Career history: 2013: Head of Tomra Recycling Mining, joined Tomra through the acquisition of TiTech in 2004. Founder and Managing Director of Real Vision Systems GmbH from 1998, which was acquired by TiTech in 2002.

Number of TOMRA shares held: 11,069.

Board memberships: none.

MICHEL PICANDET (B. 1967)
Executive Vice President, Head of TOMRA Food

Bachelor's in Engineering, University of Clermont-Ferrand; Master's in Management, ESCP Business School.

Career history: Before joining TOMRA in January 2020, he was managing director for Tetra Pak food packaging and processing activities. Prior to this he headed the Life Cycle Management division of Sidel where he also worked in America, Asia and Europe. He started his career in engineering and controls at Rhone-Poulenc Animal Nutrition.

Number of TOMRA shares held: 1,665.

Board memberships: none.

CORPORATE SUSTAINABILITY REPORT 2021

Q&A WITH DIRECTOR OF SUSTAINABILITY AT TOMRA, NICOLAI PRYTZ

What does sustainability mean to TOMRA?

Sustainability is deeply embedded in TOMRA's vision, mission, and company culture. All our products deliver environmental benefits in terms of better resource utilization and diverting waste from ending up in nature. The positive impact that our solutions have on the environment and the world around us represents a strong sense of purpose for most TOMRA employees.

For us, sustainability is about maximizing the positive impact that we can add through our solutions, and in doing so, making sure that relevant social and environmental considerations are also embedded throughout our own operations and ways of working. As such, we apply both an external and internal perspective in our approach to managing sustainability.

The last decade has seen a sea change in global efforts toward more sustainable development and corporate sustainability. How is TOMRA reacting to these trends?

TOMRA is well positioned with regards to key megatrends affecting the global economy today and into the foreseeable future. TOMRA's solutions can help address sustainability challenges related to resource scarcity and depletion, unsustainable consumption, climate change, urbanization, and waste in nature. At the same time, new business opportunities for TOMRA arise with the increasing global focus on circular economy, low-carbon transition, food safety and food security.

With regards to the fast-evolving regulatory landscape surrounding corporate sustainability and increasing stakeholder expectations, this is a development that we wholeheartedly welcome. Corporates should be leading the way into a greener and more sustainable economy. New standards and public scrutiny on topics like ESG reporting, risk management, sustainability governance, and more, are helping us and other companies to revisit, rethink and improve our operational procedures, and this is driving public transparency.

What is your current focus and ambition for sustainability at TOMRA?

We want to get to a point where sustainability is the natural way of thinking and doing business across the company in all contexts. This means that considerations of social and environmental impact are integrated in all decision making, and that we collaborate effectively with all stakeholders to maximize sustainable value creation – for our customers and society at large.

We have, since 2020, run a process in TOMRA to review our sustainability strategy and establish new company goals. The outputs of this work will be presented in conjunction with TOMRA's 50th anniversary in 2022. However, this report already offers a sneak preview – discussing our five sustainability action pillars, our approach to corporate sustainability, and what we are doing to realize sustainable solutions, operations, and relationships.

NICOLAI PRYTZ
Director Sustainability & Strategy

OUR AMBITION

To focus our sustainability agenda and direct efforts where they matter most TOMRA has outlined five strategic pillars for action. This builds on insights gained from the materiality assessment, conducted in 2020, which helped us to better understand where we have the biggest sustainability impact and what specific issues are most important, both from business and stakeholder perspective. Read more about the materiality assessment on page 16.

Our five strategic pillars represent topics that stand out as most important to TOMRA Group. This is where we now plan and execute targeted actions to boost the positive sustainability outcomes and reduce any negative impact resulting from what we do and how we operate.

Corporate targets and sustainability impact KPIs within all five pillars will be announced in in 2022.

ACTION AREA	RESOURCE PRODUCTIVITY	SUSTAINABLE PRODUCT DESIGN	SUPPLY CHAIN SUSTAINABILITY	CLIMATE IMPACT	EMPLOYEE VALUE PROPOSITION
AMBITION	TOMRA will Transform how we all obtain, use and reuse the planet's resources to enable a world without waste.	TOMRA will work to optimize the environmental impact of our products across their life cycle, and innovate to improve product circularity.	TOMRA will only work with suppliers that can document efforts to safeguard fair and safe working conditions, human rights, and environmental protection.	TOMRA will increase the positive climate impact of our technologies in use, and reduce operational emissions in line with efforts needed to achieve the global target of well-below 2 °C warming, pursuing 1.5 °C.	TOMRA will be the place where diverse Resource Revolutionaries thrive.
SUMMARY OF EFFORTS AND IMPACTS	• TOMRA Collection collected approximately 42 billion used beverage containers in 2021. • Per year, TOMRA Recycling sort out plastics from source separated waste collection and from mixed waste equivalent to the volume of 108 Olympic Stadiums of Berlin. • TOMRA's Mining solutions extend the lifetime of mine operations by 30-50%, reduces up to 3-4m³ water per ton ore, and reduces the energy consumption by 50%. • TOMRA's Food sorting and grading solutions typically increase the yield of produce by between 5-10 %.	• Pending targets and KPIs, the sustainable product design (SPD) ambition has been a catalyst for change management, spurring evaluation of product development processes, governance frameworks and capacity building at TOMRA. • In 2021, interdisciplinary SPD teams have been established across TOMRA divisions and begun work to identify and analyze opportunities for product and business model innovations for more sustainable solutions, and to embed relevant sustainability considerations in product design and development processes. • A Group-wide project to conduct Life Cycle Assessments of our key product types in each division is planned for execution in spring 2022.	• All TOMRA divisions include some level of sustainability criteria in their supplier evaluation/ qualification processes and ongoing supplier engagement. This is an area where, going forward, we will work to harmonize efforts across Group and set clear targets on supplier screening, engagement, and audits. • Building on the new sustainability strategy, we are also beginning to engage and partner with our suppliers on sustainable product design and climate impact topics, seeking collaboration across our value chain to meet our sustainability ambitions.	• In 2021, the avoided carbon emissions from TOMRA products in use by customers was close to 19.5 million tonnes of CO2 equivalents, equal to almost 40% of Norway's greenhouse gas emissions in 2020. • TOMRA Group's direct GHG emissions (Scope 1 & 2 + business travel) totaled 30,000 tonnes of CO2e, which is a 7% reduction from 2020 in absolute terms, and a 16% reduction in the eco-intensity of our operations, meaning more value is created with less negative impact. • We have been working in 2021 to develop TOMRA's new commitments and road map towards Net Zero emissions, which will be launched together with the updated sustainability strategy in 2022.	• Focus on health and safety has in 2021 been elevated and anchored as a business 'non-negotiable'. Through the TOMRA Safe program we have reinforced divisional safety teams to ensure that the necessary capabilities are put in place to follow through on our ambition. • Diversity and inclusion is another 'non-negotiable' at TOMRA. We conduct regular reviews of processes and capabilities to ensure that we maximize the advantages of a diverse workforce and eliminate practices that may bring any form of harassment or prejudice. • With regards to gender distribution, the share of female employees went up to 22% in 2021.

Note that the sustainability strategy framework will be updated in 2022 with corporate targets and sustainability impact KPIs under all five pillars

OUR APPROACH

Sustainability governance

At TOMRA, we define corporate sustainability as the management of business relevant **environmental (E)**, **social (S)** and **corporate governance (G) issues**. With the recognition that relevant ESG issues occur across business functions and can have impact on various parts of the organization. We have taken an integrated approach to sustainability management, anchored in Group Strategy.

Since 2019 TOMRA has had a **Group Sustainability function**, working closely with Group Strategy and Business Development teams from each division to embed sustainability in all strategy and business development, including planning for future growth. It is the responsibility of TOMRA's Group Sustainability Director to lead strategic sustainability efforts, coordinate sustainability reporting and communication, and to support operational teams in implementing actions that will boost both our internal and external sustainability impact.

For oversight, we have a **Corporate Sustainability Board Committee**, which assists the Board by monitoring and reviewing TOMRA's practices and policies in this area, including regular reviews of progress. It is the role of the **Board of Directors** to ensure that the Group's corporate governance, environmental, social, and ethical practices are adequate. Efforts to identify, assess, and manage sustainability-related risks and opportunities are largely integrated in the company-wide risk management process and strategic planning at Group and Business Unit levels.

Cross-divisional collaboration is an important element of our approach. One of the main efforts on TOMRA's sustainability agenda in 2021 was the work related to updating our sustainability strategy and establishing new targets. For this work, a project task force including line management representatives from both Operations and Business Development in all three divisions has been working together to develop the outputs, collectively owning the task, and ensuring organizational buy-in.

Furthermore, we have a Group-wide **Sustainability Network** where colleagues inspire and learn from each other, and regularly communicate on various sustainability topics. The goal is to foster staff engagement and ownership of the sustainability agenda through a team of 'local champions', supporting the development and implementation of local sustainability initiatives across TOMRA. This network is open to all interested staff.

As a member of the **UN Global Compact (UNGC)**, TOMRA aims to consistently support doing business responsibly and implement the principles of the UNGC. This report forms part of our annual Communication on Progress to the UNGC. Furthermore, this report is structured and inspired by the Global Reporting Initiative's (GRI) sustainability reporting framework and guidance.

The European Union has recently adopted the EU Taxonomy, which is a classification system, establishing a list of environmentally sustainable economic activities. This system is an important enabler to scale up sustainable investments and a tool to help navigate the transition to a low carbon, resilient and resource efficient economy for investors and companies. Specific guidelines and requirements for corporate use of the taxonomy are still in the development phase. In 2021 we have conducted an internal preliminary assessment that concluded that approximately 60% of TOMRA's activities are **taxonomy-eligible.**

Strategic approach

TOMRA's sustainability strategy – our strategic pillars and ambitions as presented earlier in this chapter – build on insights gained from the materiality assessment conducted in 2020. This was a prioritization exercise to better understand which ESG issues are most important to TOMRA, taking into consideration both business impact and stakeholder expectations. The TOMRA materiality assessment was conducted with a three-step approach:

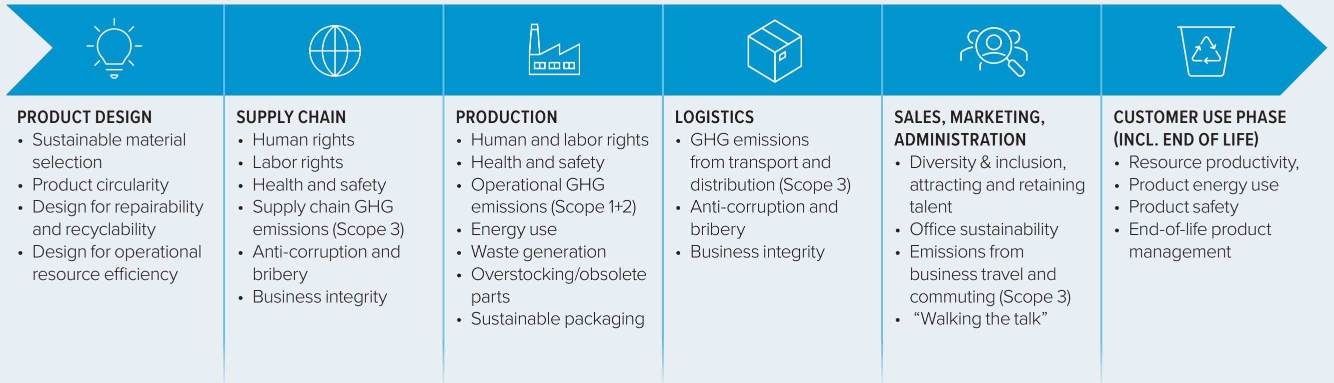
1. Value chain impact mapping
   - Identify all relevant sustainability impacts (risks and opportunities) across TOMRA value chains in Collection, Recycling/ Mining, and Food respectively
2. Stakeholder engagement
   - Consider concerns and expectations toward TOMRA regarding relevant sustainability impacts from key stakeholder groups
3. Materiality
   - Process findings from steps 1 and 2 to prioritize what issues are most material for TOMRA

1 The assessment of Taxonomy-aligned activities is based on the draft criteria presented for public consultation by the EU Platform on sustainable finance. This assessment is a preliminary indication, and it might change.

1. Value chain impacts

The graphic below provides a summary of the ESG issues considered across TOMRA's value chain. It informs our growing understanding of the potential business impacts on the supply chain for a number of issues, including climate change, resource use, human rights; and how we have impact on the world around us in the way that we do business.

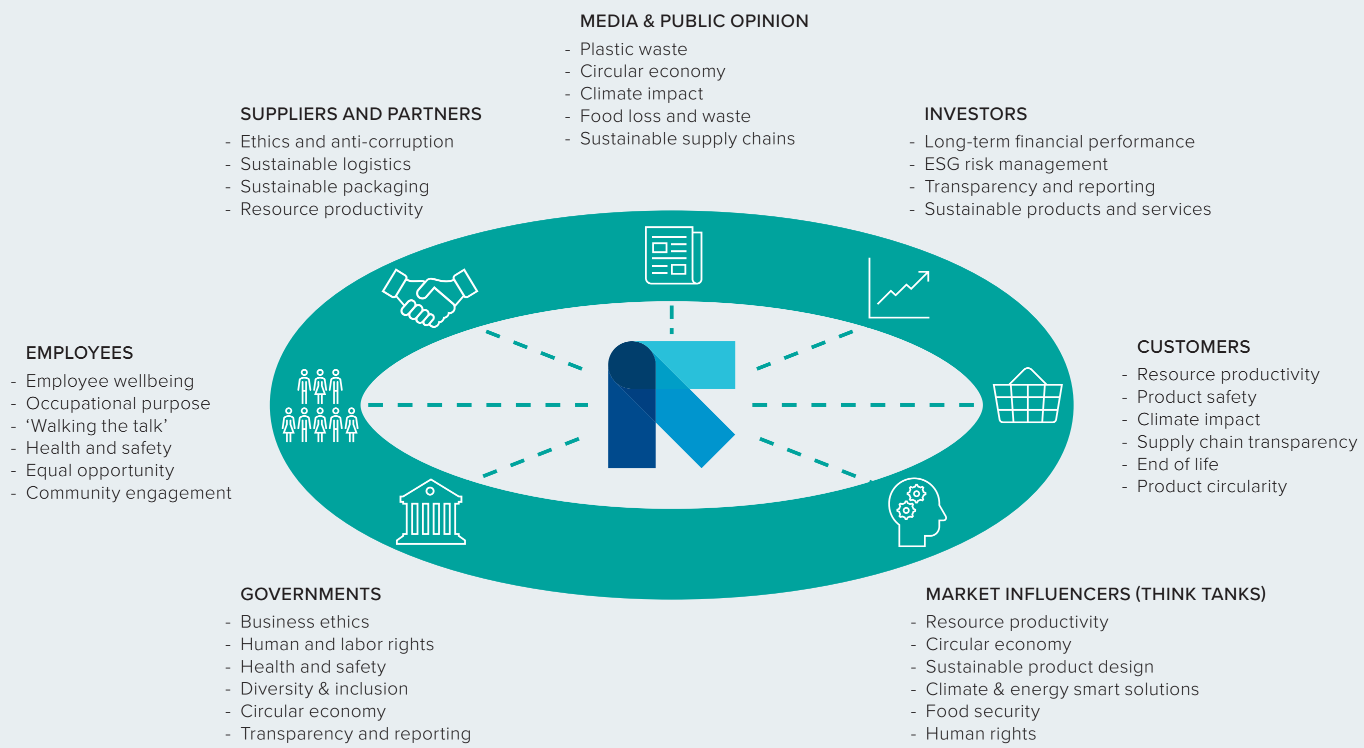
Key topics considered (list is not exhaustive):



2. Stakeholder engagement

Dialogue and collaboration with our key stakeholders is imperative to understanding and improving TOMRA's sustainability impact. Maintaining contact with the company's various stakeholders is an important means of building trust in TOMRA, as well as understanding the role that our company plays in local communities and society at large. We are regularly in dialogue with key stakeholders to understand what sustainability-related concerns they have, discuss important topics that relate to TOMRA's business, and find solutions in partnership. Inclusive collaboration enables much greater impact than what TOMRA as an organization can achieve on its own. Our stakeholder dialogue is typically conducted through meetings and other forms of direct communication, customer surveys, employee engagement programs, trade shows and road shows, supplier engagement, participation in various networks and industry organizations, and joint projects.

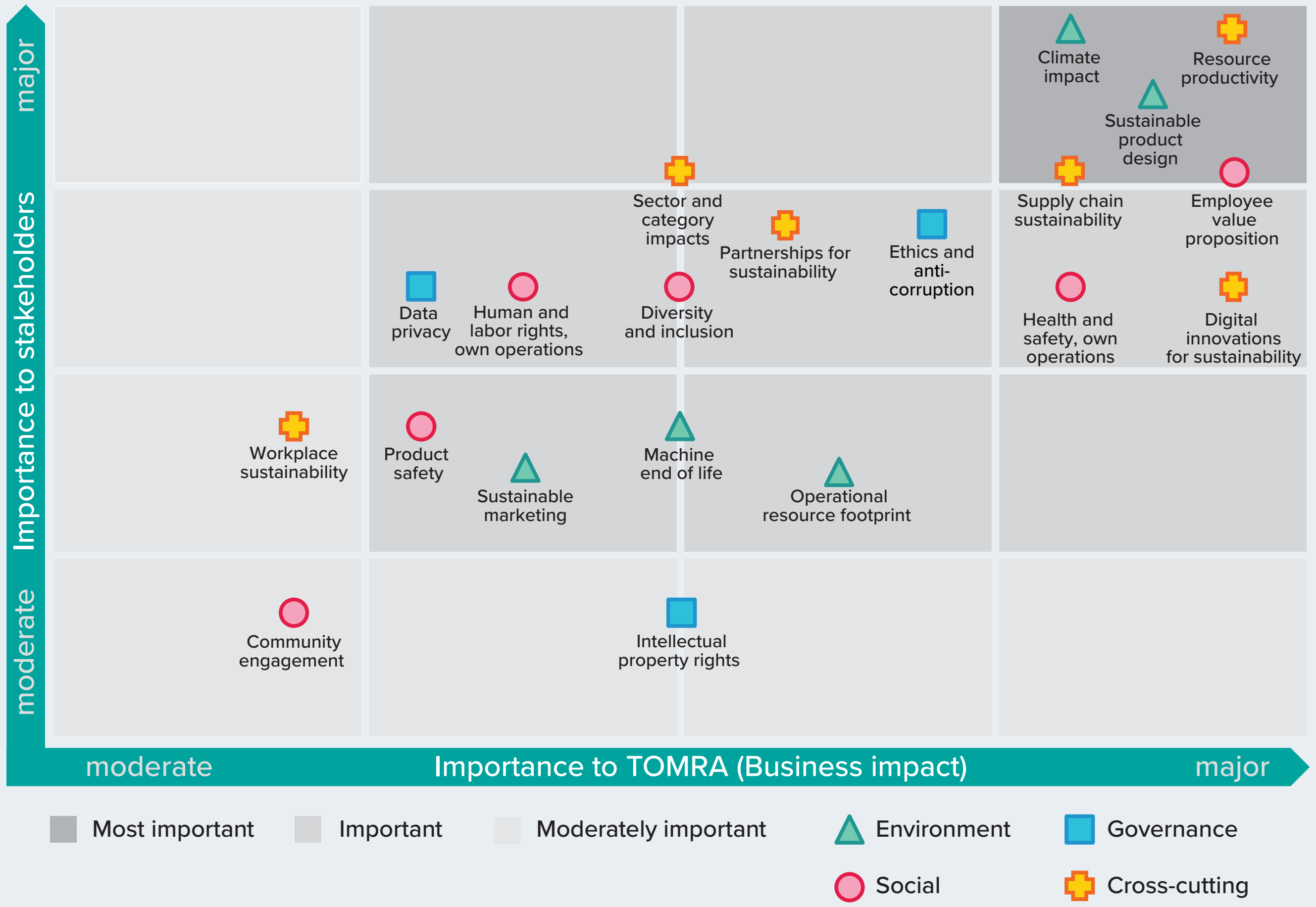
As a basis for the materiality assessment, TOMRA surveyed the groups, organizations and individuals that are either impacted by the company's operations or which, in a variety of ways, have an impact on the company's strategy and goal achievement. The stakeholder groups considered include: Employees, customers, investors, governments, suppliers and partners, market influencers (think tanks), and media/public opinion. Key sustainability topics that were highlighted through the materiality assessment are summarized in in the illustration below.



OUR APPROACH

3. Materiality

Insights from the materiality assessment serve to guide our strategic prioritization of sustainability efforts and resources at TOMRA. As shown on page 13, we have outlined five strategic pillars for action, directly linked to our most material issues. This is where we now plan and execute targeted actions to continuously improve our sustainability impact. We are in a process to establish specific targets and sustainability impact KPIs for each of the five pillars and expect to announce new targets for TOMRA Group and the updated sustainability strategy in 2022.



TOMRA's Commitment to the UN Sustainable Development Goals

TOMRA is fully committed to delivering on the UN Sustainable Development Goals (SDGs). As "leaders of the Resource Revolution," sustainable development is at the core of our business model and strategy. TOMRA is a solutions provider in the necessary transition to a resource-efficient, low-carbon economy. With increasing demand for sustainable products and solutions there are opportunities for us to deliver significant positive impacts across several of the SDGs. An assessment of our activities reveals one SDG in particular where our contribution delivers the most impact: SDG 12 - **Responsible consumption and production**.

Other SDGs where TOMRA delivers positive impact through our products and services include:

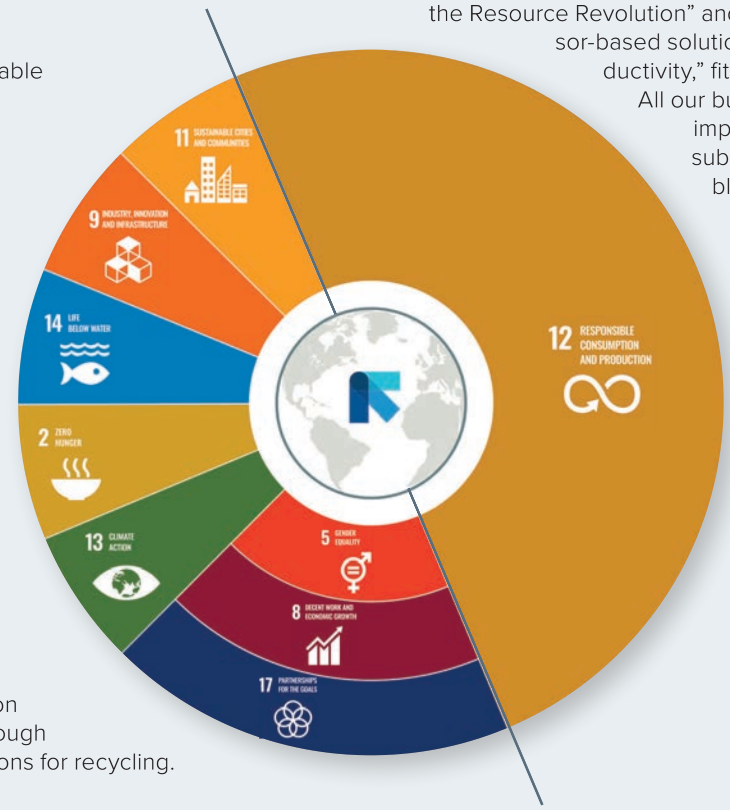
SDG 11:
Sorting solutions for sustainable waste management.

SDG 9:
Technology innovations for resource productivity.

SDG 14:
Turning off the tap on land forplastic pollution through collection systems and closed loop recycling.

SDG 2:
Food sorting solutions that increase agricultural yield and reduce food loss along production and supply chains.

SDG 13:
Avoiding carbon emissions from both material production and waste management through collection and sorting solutions for recycling.



SDG 12 – Sustainable consumption and production – aims at "doing more and better with less." TOMRA's vision of "leading the Resource Revolution" and our mission "to create sensor-based solutions for optimal resource productivity," fit squarely within this agenda. All our business units deliver positive impact on several of the SDG 12 sub-targets, including: Sustainably manage natural resources; reduce food waste and food loss; prevent and reduce waste through recycling and reuse; partnerships and education for sustainable development and lifestyles in harmony with nature.

SDGs 5, 8 and 17:
are supporting, crosscutting goals where we strive to have a positive impact through the way that we work. At TOMRA, we consider delivering on these SDGs as part of our "license to operate."

TOMRA's Sustainability Commitments

To further define our responsibility in managing sustainability, we have formulated three overarching commitments, to ensure and inspire sustainability in our solutions, operations, and relationships. We have a strong value-driven culture at TOMRA, and these high-level commitments function as a compass, describing our sustainability values, both within TOMRA and for the world around us. The following sections of this report are structured around each of these three commitments, and present information about relevant sustainability topics in this context.

Sustainable solutions

TOMRA creates lasting environment and social value trough our products and services, driving optimal resource productivity in the sectors that we serve.

Sustainable operations

TOMRA operates responsibly to minimize any negative sustainability impacts, and internalize social and environmental considerations in the way that we do business.

Sustainable relationships

TOMRA operates with integrity and fairness to be an employer of choice and a trusted business partner, inspiring sustainability in all our relations.

OUR SOLUTIONS

The common denominator for all TOMRA products is that they enable better resource productivity, i.e. improving the value and use of the resources that are extracted from our planet.

TOMRA's sensor-based solutions for collection and sorting of materials can help address the negative consequences of global challenges like resource scarcity and depletion, unsustainable consumption, food security, climate change and waste in nature. TOMRA is committed to maximizing the positive social and environmental impact and sustainable value creation that we can deliver and enable through our solutions. Furthermore, TOMRA has a clear vision for building a circular economy to help industry transition towards circular business models with high reuse and recycling rates.

TOMRA's Circular Economy initiative, established in 2019, is devoted to exploring and developing circular business models in collaboration with manufacturers and brand owners. Expanding on the applications and the material streams our solutions can optimize, these are important efforts to deliver lasting environmental and social value. True circularity, however, requires requires collaboration across value chains. Our solutions alone are not enough to realize the circular economy, which is why we also engage in industry collaboration and partnerships that foster innovation and thought leadership.

Resource productivity

At TOMRA, our missions is to transform how we all obtain, use and reuse the planet's resources to enable a world without waste. Optimal resource productivity is a key lever across industries for reducing adverse environmental impacts, wasting less, and adds value creation. Each of TOMRA's main divisions add significant value towards resource productivity with their key products and services contributing in different ways.

TOMRA Collection ensures efficient collection of beverage containers for Clean Loop Recycling and reuse, so they can be continually recycled back into new beverage containers. Kept in a closed loop, this helps reduce the impact of litter in our streets, oceans, and landfills. We collected approximately 42 billion containers last year, and the long-term ambition is to collect 500 billion used beverage containers for recycling every year.

TOMRA Food sorts and processes both fresh and processed food, improving quality, yield, safety, and efficiency, while significantly reducing food waste at the production stage with integrated post-harvest solutions for the food industry. The strategic resource and the strategic resource productivity target for TOMRA's Food solutions is to enable a post-harvest food loss reduction of 50% by 2030.

TOMRA Recycling and Mining sorting technology for recycling enables recovery of valuable materials by extracting higher-purity fractions from waste streams, to maximize both yields and profits. In 2021, as an important enabler transitioning towards a circular economy, TOMRA Recycling introduced new applications and facilities to recover even more resources such as the use of deep learning technology for wood sorting and the opening of a new flake sorting test center in Italy. The strategic target for TOMRA Recycling is, by 2030, to enable a global rate of plastic packaging collected for recycling to reach 40% and 30% closed loop recycling.

Within the mining industry, TOMRA Mining sorting technology helps maximize recovery and minimize the ecological footprint of mining operations. This is achieved by separating valuable mineral ores from waste rock, while reducing water and energy consumption. Our TOMRA Mining solutions ensures efficient and sustainable processing of natural resources, extending the life of mine operations by 30-50%, reducing up to 3-4m^3 water per ton ore, and reducing energy consumption by up to 50%.

Enabling positive climate impact

The urgent need for transitioning towards a resource-efficient, low-carbon economy opens new business opportunities for TOMRA. Environmental policy intended to increase recycling and reduce waste can be a catalyst for growth and for product innovation at TOMRA.

Through both our Collection and Recycling solutions, TOMRA products enable the avoidance of greenhouse gas emissions. When more materials like plastics or metals are recycled, it significantly reduces their embedded carbon intensity, both at production stage (less virgin/raw material input) and in waste management (diverted from landfill or incineration). In 2021, the avoided carbon emissions from TOMRA products in use by customers was close to 19.5 million tonnes of CO2 equivalents, equal to about almost 40% of Norway's greenhouse gas emissions in 2020.

Circular Economy

There are many critical steps needed to achieve global climate targets and to operate within our planetary boundaries. One such step is to build an economy where resources are kept in circulation for as long as possible, then fed back into the system through collection, sorting, and recycling.

During the past year, TOMRA set out to do just that with pivotal projects such as the launch of the advanced mechanical recycling demo plant in Lahnstein, Germany, which processes both rigid and flexible plastic waste from households. Trials were carried out in partnership with

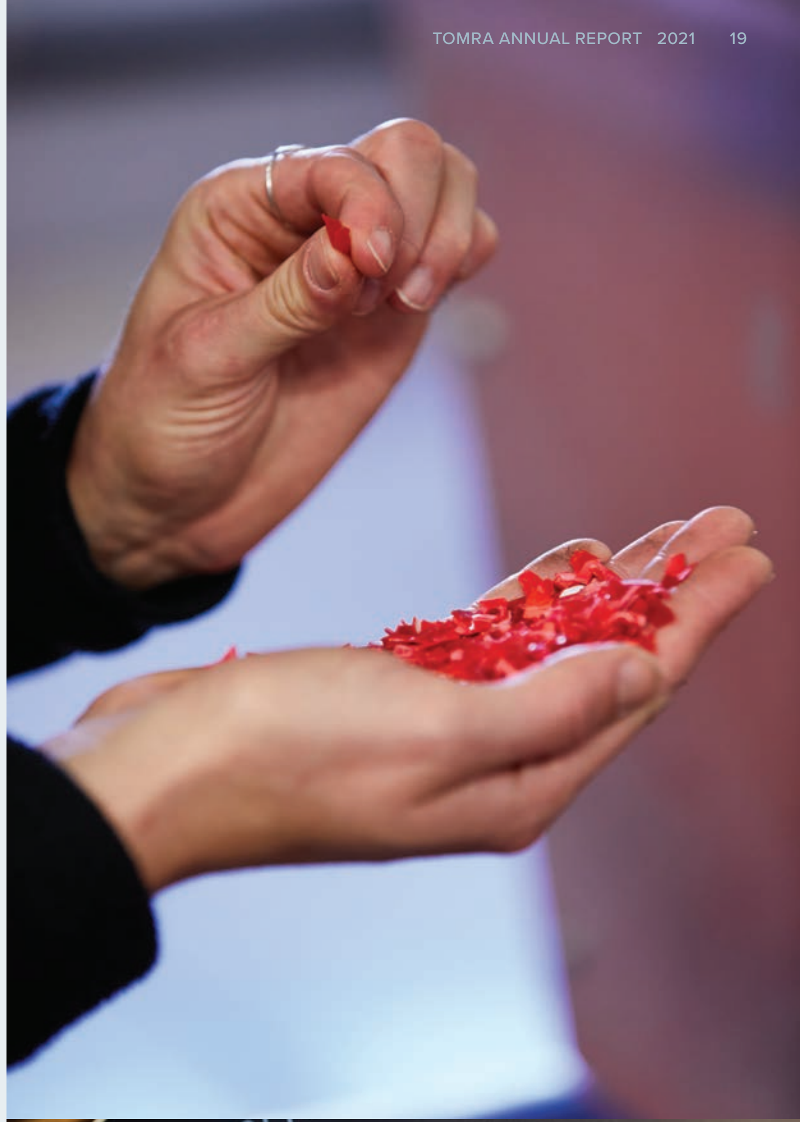
Styrenics Circular Solutions (SCS), which is a value chain initiative to increase the circularity of styrenic polymers. These trials were performed to demonstrate the full recyclability of High-Impact Polystyrene (HIPS), which is an integral part of achieving sufficient standard for food contact material. As it stands, SCS has filed an application for EU authorization of mechanically recycled polystyrene (rPS) as food contact material.

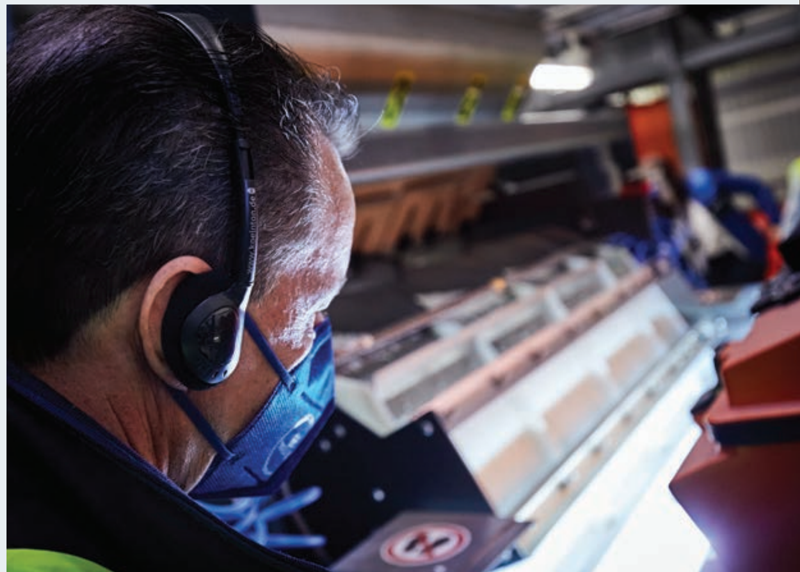
We also hosted a TOMRA Talks conference in October 2021, which featured a dynamic roster of industry experts from around the world, gathered to share knowledge and discuss the various ways in which to successfully close the loop on plastic. To help achieve this goal, the division also launched two white papers (Holistic Resource Systems and The Ultimate Guide to Mixed Waste Sorting) and a podcast (TOMRA Talks Circular). These new thought leadership channels have helped to solidify TOMRA's position as a go-to collaborator and strategic partner for business, authorities, and NGOs, and a key driver in the transformation to a circular economy.

Partnerships

TOMRA Food became a member of the World Business Council for Sustainable Development (WBCSD) in November 2020. The WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. TOMRA Food is an active member of the Global Agribusiness Action for Equitable Livelihoods project, which brings together companies across the food and agribusiness value chain to generate business value and social impact. In 2021, TOMRA Food focused its efforts on inclusive innovation and technology that addresses hotspots of post-harvest food loss.

TOMRA has also solidified its strategic partnership with the Alliance to End Plastic Waste (AEPW). We joined AEPW in 2019 and continue to contribute as an active member of the executive committee.





OUR OPERATIONS

TOMRA is committed to operating responsibly to minimize any negative ESG impacts, internalizing social and environmental considerations in the way we do business. We firmly believe that we have a responsibility and an opportunity to look internally at ways to optimize the sustainability of our core business operations, as reflected in three of our five strategic sustainability pillars.

Important parts of managing sustainability from the internal perspective, in our own operations, are described in this chapter. This work includes renewed emphasis on dialogue with our network of suppliers to further integrate sustainability considerations in supply chain governance, continuing efforts to reduce our operational carbon footprint, and embedding more sophisticated sustainability principles into our product development processes.

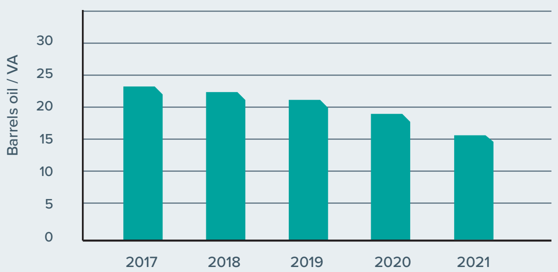
Climate impact

Climate change is one of the defining issues of the 21st century, affecting companies across all sectors. If, as a global community, we are going to have any chance of reaching the targets set forth in the Paris Agreement, all companies must decarbonize over the coming decades, irrespective of what sector they are in. At TOMRA, we have been working in 2021 to develop our own road map towards Net Zero emissions and set specific emission reduction targets. These will be launched together with our updated sustainability strategy in 2022. Climate impact is indeed one of our strategic sustainability pillars, with the ambition to increase the positive climate impact of our technologies in use, and reduce operational emissions in line with efforts needed to achieve the global target of well-below 2 °C warming, pursuing 1.5 °C.

The impacts of climate change on business materialize not only as physical climate risks (damages related to extreme weather and climate events), but also as transition risk (regulatory and market changes) and liability risk (legal responsibility towards those who are adversely affected by climate change). As any global company, TOMRA is exposed to some level of physical risk in terms of severe climate events that could damage business facilities or disrupt supply chains, or risk of drought and chronic heatwaves that could regionally affect agricultural viability and as such have impact on the customer base for TOMRA Food. The general level of climate risk for TOMRA (both physical, transition, and liability) is, however, considered relatively low.

TOMRA's greenhouse gas account for 2021 shows a 7% reduction in total direct emissions from 2020. While Scope 1 emissions remained largely stable, Scope 2 emissions went down by 9% with small reductions at many of our reporting units and a larger reduction in TOMRA Collection North America, where several Redemption Centers were closed in 2021.

Energy consumption per unit of value added



We also saw a continued decline in emissions from business travel – a trend significantly influenced by the Covid 19 pandemic. In parallel, the eco-intensity of TOMRA's operations, i.e. emissions divided by value added to society, shows a 16% percent reduction from 2020, meaning more value is created with less negative impact.

Sustainable Product Design

Highlighted as one of our strategic action pillars, sustainable product design is a priority issue on TOMRA's sustainability agenda. The new ambition formulated in 2021 for this strategic pillar is that TOMRA will work to optimize the environmental impact of our products across their lifecycle, and innovate to improve product circularity. The objective is to embed sustainability requirements in product design and development processes in order to manage and reduce any negative environmental impacts from TOMRA products across their lifecycle. Targets and KPIs for this ambition will be launched together with our sustainability strategy update in 2022.

Pending targets and KPIs, this ambition has been a catalyst for change management, spurring evaluation of product development processes, governance frameworks and capacity building at TOMRA. Cross-divisional collaboration is important in approaching this topic, to harmonize implementation in product development and management that spans geographies and product categories. Interdisciplinary teams in each division have been established, and have begun work to identify and analyze opportunities.

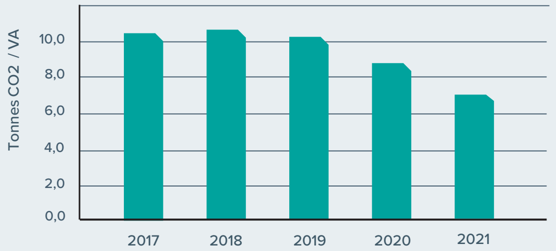
A Group-wide project to conduct Life Cycle Assessments of our key product types in each division is planned for execution in 2022. The purpose is to measure, analyze and evaluate the environmental footprint of core products. This will give valuable insights on emissions along the value chain of complex products throughout their lifecycle. Increased understanding of product environmental footprint will enable TOMRA to effectively implement actions, evaluate environmental consequences of design adjustments, and to measure progress.

Contributing to TOMRA's holistic approach to product sustainability, TOMRA Collection launched a series of pilot projects to test and evaluate various avenues of reducing the negative environmental impact of our technology, ranging from reduced and plastic-free packaging options to machine components produced from recycled plastics. Read more about these pilots in the case study section.

Supply Chain Sustainability

Another area of priority in our sustainability strategy is supply chain sustainability. Continuing work from the past years on integrating ESG considerations into our supply chain management, in 2021 we formulated a new ambition with subsequent KPIs and targets that will be launched together with our sustainability strategy update in 2022. The new ambition set for this strategic pillar is that TOMRA will only work with suppliers that can document efforts to safeguard fair and safe working conditions, human rights, and environmental protection.

Greenhouse gas emissions from operations per unit of value added



SUSTAINABLE PRODUCT DESIGN PILOT PROJECTS

Transforming products into ones that are more sustainable is a complex challenge. Although key principles on production, use of product, and end of life applies to most product development processes, achieving positive impact on the environmental footprint depends on the product and its lifecycle.

In January 2021, TOMRA Collection launched a series of pilot projects to further advance the holistic sustainability of reverse vending machines (RVMs). Pending the results of the Life Cycle Assessment to be completed in 2022, the project groups began by identifying aspects of production and development that could be addressed without delay. The groups considered topics such as material input, design criteria and energy consumption. More specifically, these included reviewing packaging requirements for suppliers, testing the potential for reducing the overall amount of packaging, as well as reducing the share of plastic materials. Furthermore, use of recycled content in select plastic components was investigated, leveraging our supply network to explore available options. Energy consumption in use and lifetime-extending loops for parts that need repair were also identified as key levers to improve product sustainability.

Aligned with ongoing processes to embed sustainability criteria into our core operations, these are initiatives we will build on in 2022.

TOMRA Group's Business Principles for Suppliers and Partners includes clear expectations towards suppliers on sustainability matters, including fair and safe working conditions, human rights, compliance, and environmental protection. All TOMRA divisions also include some level of sustainability criteria in their supplier evaluation/qualification processes and ongoing supplier engagement. This is an area where TOMRA, going forward, will work to harmonize efforts across Group and set clear targets on supplier screening and engagement.

This year, in TOMRA Collection, we have piloted a new Supplier Self-Assessment questionnaire designed to capture important sustainability considerations and engage with suppliers on these topics. The questionnaire was shared with all strategic suppliers during the fall of 2021 and feedback was received by the end of November. Further iterations and refinements included workshops on data management, criteria of evaluation, and process of collecting data. In 2022, we will continue to integrate the feedback we received from our network of suppliers into our supply chain management and engagement practices.

TOMRA Food and TOMRA Recycling has an established practice of evaluating important sustainability considerations in supplier self-assessments during early stages of procurement process. In addition to conducting due diligence on the supplier entity, audits are conducted prior to engaging with potential suppliers and selected entities are made part of annual audit plans. For both TOMRA Food and Recycling, the General Terms & Conditions attached with all purchase orders and global framework agreements include sustainability provisions. These measures, combined with internal management procedures, awarded our Production site in Slovakia (for both the Food and Recycling divisions) an EcoVadis Gold Medal rating in recognition of quality in sustainability management.

Management Systems

TOMRA recognizes the importance and advantages of certifying to international standards. Standards are a key element of our quality and environmental management systems and help us manage risk and opportunities in a systematic way. Our certifications improve our ability to match our customers' needs and expectations, and to set clear goals and targets for quality and environmental aspects in our operations.

TOMRA's quality and environmental management systems are based on the international management systems standards ISO 9001:2015 and ISO 14001:2015. TOMRA was first certified according to ISO 9001 in 1994, following with ISO 14001 in 1999. Today, our primary R&D and production units have all been certified according to ISO 9001. Together, these account for more than 80% of our operations. The R&D and production sites in Poland, Germany, and Norway are also ISO 14001 certified. Furthermore, we will be working in 2022 to certify according to ISO 27001:2013 on Information Security Management Systems, starting with the TOMRA head office in Asker, Norway.

OUR RELATIONSHIPS

TOMRA has a value-driven company culture, and we strive to provide learning programs and information to employees and business partners that support our expectations of fair and ethical behavior from all. Compliance and governance are important drivers of transparency, continued improvement, and enabling all TOMRA employees to conduct their work according to the highest standards. Our success as a company depends on the commitment, engagement, and skills of our most valuable resource: our people. Fostering growth and showing care have been important guides for our approach in 2021.

The global pandemic continued to determine conditions for how we work, leading us to implement new principles for a hybrid work model. Health and safety is a top priority, and at TOMRA we care for our people in a way that never compromises on safety and wellness. Nurturing the drive, passion, and development of our people is an area of investment and growth for TOMRA. We are committed to being the place where diverse Resource Revolutionaries thrive.

Compliance

The foundations for doing business

TOMRA's culture is based on ethical behaviour and expects all staff and partners to act according to the same standards of conduct. We have, since 2019, been undertaking efforts to advance our Compliance Program. Over the course of the past year, we have made strides towards improvement along several axes. These include increasing accessibility of the Code of Conduct by making it available in local languages, now translated into 15 different languages. In addition, we have delivered Compliance face-to-face training and engagement sessions across our business operations. Furthermore, we engage to increase awareness of compliance through mandatory training for all employees.

Improvements made in 2021 on the governance of compliance include engraining Integrity Due Diligence procedures for all new customers, suppliers, and partners into business processes. We have also introduced new and updated key policies and procedures such as Competition Law, Conflict of Interest, and Donation & Sponsorship Procedures, setting the Group standards and premises.

As per end 2021, 95% of all TOMRA staff have completed training on Code of Conduct through an e-learning course, and four new e-learning courses have been introduced: Anti-Bribery & Corruption, Competition Law & Antitrust, Confidential Information & IP, and Anti-Money Laundering. Two additional courses will be implemented during the first quarter of 2022 based on the policies that have been updated.

Ongoing efforts will continue into 2022 on embedding Compliance clauses as part of standard terms and conditions for all contracts with customers and partners in all TOMRA subsidiaries, which includes references to the Code of Conduct and Business Principles for Suppliers & Partners where relevant. In June 2021, The Norwegian Parliament passed the Transparency Act requiring large and mid-sized companies to conduct human rights and decent work due diligence throughout business relationships in their value chain. TOMRA is covered by the act and is preparing to report on the upcoming obligations by July 1st, 2022, when the Act enters into force.

At TOMRA, we continue to promote openness and transparency in all our activities. All employees and business partners are encouraged to report any violations of TOMRA's Code of Conduct or other policies. Some of the channels for reporting, including ethics@tomra.com, are also available externally and it is possible to remain anonymous.

Health & safety

Safety at the core

Our commitment to health and safety has been elevated and anchored as "non-negotiable" goals. Subsequently, TOMRA reinforced our divisional safety teams to ensure that the necessary capabilities were put in place to follow through on renewed emphasis on health and safety. We call this the TOMRA Safe program, which has been rolled out across divisions with the belief that all accidents are preventable, and to anchor safety as a priority. Looking out for one another is the daily responsibility of all. The system is organized around continuous improvement, allowing us to implement activities and processes to reduce risks and prevent accidents in all business processes. It also develops employee skills and behaviours to build the conditions necessary to achieve our ambition of "Safe People and Safe Place," and our ambition of, ultimately, zero accidents.

In parallel to several corrective actions taken to improve the conditions for TOMRA people at work under "Safe Place," we have ramped up the safety training efforts throughout the organization. In addition to being a core part of our onboarding program for new hires, safety trainings were disseminated to the entire Group to reach employees across all functions and levels. The aim of these trainings is to ensure that a safety mindset is instilled in every employee and to ensure that a safety culture is actively lived and shared.

Furthermore, as part of the TOMRA Safe program, a harmonization of targets and KPIs on safety has been conducted across the Group. These include lagging indicators as well as leading indicators, such as safety walks and safety trainings. Simultaneously, a reporting process has been defined and put in place, focusing on root cause analysis in addition to a higher reporting culture. The number of job-related injuries at TOMRA requiring medical attention beyond basic first aid was 92 in 2021, up from 71 in 2020. TOMRA strives to reduce injury rate, and will continue taking comprehensive preventative actions in 2021. The rise in incidents can also be seen in relation to the heightened awareness and improved reporting culture being implemented across our business through the TOMRA Safe program.

One of the main focus areas in 2021 has been supporting our people to manage the ongoing pandemic. We have been able to maintain safe infrastructures and limit internal spread. We ended the year with 25 active cases reported and 266 recovered for 2021.

Severe accident	0
Lost time incident	64
Non lost time incident	28
First aid	238
Near miss and unsafe situation	339
Recordable injuries (NLTI + LTI)	92

People at TOMRA

Where Resource Revolutionaries thrive

With more than 4600 employees spread in 96 countries, we have the privilege of operating in a diverse and international environment, across a wide range of sectors. Our business exposes us to a multifaceted customer base - ranging from the local farmer to the municipal waste treatment plant, as well as large multinational corporations. Our employees, customers, and partners are driven by a sense of urgency about transforming the way we extract, use, and reuse resources, and share a dedication to preventing resources from going to waste.

For us to successfully bring to life our mission of Leading the Resource Revolution, we at TOMRA are guided by three core values: **Passion**, **Innovation**, and **Responsibility**. Within these values is embedded an attribute that has continued to guide us through 2021 – Caring. Having empathy and showing care for customers and our people alike has been a particular focus as TOMRA, like everyone else, has navigated the challenges and changes brought about by the global pandemic.

We have strived to understand the individual needs of colleagues and emphasized the importance of staying connected during uncertain times. For our people at TOMRA, this translated into staying closely attuned to how colleagues were doing. To this end, we launched a global survey: Be Heard. The results of this survey conveyed a clear message that was well received – we need to do more. Points raised that demand particular attention were linked to improving recognition day to day, encouraging the development of all, and the opportunities available for career development within TOMRA. We will work on these three focus areas in 2022 and measure progress against our ambition.

With TOMRA's 50th anniversary coming up in spring 2022, we will have the opportunity to celebrate our heritage, our people, and our customers. A cause for celebration of our purpose and the people who make what we do possible, there will be communication campaigns across platforms for all friends and stakeholders to partake in celebrating our anniversary.

TOMRA culture

Where passion meets purpose

TOMRA has a value-driven culture, shaping our passionate drive to Leading the Resource Revolution, and our commitment to sustainable value creation for our people, our customers and for the environment in which we operate. We take action to promote a work environment that embraces cultural diversity, inclusiveness, and well-being through our "Safe People" approach.

As a global employer, our shared success depends on the commitment and skill of each of our 4.610 employees, and their ability to thrive and live our values of Innovation, Passion and Responsibility. At TOMRA, we recognize the importance of creating an environment that supports our people's wellbeing and that ensures they get home safely after work every day. Culture-building events have been held and a pilot program for Culture Champions has been launched. These efforts ensure that our culture is understood, embraced, and evolving throughout the world.

Diversity & inclusion[1]

Seeing the value in all

TOMRA is an equal opportunity employer and committed to treating all future and existing employees fairly and with respect. We continue to conduct regular reviews of our processes and capabilities to ensure that we maximize the advantages of a diverse workforce and eliminate any practices that may bring any form of harassment or prejudiced understanding.

In 2021 we have seen many positive initiatives locally to increase TOMRA's ability to welcome all. In our Australian Collection entity, a disability programme has been launched, giving us the opportunity to hire two new Resource Revolutionaries with disabilities to work in our recycling centres. We have partnered with Autism Queensland to increase this number in 2022. Notable also from this year, our Norwegian Research & Development team has been reviewing our RVM configuration to facilitate access and allow individuals with reduced mobility to join the Resource Revolution.

As a distinctly global organization working across 96 countries, bridging cultural differences through increased respect and understanding is critical for our success. In 2021, TOMRA China's People & Organization team launched their Cross Culture Excellence program consisting of a mix of learning and exchange opportunities. This is a first step in a series of programs that seek to foster to foster a culture of curiosity and of learning from each other, to build mutual understanding, and to celebrate the value of many and diverse cultural facets within TOMRA.

1. Documentation of work carried out in relation to the activity duty of employers under the Norwegian Equality and Anti-Discrimination Act can be found on our company website, www.tomra.com.

OUR RELATIONSHIPS

With regards to gender distribution, the share of female employees went up to 22% in 2021. With the appointment of Tove Andersen as CEO, the Executive Leadership Team has evolved to 33% female representation. Gender distribution among all managers at TOMRA (anyone with a direct report) remained stable at 24% female. Improving gender distribution is an important step towards a more diverse organization. To this end, in 2021 we have launched a Women in Leadership development program in TOMRA Food, reaching a global talent pool of 30 women. The program has received unanimously positive feedback and will be extended across TOMRA Group.

In 2021, TOMRA reported a gender wage gap of -8% at Group level, for full time employees on contract. The gap is smaller in both our European operations (-1.9%) and our US operations (1.4%). These regional differences are driven by lower female representation at senior levels in certain geographical regions. TOMRA is committed to equal pay for work of equal value, regardless of personal beliefs or any individual characteristics. Remunerations will vary based on objective factors such as geography, market dynamics, position, performance, and competency levels. In 2021, we have run targeted wage gap analyses for the entire TOMRA Group, and have taken targeted corrective action.

We have proceeded with reviewing systems and practices to maximize advantages of a diverse workforce, with equal opportunities for all. We have harnessed rich and meaningful data and insights from engaging more in-depth with our people through employee engagement surveys, employee check-ins, development conversations, talent reviews, and exit interviews. These data and insights will inform our Diversity, Equity, and Inclusion (DEI) strategy for 2022 and beyond.

In 2022, we will further reinforce our reward and recognition practices to ensure a just and fair process with regards to compensation to further close the present wage gap. Rules will apply regardless of gender, origin, or preferences in order to prohibit any negative discrimination. By investing in education for all our people and running intensive training for our leadership community on what DEI means to TOMRA, we are continuing our journey towards becoming a more diverse, equitable, and inclusive company.

Employee wellness

Activate to motivate

In 2021, employee wellness remained an imperative priority. We ensured all staff members were supported and connected, with initiatives running throughout the year with focus on creative ways to inspire movement and collective effort, all for good causes. At TOMRA Fresh Food, some 555 kilometres of physical activity were logged in November as part of the national "Movember Campaign." These kilometres in turn raised more than 5000 NZD for the campaign focusing on men's physical health and mental well-being.

TOMRA Collection launched their campaign of "TOMRA Walks around the globe" and as a divisional team across geographies, they completed 135,739 kilometres visiting six TOMRA offices on their way.

Recruiting & onboarding

Welcoming new perspectives

TOMRA has remained focused on attracting and retaining Resource Revolutionaries across the world for the unique perspectives and personalities that they bring. We had the pleasure of welcoming almost 800 new colleagues to TOMRA in 2021. To accommodate for growth and geographical expansion of our business in line with our commitment to our value-driven culture, it is important that we are able to effectively onboard new hires with a warm welcome and the right tools to succeed. We have reinforced our ability to do so through a range of improvements that apply to local practices. Across the Group, we released an e-learning course called Discover TOMRA to provide a shared core understanding of TOMRA to all newcomers, covering our values, safety mindset, history, core business areas, and Code of Conduct.

In addition, we have also invested in building an improved candidate experience by implementing a new applicant tracking system, TOMRA Recruit. We acknowledge that each candidate is a potential future customer or colleague, and we strive to ensure that all are treated equally, valued, and respected. This system and the reviewed hiring processes of 2021 will support our broader recruiting strategy of engaging with a diverse pool of talent, attracting the best candidates, and contributing to company success by securing the right people at the right time and in the right role – all elements that are critical for our continued growth.

Driving local sustainability impact in our backyards

At the TOMRA Collection office in Apeldoorn, The Netherlands, the definition of 'community' also extends to neighbors who fly or crawl in the grass.

Urban farming adds and preserves green spaces in cities, providing places to come together and connecting people closer to their food sources. It's also beneficial for insects, including pollinating bees. In Apeldoorn, a TOMRA orchard is planted in a previously unused area of grass on the site of the office building. This orchard is a win-win for the TOMRA people and the insects in the area. The staff have a nice space for a walk or to enjoy their lunch outside, and the orchard also produces fresh fruit, served in the cafeteria when in season. The orchard also benefits TOMRA's tiny neighbors buzzing around the space – providing insects with plenty of food, shelter, and flowers to pollinate.

To stimulate biodiversity, different kinds of apples, pears, plums, and nut trees were planted - all species that thrive in the Dutch climate. Flower seeds have also been scattered around this grass lot, which will produce flowers in the spring of 2022.

To make the orchard extra appealing to the insects, two insect hotels were placed on the site, in addition to those that were previously installed in other locations around the office. Research has indicated that in certain protected areas, 75% of flying insects have disappeared over the past 30 years. Global data suggests variations geographically, but there is consensus that globally, insects are increasingly struggling under loss of habitat and climate change related impacts.

Pursuing the philosophy of letting sustainability touch all areas of TOMRA in a quite literal way, the office roof also showed potential. Solar panels have previously been installed to generate renewable energy locally. In addition, some space was turned into a rooftop garden, which provides better insulation from the soil and plants, a more stable indoor climate, and a more vibrant space for people to use. After the success of the insect hotels, it seemed bumblebee burrows would be a perfect addition.

The roof has been a great space for birds and insects since 2020, and in the spring of 2021 the first birds were nesting right on top of the building. Wanting to give local insect populations a helping hand, the Dutch TOMRA Collection office now have in total six insect hotels in place around their building. All insect hotels were buzzing last season with an occupation of bees, butterflies, and ladybugs.

OUR RELATIONSHIPS

Talent & development

Investing in a learning mindset

Just as TOMRA, as a business, must understand what our customers need in order to make products that are relevant and have impact, managers must understand what their individual team members need in order to create the best conditions for learning and personal growth.

In 2021, we have strengthened our talent review and succession management process across the organization. A total of 30% of employees were included in an annual talent review, assessing potential and performance. This review provided a deeper understanding of our employees' development needs, and how to fast track their growth. Insights from these discussions were used to develop individual development plans. Beyond 2021, we will continue to increase the coverage of this process, working towards the goal that all employees will eventually be offered individual follow-up and development plans - to ensure that our people grow their capabilities and skills as TOMRA grows.

Our e-learning platform, TOMRA Learn, continued to be a cornerstone of our learning efforts in 2021, seeing an increase of 26% of courses followed, totalling 35,924 courses. The top four topics, representing 50% of trainings completed, were Compliance, Safety, Discover TOMRA, and Change Management. Our Change Management course was developed in 2021 by TOMRA Food to support a significant transformation project, intended to eventually extend to the whole TOMRA Group.

In addition to these interactive courses, our operations around the world conduct a series of regional and local training activities. These include mandatory trainings on HESQ, leadership development, equal opportunity and inclusion, supplemented with activities as per specific local or regional needs.

Employee engagement

Connecting the heart and the purpose

2021 continued to underscore the importance of balancing the well-being of our people with a healthy business performance. To this end, we introduced our Global Hybrid Working Principles, supporting flexible work arrangements while emphasizing the importance of personal interaction to foster teamwork, engagement, and innovation.
These principles were well received in the organization, strengthening a culture built on trust – by encouraging team members to discuss openly, share new ideas, voice concerns, and shape the future of our workplace together. Employee engagement is one of our core priorities and we continue investing in our people and their individual career paths.

Employee turnover was just above 12% in 2021 at group level. TOMRA continues to focus on attracting and retaining employees.

Community engagement

TOMRA's Resource Revolutionaries around the world were also this year engaging with their local communities to inspire and drive positive sustainability impact. Many initiatives supporting a range of issues were carried out by local TOMRA entities, sharing results and enthusiasm across Group to further inspire more engagement.

Cleaning up nature

Mobilizing the full force of the TOMRA Group, we also this year participated in a global clean-up effort, where employees from around the world took to their local communities to pick up litter throughout the month of September. The campaign was organized in a way that allowed employees three methods to participate, accommodating for potential variations of pandemic precautions: either by joining as an individual in their spare time, joining a company organized event during work hours, or creating their own event in their local community, such as at their child's school.

Although it's clear that clean-ups are necessary for creating action, awareness, and serve an educational purpose, TOMRA is working towards a world where resources will not be wasted, and clean-ups are no longer required.

Lending a helping hand

Responsibility is one of our core values at TOMRA.
TOMRA Food is donating to Action Against Hunger and contributing to increasing the availability of food to those who are impacted by food shortages, while at the same time raising awareness with information campaigns.
In TOMRA Mining, responsibility has translated into projects big and small around the world. One such project involves the Sicambeni Junior Secondary School in South Africa, the home of TOMRA Mining's regional headquarters. The team in Johannesburg became aware that this rural school was in need of support and decided to take action. The school buildings were in a bad state and conditions for the students were far from ideal. Last year, our colleagues started a four year project to improve the buildings and give the children a suitable place to study.

The office in Johannesburg donated funds for the renovation and selected small local contractors to carry out the works. Since the start of the project in 2020, they have now completed the installation of new doors, windows, and a new roof, in addition to making improvements in the classrooms to provide a functional environment for the students to study. The project will continue for two more years, and the plan for upgrades include ceilings for the classrooms and, most importantly, sanitation and clean drinking water. This way, we can support Sicambeni School with realizing their dream of becoming a great place to learn.

[1]Excluding hourly redemption centers and seasonal workers

TOMRA ENVIRONMENTAL REPORT 2021

1. CLIMATE CHANGE ACCOUNT

CARBON DIOXIDE EMISSIONS FROM OPERATIONS

TONNES CARBON DIOXIDE		2021	2020
Emission from stationary sources	(Scope 1)	**700**	**500**
Heating oil		0	0
Natural gas		500	300*
Propane		200	200*
Emission from purchased grid electricity	(Scope 2)	**6 100**	**6 700**
Norway		0	0
Other Europe		900	900
North America		2 900	3 300
Rest of World		2 300	2 500
Emission from transportation		**23 200**	**25 200**
Petrol vehicles	(Scope 1)	4 300	3 700
Diesel vehicles	(Scope 1)	11 800	12 600
CNG vehicles	(Scope 1)	500	600*
Employee-owned vehicles	(Scope 3)	2 900	1 100
Air travel	(Scope 3)	3 700	7 200
Total direct emissions (tonnes CO2)		**30 000**	**32 400**
Emission from products during use-phase	(Scope 3)	**79 100**	**75 500**
RVMs owned and operated by TOMRA and customers		68 200	65 600
Sorters owned by customers		10 900	9 900
Total direct and indirect emissions		**109 000**	**108 000**

AVOIDED CARBON DIOXIDE EMISSIONS THROUGH PRODUCT USE

TONNES CARBON DIOXIDE	2021	2020
Beverage container collection through RVMs [1]	**3 632 000**	**3 632 000**
Plastic bottles	1 272 000	1 272 000
Glass bottles	319 000	319 000
Aluminium cans	2001 000	2001 000
Steel cans	40 000	40 000
Packaging material transport and handling [2]	**911 500**	**671 500**
Glass bottles	70 000	70 000
Aluminium cans	740 000	520 000
Plastic bottles, PET	100 000	80 000
Plastic bottles, HDPE	200	200
Cardboard and fiber	1 300	1 300
Material sorted for recycling from mixed sources [3]	**14 900 000**	**13 740 000**
Glass	130 000	120 000
Aluminium	5 950 000	5 510 000
PET	3 670 000	3 330 000
HDPE	630 000	580 000
Fiber	360 000	330 000
Non-ferrous metal	1 540 000	1 440 000
Other	2 620 000	2 430 000
Total emission avoidance	**19 440 000**	**18 040 000**
Net carbon dioxide emission/(avoidance)	**(19 300 000)**	**(17 900 000)**

2. ENERGY CONSUMPTION

ENERGY USED IN MANUFACTURING, SALES, SERVICE AND OPERATIONAL PROCESSES

BARRELS OIL EQUIVALENT		2021	2020
Energy consumption, stationary sources	(Scope 1)	**2 100**	**1 800**
Heating oil		0	0
Natural gas		1 600	1 100*
Propane		500	700*
Energy consumption, purchased grid electricity	(Scope 2)	**12 400**	**12 600**
Norway		2 400	2 200
Other Europe		1 800	1 800
North America		5 700	5 900
Rest of World		2 500	2 700
Energy consumption, transportation		**51 700**	**54 800**
Petrol vehicles	(Scope 1)	10 500	8 900
Diesel vehicles	(Scope 1)	27 600	29 200
CNG vehicles	(Scope 1)	1 700	1 800*
Employee-owned vehicles	(Scope 3)	5 400	2 000
Air travel	(Scope 3)	6 500	12 900
Total direct energy consumption		**66 200**	**69 200**
Energy consumption, products during use-phase	(Scope 3)	**94 700**	**90 500**
RVMs owned and operated by TOMRA and customers		81 600	78 600
Sorters owned by customers		13 100	11 900
Total direct and indirect energy consumption		**160 900**	**159 700**

3. WASTE GENERATION

WASTE FROM MANUFACTURING, SALES, SERVICE AND OPERATIONS

TONNES WASTE	2021	2020
Waste generation [4]	**3 090**	**2 140**
Paper	220	160
Plastics, recycled	1 300	820
Wood, recycled	230	150
Electric and electronic waste, recycled	140	20
Metal scrap, recycled	660	620
Hazardous waste, recycled	0	0
Glass, recycled	130	10
Unsorted	410	360

4. WATER CONSUMPTION

WATER USED BY MANUFACTURING, SALES, SERVICE AND OPERATIONS

CUBIC METRES WATER	2021	2020
Water consumed [5]	**21 400**	**14 300**
Norway	2 600	1 700
Other Europe	10 300	6 900
North America	4 400	3 000
Rest of World	4 100	2 700

Scope 1: All direct GHG emissions
Scope 2: Indirect GHG emissions from purchased electricity, heat or steam
Scope 3: Other indirect emissions from sources not within scope 1 and Scope 2 boundary

NOTES

Emissions have been calculated using the GHG Protocol calculation tools (www.ghgprotocol.org). Calculations are based on actual and estimated consumption.

Data fields marked with an asterisk (*) have been restated from the Annual Report 2020 due to erroneous categorization of Scope 1 emissions from one of the reporting units. In relation to this, transportation emissions data reported in 2020 as 'LNG vehicles' have been restated as 'CNG vehicles', with the application of corresponding fuel emission factors.

The provision of information on carbon dioxide emission avoidance is illustrative only, and intended solely as an aid to illustrate the benefit to society generated by TOMRA Group installations in use by its customers. The above information does not constitute a full Life Cycle Analysis. The methodology and assumptions used in calculating carbon dioxide avoidance are available upon request.

1. Beverage container collection through RVMs, TOMRA Collection (Reverse Vending)
Calculated carbon dioxide savings based on the total number of beverage containers collected through TOMRA's 81.000 RVM installations; more than 42 billion units annually. All glass beverage containers are assumed to be non-refillable, giving significantly lower assumed weight. Split between packaging types is based on beverage consumption data and TOMRA estimates. The full benefit of collecting and recycling the beverage containers into new material, versus landfill, is included in the calculation. Note that the numbers for 2021 and 2020 are the same given same input data (42 billion beverage containers collected)

2. Packaging material transport and handling, TOMRA Collection (Material Handling)
Carbon dioxide savings based on the tonnage of beverage container material transported and handled by TOMRA in USA, Canada and Australia. The full benefit of collecting and recycling beverage containers into new material, as opposed to landfill, is included in the calculation, meaning that some of the saving is also included under 'Beverage container collection through RVMs'.

3. Material sorted for recycling from mixed sources, TOMRA Sorting (Recycling)
Estimated material throughput in TOMRA Recycling installations is used in the calculation of avoided carbon dioxide emissions. The full benefit of sorting materials and recycling into new is included in the calculation.

4. Wate Generation
Data excludes material collected from recycling centers.

5. Water consumption
Includes estimates for locations where data is unavailable.

CORPORATE GOVERNANCE REPORT

IMPLEMENTATION AND REPORTING OF CORPORATE GOVERNANCE

At TOMRA, corporate governance is defined as the processes and control features that have been established to protect the interests of TOMRA's shareholders and other stakeholders such as employees, suppliers, and customers.

TOMRA's Corporate Governance Policy has been approved by the Board of Directors and is available on TOMRA's corporate website (www.tomra.com). The Board of Directors has decided that TOMRA will comply with the Norwegian Code of Practice for Corporate Governance. As a result, this section is structured in the same way as the Code of Practice (which is available on www.nues.no). The only known deviation from the Code is described under "General Meetings" below.

Our values are described in the corporate vision, mission, core values and policies, which can be found on the TOMRA website. We aim to lead the resource revolution, enabling better utilization of the world's natural resources, and we are committed to doing business ethically and with zero tolerance for corruption. To support these aims, we have developed and implemented a Code of Conduct and Corporate Responsibility Statement. These and further information on our sustainability strategy can be found on the TOMRA website.

BUSINESS DESCRIPTION

TOMRA is a leading global provider of sensor-based solutions for optimal resource productivity within the business streams of reverse vending, material recovery, recycling, mining, and food. The Directors' Report describes the Group's activities in more detail, including goals and main strategies, and the market is kept informed through investor presentations in connection with the quarterly reports and other events.

EQUITY AND DIVIDENDS

As of 31 December 2021, Group equity totaled NOK 6,164 million, up NOK 573 million from last year. The equity percent was 53 percent. Our policy is to distribute between 40 to 60 percent of the Group's earnings per share as dividend. When deciding the annual dividend level, the Board takes into consideration expected cash flows, capital expenditure plans, financing requirements and the need for appropriate financial flexibility. For 2020, an ordinary dividend of NOK 3.00 was paid out per share. For 2021, the Board has proposed an ordinary dividend of NOK 3.30 per share and an extraordinary dividend of NOK 2.70 per share.

The Board's authorizations to increase share capital and to buy back shares are limited to specific purposes and are granted for a period no longer than the next general meeting. The authorization is given by the Annual General Meeting. At the 2021 Annual General Meeting, the Board was granted the right to acquire and dispose of up to 0.5 million treasury shares, for the purpose of fulfilling the employee share purchase program. In addition, the Board was granted the right to issue up to 14.8 million shares in connection with any mergers and acquisitions.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

TOMRA has only one class of shares and each share entitles the holder to one vote. All transactions in own shares are performed on the market at market price, in accordance with good stock exchange practice in Norway. Related party transactions are covered by TOMRA's Code of Conduct, which also applies to Board members. Any member of the Board or Group management should immediately notify the relevant person if a potential conflict of interest occurs. There were no material transactions between the company and related parties that required a third-party evaluation during 2021.

FREELY TRADED SHARES

The shares of TOMRA Systems ASA are listed on the Oslo Stock Exchange and are freely negotiable.

GENERAL MEETINGS

In accordance with TOMRA's Articles of Association, the Annual General Meeting shall be held no later than the end of June each year, with at least 21 days written notice given to each shareholder. The 2021 General Meeting was held on the 4th of May.

The Norwegian Code of Practice for Corporate Governance also recommends that appropriate arrangements are made for the annual general meeting to vote separately on each candidate nominated for election to the company's corporate bodies. The Nomination Committee and the Board have decided (in line with most Norwegian companies) not to follow this recommendation, as the composition of these bodies is meant to cover an appropriate range of skills and backgrounds, and a separate election of each member could interfere with this intention. In addition, according to Norwegian law, the Board must comprise of at least 40% female directors.

NOMINATION COMMITTEE

The Nomination Committee consists of three members elected for one year at a time by the General Meeting, as required by the Articles of Association. The charter for the Nomination Committee was last approved by the General Meeting in April 2011. The membership of the committee and details of how to submit proposals for new board members are available on the TOMRA website.

BOARD OF DIRECTORS

The TOMRA Board is composed of five shareholder-elected, and two employee-elected, directors (who are not part of senior management). The shareholder elected directors are proposed by the Nomination Committee based on a number of criteria to ensure a broad range of abilities and experience. The shareholder elected directors are ultimately selected by the shareholders. All the five shareholder elected directors are independent. Jan Svensson has previously been CEO of Latour, TOMRA's largest shareholder, but resigned from this position in September 2019. The Board Committees consist of members of TOMRA's Board, chosen by the Board to reflect a balance of abilities and interests. The Board meets at least four times a year. In 2021, seven board meetings were held, of which one was a physical meeting and six by Microsoft Teams, and the attendance at the meetings was 100 percent. Instructions for the Board and charters for each of the Board committees have been prepared and duly approved by the relevant body.

WE AIM TO LEAD THE RESOURCE REVOLUTION, ENABLING BETTER UTILIZATION OF THE WORLD'S NATURAL RESOURCES, AND WE ARE COMMITTED TO DOING BUSINESS ETHICALLY AND WITH ZERO TOLERANCE FOR CORRUPTION

An Audit Committee, a Compensation and Organizational Development Committee and a Corporate Responsibility Committee have been established to assist the Board of Directors in fulfilling its responsibilities. The Audit Committee held four meetings during 2021, and the Corporate Responsibility Committee and the Compensation and Organizational Development Committee both met twice during the year.

RISK MANAGEMENT AND INTERNAL CONTROL

Internal Control Environment and Risk Management Systems

The Board is ultimately responsible for TOMRA's systems of internal control and for reviewing their effectiveness. Responsibility for individual areas of control has been allocated through the CEO down to the respective member of Executive Leadership Team. The system is designed to manage, rather than eliminate, the risk of failing to achieve business and financial reporting objectives. The system can therefore only provide a reasonable, but never absolute, assurance against material errors, flaws, or losses. Processes exist for identifying, evaluating, and managing material risks. Methods used by the Board and the Audit Committee to evaluate the quality of the company's internal control include:

- Review of the auditing plans for both the external and internal audit
- Review of reports from management as well as internal and external auditors on the systems of internal control and any weaknesses identified
- Discussions with management concerning the actions to be taken to address problem areas

The Audit Committee includes two board members, and all Board members receive minutes from each Audit Committee meeting. The main features of the risk and control framework are outlined below:

Risk Management

The Board is responsible for approving the Group's strategy, its principal markets, and the level of acceptable risk. It has ensured that appropriate risk management processes to identify the key risks facing the business have been implemented and that those risks are managed effectively.

Control Environment

An organizational structure with defined levels of responsibility and delegation of authority to appropriately qualified management has been established. A chart of authority documents each level of authority throughout the

THE BOARD SUPPORTS TOMRA'S MEMBERSHIP OF THE UN GLOBAL COMPACT, WHICH PROVIDES A RECOGNIZED FRAMEWORK FOR INTEGRATING SUSTAINABILITY PRINCIPLES INTO OPERATIONS AND STRATEGIES

organization. Matters reserved for the Board are clearly defined and appropriate authorization limits and reporting procedures have been implemented.
TOMRA's quality and environmental management systems are based on the international ISO 9001:2015 and ISO 14001:2015 management systems standards. Our primary R&D and production units have been certified according to these standards. This ensures that our internal systems and procedures are aligned with international best practice and that responsibility and authority for all important tasks are appropriately allocated. Additional details are available in TOMRA's Corporate Sustainability report on pages 12-29.

Control Activities

Internal control procedures have been tailored to the requirements of individual business activities. Controls for areas possessing particularly high inherent risk include clear guidelines for delegation of authority, segregation of duties, and requirements for regular reporting and reviews. The Audit Committee assists the Board in monitoring the process for identifying, evaluating, and managing risks, considering internal and external audit reports, and reviewing the Group's financial statements.

Monitoring Systems

Line management is responsible for the operation of internal control routines and these routines are subject to independent review by internal audit and, where appropriate, by the company's external auditor and external regulators. The reports of all these bodies on internal control are reviewed by the Audit Committee on behalf of the Board. The Audit Committee ensures that, where necessary, appropriate corrective action is taken.

The internal audit team carries out independent assessments of risk and the adequacy of related internal controls within the corporation and reports directly to the Audit Committee. The internal audit team has unrestricted access to all records, personnel and property of the corporation to collect such information as is necessary for the performance of its work. Findings and recommendations for strengthening the control framework are agreed with local management and the implementation of agreed changes is monitored by the internal audit team. The Audit Committee reviews the internal audit findings and proposals concerning improvements to material areas, coverage and performance, and considers significant findings and recommendations.

In 2021 measures were taken to strengthen the internal audit team by appointing a dedicated Risk Management Controller. Together with Group Controller and Group Accounting Manager, 10 internal audits were performed, all carried out remotely due to the COVID-19 pandemic.
The Audit Committee, on behalf of the Board, has reviewed the effectiveness of the corporation's systems of internal control for 2021 and the period leading up to the presentation of the 2021 financial statements. As might be expected in a corporation of TOMRA's size and complexity, a small number of deviations were identified during the period under review. Actions to rectify identified inconsistencies have been taken.

FINANCIAL REPORTING

TOMRA Group prepares and presents its financial statements in accordance with current standards and interpretations under IFRS as adopted by the EU. Each company prepares monthly accounts, and the financial data is consolidated and checked at several levels before being presented for review by senior management. Additional reporting is required for the preparation of quarterly and annual financial statements. Information and training on accounting issues and TOMRA's reporting process is provided through TOMRA's Finance seminar and local events.

REMUNERATION TO MEMBERS OF THE BOARD

The General Meeting sets the Board's annual remuneration based on a proposal from the Nomination Committee. Starting from 2019, the shareholder elected Board members are required to purchase TOMRA shares equal to 20% of their annual gross board fee.
Note 24 of the Financial Statements discloses all remuneration to board members and senior executives, see also principles for remuneration of senior executives below.

SENIOR EXECUTIVE REMUNERATION

The TOMRA guidelines for remuneration of senior executives have been approved by the Board of Directors at the Annual General Meeting 4 May 2021 and are available on the TOMRA website.

Salary and other employment terms for senior executives shall be competitive to ensure that TOMRA can attract and retain skilled leaders. Salary included both fixed and variable elements. The fixed salary reflects the individual's area of responsibility and performance over time. Remuneration will vary in accordance with local conditions. The remuneration structure is based on such factors as position, expertise, experience, conduct and performance. The variable salary does not exceed 50% of the fixed annual salary and is based on the achievement of specific performance targets by TOMRA Group and/or the respective manager's unit.

The Board has appointed a Compensation and Organizational Development Committee, headed by the Chairman of the Board, to monitor decisions on matters regarding remuneration, terms and conditions for senior executives. The performance goals for the CEO are proposed by the Chairman of the Board and approved by the Board. Goals for the other senior executives are determined by the CEO and reviewed by the Compensation Committee. TOMRA has significant growth ambitions, and the incentives are tied to the ability to deliver upon these ambitions. The goals are consequently normally related to financial targets, such as revenue increase, improvement in profit and improvement in EPS. The targets need however also to reflect that fact strong growth will need upfront investments in form of increased operating expenses to position TOMRA for the identified new opportunities. The targets are consequently designed to both deliver short term performance improvement, as well as execution on long term growth opportunities.

The CEO's remuneration package, and any adjustments thereof, are agreed between the CEO and the Chairman and approved by the Board. The remuneration packages for the other senior executives, including adjustments of these, are agreed between the CEO and the respective manager. The terms of these agreements are reviewed first by the Compensation Committee and finally by the Board of TOMRA. The Group has a Long-Term Incentive Plan (LTIP), where management is incentivized based upon improvements in Earnings Per Share (EPS). The EPS is calculated based upon the actual reported EPS, adjusted for ramp-up cost in new markets, which for LTIP purposes are capitalized and amortized over a five-year period. The actual EPS could also be adjusted up or down for other one-time items. The targets are established as intervals, where the participants can earn from 30 percent (if the minimum target is met) up to 100 percent (if the maximum target is met) of one year's salary. The plan is consequently capped at one year's salary. Twenty five percent of earnings before tax (~fifty percent of earnings after tax) must be invested in TOMRA shares and kept for at least three years. If sold earlier, all proceeds from the sale belong to TOMRA. For further description of the plan, see disclosure note 24.

In addition to fixed and variable salary, other benefits such as company car, health insurance, interest- and installment free loans, newspaper and telephone might be provided. The total value of these benefits should be modest and only account for a limited part of the total remuneration package. Senior Executives participate in the same pension plans as other employees within the unit in which they are employed.

The notification period for senior executives shall be three to six months. The CEO is entitled to 6 months' severance pay following termination by the company. No agreements shall be established that provide members of senior executives any automatic right to more than 24 months of severance pay.

INFORMATION AND COMMUNICATION

TOMRA provides investors with financial and other information in the quarterly reports and other presentations. This information is freely available to interested parties in the "Investor Relations" section of the TOMRA website along with the financial calendar for 2022.

TOMRA'S GUIDELINES AND PRACTICES ARE IN LINE WITH THE NORWEGIAN CODE OF PRACTICE FOR CORPORATE GOVERNANCE

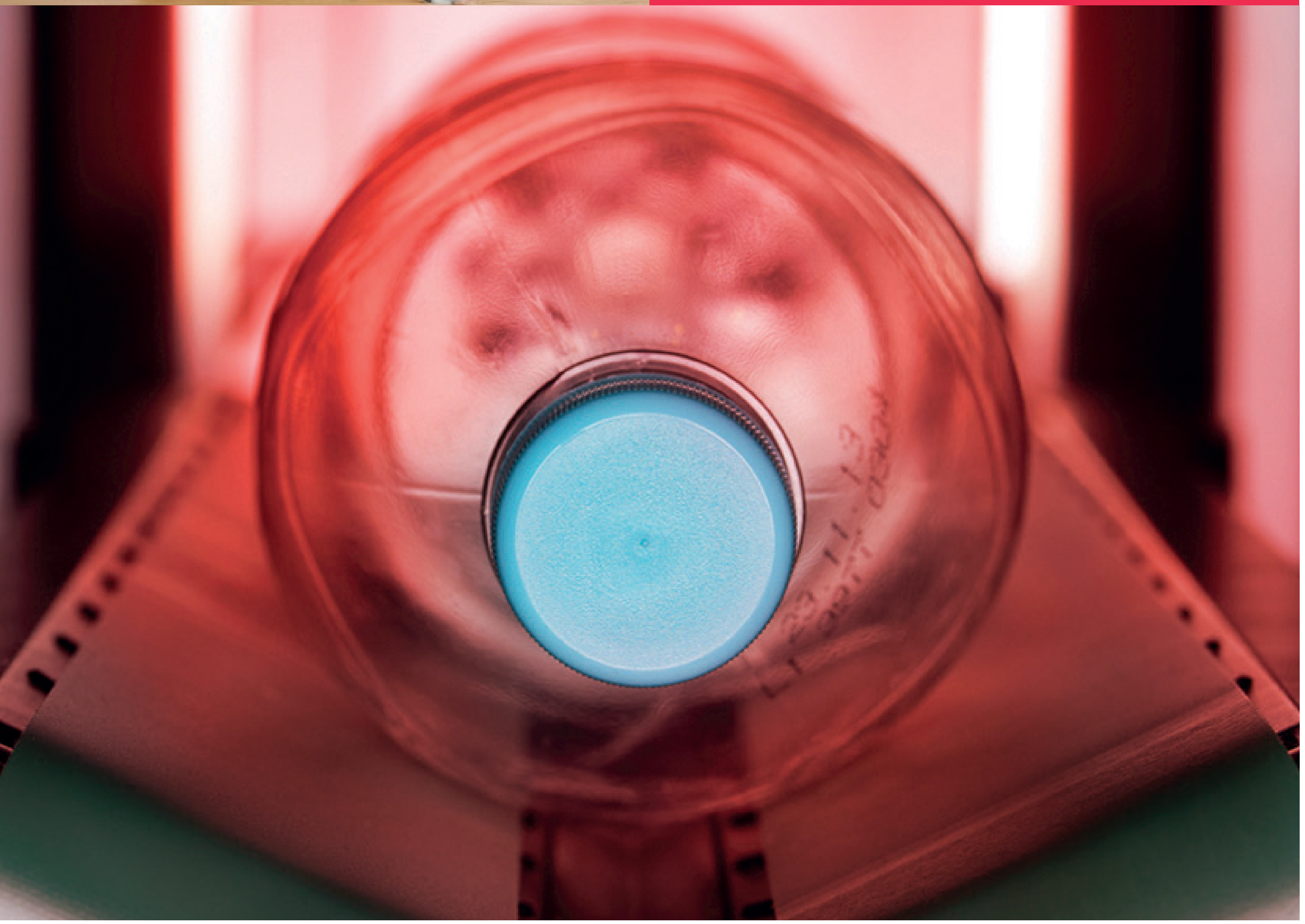
TAKEOVERS

TOMRA's guidelines and practices are in line with the Norwegian Code of Practice for Corporate Governance.

AUDITOR

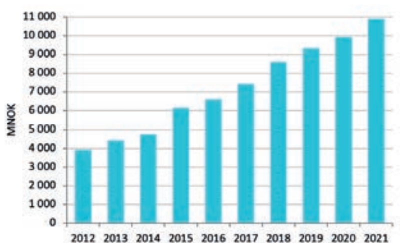
The independent auditor is elected by the General Meeting and is responsible for auditing the Group accounts. The independent auditor attends the meetings of the Audit Committee and presents a plan for each year's audit. The independent auditor also meets with the Board of Directors at least once each year without the presence of TOMRA senior management.

REVENUES AMOUNTED TO NOK 10,909 MILLION IN 2021, AN INCREASE OF 16 PERCENT COMPARED TO 2020 AFTER ADJUSTING FOR CURRENCY EFFECTS

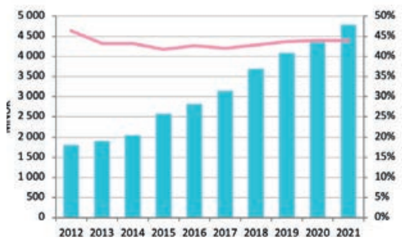


TOMRA GROUP FINANCIAL FIGURES

Revenues



Gross contribution and margin



EBITA and margin

2021 SUMMARY AND HIGHLIGHTS

Revenues in 2021 of NOK 10,909 million represent a growth of 10 percent compared to 2020.
Adjusted for currency, revenues were:

- Up 16 percent in the TOMRA Group
- Up 22 percent in TOMRA Collection
- Up 15 percent in TOMRA Recycling Mining
- Up 5 percent in TOMRA Food

EBITA margin improved from 15.3% in 2020 to 16.2% in 2021

- Improved margins in TOMRA Collection

EBITA of NOK 1,769 million, up from NOK 1,522 million in 2020

- Positively influenced by business expansion and efficiency gains

EPS up from NOK 5.25 in 2020 to NOK 7.39 in 2021, an increase of 41 percent

- Positively influenced by profit from affiliated companies of USD 5 million

Cash flow from operations of NOK 1,809 million in 2021, up from NOK 1,710 million in 2020

TOMRA Collection

- Growth in existing markets in Northern Europe and Germany
- Stable business in North America and Australia
- Positive effect from the expansion of the Dutch deposit system on July 1, 2021
- Win of Latvia tender to be the technology provider for the deposit system starting February 1, 2022
- Incremental sales and a robust competitive position in Slovakia which implemented deposit on January 1, 2022

TOMRA Recycling Mining

- Order intake was NOK 2,032 million in 2021, up from NOK 1,682 million in 2020
- Order backlog increased during the year from NOK 552 million in 2020 to NOK 702 million in 2021
- Good development in the Waste Sorting and Plastics segment driven by legislation and the push for circularity
- Growth in Metal Recycling and Mining driven by market demand and high commodity prices

TOMRA Food

- Order intake was NOK 3,420 million in 2021, up from NOK 3,335 million in 2020
- Order backlog increased during the year from NOK 918 million in 2020 to NOK 1,045 million in 2021
- Sustained good momentum in Fresh Food on the back of solid market demand
- Confidence in the demand for food service has been driving investments on par with pre-pandemic levels

Share price increased from NOK 422.60 to NOK 631.00 during 2021

- Adjusted for dividend, the TOMRA stock provided a shareholder return of 50 percent in 2021, following a return of 53 percent in 2020 and 45 percent in 2019
- 50 million shares traded at Oslo Stock Exchange in 2021, down from 103 million in 2020

The Group ended 2021 with a strong balance sheet and a solid foundation for further growth

- 53% equity
- 0.6x Net Interest-Bearing Debt / EBITDA
- The Board proposed an ordinary dividend of NOK 3.30 per share (up from NOK 3.00 per share last year) and an extraordinary dividend of NOK 2.70 per hare. In total NOK 6.00 per share.

TOMRA BOARD OF DIRECTORS

JAN SVENSSON (B. 1956)
Chair

Chair of the Board since 2015 and Board member of TOMRA Systems ASA since 2012

M.Sc. Economics and Business Administration, Stockholm School of Economics, 1981.

Previous experience: President/CEO of Investment AB Latour from January 2003 to August 2019. Various positions within the Stenberg Group, CEO (1986-2003).

Number of TOMRA shares held: 9,000

Other board memberships: Publicly listed: Fagerhult AB (chair), Securitas AB (chair), BillerudKorsnäs (chair), Climeon AB (member), Nobia AB (member). Not listed: Herenco AB (member), Stena Metall AB (member).

BODIL SONESSON (B. 1968)
Director

Board member of TOMRA Systems ASA since 2013

Master's Degree in International Finance, University of Lund and Konstanz University in Germany.

Bodil Sonesson is President & CEO of AB Fagerhult. Previous experience includes VP Global Sales at Axis Communications and employment with Lars Weibull AB.

Number of TOMRA shares held: 1,200

Other board memberships: The Swedish Chamber of Commerce in Paris (member).

DAVID WILLIAMSON (B. 1959)
Employee Elected Director

Board member of TOMRA Systems ASA since 2008.

Qualified Automatic Systems Technician, apprenticeship in Automatic Systems at Håndverkerskolen Sønderborg in Denmark.

David Williamson is Production Technician - Robotics. Previous experience includes 2E Ellgard Equipment and Automatic Systems Denmark.

Number of TOMRA shares held: 1,685.

Other board memberships: None.

GILBIA «GIGI» PORTELA (B. 1983)
Employee Elected Director

Board member of TOMRA Systems ASA since 2021.

Master's Degree in Sustainability from the University of Oslo in Norway and an MBA in Project Management from the Getulio Vargas Foundation in Brazil.

Gigi Portela is Senior Marketing Manager and previous experience includes roles in marketing communication, sustainability management, and corporate social responsibility in companies in Norway and Brazil such as Equinor, ArcelorMittal and Vale.

Number of TOMRA shares held: 0.

Other board memberships: None.

PIERRE COUDERC (B. 1959)
Director

Board member of TOMRA Systems ASA since 2014

Engineering degree, Ecole Nationale Superieure des Mines de Paris

Pierre Couderc is Managing Director Trouw Nutrition Iberia. Previous experience includes CEO and Chair of Executive Committee, Groupe Euralis. Several management positions within the Danone Group (1987 to 2008) including General Manager Asia Pacific (2005-08), General Manager Danone Mexico (2004-05), and General Manager Danone Argentina (2002-04). Executive General Manager at Jose Cuervo (2008-09).

Number of TOMRA shares held: 1,310

Other board memberships: none.

BJØRN MATRE (B. 1960)
Director

Board member of TOMRA Systems ASA since 2019.

M.Sc. in Economics and Business Administration from NHH Norwegian School of Economics (1981), and a Master of Laws from UiB University of Bergen (1982) with Bar Exam.

Bjørn Matre is Owner and Chair of Lille Oslo Eiendom AS and subsidiaries. Previous experience includes Senior Partner at the Boston Consulting Group (BCG) and Chair of BCG Europe, Middle East and Africa. Various leadership roles in the Nordic financial services industry, prior to working for BCG from 1989-2018.

Number of TOMRA shares held: 3,686.

Other board memberships: Non-listed Fritzøe Skoger AS (member).

HEGE SKRYSETH (B. 1967)
DIRECTOR

Board member of TOMRA Systems ASA since 2019.

MBA from NHH Norwegian School of Economics, Bachelor from BI and College graduate NITH.

Hege Skryseth is Executive Vice President of KONGSBERG and President of Kongsberg Digital. Previous experience includes top management positions from international tech companies such as Microsoft Norway and Geodata (ESRI), and high-tech companies such as KONGSBERG.

Number of TOMRA shares held: 1,224.

Other board memberships: Publicly listed AutoStore Holdings Ltd. (member). Non listed: The Confederation of Norwegian Enterprise NHO (member).

BOARD COMMITEES

Compensation and Organizational Development:

Jan Svensson (committee chair), Bjørn Matre

Audit:

Pierre Couderc (committee chair), Hege Skryseth

Corporate Sustainability:

Bodil Sonesson (committee chair), David Williamson

DIRECTORS' REPORT 2021

FINANCIAL PERFORMANCE

Revenues amounted to NOK 10,909 million in 2021, an increase of 10 percent compared to 2020. Adjusted for currency effects, revenues were up 16 percent for TOMRA Group; up 22 percent in TOMRA Collection, up 15 percent in TOMRA Recycling Mining and up 5 percent in TOMRA Food.

EBITA margin increased from 15.3% in 2020 to 16.2% in 2021, mainly due to higher margins in TOMRA Collection.

EBITA was NOK 1,769 million in 2021, up 16 percent from 2020, positively influenced by revenue growth and cost efficiencies.

Net financial items were negative NOK 94 million in 2021, compared to negative NOK 218 million in 2020. The positive development is mainly explained by improved effects from currencies.

Profit from affiliated companies of NOK 65 million includes a positive effect of USD 5 million related to the sale of the 49% stake in UltrePet LLC.

Taxes were up in 2021 compared to 2020 at NOK 391 million, as a result of higher operating profit. The Group's average tax rate increased slightly by 0.3 percentage points to 25.7 percent.

EPS was NOK 7.39 in 2021, up from NOK 5.25 in 2020, an increase of 41 percent.

Cash flow from operations equaled NOK 1,809 million in 2021, compared to NOK 1,710 million in 2020, the result of increased operating profit partly offset by higher working capital. Cash flow from investments was negative NOK 449 million in 2021, compared to negative NOK 534 million last year. Cash flow from financing was negative NOK 1,261 million, explained by the reduction in interest bearing debt and dividend payments of NOK 443 million paid out in May 2021.

Total assets as of 31 December 2021 were NOK 11,589 million, compared to NOK 10,977 million as of 31 December 2020. The equity ratio increased from 51% in 2020 to 53% in 2021.

Net Interest-Bearing Debt / EBITDA (rolling 12 months' basis) was 0.6x at the end of 2021. Without IFRS 16, gearing decreased from 0.5x to 0.2x during 2021.

DIVIDEND

TOMRA aims to distribute 40 percent to 60 percent of the Group's earnings per share. When deciding the annual dividend level, the Board has taken into consideration expected cash flows, investment plans, financing requirements and the need for appropriate financial flexibility.

Given TOMRA's strong recurring cash flow and relatively low gearing, the Board of Directors recommends an ordinary dividend of NOK 3.30 per share (up from NOK 3.00 per share in 2020) and an extraordinary dividend of NOK 2.70 per share. In total NOK 6.00 per share.

TOMRA SYSTEMS ASA

Reverse Vending Machines (RVMs) are developed in Norway and mainly produced by third parties in Poland and at the wholly owned subsidiary Tomra Production AS in Norway. The machines are sold via the parent company to subsidiaries and distributors, primarily in Europe, North America, and Australia. Activity within the parent company reflects therefore the level of sales of machines and parts to end-customers within the RVM segment. The number of RVMs sold in 2021 increased compared to 2020.

TOMRA Systems ASA reported revenues of NOK 2,181 million in 2021 compared to NOK 1,514 million in 2020.

Operating profit in TOMRA Systems ASA increased from NOK 233 million in 2020 to NOK 299 million in 2021, mainly due to higher activity within the TOMRA Group.

Net financial items amounted to positive NOK 453 million in 2021, up from positive NOK 129 million last year – explained by positive effect from currencies.

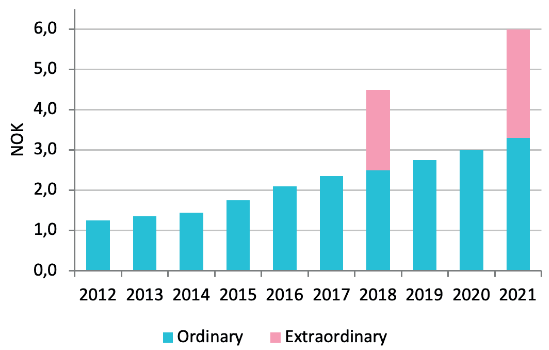
Profit after taxes was NOK 673 million in 2021, compared to NOK 368 million in 2020.

The 2021 net profit should be allocated as follows:

Dividend:	NOK 886.4 million
From retained earnings:	NOK -213.6 million
Profit after tax:	NOK 672.8 million

The Board of Directors believes that there is no reasonable cause to question the ability of TOMRA Group and the parent company to continue its operations in the foreseeable future and hence confirms that the accounts have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU for TOMRA Group and Norwegian accounting principles (NGAAP) for TOMRA Systems ASA, and that the Group, after the dividend payment, has sufficient equity and liquidity to fulfill both its short term and long term obligations.

Dividend



EBITA WAS NOK 1,769 MILLION IN 2021, UP 16 PERCENT FROM 2020, POSITIVELY INFLUENCED BY BUSINESS EXPANSION AND COST EFFICIENCIES

TOMRA stands highly relevant in a world that needs technology, innovation, and investment to reach net-zero carbon emissions by mid-century.

TOMRA was founded on an innovation in 1972 that began with the design, manufacturing, and sale of reverse vending machines for automated collection of used beverage containers.

TOMRA's reverse vending technology provides an efficient collection and handling system for deposit of beverage containers. The driver for growth in Collection is mainly the implementation of beverage container deposit systems in new markets.

Despite the documented advantages of a deposit system, only a limited number of markets have implemented deposit schemes. The recognition that it could take time before new markets accepted deposit as an effective system for collection and recycling, led in 2004 to the decision that TOMRA would expand its operations by moving into other areas within the value chain for collecting and processing post-consumer material. Consequently, TOMRA acquired Titech, which provided efficient industrial solutions for identifying and sorting of waste, mainly for the recycling of paper and plastic. This was the first step into sensor-based sorting.

Shortly thereafter, TOMRA expanded in 2006 into metal recycling, and further in 2008 into ore sorting (mining), where the TOMRA technology now increases the efficiency and lifetime of mines. In 2011 and 2012, building on the strategy of advancing resource productivity, industry automation, and targeting a leading position in sensor-based sorting, TOMRA took a further step by entering the food sorting industry. In food sorting, the recognition technology is utilized to sort and grade food produce based on quality, size, and other characteristics, as well as identifying and removing foreign material.

TOMRA has consequently gone through several stages of transformation and continues to innovate and deliver cutting-edge solutions for optimal resource productivity. The business is organized in three divisions: TOMRA Collection, TOMRA Recycling Mining and TOMRA Food.

TOMRA Collection:

- Reverse Vending (development, production, sales and service of reverse vending machines and related data management systems)
- Material Recovery (pick-up, transportation and processing of empty beverage containers on behalf of beverage producers/fillers on the US East Coast and in Canada)

TOMRA Recycling Mining

- Recycling (sorting systems for waste and metal material streams)
- Mining (ore sorting systems for the mining industry)

TOMRA Food:

- Fresh Food (post-harvest grading and sorting solutions for fresh produce)
- Processed Food (sorting and processing technology for the processed food industry).

A key factor in low-carbon growth will be a decoupling from resource use, which sets the pace for a sustainable society. This is where TOMRA can add value: to provide sensor-based solutions for optimal resource productivity. It has been a transformative journey over the last decade to bring TOMRA to where it is today and to position the company to deliver sustainable solutions that are highly relevant in the context of a low-carbon economy.

For example, the European Union's Environment Action Program (EAP) anchors the commitment to environmental and climate action until 2030, guided by a long-term vision and building on the European Green Deal of net zero emissions by 2050 and economic growth decoupled from resource use.

The resource-efficient economy will need a shift in mindset when it comes to the planet's scarce resources: nothing is wasted and natural resources are managed sustainably, with biodiversity being protected, valued, and restored in ways that enhance society's resilience. Or in other words, what we call waste today needs to be viewed as a resource to build a sustainable future.

As a company that can clearly define its role in the circular economy and how we use our food resources more efficiently, TOMRA is in a robust strategic position. The shift requires innovation, investment, and partnerships beyond what we have seen so far.

TOMRA Collection

TOMRA's activities within this division include the development, production, sale, lease, and service of automated collection systems, including data structures that monitor the volume of collected materials and associated transactions.

TOMRA is the market leader in the reverse vending business. Every year, TOMRA facilitates the collection of approximately 42 billion empty cans and bottles and provides an effective and efficient way of collecting, sorting, and processing these containers.

TOMRA's customers within this segment are primarily in the retail industry in Europe and North America. This is an industry that is relatively unaffected by financial downturns as the consumption of food and beverages usually remains stable through economic cycles. Food retail chains in general consider a well-functioning container return system to be an important competitive advantage, as consumers tend to choose the store they visit based on the convenience and reliability of a store's return facilities. This applies both in times of economic upturn and downturn. With almost 50 percent of the segment's revenues originating from service, and a significant part of new machine sales being replacements, the year over year change in activities will normally be limited.

While the traditional models have historically been focused on the sale and servicing of equipment, TOMRA recognizes that the latest new deposit models introduced in Lithuania, New South Wales, Queensland, Western Australia, and more recently, Latvia, invite the technology supplier into the system. In these models, the machine provider acts as an operator that invests and maintains the ownership in the machine park and gets paid for the volume collected through the installed infrastructure. This entails an investment for TOMRA in equipment but generates a good recurring topline when the infrastructure is ramped up.

Financial performance

In 2021 revenues within this division amounted to NOK 5,738 million, up from NOK 4,936 million in 2020. Adjusted for currency changes, revenues increased by 22 percent, driven by deposit expansion in Netherlands, new deposit introduction in Slovakia, and growth in existing markets in Northern Europe and in Germany.

EBITA increased from NOK 881 million to NOK 1,117 million, positively influenced by business expansion and efficiency gains.

Europe

In Germany, which introduced deposit legislation in 2006, retail started replacing equipment installed during the first years after the deposit introduction in 2015 and 2016. Since then, the number of machines sold to Germany has been stable. During 2021, equipment replacements in Germany accelerated as a result of renewed requirements on security mark reading applicable from 2022. In addition, as of January 2022, Germany has expanded the deposit return system to include alcoholic beverages and juices sold in one-way plastic packaging and cans, as well as milk-based mixed drinks in cans.

Northern Europe has had solid performance, with healthy development in all countries. The R1 (bag drop) machine is well received by both consumers and retailers. On July 15th, 2021, TOMRA won the contract to become the technology provider for Latvia's new deposit return system, which went live on February 1, 2022.

The Netherlands has expanded the deposit system to include small plastic bottles as of July 1, 2021. The expansion to include cans is planned for December 31, 2022. TOMRA has been present in The Netherlands since 1983 and the primary goal was to make the scheme expansion in 2021 a success. For some customers the existing equipment was upgraded, for others new machines were fitted, and for the first time high-capacity expert lines in counting centers were installed. In the course of eight months, TOMRA has accomplished over 1.500 installations and upgrades, including counting centers operating with high-capacity collection technology. TOMRA achieved 100% on-time installation and over 98% of the machines are connected to the digital platform, allowing for real time monitoring and quick response time to ensure maximum availability.

In September 2020, Slovakia announced implementation of a deposit system on beverage packaging as of January 1, 2022. The system covers one-way beverage bottles and cans, as well as refillable containers, and an obligation for retailers to take back empties. TOMRA established a solid competitive position, which resulted in increased sales and installed base expansion during the second half of 2021.

North America

Within Reverse Vending, TOMRA operates with two business models in North America. One is a sales model, where machines are sold to the food retail stores in the same way as in Europe; the other is a through-put lease model, where TOMRA maintains ownership of the installed machines and receives payment based on the number of containers handled by the machines. In addition to the Reverse Vending business, TOMRA picks up, transports, processes, and sells used beverage containers on behalf of beverage producers in the North-Eastern United States and in Canada (Material Recovery).

Volumes were steady in North America, after a challenging period in 2020. In June 2021, the state of Connecticut announced the expansion of the current deposit systems to include most carbonated beverages (from 2023) and raise the deposit value (from 2024). The deposit expansion requires larger chain stores to provide reverse vending machines as of October 1, 2021, which has resulted in incremental sales for TOMRA.

Australia

In 2017, the TOMRA-Cleanaway joint venture secured a state-wide operator role in New South Wales. The scheme commencement date was December 1, 2017, and more than 1,200 machines were placed at collection points across the state. The contract has a duration of 5 years with an option to extend for another 4 years. In the joint venture, Cleanaway provides logistics, sorting of collected material and acts as broker for the related commodities. TOMRA provides technology, software, and financing for the investment for installations. TOMRA receives a fee per beverage container collected through the machine park network.

In 2018, TOMRA entered into an agreement with the Queensland scheme operator, Container Exchange (CoEx), for the operation of collection refund points and the Queensland container deposit system went live on November 1, 2018. Collection refund points are modern depots equipped with ~10 machines, located in the Greater Brisbane, Gold Coast, Sunshine Coast and Toowoomba areas. The contract length is 5 years.

In October 2020, Western Australia launched a deposit scheme similar to the one in Queensland. TOMRA Collection operates modern depots located in the Perth area. The contract length is 5 years.

New markets

The implementation of new deposit systems is a fundamental driver for growth within TOMRA Collection. The creation of new systems, and changes to existing ones, will consequently impact TOMRA's performance significantly. In recent years, an emerging driver for the discussion around deposit schemes has been the public-driven push to see reduced littering.

Increased marine littering has been a concern that is currently driving several initiatives, like the EU Single Use Plastic Directive, which establishes a recycling target of 77% on beverage containers made of plastic by 2025, increasing to 90% in 2029. As a response to the increased recycling targets, several EU members are currently evaluating deposit introduction as deposit systems are viewed the most efficient way to significantly increase recycling rates.

Among the potential markets for deposit schemes, Scotland has approved deposit system regulations in May 2020 and on December 23, 2021, the implementation date was set to August 16, 2023.

In November 2021, Ireland published the regulations for the upcoming deposit return system, with the commencement date and deposit value remaining to be communicated.

In October 2021, Romania passed the government decision to introduce a deposit return scheme.

In December 2021, the state of Quebec in Canada has published draft regulations for the expansion and modernization of its current deposit system to cover most containers, as well as increasing and simplifying deposit values. The commencement date is expected to be communicated after the final regulations have been approved.

The states of Victoria and Tasmania in Australia have announced their commitment to implement the scheme during 2022-2023.

In November 2021, Austria amended its Waste Management Law to transpose the EU Single Use Plastic Directive and introduce a deposit system on single-use beverage containers, with the go-live date set to January 1, 2025.

TOMRA is assessing the commercial opportunities in these markets along with the development of the regulatory frameworks.

Technology highlights
In 2014, TOMRA launched the T-9, the first of a new generation of reverse vending machines (RVM) based on TOMRA Flow Technology. T-9 featured the first ever 360-degree recognition system applied inside an RVM and enabled faster and cleaner collection of beverage containers, including containers that previously could not be collected in RVMs. The product range has later been further broadened, with TOMRA R1 being the latest innovation launched in 2019. TOMRA R1 is a multi-feed RVM allowing consumers to pour in entire bags of containers in one go, offering an up to five times faster recycling experience. It is fully compatible with TOMRA's existing flagship single-feed and backroom solutions, aiding maximum uptime, efficient operations, and consumer engagement. The TOMRA R1 machines have received an enthusiastic response from both consumers and retailers in Northern Europe and, during 2021, launched in Germany and The Netherlands.

TOMRA continues to invest in building a digital ecosystem around the RVMs, using the data collected through the installed infrastructure. The majority of the installed base is now connected to the digital platform called TOMRA Connect, enabling a set of digital services. In 2021, TOMRA has standardized and scaled the API offering and digital payout solutions to enable third party development and accelerate the digitalization of the customer experience.

TOMRA Recycling Mining

TOMRA's offering within Recycling and Mining brings meaningful economic and environmental benefits by increasing productivity, yield, access to resources and reducing costs. The division is well positioned to respond to short and long-term increases in the resource demands for an ever growing and urbanized global population in a less carbon intense society.

Waste generation rates are influenced primarily by economic development and the degree of industrialization and urbanization. Generally, the higher the economic development and rate of urbanization, the greater the amount of waste produced. According to researchers from the World Bank, global solid waste generation is expected to increase by 70% from 2.0 billion tons in 2016 to 3.4 billion tons in 2050.

Legislative measures focusing on waste reduction and reuse of resources continue to be implemented. In addition, the market demand of high-quality recycled material has been fueled by commitments from brand owners to fulfill their sustainability goals.

The momentum in recycling has been increasingly positive. The Waste Sorting and Plastic Recycling business is a healthy segment driven by legislation and the push for circularity. The Metal sorting and Mining segments have been positively supported by high commodity prices and industrial demand in the aftermath of the COVID-19 pandemic.

Financial performance
Revenues were up 11 percent in 2021 compared to 2020, an increase of 15 percent when adjusting for currencies.

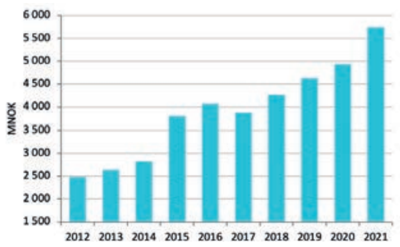
The order intake was NOK 2,032 million, up 33 percent in local currencies. The order backlog increased from NOK 552 million at the end of 2020 to NOK 702 million at the end of 2021.

Technology highlights
TOMRA has advanced the offering for the global wood recycling sector by pioneering the use of deep learning, a subset of artificial intelligence, in wood recycling applications. TOMRA has been a frontrunner in the global wood recycling sector for more than 10 years when the X-TRACT solution quickly became popular with chipboard manufacturers to produce a clean recycled woodchip fraction by sorting and separating out the inert material (glass, stones, ceramics, etc.) and metals. Once the X-TRACT unit has removed these impurities, the recovered woodchip is of sufficiently high quality to be used in the production of standard chipboards. Its newly developed GAIN wood chip application has enabled the accurate separation of Wood A and Wood B. With trained neural networks, sorting software based on deep learning, it is possible for the first time to detect, analyze, and sort different wood grades, and even recover medium density fiberboard (MDF) fractions from the processed waste wood stream.

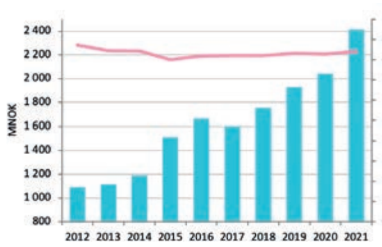
In the Mining segment, the new TOMRA COM XRT 300 / FR Final Recovery sorter for diamonds was launched. Input material is evenly fed onto a conveyor belt and an electric X-Ray tube creates a broad-band radiation, which penetrates the material and provides spectral absorption information. The advanced ultra-high resolution sensor information is processed and analyzed to provide a detailed "density image" of the material, allowing it to be separated into high- and low-density fractions ensuring a clear discrimination between diamonds and low-density materials down to 2mm. The result is ultra-high diamond by weight concentrate with a guaranteed recovery of more than 99%. The TOMRA COM XRT 300 /FR sorter completes the strategy for the diamond segment, aimed at providing

TOMRA COLLECTION FINANCIAL FIGURES

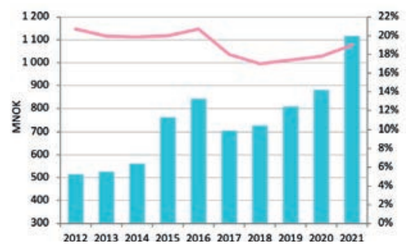
Revenues



Gross contribution and margin

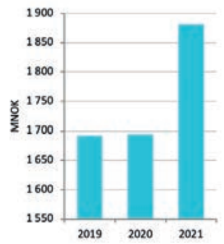


EBITA and margin

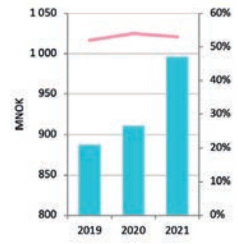


TOMRA RECYCLING MINING FINANCIAL FIGURES

Revenues



Gross contribution and margin



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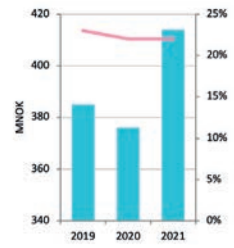
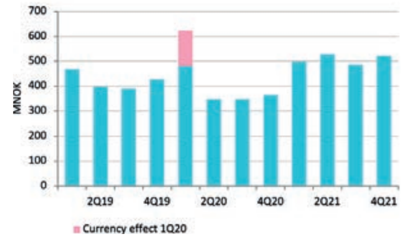


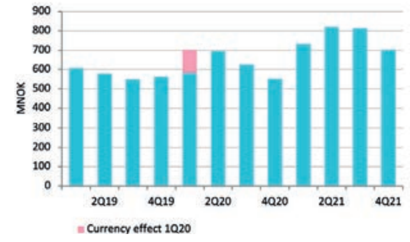
TOMRA RECYCLING MINING QUARTERLY FIGURES

Revenues

Order intake



Order backlog



customers with a complete recovery solution. The TOMRA diamond recovery ecosystem is a unique offering in the industry for providing a full recovery service from 2mm to 100mm coupled with the benefits of cloud computing for monitoring and managing the entire process.

TOMRA Food

TOMRA's activities in Food consist of design and manufacturing of sensor-based sorting equipment and integrated post-harvest solutions for the food industry. The use of advanced analytical technology for fresh whole products and processed food increases productivity, maximizes output, and minimizes waste.

TOMRA has a market leading position on the back of the broadest and deepest technology base, widest range of categories and applications, and the most comprehensive geographic reach. This gives the scale needed to lead the development of new technologies and digital solutions, combined with the local presence to support customers where they are.

TOMRA Food's market is that of high-capacity sorting and grading solutions in ~10 top food categories: Potatoes, Nuts & Dried fruit, Vegetables & Fresh Cut, Protein, Seeds & Grains, Citrus, Blueberries, Apples, Kiwifruit, Cherries, Avocados. The market is a global one, with particular exposure to North America, Europe, and Oceania.

The food system is complex, dynamic, and global. We highlight three long-term trends:

- Population growth: by 2050, a global population of 9.8 billion will require 70% more food than today as the population growth is coupled with changing diets
- Rise of the middle class: additional 3 billion middle class consumers by 2050 will demand convenience, quality, and variety
- Environmental footprint: currently one third of global food production is lost or wasted.

TOMRA has an ambition to grow and further advance its market position. The focus in 2021 has been on building category leadership in a set of top categories, expand into new solutions such as cherry and protein, and invest in being close to customers and fostering a stronger customer-centric organization and culture.

Financial performance
Revenues were down 1 percent in 2021, and up 5 percent currency adjusted compared to 2020.

The order intake increased from NOK 3,335 million in 2020 to NOK 3,420 million in 2021, up 17 percent in local currencies. The order backlog increased during the year from NOK 918 million in 2020 to NOK 1,045 million at the end of 2021.

Technology developments
TOMRA Food's technology and solution development centers on our core categories. This year we have further strengthened our collaboration with customers, partners and industry experts to deliver the most value-adding solutions to the market.

For example, TOMRA Food launched the Cascade Singulator for the cherry category. The traditional cluster-cutting of stems from grouped cherries exposes the fruit to a series of tines, blades, and blade guards, all hard contact points. By consulting with the cherry industry, TOMRA has designed and developed a new machine for singulation from cherry clusters with a gentle carrying method and superior cluster separation. This machine integrates with our end-to-end offering of advanced packhouse technology and solutions for the cherry industry.

Together with our strategic partner Marel – a leader in food processing technology - we have developed Spectra, a uniquely valuable solution for foreign material detection for the poultry industry. With hyperspectral imaging technology surpassing the human visual range, Spectra performs a near 360° surface poultry fillet scanning, detecting and discarding fillets containing surface contaminants, such as plastics, rubber, and wood, with great effectiveness and precision.

We continue to develop our digital solutions, such as the TOMRA Insight platform and our Visual Assist tool. TOMRA Insight is our real-time web-based monitoring system that turns data into actionable information to enable reduced downtime, maximized throughput, and reduced operational costs. TOMRA Visual assist is our Augmented Reality tool that enables our remote experts to provide specialist support to a customer or a TOMRA Field Service Engineer on-site.

Research and development activities

Research and development activities are a high priority at TOMRA. R&D has a central role in the development of the individual technology units and is closely connected to the local markets to ensure that TOMRA maintains its technological advantage. TOMRA Recycling Mining and TOMRA Food share core R&D and the digital platform TOMRA Insight.

The digital portfolio is an important building block of TOMRA's success and allow for the generation of valuable information for customers, the value chain, and the business alike. TOMRA aims to lead this transformation and deeply integrate digital approaches in core business to improve productivity and customer experience.

Financial risk

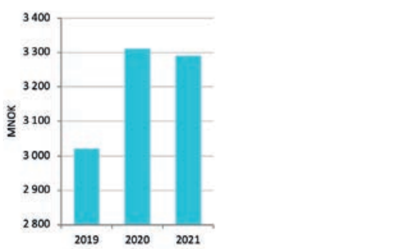
The Board of Directors is focused on ensuring that there is a systematic and considered approach to managing risk within all segments of the corporation, and views this as a prerequisite for long-term value creation for the company's shareholders, employees and other stakeholders. Opportunities for growth shall always be assessed against the associated risks. TOMRA faces normal business risks related to contractual agreements with, for example, customers and suppliers. In addition, there are several macro trends that can affect the industry in which TOMRA operates. A reduction in recycling targets and ambitions, as well as falling material commodity prices, would negatively influence TOMRA as the need for advanced recycling technology would become less obvious.

TOMRA's operations are also influenced by political decisions, specifically regarding deposit legislation. If a country or state decides to remove its existing deposit system, there will be limited incentives for TOMRA's customers to maintain current or invest in new TOMRA equipment. In some markets, like for example in the United States, an elimination of the deposit legislation would dissolve the foundation for TOMRA's daily operations. On the other hand, the implementation or expansion of deposit systems in a country or state would create new growth opportunities for TOMRA.

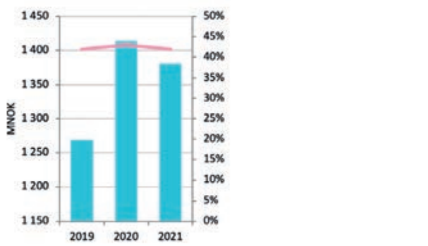
Responsibility for financing, cash management and financial risk management is handled by the Finance Department within TOMRA Systems ASA. Historically, TOMRA has seldom experienced losses on accounts receivable, and the corporation's routines concerning credit approval are

TOMRA FOOD FINANCIAL FIGURES

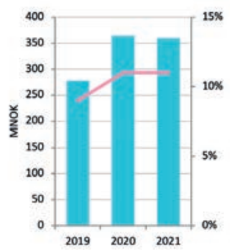
Revenues



Gross contribution and margin

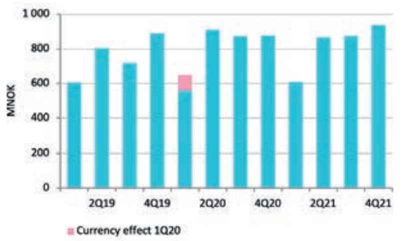


EBITA and margin

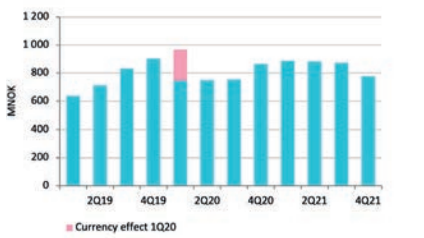


TOMRA FOOD QUARTERLY FIGURES

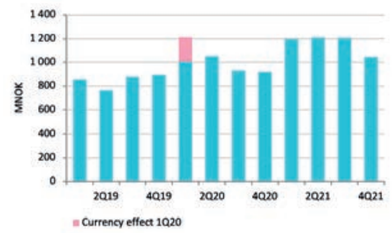
Revenues



Order intake



Order backlog



considered satisfactory. TOMRA's surplus cash is placed primarily in NOK with a duration of less than six months. Interest-bearing debt is normally denominated in NOK or EUR, at interest rates fixed for a period of less than six months.

TOMRA is exposed to fluctuations in currency exchange rates. With more than 95 percent of its income in foreign currencies, a strengthening of NOK will lead to reduced earnings for the Group when measured in this currency. Most of the risk is connected to fluctuations in EUR and USD. TOMRA takes advantage of forward exchange contracts to hedge future cash flows in foreign currencies.

With approximately 90 percent of the balance sheet denominated in foreign currencies, TOMRA's equity will also be exposed to changes in currency exchange rates (most importantly EUR). To partly offset this effect, TOMRA aims to place external bank debt in the same currencies. In addition, TOMRA has implemented the financial risk management systems one would expect given the size and complexity of the company's operations. A more extensive description of TOMRA's internal control procedures and systems for evaluating financial risk is provided on pages 30-35 in this report.

Sustainability

TOMRA makes a significant contribution to a cleaner and more sustainable world through its products and services. TOMRA's vision and its activities fit well within the framework of the UN Sustainable Development Goals (SDGs). As a solutions provider towards several of the global goals, TOMRA is well placed in the move towards circular economy, with increasing global focus on sustainable resource use and turning waste into value.

TOMRA has always had a significant focus on the environment, measuring and reporting its environmental performance since 1998.

The Board supports TOMRA's membership of the UN Global Compact, which provides a recognized framework for integrating sustainability principles into operations and strategies. This annual report forms the basis of TOMRA's Communication on Progress, required annually by the UN Global Compact. Further details of TOMRA's corporate sustainability program and impact on the environment are presented in TOMRA's Corporate Sustainability report on pages 12-29 of this report.

EU Taxonomy

TOMRA has conducted an internal assessment with regard to the eligibility of its activities in the context of the EU Taxonomy regulation. Based on the currently published screening criteria, TOMRA estimates that approximately 60% of activities are Taxonomy-eligible, measured as a share of revenues. Activities included consist of: collection of post-consumer beverage containers, material pick up and processing operations, and the majority of the recycling business. Not included so far are primarily the food sorting and mining sectors. Although the remaining business is seen as having an important contribution to sustainable practices, it is currently not covered by the EU Taxonomy regulation and consequently, not included in the share of eligible activities.

Organization, health, and safety

The number of employees in TOMRA Group was 4,610 at the end of 2021, up from 4,307 at the end of 2020. In Norway the number of employees increased from 334 at year-end 2020 to 356 at the end of 2021.

TOMRA facilitates equal opportunity for professional and personal development for all employees and does not discriminate on the basis of race, color, religion, gender, natural origin, age, disability, sexual orientation or veteran status. TOMRA seeks to prevent all forms of harassment, sexual harassment, and gender-based violence. Efforts encompass the areas of recruitment, pay and working conditions, promotion, development opportunities and the opportunity to combine work with family life. These are important principles that are firmly anchored in the company's Corporate Responsibility Statement and Code of Conduct.

Female employees made up 22 percent of TOMRA's work force and held 24 percent of its management positions at the end of 2021, from 21 and 24 percent respectively in 2020. Three out of TOMRA's seven board directors are women. Further details of TOMRA's program to promote equality and prevent discrimination are presented in TOMRA's Corporate Sustainability report on pages 12-29 of this report.

The number of job-related injuries in TOMRA requiring medical attention beyond basic first aid was 92, compared to 71 in 2020. TOMRA continuously strives to reduce the injury rate and has implemented further preventative measures. The increase from 2020 to 2021 can likely be attributed to higher activity levels and improved reporting practices. The absence rate due to illness in TOMRA Systems ASA increased from 2.0% percent in 2020 to 2.85% percent in 2021. Further details of TOMRA's program to ensure health and safety are presented in TOMRA's Corporate Sustainability report on pages 12-29 of this report.

TOMRA is continuously taking measures to further strengthen the management of compliance matters. The Compliance department has, since 2019, significantly revised the Code of Conduct, the Business Principles for Suppliers, Counterparty Due Diligence and Conflict of Interest policies. The revised policies have been communicated to all employees and include a systematic training program. A more extensive description of TOMRA's compliance framework is provided in TOMRA's Corporate Sustainability report on pages 12-29.

TOMRA's quality and environmental management systems are based on the international ISO 9001:2015 and ISO ISO 14001:2015 management systems standards. Primary R&D and production units, accounting for over 80% of the operations, have been certified according to ISO 9001. The R&D and production sites in Poland, Germany and Norway are ISO 14001 certified in addition to the ISO 9001 certification. TOMRA also applies an internal management system that incorporates goal- and result-orientation throughout the entire organization, including performance and leadership evaluation. Additional details are available in TOMRA's Corporate Sustainability report on pages 12-29.

Corporate governance - Board developments

TOMRA defines corporate governance as those processes and control structures that have been established to protect the interests of the company's shareholders and other stakeholder groups. TOMRA's guidelines for corporate governance, core values and leadership principles are aligned to ensure sustainable development of the company. These guidelines include the role of the Board and its various committees, requirements concerning the impartiality of its Board members, and Board compensation.

ON THE BACK OF A FOCUSED EXPANSION, TOMRA'S OPERATIONS TODAY ARE MORE DIVERSIFIED AND ROBUST THAN IN THE PAST

TOMRA Systems ASA and subsidiaries has an insurance that covers Directors and Officers. The insurance covers direct financial loss suffered by the Insured resulting from dishonest acts by permanent or temporary employees of the Insured, or by an external third party.

TOMRA's corporate governance report can be found on pages 30 to 35 in this report. TOMRA's corporate governance policy can be found on www.tomra.com.

At the ordinary general meeting on 4 May 2021, all board members were re-elected.

The Board held six Board meetings in 2021 and the attendance at the meetings was 100 percent. One meeting was a physical meeting and five by MS Teams. In addition, the audit committee held four meetings, and the corporate responsibility committee and the compensation and organizational development committee met twice during the year. All meetings were attended 100 percent.

Prospects for the future

A growing global population, which is getting wealthier and more urbanized, demands more food and more convenience. It is estimated that approximately 30% of the food produced is lost today. Waste generation rates are expected to increase rapidly over the next decades. The amount of mismanaged plastic waste that ends up in the oceans is projected to triple by 2040 in a business-as-usual scenario. The path to low-carbon growth requires a decoupling from resource use and investment in innovation and technology. TOMRA has secured a strategic position in highly relevant sectors and invests approximately one tenth of revenues in technology and activities targeting future growth.

On the back of a focused expansion, the Group's operations today are more diversified and robust and hence less dependent on individual markets than in the past. Even if short-run fluctuations in the demand for TOMRA's solutions may occur, the company will in the long run be able to benefit from favorable macro trends in the food value chain, enforcing the need for automation and technology, and in the recycling space, where excess waste and pressure on resources is accelerating the need for processing and innovation.

TOMRA Collection

Almost all supermarkets in the established deposit markets have automated their return of bottles and cans. These markets therefore represent mainly replacement opportunities and after-markets for service. The installed base of approximately 81,000 machines generates a steady income stream with a high percentage of recurring revenues. Generally, deposit markets are viewed as infrastructure and to date no deposit market has been abolished after introduction. In addition, new markets introducing deposit schemes will, from time to time, materialize. Timing is however difficult to predict, as new markets are dependent upon the outcome of political processes.

Material growth consequently needs to come from new deposit markets. There are currently several processes ongoing and deposit introduction is being discussed in many markets. Which markets finally materialize, and what role TOMRA can play in each market is uncertain. As the market leader within reverse vending, TOMRA should however be in a good position to monetize on the opportunities, when they arise. In preparation for these opportunities, TOMRA will need to invest in people and capabilities, and this could in the short run have a negative effect on profitability.

The Netherlands and the state of Connecticut in US have expanded their existing deposit systems in 2021. Slovakia and Latvia have prepared for the scheme go-live in early 2022 and TOMRA has secured a robust competitive position in these markets. For new deposit markets expected to materialize, the timeline encompasses 2022 and 2023, and includes Scotland, Ireland, Romania, the state of Quebec in Canada and the states of Victoria and Tasmania in Australia.

TOMRA Recycling Mining

Recycling has previously been somewhat cyclical and dependent on commodity risk. During the COVID-19 pandemic, the waste sorting, and high-quality plastics segments, representing the majority of the business, have shown good resilience. The increased focus on plastic pollution, better waste handling, and circular economy can reduce the volatility by fueling long term investment into the recycling industry. Based on the current activity level and market sentiment, the Board consequently assumes that TOMRA should be in a good position to see growth in revenues in the coming years.

The momentum in Mining tends to move in sync with commodity prices and be more dependent on single orders, something which we expect will continue to be the case.

TOMRA Food

The demand for food and higher quality and safety requirements will be fairly stable through economic cycles, although macroeconomic conditions may impact customers' investment sentiment. The food supply chains have shown resilience during the COVID-19 pandemic. Based on the current activity level and market sentiment, the Board assumes that TOMRA should be in a good position to continue to see growth in revenues in the coming years.

The long-term outlook is positive, driven by food safety and quality requirements, consumption of more packaged food products, and availability of labor. TOMRA continues to strengthen its market position with a deeper category focus, optimized go-to-market strategy, and a more efficient product development process and operations.

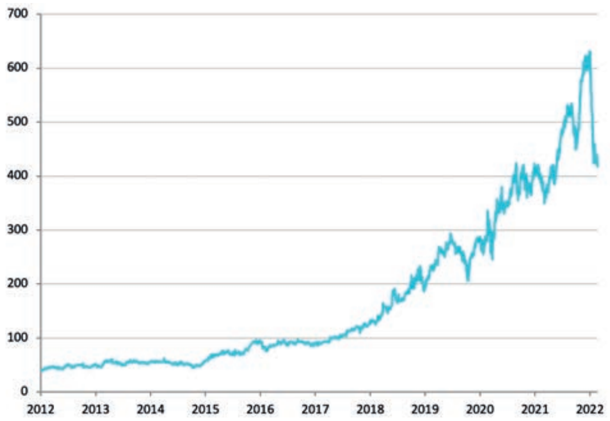
Currency

A stronger NOK is negative for TOMRA, both because the Group has significant activities abroad that are denominated in foreign currencies and appears therefore less profitable measured in NOK, and because TOMRA has a certain cost base in NOK tied to development activities and headquarter functions. For TOMRA Food, a weaker USD is negative, due to significant revenues nominated in USD, and with a cost base more nominated in EUR and NZD. For a broader review of currency sensitivities, refer to note 20.

The TOMRA share

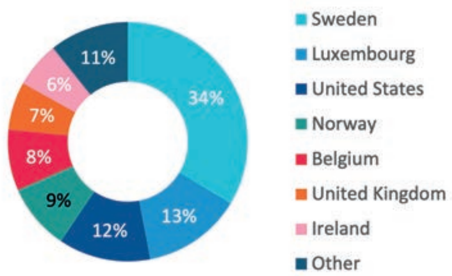
The number of TOMRA shareholders increased from 10,380 at the end of 2020 to 10,731 at the end of 2021. The number of shares held by Norwegian residents at the end of 2021 was 18 percent, slightly up from 17 percent in 2020. The TOMRA share price increased from NOK 422.60 at the end of 2020 to NOK 631.00 at the end of 2021. Adjusting for the dividend of NOK 3.00 paid out in May 2021, the total return on the TOMRA share was 50 percent in 2021, following a 53 percent return in 2020 and 45 percent in 2019. In comparison, the return on the Oslo Stock Exchange (OSEBX) in 2021 amounted to 24 percent.

TOMRA SHARE PRICE



SHAREHOLDERS BY COUNTRY

(nominee accounts)



A total of 50 million TOMRA shares were traded on the Oslo Stock Exchange in 2021, down from 103 million shares the year before. TOMRA's largest shareholder, Investment AB Latour held 21.1 percent of the shares at the end of 2021, unchanged compared to 2020.

TOMRA aims to provide timely, relevant, and accurate information to the capital market to provide a basis for trading and fair pricing of the TOMRA share. TOMRA values a good dialogue with the capital market and has repeatedly in recent years been named the best Nordic and/or Norwegian IR-company in its class in the annual awards presented by REGI. The ranking is based on interviews with sell side analysts.

The nominal value of each share is NOK 1. The total number of outstanding shares at year-end 2021 was 148,020,078, including 289,884 treasury shares held by TOMRA. The Board wishes to encourage the company's employees to invest in the company's shares and a share purchase program was therefore established in 2008 that offers employees the opportunity to buy shares at current market rates, and for every five shares held for at least one year, one share is given free of charge. The Board will recommend at the general assembly that the program should be continued, limited to a total of 500,000 shares per year.

Financing

At year-end TOMRA had committed credit lines of NOK 2,798 million, of which NOK 1,000 million was utilized.

Taking the company's relatively stable cash flow, solid balance sheet and unrealized credit facility into consideration, it is the Board of Directors opinion that the company has the necessary financial flexibility to take advantage of possible growth opportunities.

Asker, 22 February 2022

Jan Svensson **Chairman**	Bodil Sonesson **Board member**	Pierre Couderc **Board member**	Hege Skryseth **Board member**
Bjørn Matre **Board member**	David Williamson **Employee elected**	Gigi Portela **Employee elected**	Tove Andersen **President & CEO**

IT IS THE BOARD OF DIRECTORS' OPINION THAT THE COMPANY HAS THE NECESSARY FINANCIAL FLEXIBILITY TO TAKE ADVANTAGE OF POSSIBLE GROWTH OPPORTUNITIES

FINANCIAL STATEMENTS

INCOME STATEMENT

Tomra Systems ASA NGAAP				Group IFRS	
2021	2020	**Amounts in NOK million**	Note	**2021**	2020
2,180.5	**1,514.2**	**Operating revenues**	**1,2**	**10,908.7**	**9,941.3**
1,242.7	786.7	Raw materials and consumables used	3	4,343.8	3,829.6
384.7	323.5	Employee benefits expenses	4,18,24	3,376.0	3,264.7
60.1	56.4	Ordinary depreciation, amortization and impairment	7,8,9	854.8	866.7
194.5	114.6	Other operating expenses	13,24	781.6	680.1
1,882.0	**1,281.2**	**Total operating expenses**		**9,356.2**	**8,641.1**
298.5	**233.0**	**Operating profit**		**1,552.5**	**1,300.2**
400.0	387.9	Dividend from subsidiaries	5	-	-
84.0	43.4	Financial income	5	11.6	13.7
31.5	301.9	Financial expenses	5	105.9	231.3
452.5	**129.4**	**Net financial items**	**5**	**(94.3)**	**(217.6)**
-	-	Profit (loss) from associates	11	65.3	(12.2)
751.0	**362.4**	**Profit before taxes**		**1,523.5**	**1,070.4**
(78.2)	(5.4)	Taxes	6	391.0	272.2
672.8	**367.8**	**Profit for the period**		**1,132.5**	**798.2**
		Attributable to:			
		Shareholders of the parent		1,091.5	775.1
		Non-controlling interest		41.0	23.1
		Profit for the period		**1,132.5**	**798.2**
		Allocated as follows:	15		
886.4	442.9	Dividend			
(213.6)	(75.1)	Other equity			
672.8	**367.8**	**Total allocated**			
		Earnings per share, basic (NOK)	15	7.39	5.25
		Earnings per share, diluted (NOK)	15	7.39	5.25

OTHER COMPREHENSIVE INCOME

	Group IFRS	
Amounts in NOK million	**2021**	2020
Profit for the period	**1,132.5**	**798.2**
Other comprehensive income that may be reclassified to profit or loss		
Hedging of net investment in foreign operations	45.4	(129.6)
Tax on hedging of net investment in foreign operations	(10.0)	28.5
Foreign exchange translation differences	(99.4)	174.0
Other comprehensive income that will not be reclassified to profit or loss		
Remeasurements of defined benefit liability	0.8	(3.3)
Tax on remeasurements of defined benefit liability	(0.5)	1.1
Total comprehensive income for the period	**1,068.8**	**868.9**
Attributable to:		
Shareholders of the parent company	1,023.0	849.5
Non-controlling interest	45.8	19.4
Total comprehensive income for the period	**1,068.8**	**868.9**

BALANCE SHEET AS OF 31 DECEMBER

	Tomra Systems ASA NGAAP				Group IFRS	
	2021	2020	**Amounts in NOK million**	Note	**2021**	2020
ASSETS	**46.2**	**53.7**	**Deferred tax assets**	**6**	**242.6**	**260.4**
	-	-	Goodwill	7	2,968.6	3,034.3
	-	-	Development costs	7	215.1	176.3
	-	-	Other intangible assets	7	105.4	146.8
	111.1	125.6	Software	7	258.4	228.1
	111.1	**125.6**	**Total intangible non-current assets**		**3,547.5**	**3,585.5**
	49.1	46.7	Property, plant and equipment	8	861.5	908.1
	-	-	Leasing equipment	8	392.9	429.0
			Right of use assets	9	942.9	1,033.5
	49.1	**46.7**	**Total tangible non-current assets**		**2,197.3**	**2,370.6**
	3,368.7	3,368.7	Investment in subsidiaries	10	-	-
	1,084.7	1,144.1	Loans to subsidiaries		-	-
	12.6	12.6	Investment in associates	10,11	29.8	64.8
	-	-	Other investments		1.4	1.3
	1.5	2.4	Long term receivables	12	315.7	286.6
	4,467.5	**4,527.8**	**Total financial non-current assets**		**346.9**	**352.7**
	4,673.9	**4,753.8**	**Total non-current assets**		**6,334.3**	**6,569.2**
	24.9	**11.2**	**Inventory**	**3**	**1,883.4**	**1,492.4**
	-	**-**	**Contract assets**	**2**	**38.2**	**27.4**
	7.6	9.2	Trade receivables		2,149.7	1,933.2
	710.7	325.0	Intra-group receivables		-	-
	130.1	90.8	Other short-term receivables		521.6	388.2
	848.4	**425.0**	**Total receivables**	**13**	**2,671.3**	**2,321.4**
	30.1	**34.3**	**Derivatives**	**20**	**30.1**	**34.3**
	170.4	**28.2**	**Cash and cash equivalents**	**14**	**631.6**	**532.1**
	1,073.8	**498.7**	**Total current assets**		**5,254.6**	**4,407.6**
	5,747.7	**5,252.5**	**Total assets**		**11,588.9**	**10,976.8**

	Tomra Systems ASA NGAAP				Group IFRS	
	2021	2020	**Amounts in NOK million**	Note	**2021**	2020
LIABILITIES AND EQUITY	148.0	148.0	Share capital		148.0	148.0
	(0.3)	(0.4)	Treasury shares		(0.3)	(0.4)
	918.3	918.3	Share premium reserve		918.3	918.3
	1,066.0	**1,065.9**	**Paid-in capital**		**1,066.0**	**1,065.9**
	290.8	**466.1**	**Retained earnings**		**4,926.9**	**4,362.6**
	-	**-**	**Non-controlling interest**		**171.3**	**162.7**
	1,356.8	**1,532.0**	**Total equity**	**15**	**6,164.2**	**5,591.2**
	-	-	Deferred tax liabilities	6	47.1	46.4
	45.8	49.3	Pension liabilities	18	233.9	218.6
	600.0	1,414.1	Interest-bearing liabilities	19,20	603.7	1,414.1
	-	-	Long-term lease liabilities	9,19,20	748.4	843.1
	-	-	Other long-term liabilities	23	306.6	240.1
	496.6	225.7	Loans from subsidiaries		-	-
	1,142.4	**1,689.1**	**Total non-current liabilities**		**1,939.7**	**2,762.3**
	-	**-**	**Contract liabilities**	**2**	**577.1**	**487.0**
	13.5	**91.1**	**Derivatives**	**20**	**13.5**	**91.1**
	400.0	-	Interest-bearing liabilities	19.20	400.0	-
	-	-	Short-term lease liabilities	9,19,20	266.8	260.6
	97.0	51.4	Trade payables	20	644.2	552.8
	1,606.8	1,280.9	Intra-group debt		-	-
	68.7	19.9	Income tax payable	6	203.8	130.7
	14.6	15.6	Provisions	22	169.4	158.2
	1,047.9	572.5	Other current liabilities	21	1,210.2	942.9
	3,248.5	**2,031.4**	**Total current liabilities**		**3,485.0**	**2,623.3**
	4,390.9	**3,720.5**	**Total liabilities**		**5,424.7**	**5,385.6**
	5,747.7	**5,252.5**	**Total liabilities and equity**		**11,588.9**	**10,976.8**

Asker, 22 February 2022

Jan Svensson Chairman	Bodil Sonesson Board member	Pierre Couderc Board member	Bjørn Matre Board member
Hege Skryseth Board member	David Williamson Employee elected	Gigi Portela Employee elected	Tove Andersen President & CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP IFRS **Amounts in NOK million**	Paid-in capital	Translation reserve	Remeasurements of defined benefit liability (asset)	Retained earnings	Total equity attributable to the owners of the company	Non-controlling Interest	Total Equity
Balance per 1 January 2020	**1,065.8**	**719.0**	**(109.7)**	**3,401.3**	**5,076.4**	**170.3**	**5,246.7**
Profit for the period				775.1	775.1	23.1	798.2
Changes in translation differences		76.6			76.6	(3.7)	72.9
Remeasurements of defined benefit liability (asset)			(2.2)		(2.2)		(2.2)
Total comprehensive income for the period	**0.0**	**76.6**	**(2.2)**	**775.1**	**849.5**	**19.4**	**868.9**
Transactions with shareholders							
Dividend non-controlling interest				(26.2)	(26.2)	(27.0)	(53.2)
Purchase of own shares					0.0		0.0
Own shares sold to employees	0.1			36.7	36.8		36.8
Change in estimate of put/call option [2]				(102.0)	(102.0)		(102.0)
Dividend to shareholders				(406.0)	(406.0)		(406.0)
Total transactions with shareholders	**0.1**	**0.0**	**0.0**	**(497.5)**	**(497.4)**	**(27.0)**	**(524.4)**
Balance per 31 December 2020	**1,065.9**	**795.6**	**(111.9)**	**3,678.9**	**5,428.5**	**162.7**	**5,591.2**
Profit for the period				1,091.5	1,091.5	41.0	1,132.5
Changes in translation differences		(68.8)			(68.8)	4.8	(64.0)
Remeasurements of defined benefit liability (asset)			0.3		0.3		0.3
Total comprehensive income for the period	**0.0**	**(68.8)**	**0.3**	**1,091.5**	**1,023.0**	**45.8**	**1,068.8**
Transactions with shareholders							
Dividend non-controlling interest				(17.9)	(17.9)	(37.2)	(55.1)
Purchase of own shares					0.0		0.0
Own shares sold to employees	0.1			45.1	45.2		45.2
Change in estimate of put/call option [2]				(43.0)	(43.0)		(43.0)
Dividend to shareholders [1]				(442.9)	(442.9)		(442.9)
Total transactions with shareholders	**0.1**	**0.0**	**0.0**	**(458.7)**	**(458.6)**	**(37.2)**	**(495.8)**
Balance per 31 December 2021	**1,066.0**	**726.8**	**(111.6)**	**4,311.7**	**5,992.9**	**171.3**	**6,164.2**

1) Dividend payment was NOK 3 per share in 2021, as proposed in the 2020 financial statements.
2) See note 23 for more details.

CASH FLOW STATEMENT

Tomra Systems ASA NGAAP				Group IFRS	
2021	2020	**Amounts in NOK million**	Note	**2021**	2020
		CASH FLOW FROM OPERATING ACTIVITIES			
751.0	362.4	Ordinary profit/(loss) before taxes		1,523.5	1,070.4
(19.9)	(7.6)	Income taxes paid		(311.6)	(273.8)
-	-	(Gains)/losses from sales of fixed assets		(13.5)	(3.8)
60.1	56.8	Depreciation / Amortization	7,8	583.2	586.1
-	-	Depreciation / Amortization lease contracts	9	268.3	274.9
-	-	Write-down non-current assets	7,8	3.3	5.8
(13.8)	(0.3)	Net change in inventory		(435.5)	163.7
(32.6)	25.0	Net change in receivables		(402.7)	(52.6)
45.6	(6.5)	Net change in payables		180.5	35.4
(12.1)	(7.6)	Difference between pension expense and pension contribution paid		15.0	(23.4)
-	-	Exchange rate effects		117.7	(208.9)
-	-	Profit before tax from associated companies	11	(65.3)	12.2
-	-	Dividend from affiliated companies	11	15.3	5.0
(46.5)	99.8	Changes in other balance sheet items		277.8	48.9
		Lease interests		34.8	40.3
22.8	19.1	Interest expense		18.5	30.1
754.6	**541.1**	**Net cash flow from operating activities**		**1,809.3**	**1,710.2**
		CASH FLOW FROM INVESTING ACTIVITIES			
-	-	Proceeds from sales of non-current assets		67.7	78.3
-	-	Proceeds from sale of associate		92.8	-
-	-	Acquisition of associates / capital infusion		(8.2)	(2.2)
-	-	Acquisition of subsidiary, net of cash acquired		(8.8)	-
(48.1)	(69.0)	Investment in non-current assets		(592.2)	(609.7)
(48.1)	**(69.0)**	**Net cash flow from investing activities**		**(448.7)**	**(533.6)**
		CASH FLOW FROM FINANCING ACTIVITIES			
270.5	309.3	Loan payments (to)/from subsidiaries		-	-
(1,864.1)	(4,050.0)	Repayment of long-term loans		(1,895.5)	(4,076.7)
1,450.0	3,584.1	Proceeds from issuance of long term debt		1,485.2	3,698.0
-	-	Net repayment of short-term loans		(79.7)	37.5
-	-	Instalments on lease liabilities	9	(265.1)	(270.2)
-	-	Dividend non-controlling interest	15	(55.1)	(53.3)
45.2	36.8	Sale of treasury shares	15	45.2	36.8
-	-	Lease interest	9	(34.8)	(40.3)
(22.8)	(19.1)	Interest paid		(18.4)	(30.1)
(443.1)	(406.0)	Dividend paid	15	(442.9)	(406.0)
(564.3)	**(544.9)**	**Net cash flow from financing activities**	**25**	**(1,261.1)**	**(1,104.2)**
142.2	(72.8)	Net change in cash and cash equivalents		99.5	72.4
28.2	100.9	Cash and cash equivalents per 1 January	14	532.1	459.7
170.4	28.2	Cash and cash equivalents per 31 December	14	631.6	532.1

CONSOLIDATION AND ACCOUNTING PRINCIPLES GROUP - IFRS

GENERAL

Business concept and customers

Tomra Systems ASA (the “Company”) is a company domiciled in Norway. The registered office is Drengsrudhagen 2, Asker.

TOMRA’s goal is to create sensor-based solutions for optimal resource productivity, making sustainability profitable – with increased relevance and meaning. In parallel, TOMRA fosters a culture that inspires and motivates its people and customers.

Added value is created for each customer through excellence in service and innovation.

TOMRA’s customers are located on all five continents.

Significant accounting policies

The consolidated financial statements of the Company for the year ended 31 December 2021 comprise the Company and its subsidiaries and joint ventures (together referred to as the “Group”) and the Group’s interest in associates. The financial statements consist of the income statement, other comprehensive income, balance sheet, cash flow statement, consolidated statement of changes in equity and notes to the accounts.

The financial statements were authorized for issue by the Directors on 22 February 2022 and will be presented for final approval at the general meeting on 28 April 2022. Until the final approval by the general meeting, the board can authorize changes to the financial statements.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU, and the additional disclosure requirements of the Norwegian accounting act as at 31 December 2021.

(b) Basis of preparation

The financial statements are presented in million NOK, rounded to the nearest one hundred thousand.

The financial statements are prepared based on historical cost, except for the following material items:

- Derivative financial instruments recognized at fair value through profit and loss.
- Defined benefit obligation recognized as the net total of the plan assets and the present value of the defined benefit obligation.
- Financial liabilities recognized due to anticipated acquisitions at the present value of the expected redemption amount.

The financial statements are prepared on a going concern basis.

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of determining carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by each Group entity.

REPORTING STRUCTURE

The Group’s consolidated amounts comprise the following units:

Tomra Systems ASA

Europe
Tomra Europe AS (NO)
Tomra Butikksystemer AS (NO)
Tomra Systems AB (SE)
OY Tomra AB (FI)
Tomra Systems AS (DK)
Tomra Holding OÜ (EE)
Tomra Service OÜ (EE)
Tomra Systems UAB (LT)
Tomra Collection Holding OÜ (EE)
Tomra Collection Latvia SIA (LV)
Tomra Systems BV (NL)
Tomra Systems GmbH (DE)
Retail Services GmbH (DE)
Tomra Leergutsysteme GmbH (AT)
Tomra Systems SAS (FR)
Tomra Systems NV (BE)
Tomra s.r.o (CZ) (40 %)
Tomra Systems D.O.O (HR) (70%)
Tomra Collection Ltd. (UK)
Tomra Production AS (NO)
Tomra Collection Slovakia s.r.o. (SK)
Tomra Collection France (FR)
Tomra Collection Romania s.r.l. (RO)
Tomra Collection Portugal, Unipessoal LDA (PT)
Tomra Sorting AS (NO)
Tomra Sorting GmbH (DE)
Tomra Sorting S.L. (ES)
Tomra Sorting Ltd. (UK)
Tomra Sorting Sp. Z.o.o. (PL)
Tomra Sorting S.a.r.l. (FR)
Tomra Sorting SRO (SK)
Tomra Sorting Ltd (IE)
Tomra Sorting SRL (IT)
Odenberg Engineering BV (NL)
Tomra Sorting NV (BE)
Tomra Sorting BV (NL)
Best Vastgoed (NL)
Belgian Sorting Turkey Mak. San. Tic. A.S. (TR)
Tomra Sorting Greece Single Member private Company IKE (GR)
Compac Sorting Eq. Europe (UK)
BBC Technologies BV (NL)

North-America
Tomra of North America Inc. (DE)
Tomra of North America Finance Company LLC (DE)
Tomra Metro LLC (CT)
Western New York Beverage Industry Collection and Sorting LP (74%) (NY)
Western NY Bottle & Can Retrieval Center LLC (NY)
Tomra New York Recycling LLC (74%) (NY)
Upstate NY Bottle & Can Retrieval Center LLC (NY)
Farmington Redemption LLC (NY)
Upstate Tomra LLC (54%) (NY)
Tomra Mass. (55%) (MA)
Tomra Canada Inc. (CA)
UBCR (51%) (MI)
Returnable Services LLC (DE)
Synergistics LLC (51%) (MI)
Tomra Commercial Software Solutions LLC (DE)
Clean Loop Recycling LLC (DE)
Tomra Sorting, Inc. (US)
Compac Sorting Eq. Ltd. (US)
BBC Technologies Ltd. (US)
BBC Technologies LLC (US)

Rest of the world
Tomra Sorting Japan KK (JP)
Tomra Japan Ltd. (50%) (JP)
Tomra Sorting Co, Ltd. (KR)
Tomra Sorting (Pty) Ltd. (ZA)
Tomra Sorting (Pty) Ltd. (AU)
Tomra Sorting Technology (Xiamen) Co. Ltd. (CN)
Tomra (Xiamen) Imp. & Exp. Co. Ltd. (CN)
Tomra Brasil Solucoes EM segregacao LTDA (BR)
Tomra Sorting DMCC (AE)
Tomra Sorting Chile SpA (CL)
Tomra Sorting India Private Limited (IN)
Tomra Sorting LLC (RU)
Best Hong Kong Int. Ltd. (HK)
Tomra Recycling Technology (Xiamen) Co. Ltd (51%) (CN)
Incom Tomra Recycling Technology (Beijing) Co. Ltd (49%) (CN)
Bottlecycler Australia Pty Ltd (60%) (AU)
Tomra Collection Pty Ltd (AU)
Tomra Cleanaway Pty Ltd (50%) (AU)
Tomra Collection Solutions Taiwan (51%) (TW)
Tomra Sorting Singapore PTE Ltd. (SG)

Compac Holding Ltd. (NZ)
Compac International Ltd. (NZ)
Lenz Equipment Ltd. (NZ)
Compac Sorting Eq. Ltd. (NZ)
Compac Sorting Eq. Ltd. (AU)
Compac Sorting Eq. Ltd. (CN)
Compac Sorting Eq. Latin America (CL)
Compac Tech Ltd. (NZ)
Compac Sorting Equipment (Kunshan) Co. Ltd. (CN)
Compac International Trade (Kunshan) Co. Ltd. (CN)
Taste Tech Ltd. (NZ)
Taste Tech Install Ltd. (NZ)
Tastemark Ltd. (NZ)

BBC Technologies Ltd. (NZ)
BBC Technologies Agricola SPA (CL)
Tomra Peru SAC (PE)

Tomra Peru SAC (PE) was founded in 2020.
Tomra Collection Holding OÜ (EE),
Tomra Collection Latvia SIA (LV),
Tomra Collection Slovakia s.r.o. (SK),
Tomra Collection Romania s.r.l. (RO),
Tomra Collection Portugal, Unipessoal LDA (PT) and
Tomra Sorting Greece Single Member private Company IKE (GR) were founded in 2021.
Tomra Collection France (FR) was acquired in 2021.

UltrePET LLC (NY) was sold during 2021, and Tomra Claims Resolution Company (US) was liquidated during 2021.

CONSOLIDATION PRINCIPLES

(a) Consolidated companies

The consolidated accounts include the parent company Tomra Systems ASA and companies in which the parent company has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries acquired or sold during the course of the year are included in the income statement as of the date that control commenced until the date that control ceased.

(b) Elimination of shares in subsidiaries

Shares in subsidiaries are eliminated on the basis of the past equity method. The difference between the book value of shares in subsidiaries and book value of the subsidiaries' equity at the time such shares were acquired is analyzed and posted to the balance sheet items to which the excess amounts relate. Goodwill represents the excess of the purchase price paid for acquisitions above net assets acquired and is tested for impairment at least annually.

(c) Currency translation for foreign subsidiaries

The profit and loss statements for foreign subsidiaries prepared in foreign currencies are translated on the basis of average exchange rates for each month of the year. The balance sheet is converted on the basis of the exchange rates on December 31. Translation differences are shown as a separate item and charged to other comprehensive income (OCI).

When foreign subsidiaries are sold, completely or partially, the associated translation difference is recognized in the profit and loss.

(d) Non-controlling interest

The non-controlling interest's share of the net profit and equity are classified as separate items in the income statement and balance sheet.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

(e) Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date when control is transferred to the Group.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit and loss.

For accounting of goodwill see Valuation and Classification principles (g) Goodwill.

TOMRA has entered into put and call options for the remaining non-controlling interests (NCI) in some of its subsidiaries. The Group accounts for such agreements using "the anticipated-acquisition method". Under this method, the interest subject to the option is deemed to have been acquired at the date of acquisition. Accordingly, the financial liability arising from the option is included in the consideration transferred. Under the anticipated acquisition method, the interests of the non-controlling shareholders that hold the options are derecognized when the financial liability is recognized. This is because the recognition of the financial liability implies that the interests subject to the options are deemed to have been acquired already. Therefore, the underlying interests are presented as already owned by the Group, both in the statement of financial position and in the statement of profit and loss and other comprehensive income. The financial liability is recognized at the present value of the expected redemption amount. Changes in the carrying amount of the liability will be recognized within equity. If the option expires unexercised, then the liability is derecognized and NCI is recognized, consistent with a decrease in ownership interest in a subsidiary while retaining control.

(f) Internal transactions/intercompany items

All purchases and sales between Group companies, intra Group expenses, as well as receivables and liabilities have been eliminated in the consolidated statements.

(g) Joint Ventures

Joint Ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the equity method, see note 11.

(h) Associates

Associates, in which TOMRA has an ownership interest of 20-50% and significant influence over operational and financial decisions, are included in the consolidated accounts based on the equity method. The Group's share of the profit from associates is reported under financial items in the income statement and as operating activities in the statement of cash flow.

VALUATION AND CLASSIFICATION PRINCIPLES

Estimations

The preparation of the annual accounts of TOMRA involves the use of estimates. The estimates are based on a number of assumptions and forecasts that, by their nature, involve uncertainty. Various factors could cause TOMRA's actual results to differ materially from those projected in the estimates. This includes, but is not limited to, 1) cash flow forecast from business units supporting the carrying amount of goodwill and deferred tax assets, 2) provisions for warranty, 3) assumptions for calculation of pension obligations and 4) estimated incremental borrowing rate for calculation of lease liability and RoU assets.

In performing the impairment test of goodwill, the recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates including, but not limited to, estimates of future performance of the CGU's, assumptions of the future market conditions, and discount rate. Changes in circumstances and in management's evaluations and assumptions may give rise to changes in the outcome of impairment testing.

(a) Revenue recognition

Revenue is measured based on the consideration specified in the contract with a customer. TOMRA Group recognizes revenue when it transfers control over a product or service to a customer.

The Group comprises five business streams and operates on all five continents. Payment terms differ both between and within the business streams as well as geographically, and includes prepayments, progress payments and credit payments (normally not longer than 90 days).

Nature of goods and services

The following is a description of principal activities – separated by reportable segments – from which TOMRA Group generates its revenues.

TOMRA Collection

The Collection segment principally generates revenue from sales or lease of Reverse Vending Machines (RVMs), including installation, and sales of service on the RVMs. RVMs and service may be sold separately or in bundled packages. Leasing of RVMs is considered to fall outside of IFRS 15 according to point 5.a.

For bundled packages, TOMRA accounts for individual RVMs and services separately, since they are considered distinct. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices.

The Collection segment also generates revenue from material recovery, which consists of pick-up, transportation, processing and sales of empty beverage containers on the US East Coast and in Canada.
The material recovery revenue consists of a processing & handling fee.

The last revenue source for the Collection segment is commodity revenues. This is sale of the collected material; alumina, plastic and glass.

Sales and installation of RVMs

For the sales and installation of RVMs, revenue is recognized when the customer obtains control over the goods. TOMRA's assessment is that the customer obtains control over the RVM when it is delivered, and revenue is recognized at that point in time.

Rendering of service

TOMRA sells both ad-hoc service and service contracts. For ad-hoc service, revenue is recognized at a point in time when the service is performed. For Service contracts, revenue is recognized over the service contract period, since it is considered a performance obligation satisfied over time where the customer simultaneously receives and consumes the benefits.

Processing & handling fee

The processing & handling fee is recognized as revenues at month end based on number of containers collected and processed. The revenues are recognized when the service is performed (container has been collected and processed).

Commodity revenues

The commodity revenues are recognized when the material is sold. Then the service of selling the commodity is performed.

TOMRA Recycling Mining and TOMRA Food

The Sorting segment principally generates revenue from sale and installation of sorters and sale of service on the sorters.

If sale of machine, installation, freight and service are sold as one contract, the transaction price is allocated to performance obligations according to the pricelist of the machine, quotation from freight company and installation costs.

Any discounts are allocated between the different performance obligations, if they are not specified to one specific performance obligation in the contract.

Sales and installation of Sorters
For the sale and installation of sorters, revenue is recognized when the customer obtains control over the goods. TOMRA's assessment is that the customer obtains control over the sorter when it is delivered (based on agreed incoterms) and revenue is recognized at that point in time.

Rendering of service
TOMRA sells both ad-hoc service and service contracts. For ad-hoc service revenue is recognized at a point in time when the service is performed. For Service contracts, revenue is recognized over the service contract period, since it is considered a performance obligation satisfied over time where the customer simultaneously receives and consumes the benefits.

Construction contracts
For some projects machines are built to a specific customer order or built only for one specific customer to use. These machines have no alternative use for TOMRA and there is an enforceable right to payment (incl. mark-up) for performance completed to date. The revenue is recognized over time as the performance obligation is satisfied. TOMRA uses an input method by measuring the value to the customer transferred to date. Progress is measured towards complete satisfaction. The progress is assessed by reference to work performed and cost incurred relative to expected total production costs.

Contract expenses are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in profit and loss.

For contracts where TOMRA is the lessor see point (f).

Financing component
Very few contracts are sold with payments terms exceeding one year, and the finance component of these contracts is considered immaterial.

Warranty
RVMs and Sorters are normally sold with a warranty period between 12 and 24 months. Warranty is recognized as an expense and the liability is accrued as previously according to IAS 37.
A general provision has been made for future warranty costs based on the previous year's turnover in all Group companies.

Lease revenues
Leases where TOMRA Group is a lessor are classified as either financial or operational leases.

Lease contracts where TOMRA Group does not transfer substantially all the risks and rewards of the asset are classified as operating leases. Rental income is then recognized as revenue on a straight-line basis over the lease term or another systematic basis in the Income statement. For throughput leases, revenue is recognized based on actual throughput every month.

Lease contracts where substantially all the risks and rewards are transferred are classified as financial lease. Revenue is then recognized at a point in time when the customer obtains control of the goods along with the accompanying receivable. The cost of the RVM/sorter is then derecognized from inventory and recognized as Cogs.

Loss on lease contracts is assessed in the same way as trade receivables, see (k) for more details.

TOMRA has no other material obligations for returns, refunds or similar.

(b) Cost recognition
Costs are expensed in the period that the income to which they relate is recognized. Costs that cannot be directly related to income are expensed as incurred.

Grants received related to Covid-19 are presented as a reduction in the related expenses.

(c) Expenses
Net financing costs
Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in the income statement.

Interest income is recognized in the income statement as it accrues, using the effective interest method. Dividend income is recognized in the income statement on the date the entity's right to receive payments is established. The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

Hedge of a net investment in foreign operation
The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Group's currency (NOK).

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in other comprehensive income to the extent that the hedge is effective, and are presented in the translation reserve within equity. The tax effect is charged to other comprehensive income. To the extent that the hedge is ineffective, such differences are recognized in profit and loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit and loss as part of the gain or loss on disposal.

(d) Derivative financial instruments
Financial instruments are recognized initially at cost and are subsequently stated at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit and loss.

(e) Property, plant and equipment
Assets
Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Land is not depreciated.

If the recoverable amount of an item of property, plant and equipment is lower than carrying amount, the asset will be written down to fair value.

Subsequent costs
The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

(f) Leases
At inception of the contract, TOMRA Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

TOMRA Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. The estimated useful life of right-of use assets is determined on the same basis as those of property and equipment. In addition, the right-of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using TOMRA Group's incremental borrowing rate for each currency.

Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate
- Amounts expected to be payable under a residual value guarantee
- The exercise price of a purchase option that TOMRA Group is reasonably certain to exercise
- Payment of penalties for early termination of a lease unless TOMRA Group is reasonably certain not to terminate early.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in TOMRA Group's estimate of the amount expected to be payable under a residual value guarantee, or if TOMRA Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liabilities are increased by interest and reduced by the lease payments made each period.

TOMRA Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. TOMRA Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(g) Intangible assets

Intangibles consist of goodwill, development cost, entitlement to trademarks and non-competition agreements.

Goodwill

Goodwill represents amounts arising from acquisition of subsidiaries, associates and joint ventures.

For acquisitions, the Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the recognized amount of any non-controlling interests in the acquisition less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit and loss.

Goodwill is allocated to cash-generating units and is tested annually at 31 December for impairment. With respect to associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Adjustments to estimated contingent consideration are included in the income statement.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labour and overhead costs directly attributable to preparing the asset for use. Other development expenditure is recognized in the income statement as an expense as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Straight-line depreciation is applied over the economic life of the asset.

The Group has not received any material government grants related to R&D.

Other intangibles

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment losses. Other intangibles are amortized over the term of the contract. Impairment-testing was performed at year end where there were indications of impairment, see note 7.

Expenditure on internally generated goodwill and brands is recognized in profit and loss as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(h) Shares

Shares intended for long-term ownership are recorded in the balance sheet under long-term investments. These are valued at acquisition cost, unless circumstances, which cannot be regarded as of a temporary nature, exist which necessitate a lower valuation.

(i) Inventory

Inventories of raw materials are valued at the lower of cost of acquisition and fair value. Work in progress and finished products are valued at the lower of cost to manufacture or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Spare parts and parts held by service agents are valued at cost. A deduction is made for obsolescence where necessary.

The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

(j) Transactions, receivables and liabilities in foreign currencies

Receivables and liabilities are booked at the exchange rate at the date of the balance sheet. Transactions in profit and loss are booked at monthly average exchange rates.

Material single transactions are booked at the transaction date exchange rate.

(k) Trade receivable - IFRS 9

Loss on receivables is to be assessed based on quantitative and qualitative information on historical experience, credit risk assessment and forward-looking information (including macro-economic factors) of the receivables at balance date. Loss allowance is recognized based on lifetime expected credit losses, i.e. the credit loss that results from all possible default events over the expected life of the receivable.

Receivables with due dates more than one year after the balance date are reported as non-current assets.

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits, money market funds, and other short-term investments with original maturity of three months or less. The parent company presents total bank deposits in the international cash pool, while the subsidiaries present their share of the international cash pool as intra-group balances.

(m) Pension obligations

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as employee benefits expenses in profit and loss as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss and presented as a financial item.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit and loss. TOMRA Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(n) Taxes

The tax charge in the income statement includes both taxes payable for the period and the change in deferred taxes. The change in deferred taxes reflects future taxes payable resulting from the year's activities. Deferred taxes are determined based on the accumulated result, which falls due for payment in future periods. Deferred taxes are calculated on net positive timing differences between accounting and tax balance sheet values, after offsetting negative timing differences and losses carried forward under the liability method. See Note 6.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(o) Earnings per share

Earnings per share has been computed based upon the weighted average number of common shares and share equivalents outstanding during each period. Common share equivalent recognizes the potential dilutive effects of future exercises of common share warrants and employee incentive programs payable in company shares.

(p) Cash flow statement

The cash flow statement is compiled using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term investments with terms not exceeding three months that can immediately, and with no material exchange rate exposure, be exchanged for cash.

(q) Impairment
The carrying amounts of the Group's assets, other than inventory and deferred tax assets (see separate accounting policies), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated on an annual basis, see note 7.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit and loss.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units), on a pro rata basis.

Calculation of recoverable amount
The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment
An impairment loss relating to goodwill cannot be reversed.

With respect to other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(r) Dividends
Dividends are recognized as a liability in the period in which they are declared.

(s) Interest-bearing borrowings
Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowings on an effective interest basis.

(t) Provisions
A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Expected incremental legal costs where there is a past obligation event with respect to the underlying claim are accrued for as provisions.

(u) Trade and other payables
Trade and other payables are stated at cost.

(v) Segment reporting
A segment is a distinguishable component of the Group that is engaged in providing products or services that is subject to risks and rewards that are different from those of other segments.

Segment information is presented in the same format that the entity's chief operating decision maker uses to manage the business.

(w) Share Capital
Ordinary shares
Incremental costs directly attributable to issue of ordinary shares and share options are recognized as a deduction from equity.

Repurchase of share capital
When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(x) New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations were not effective for the year ended 31 December 2021 and have not been applied in preparing these consolidated financial statements. Those that may be relevant to the Group are set out below. The Group does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:
IFRS 17 Insurance Contracts
Amendments to IAS 1 Presentation of Financial Statements
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors
Amendments to IAS 12 Income Taxes

TOMRA has considered the effects of the future adoption of these standards. The current assessment is that TOMRA does not expect any material effects in the financial statements from the new standards.

TOMRA'S POLICY IS TO MAINTAIN A STRONG CAPITAL BASE SO AS TO MAINTAIN INVESTOR, CREDITOR AND MARKET CONFIDENCE AND TO SUSTAIN THE FUTURE DEVELOPMENT OF THE BUSINESS

ACCOUNTING PRINCIPLES TOMRA SYSTEMS ASA - NGAAP

GENERAL

BASIC PRINCIPLES
The financial statements, which have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles, consist of the income statement, balance sheet, cash flow statement and notes to the accounts.

The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations and congruence. Transactions are recorded at their value at the time of the transaction. Income is recognized at the time of delivery of goods or services sold. Costs are expensed in the period that the income to which they relate is recognized.

Estimates and assumptions that may affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period, are prepared by management based upon their best knowledge at reporting date. Actual results may differ from those estimates.

VALUATION AND CLASSIFICATION PRINCIPLES

REVENUE RECOGNITION
Revenues mainly consists of sales of Reverse Vending Machines (RVMs) and parts to subsidiaries. Revenues for machines and parts are recognized when risk is transferred to the customer. Other service revenue is recognized when services are provided.

Dividend income is recognized in profit and loss when the entity's right to receive payments is established.

COST RECOGNITION
Costs are expensed in the period that the income to which they relate is recognized. Costs that can not be directly related to income are expensed as incurred.

START-UP AND DEVELOPMENT COSTS
Start-up and research and development costs are expensed as they are incurred.

TANGIBLE FIXED ASSETS
Fixed assets are entered in the accounts at original cost, with deductions for accumulated depreciation and write-down. If the fair value of a fixed asset is lower than book value, and the decline in value is not temporary, the fixed asset will be written down to fair value.

Based on the acquisition cost, straight-line depreciation is applied over the economic life of the fixed assets.

SHARES
Shares intended for long-term ownership are recorded in the balance sheet under long-term investments. These are valued at acquisition cost unless circumstances, which cannot be regarded as of a temporary nature, exist which necessitate a lower valuation.

CLASSIFICATION OF RECEIVABLES AND LIABILITIES
Receivables with due date within one year from the balance date are classified as current assets, and receivables with due dates more then one year after the balance date are reported as non-current assets.

Liabilities with due date within one year from the balance date are classified as current liabilities, and liabilities with due dates more than one year after the balance date are classified as non-current liabilities.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES
Receivables and liabilities are booked at the exchange rate at the date of the balance sheet. The bond loans are in NOK, and a cross currency swap (CCS) has been used to swap it to EUR. The change in CCS fair value resulting from change in spot rate is recorded in profit and loss.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include cash in hand, bank deposits, money market funds, and other short-term investments with original maturity of three months or less.

Tomra Systems ASA presents total bank deposits in the international cash pool, while subsidiaries present their share of the international cash pool as intra-group balances.

PENSION OBLIGATIONS

Defined contribution plans
Obligations for contributions to defined contribution plans are recognized as employee benefits expenses in profit and loss as the related service is provided.

Defined benefit plans
Tomra Systems ASA's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to Tomra Systems ASA, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Equity. Tomra Systems ASA determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit and loss. Tomra Systems ASA recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

TAXES
The tax charge in the profit and loss account includes both taxes payable for the period and the change in deferred taxes. The change in deferred taxes reflects future taxes payable resulting from the year's activities. Deferred taxes are determined based on the accumulated result, which falls due for payment in future periods. Deferred taxes are calculated on net positive timing differences between accounting and tax balance sheet values, after offsetting negative timing differences and losses carried forward under the liability method in accordance with the rules set out in the Norwegian Accounting Standard.

CASH FLOW STATEMENT
The cash flow statement is compiled using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term investments with terms not exceeding three months that immediately, and with no material exchange rate exposure, can be exchanged for cash.

NOTES

NOTE 1 SEGMENT INFORMATION

TOMRA GROUP - IFRS

Amounts in NOK million	Collection	Recycling Mining	Food	Group functions	TOTAL
2021					
Northern Europe	801				801
Rest of Europe [1]	2,617				2,617
North America [2]	1,672				1,672
Rest of the world	648				648
Europe [1]		1,151	911		2,062
North America [2]		249	1,108		1,357
South America		31	261		292
Asia		290	352		642
Oceania		73	480		553
Africa		87	178		265
Operating revenues	**5,738**	**1,881**	**3,290**	**0**	**10,909**
Sale of RVMs / Sorters	2,389	1,512	2,515		6,416
Lease of RVMs / Sorters [4]	1,052	35	57		1,144
Service	1,270	334	718		2,322
Material Recovery	1,027				1,027
Operating revenues	**5,738**	**1,881**	**3,290**	**0**	**10,909**
Operating expenses	4,621	1,467	2,930	122	9,140
EBITA	**1,117**	**414**	**360**	**(122)**	**1,769**
- in %	19 %	22 %	11 %		16 %
Amortizations	109	16	91		216
EBIT (operating profit)	**1,008**	**398**	**269**	**(122)**	**1,553**
- in %	18 %	21 %	8 %		14 %
Share of profit from associates	65	0	0	0	65
Investments	422	88	118	0	628
Investments in associates	30	0	0	0	30
Assets [3]	4,805	2,939	2,971	874	11,589
Liabilities	2,076	558	1,216	1,575	5,425
Depreciation and amortization	555	91	205	0	852
Impairment losses recognized in P&L	3	0	0	0	3
Other significant non-cash expenses	0	0	0	0	0

NOTE 1 SEGMENT INFORMATION (CONT.)

Amounts in NOK million	Collection	Recycling Mining	Food	Group functions	TOTAL
2020					
Northern Europe	778				778
Rest of Europe [1]	1,923				1,923
North America [2]	1,590				1,590
Rest of the world	645				645
Europe [1]		1,041	875		1,916
North America [2]		178	1,222		1,400
South America		18	299		317
Asia		289	291		580
Oceania		48	491		539
Africa		120	133		253
Operating revenues	**4,936**	**1,694**	**3,311**	**0**	**9,941**
Sale of RVMs / Sorters	1,609	1,357	2,506		5,472
Lease of RVMs / Sorters [4]	1,041	35	65		1,141
Service	1,312	302	740		2,354
Material Recovery	974				974
Operating revenues	**4,936**	**1,694**	**3,311**	**0**	**9,941**
Operating expenses	4,055	1,318	2,947	99	8,419
EBITA	**881**	**376**	**364**	**(99)**	**1,522**
- in %	18 %	22 %	11 %		15 %
Amortizations	123	13	86		222
EBIT (operating profit)	**758**	**363**	**278**	**(99)**	**1,300**
- in %	15 %	21 %	8 %		13 %
Share of profit from associates	(12)	0	0	0	(12)
Investments	370	96	106	0	572
Investments in associates	65	0	0	0	65
Assets [3]	4,462	2,890	2,832	793	10,977
Liabilities	1,819	426	1,116	2,025	5,386
Depreciation and amortization	556	82	222	0	861
Impairment losses recognized in P&L	5	1	0	0	6
Other significant non-cash expenses	0	0	0	0	0

1) Includes revenues from Germany of NOK 1,966 million in 2021 (NOK 1,763 million in 2020)
2) Includes revenues from USA of NOK 2,574 million in 2021 (NOK 2,582 million in 2020)
3) NOK 1,419 million of the assets was located in Norway in 2021 (NOK 1,120 million in 2020)
4) Includes throughput revenues from US, Australia and Lithuania

TOMRA is organized as three divisions; TOMRA Collection, TOMRA Recycling Mining and TOMRA Food.
The split is based upon TOMRA's internal reporting structure to the Chief operating decision maker (CEO).

Collection - two business streams:

Reverse Vending- development, production, sale and service of Reverse Vending Machines and related data management systems.

Material Recovery- pick-up, transportation and processing of empty beverage containers on behalf of beverage producers/ fillers on the US East Coast and in Canada.

TOMRA Recycling Mining is a provider of advanced optical sorting systems to the Recycling and Mining industries.

TOMRA Food is a provider of advanced optical sorting systems to the Food industry.

Group Functions consists of corporate functions at TOMRA's head office.

Assets and liabilities are distributed to the different reporting segments. Cash, tax positions, and interest-bearing debt (not including IFRS 16 lease liabilities) are allocated to Group Functions.

There is no material segment revenue from transactions between the business areas.

NOTE 2 REVENUES

For information about different types of contracts with customers see the description under Accounting principles.

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

Amounts in NOK million	**2021**	2020
Receivables from sales/contracts, included in receivables	1,960.3	1,715.1
Contract assets	38.2	27.4
Contract liabilities	577.1	487.0

For information about credit risk and loss allowance on receivables see notes 20 and 13.

Contract assets are limited and refer mainly to sorting equipment developed and manufactured to order with revenue recognition over time in accordance with the percentage of completion method. The balance shows the Group's right to consideration for work completed but not invoiced at the reporting date. The opening balance is normally transferred to receivables during the year and contract assets is increased by new contracts measured at progress.

The contract liabilities primarily relate to the advance consideration received from customers for service contracts and sale of Sorters where prepayments up front is common practice. The opening balance is normally transferred to revenue during the year and contract liabilities is increased by new advances from customers.

Transaction price allocated to the remaining performance obligations
The following table includes revenues expected to be recognized in the future related to performance obligations that are unsatisfied at the reporting date.

Amounts in NOK million	**2022**	**2023**	**2024**	**Total**
Revenues from sale of Sorters	1,674.4	57.8	15,0	1,747.2

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

NOTE 3 INVENTORY/RAW MATERIALS AND CONSUMABLES USED

Tomra Systems ASA NGAAP			Group IFRS	
2021	2020	**Amounts in NOK million**	**2021**	2020
		RAW MATERIALS AND CONSUMABLES USED		
1,256.4	787.0	Raw materials and consumables used, gross	4,734.8	3,933.3
(13.7)	(0.3)	Change in inventory	(391.0)	(103.7)
1,242.7	**786.7**	**Total raw materials and consumables used, net**	**4,343.8**	**3,829.6**

Cost of goods sold includes adjustment of inventory obsolescence of NOK 0.0 million (2020: NOK 0.0 million) for the Parent Company and NOK-4.3 million (2020: NOK 42.4 million) for the Group.

		INVENTORY		
-	-	Raw materials	621.0	472.0
-	-	Commodities	1.6	0.8
-	-	Work in progress	61.1	62.3
17.6	11.2	Finished goods	431.0	409.9
7.3	-	Spare parts	768.7	547.4
24.9	**11.2**	**Total inventory**	**1,883.4**	**1,492.4**

Inventories are not subject to retention of title clauses.

NOTE 4 EMPLOYEE BENEFITS EXPENSES

Tomra Systems ASA NGAAP			Group IFRS	
2021	2020	**Amounts in NOK million**	**2021**	2020
311.7	258.4	Salaries	2,664.3	2,589.6
34.4	33.8	Social security tax	332.0	313.6
10.5	10.8	Pension- Defined benefit plan	10.5	10.8
11.8	9.9	Pension- Defined contribution plan	91.1	76.4
16.3	10.6	Other labor cost [1)]	278.1	274.3
384.7	**323.5**	**Total employee benefits expenses**	**3,376.0**	**3,264.7**
212	**208**	**Number of man-years**	**4 401**	**4 241**

1) Other labor cost mainly consists of social expenses, meetings, training, recruiting and similar.

The Norwegian companies within the Tomra Group use bank guarantee instead of restricted bank accounts for employee tax deductions.

NOTE 5 FINANCIAL ITEMS

Tomra Systems ASA NGAAP			Group IFRS	
2021	2020	**Amounts in NOK million**	**2021**	2020
400.0	387.9	Dividend from subsidiaries	-	-
400.0	**387.9**	**Dividend from subsidiaries**	**-**	**-**
43.2	43.4	Interest income [1)]	11.6	13.7
40.8	-	Foreign exchange gain	-	-
84.0	**43.4**	**Total financial income**	**11.6**	**13.7**
22.8	19.1	Interest expenses [2)]	18.5	14.2
-	-	Interest leasing contracts	34.8	40.3
8.7	8.0	Other financial expenses	17.4	13.4
-	274.8	Foreign exchange loss [3)]	35.2	163.4
31.5	**301.9**	**Total financial expenses**	**105.8**	**231.3**
452.5	**129.4**	**Net financial items**	**(94.3)**	**(217.6)**

1) Interest income for Tomra Systems ASA includes interest income from subsidiaries of NOK 23.3 million (2020: NOK 26.6 million). Interest income from cash-pools was NOK 8.3 million.

2) Interest expense for Tomra Systems ASA includes interest expenses to subsidiaries of NOK 5.3 million (2020: NOK 5.3 million). In 2021 TOMRA increased loans from subsidiaries. Interest expense from cash pool was NOK 2.7 million. Interest expense on bonds was NOK 10.8 million, however this amount was reduced by NOK 9.6 million through Cross Currency Interest Rates Swaps that converted the NOK bond loans to EUR loans. Net interest on bonds were therefore NOK 1.2 million. Interest expense on loans from RCF was NOK 2.7 million, however this amount was reduced by NOK 1.1 million through forwards and swaps that converted the NOK loans to EUR loans. Net interest loans were therefore NOK 1.6 million.

3) The foreign exchange loss mainly relates to NOK volatility towards other currencies during 2021 and currency effects in subsidiaries outside Norway.

NOTE 6 TAXES

Tomra Systems ASA NGAAP 2021	Tomra Systems ASA NGAAP 2020	Amounts in NOK million	Group IFRS 2021		Group IFRS 2020	
		TAX BASIS				
751.0	362.4	Profit before taxes				
(400.0)	(387.9)	Dividend from subsidiaries				
(4.4)	9.0	Permanent differences				
(34.2)	106.8	Change in temporary differences				
312.4	**90.3**	**Basis for taxes payable**				
		TAXES				
68.7	19.9	Taxes payable	385.8		292.2	
		Tax under-accrued last year				
2.0	(1.8)	Tax effect of equity transactions				
-	-	Tax effect of OCI items	(10.5)		29.6	
7.5	(23.5)	Net change in deferred taxes	15.7		(49.6)	
78.2	**(5.4)**	**Tax expense**	**391.0**		**272.2**	
		Effective tax rate				
		Taxes based upon Norwegian tax rates	335.2	22.0 %	235.5	22.0 %
		Taxes based upon deviation between local and Norwegian tax rates	33.3	2.2 %	32.6	3.0 %
		Tax effect from permanent differences	22.5	1.5 %	4.1	0.4 %
		Actual tax expense	**391.0**	**25.7 %**	**272.2**	**25.4 %**

Deferred tax represents the net change in deferred tax assets and liabilities through changes in timing differences and loss carried forward. Deferred tax assets and liabilities are presented net of their respective tax effect using tax rate of the applicable jurisdiction applied to amounts representing future tax deductions or taxes payable and consist of the following as of 31 December.

GROUP - IFRS Amounts in NOK million	**Inventory**	**Other current assets**	**Intangible non-current assets**	**Tangible non-current assets**	**Other**	**Total**
Balance at 1 January 2020	145.5	29.2	(69.8)	(40.1)	97.5	**162.3**
Changes in deferred tax in the income statement	19.7	24.9	9.4	(1.9)	(2.5)	**49.6**
Changes in deferred tax related to items in OCI	-	-	-	-	-	**0.0**
Currency translation differences	0.9	(0.9)	(0.8)	2.4	0.5	**2.1**
Balance at 31 December 2020	**166.1**	**53.2**	**(61.2)**	**(39.6)**	**95.5**	**214.0**
Balance at 1 January 2021	166.1	53.2	(61.2)	(39.6)	95.5	**214.0**
Changes in deferred tax in the income statement	(8.0)	(5.9)	8.0	(10.2)	0.5	**(15.6)**
Changes in deferred tax related to items in OCI	-	-	-	-	-	**0.0**
Currency translation differences	(1.0)	1.4	(0.7)	(2.0)	(0.6)	**(2.9)**
Balance at 31 December 2021	**157.1**	**48.7**	**(53.9)**	**(51.8)**	**95.4**	**195.5**
Of which presented as deferred tax assets 31 December 2020						260.4
Of which presented as deferred tax liability 31 December 2020						46.4
Of which presented as deferred tax assets 31 December 2021						**242.6**
Of which presented as deferred tax liability 31 December 2021						**47.1**

Negative and positive timing differences, which reverse or may reverse in the same period, are offset. Deferred taxes are calculated on the basis of timing differences and losses carried forward that are offset. Timing differences between different subsidiaries have not been offset. During the period that these differences reverse, the companies will have a taxable net income that is sufficient to realize the deferred tax allowance. The losses carried forward are all in countries where future taxable profits are expected.

NOTE 6 TAXES (CONT.)

Tomra Systems ASA NGAAP

Amounts in NOK million	**2021**	2020
DEFERRED TAX LIABILITIES		
Inventory	-	-
Other current assets	(3.3)	12.9
Intangible non-current assets	26.2	18.8
Tangible non-current assets	1.3	0.6
Financial non-current assets	3.5	2.7
Provisions	3.2	3.4
Other current liabilities	5.2	4.5
Pension reserves	10.1	10.8
Loss carried forward	-	-
Total deferred tax assets	**46.2**	**53.7**

NOTE 7 INTANGIBLE ASSETS

GROUP - IFRS Amounts in NOK million	Goodwill	Development costs [6]	Other [4]	Software	Total
Cost					
Balance at 1 January 2020	3,085.3	711.3	782.2	509.6	5,088.4
Other acquisitions / internally developed	0.0	64.5	1.5	111.2	177.2
Disposals	0.0	0.0	(13.9)	(0.1)	(14.0)
Effect of movements in foreign exchange [2]	134.6	14.3	22.0	(2.5)	168.4
Balance at 31 December 2020	**3,219.9**	**790.1**	**791.8**	**618.2**	**5,420.0**
Balance at 1 January 2021	3,219.9	790.1	791.8	618.2	5,420.0
Acquisitions through business combinations [7]	31.5	0.5	3.6	(0.0)	35.6
Other acquisitions / internally developed	0.0	103.1	16.5	110.1	229.7
Disposals	0.0	0.0	(94.3)	(2.4)	(96.7)
Effect of movements in foreign exchange [3]	(93.5)	(12.9)	(13.4)	6.0	(113.8)
Balance at 31 December 2021	**3,157.9**	**880.8**	**704.2**	**731.9**	**5,474.8**
Amortization and impairment losses					
Balance at 1 January 2020	188.4	534.9	560.7	323.5	1,607.5
Amortization charge for the year [5]	0.0	69.4	78.5	68.9	216.8
Impairment losses	0.0	0.0	5.2	0.0	5.2
Disposals	0.0	0.0	(14.0)	(0.1)	(14.1)
Effect of movements in foreign exchange [2]	(2.8)	9.5	14.6	(2.2)	19.1
Balance at 31 December 2020	**185.6**	**613.8**	**645.0**	**390.1**	**1,834.5**
Balance at 1 January 2021	185.6	613.8	645.0	390.1	1,834.5
Amortization charge for the year [5]	0.0	60.6	59.7	93.1	213.4
Impairment losses	0.0	0.0	3.0	0.0	3.0
Disposals	0.0	0.0	(95.4)	(0.1)	(95.5)
Effect of movements in foreign exchange [3]	3.7	(8.7)	(13.5)	(9.6)	(28.1)
Balance at 31 December 2021	**189.3**	**665.7**	**598.8**	**473.5**	**1,927.3**
Depreciation rate [1]	0%	14-33%	5-33%	10-33%	
Useful life	Indefinite	5-7 yrs	3-20 yrs	3-10 yrs	
Carrying amounts					
31 December 2020	3,034.3	176.3	146.8	228.1	3,585.5
31 December 2021	**2,968.6**	**215.1**	**105.4**	**258.4**	**3,547.5**

1) All depreciation plans are linear except for customer relations and technology from the purchase price allocation of BEST that have a declining depreciation profile.
2) Exchange rates as of 31 December 2020 were used in calculating intangible assets of foreign subsidiaries.
3) Exchange rates as of 31 December 2021 were used in calculating intangible assets of foreign subsidiaries.
4) Other intangibles comprises purchase price allocations from acquisitions (including customer relations, agent network and trademarks) plus patents and otherr intangibles.
5) Amortization of intangibles is classified together with depreciation in the profit and loss statement.
6) Capitalized development costs comprises mainly salaries to engineers and parts utilized in development projects related to new sorters and reverse vending machines. The carrying amount at 31 December 2021 was NOK 103.9 million for TOMRA Sorting and NOK 111.2 million for TOMRA Collection. In 2021 an evaluation was done on the lifetime of capitalized development cost for Food Solutions and Recycling Mining that resulted in an increase in the lifetime. The effect was NOK 15 million less amortization in 2021.
7) Acquisition through business combinations is mainly purchase of Tomra Collection France. The total consideration paid for the acquisition of Tomra Collection France was 450,000 EUR in addition to a possible earn-out of 1,750,000 EUR. The acquisitions are considered immaterial both separate and combined, and therefore no further information is given.

NOTE 7 INTANGIBLE ASSETS (CONT.)

Impairment tests for cash-generating units containing goodwill

The following units have significant carrying amounts of goodwill (each area comprises several CGU, impairment tests are performed at CGU level):

Amounts in NOK million	2021	2020
TOMRA COLLECTION		
- Reverse vending	268.5	239.3
- Material recovery	113.1	109.4
TOMRA RECYCLING MINING	1,577.2	1,644.4
TOMRA FOOD		
- TOMRA Processed Food	373.4	389.9
- TOMRA Fresh	636.4	651.3
Total	**2,968.6**	**3,034.3**

TOMRA tests goodwill and other intangible assets with infinite useful life annually or more frequently if there are impairment indicators. As of 31 December 2021 and 2020, the Group had no intangible assets with infinite useful life, other than goodwill. Property, plant and equipment and other tangible assets with finite useful life are tested if there are indicators that assets might be impaired.

The recoverable amount of the cash-generating units is based on value in use calculations. These calculations use cash flow projections based on actual operating results (EBITA) and a five-year business plan including a residual value.

Significant assumptions

Based on an overall assessment, TOMRA has identified the following assumptions as most sensitive to the value in use calculations.

Growth rate

TOMRA has experienced significant growth for several years, and both the Sorting segment and the Collection segment have grown revenues organically by ~10 percent per year the last 5 years on average, excluding acquisitions. The growth used in the impairment tests is consequently significantly lower than those experienced historically. In prediction of cash flows, management has utilized a conservative approach, and the predicted development is in general lower than what has been utilized in the strategic plan. It is also lower than the financial targets (more than 10 percent yearly revenue growth for the five years period starting 2018). The growth in the terminal year is set to be between 1.5 and 2.0 percent in the analysis.

Operating profit (EBITA)

The future operating profit is dependent on a number of factors, but primarily volumes/market growth, and operating expenses/cost of production. In the impairment tests, TOMRA has estimated EBITA based on management's experience, expectations of future market development and the implemented cost saving initiatives.

Discount rates

The discount rates are based on the Weighted Average Cost of Capital (WACC) formula derived from the CAPM model. When calculating the WACC (which has been done individually for each CGU) rates of 6.50 percent to 7.50 percent after tax have been used for the different CGUs.

Capital expenditure and capital employed

Capital employed is generally assumed to develop in line with revenues, and sales prices are in general assumed to be stable, following inflation. Capital expenditure is generally equal to depreciation in the calculation of terminal value as it is assumed depreciation equals capital expenditure in the long run.

Below is a further description of the different cash generating units and consideration around the impairment tests.

Reverse Vending

The business stream comprises the development, production, sales and service of reverse vending machines and related data management systems in deposit markets mainly in Europe and USA, in total 20 markets. The main customer group is food retail chains. With a high market share and significant service business, the business stream represents a steady recurring cashflow, with limited risk, as TOMRA has been the global market leader in this business stream for more than 40 years. Terminal growth rate is assumed to be 1.5 percent, and a WACC of 6.5 percent has been utilized.

NOTE 7 INTANGIBLE ASSETS (CONT.)

Material Recovery
The business stream comprises the pick-up, transportation and processing of empty beverage containers on behalf of beverage producers/fillers on the US East Coast and in Canada. The activity in the business stream mirrors the drinking consumption in the US deposit states, which is usually stable year over year. TOMRA is the market leader in this business stream in regions where it is present, and has been so for over 20 years. Terminal growth rate is assumed to be 1.5 percent, and a WACC of 6.5 percent has been utilized.

Tomra Sorting
The business area comprises the development, production, sale and service of sorting and processing technology for different customer segments.

In the Food division, the customers are the fresh and processed food industries. TOMRA is the global market leader in sorting mid-sized objects. With main customers being food producing companies, the cyclicality in the business stream is low, due to the global dependency on a steady stream of food. Recurring revenue is however low (as for all sorting entities), as the installed base is rather new (less replacement sales) and service only accounts for a smaller fraction of revenues. The business has however been growing for many years, and has significant untapped potential, as many sorting tasks are still performed manually and new technology enables sorting of fragments / sorting with a quality that previously was not possible.

In the recycling business stream, the customers are waste management companies or plant builders operating on behalf of them, where TOMRA provides sorting systems for waste and metal material streams. TOMRA is the global market leader in the business stream and has been so for more than 10 years. The business stream experiences some cyclicality due to fluctuations in material prices.

In the mining business stream, the customers are mining companies, where TOMRA provides ore sorting systems. Current penetration in the mining industry is more limited, but with significant potential, as the acceptance of optical sorting solutions is increasing within the industry.

A terminal growth of 2.0 percent and a WACC of 7.0 percent has been used for TOMRA Sorting, except for Compac, were a WACC of 7.5% has been used.

Due to reorganizations, where synergies are taken out by merging units and technology is cross utilized between previously separate business streams and companies, the allocation of assets and cash flow within TOMRA Sorting has been difficult and in many cases arbitrary. The impairment test in 2013 was the last year performed as a bottom up exercise per business stream, where the allocated goodwill was tested. Further integration and restructuring in 2014 added to this complexity and it was no longer possible to follow the cashflow from each of the initial acquisitions within TOMRA Sorting. Consequently TOMRA Sorting from 2014 was treated as one CGU. With the acquisition of Compac in 2017 and BBC in 2018, TOMRA Sorting now consist of four CGUs, one for Compac, one for BBC, one for the rest of the Food division and one for TOMRA Recyling Mining (TRM). TOMRA Collection has not been influenced by the restructuring and cross utilization of technologies, and the number of cash generating units has consequently not been changed within this business area.

Sensitivity analysis
In connection with the impairment testing of CGU's containing goodwill, a sensitivity analysis has been performed.
A reasonably possible change in key assumptions on which management has based its determination of the unit's recoverable amount would not cause the unit's carrying amount to exceed its recoverable amount.

Neither an interest rate increase of 2 percentage points, nor a reduction in forecasted cashflow of 10 percent would trigger a write-down of goodwill.

Exchange rates as of 31 December 2021 were used in calculating carrying values (see note 20). In calculating the predicted cash flows, the following exchange rates were used EUR/NOK: 10.00 USD/NOK: 8.50.

Research and development expense
Research and development cost of NOK 412.0 million has been recognized as an expense (2020: NOK 381.9 million) and NOK 103.6 million has been capitalized (2020: NOK 64.5 million).

The research and development cost consist of time and material consumed on R&D projects in addition to an estimated overhead.

NOTE 7 INTANGIBLE ASSETS (CONT.)

TOMRA SYSTEMS ASA - NGAAP **Amounts in NOK million**	**Software**	**Patents**	**Total**
Cost			
Balance at 1 January 2020	181.4	4.4	185.8
Other acquisitions-internally developed	57.1	0.0	57.1
Balance at 31 December 2020	**238.5**	**4.4**	**242.9**
Balance at 1 January 2021	238.5	4.4	242.9
Other acquisitions-internally developed	32.2	0.7	32.9
Disposals	0.0	0.0	0.0
Balance at 31 December 2021	**270.7**	**5.1**	**275.8**
Amortization and impairment losses			
Balance at 1 January 2020	68.6	3.8	72.4
Amortization charge for the year	44.3	0.6	44.9
Balance at 31 December 2020	**112.9**	**4.4**	**117.3**
Balance at 1 January 2021	112.9	4.4	117.3
Amortization charge for the year	47.5	0.0	47.5
Disposals	(0.1)	0.0	(0.1)
Balance at 31 December 2021	**160.3**	**4.4**	**164.7**
Depreciation rate	20 %	20 %	
Useful life	5 yrs	5 yrs	
Carrying amounts			
31 December 2020	125.6	0.0	125.6
31 December 2021	**110.4**	**0.7**	**111.1**

Software consists of investment in ERP systems and website.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

GROUP - IFRS Amounts in NOK million	**Land & Buildings**[3]	**Machinery & Fixtures**	**Vehicles**	**Leasing Equipment**	**Total**
Cost					
Balance at 1 January 2020	502.0	1,095.2	254.0	1,003.9	2,855.1
Other acquisitions	35.0	203.7	7.1	186.7	432.5
Disposals [5]	(17.5)	(119.2)	(20.8)	(106.9)	(264.4)
Effect of movements in foreign exchange [1]	15.8	17.8	(4.9)	29.3	58.0
Balance at 31 December 2020	**535.3**	**1,197.5**	**235.4**	**1,113.0**	**3,081.2**
Balance at 1 January 2021	535.3	1,197.5	235.4	1,113.0	3,081.2
Other acquisitions	11.1	154.6	18.4	178.3	362.4
Disposals [5]	(14.3)	(19.8)	(5.2)	(105.6)	(144.9)
Effect of movements in foreign exchange [2]	(11.7)	(12.8)	3.9	(10.5)	(31.1)
Balance at 31 December 2021	**520.4**	**1,319.5**	**252.5**	**1,175.2**	**3,267.6**
Depreciation and impairment losses					
Balance at 1 January 2020	213.0	648.7	126.3	573.8	1,561.8
Depreciation charge for the year	34.7	128.3	26.9	179.3	369.2
Write-down	0.0	0.6	0.0	0.0	0.6
Disposals [5]	(14.4)	(92.0)	(18.2)	(72.5)	(197.1)
Effect of movements in foreign exchange [1]	4.1	6.0	(3.9)	3.4	9.6
Balance at 31 December 2020	**237.4**	**691.6**	**131.1**	**684.0**	**1,744.1**
Balance at 1 January 2021	237.4	691.6	131.1	684.0	1,744.1
Depreciation charge for the year	35.6	129.0	24.0	181.2	369.8
Write-down	0.0	0.3	(0.0)	0.0	0.3
Disposals [5]	(4.7)	(3.3)	(2.7)	(80.9)	(91.6)
Effect of movements in foreign exchange [2]	(5.9)	(4.1)	2.6	(2.0)	(9.4)
Balance at 31 December 2021	**262.4**	**813.5**	**155.0**	**782.3**	**2,013.2**
Depreciation rate [4]	2-4%	10-33%	15-33%	10-20%	
Useful life	50 yrs	10 yrs	7 yrs	5-10 yrs	
Carrying amounts					
31 December 2020	297.9	505.9	104.3	429.0	1,337.1
31 December 2021	258.0	506.0	97.5	392.9	1,254.4

1) Exchange rates as of 31 December 2020 were used in calculating tangible assets of foreign subsidiaries.
2) Exchange rates as of 31 December 2021 were used in calculating tangible assets of foreign subsidiaries.
3) Including land of NOK 36.8 million as of 31 December 2021.
4) All depreciation plans are linear.
5) Disposals includes machines either sold, scrapped or transferred to inventory

Leasing equipment

The companies within TOMRA Group had 6,027 reverse vending machines and 206 sorters leased to customers at the end of 2021. The table below shows the minimum leasing income from today's lease portfolio. In addition to this income, TOMRA will receive income from material handling, service contracts etc.

Minimum lease income from operating leasing equipment	**2021**	2020
Less than 1 year	169.3	132.1
1-2 years	119.3	99.1
2-3 years	77.7	73.8
3-4 years	41.3	51.2
4-5 years	22.1	29.4
Over 5 years	8.7	8.3

Income from Collection Australia, Estonia and Lithuania is not included, since this is considered service and not leasing of RVMs.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT (CONT.)

TOMRA SYSTEMS ASA - NGAAP Amounts in NOK million	**Machinery & Fixtures**	**Vehicles**	**Total**
Cost			
Balance at 1 January 2020	92.1	2.7	94.8
Acquisitions	11.5	0.3	11.8
Disposals	0.0	(1.1)	(1.1)
Balance at 31 December 2020	**103.6**	**1.9**	**105.5**
Balance at 1 January 2021	103.6	1.9	105.5
Acquisitions	15.0	0.0	15.0
Disposals	0.0	0.0	0.0
Balance at 31 December 2021	**118.6**	**1.9**	**120.5**
Depreciation and impairment losses			
Balance at 1 January 2020	46.1	1.9	48.0
Depreciation charge for the year	11.5	0.4	11.9
Disposals	0.0	(1.1)	(1.1)
Balance at 31 December 2020	**57.6**	**1.2**	**58.8**
Balance at 1 January 2021	57.6	1.2	58.8
Depreciation charge for the year	12.3	0.3	12.6
Disposals	0.0	0.0	0.0
Balance at 31 December 2021	**69.9**	**1.5**	**71.4**
Depreciation rate [1]	10-33%	15-33%	
Useful life	10 yrs	7 yrs	
Carrying amounts			
31 December 2020	46.0	0.7	46.7
31 December 2021	**48.7**	**0.4**	**49.1**

1) All depreciation plans are linear.

NOTE 9 LEASING

Group as Lessee

The TOMRA Group mainly leases properties, land and cars. Rental contracts are typically made for fixed periods of 1 to 15 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The TOMRA Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The TOMRA Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

For identifying items of low value, USD 5,000 has been used as a starting point. Small items such as coffee machines, laptops and small items of office furniture have also been excluded.

For lease of vehicles the practical expedient to not separate non-lease components like service of the vehicles from lease components, have been used.

If a contract contains more than one lease component, the consideration is allocated to each lease component based on the relative stand-alone price of each component.

TOMRA does not have any material sub-lease arrangements or sales and leaseback.

The lease discounting rates are based on currency swap rates at year end for 3, 5, 7 and 10 years for all currencies except HRK, where interest rates on governmental bonds are used. A credit spread of 0.25% is added for the 3 year swap rates, and an additional spread of 0.25% is added for each consecutive 2-year and 3-year period.

NOTE 9 LEASING

Right of use assets **Amounts in NOK million**	**Land & Buildings**	**Vehicles**	**Machinery & fixtures**	**Total**
Cost				
Balance at 1 January 2020	955.5	292.2	7.1	1,254.8
Additions during the year	160.4	126.8	0.0	287.2
Lease contracts terminated	(48.1)	(87.9)	(0.2)	(136.2)
Effect of movements in foreign exchange	30.7	7.4	0.1	38.2
Balance 31 December 2020	**1,098.5**	**338.5**	**7.0**	**1,444.0**
Balance at 1 January 2021	1,098.5	338.5	7.0	1,444.0
Additions during the year	126.9	94.5	0.5	221.9
Lease contracts terminated	(36.6)	(75.0)	(1.1)	(112.7)
Effect of movements in foreign exchange	(20.9)	(5.4)	(0.1)	(26.4)
Balance 31 December 2021	**1,167.9**	**352.6**	**6.3**	**1,526.8**
Depreciation and impairment losses				
Balance at 1 January 2020	135.7	80.9	1.9	218.5
Depreciation charge for the year	167.2	105.6	2.0	274.8
Lease contracts terminated	(32.0)	(52.3)	(0.2)	(84.5)
Effect of movements in foreign exchange	1.3	0.5	(0.1)	1.7
Balance 31 December 2020	**272.2**	**134.7**	**3.6**	**410.5**
Balance at 1 January 2021	272.2	134.7	3.6	410.5
Depreciation charge for the year	169.0	97.6	1.7	268.3
Lease contracts terminated	(25.7)	(60.9)	(1.1)	(87.7)
Effect of movements in foreign exchange	(4.7)	(2.4)	(0.1)	(7.2)
Balance 31 December 2021	**410.8**	**169.0**	**4.1**	**583.9**
Carrying amounts				
Balance 31 December 2020	826.3	203.8	3.4	1,033.5
Balance 31 December 2021	**757.1**	**183.6**	**2.2**	**942.9**

Lease liability **Amounts in NOK million**	**2021**	**2020**
Balance at 1 January	1,103.7	1,101.7
New lease contracts	221.9	287.1
Lease contracts terminated	(25.1)	(51.2)
Lease payments	(299.9)	(310.5)
Interest expense	34.8	40.3
Effect of movement in foreign exchange	(20.2)	36.3
Balance at 31 December	**1,015.2**	**1,103.7**

Maturity analysis **Amounts in NOK million**	**2021**	2020
Less than 6 months	119.3	114.0
6-12 months	147.5	146.6
1-2 years	124.2	144.7
2-3 years	178.0	219.0
3-4 years	95.1	97.8
4-5 years	78.1	79.4
5-6 years	65.6	68.1
6-7 years	62.5	58.9
7-8 years	56.2	56.7
8-9 years	45.3	51.0
9-10 years	26.7	40.4
Over 10 years	16.7	27.1
Total lease liabilities at 31 December	**1,015.2**	**1,103.7**

See note 20 for maturity analysis of non-discounted values of lease liability

NOTE 9 LEASING (CONT.)

The Group has no material lease contracts that have not yet commenced.

Amounts recognized in Income Statement **Amounts in NOK million**	**2021**	2020
Operating lease income	292.9	322.0
Lease expenses		
Expenses relating to short-term leases	27.9	10.5
Expenses relating to leases of low-value assets	0.7	1.0
Other lease expenses	0.2	-
Depreciation of right-of-use assets	**(268.3)**	**(274.9)**
Interest expense on lease liabilities	**34.8**	**40.3**

Group as Lessor

See note 8 for more information about machines where TOMRA is a lessor.

NOTE 10 SHARES AND INVESTMENTS

TOMRA SYSTEMS ASA - NGAAP

Amounts in NOK million	**Country**	**Year of acquisition**	**Vote and owner share**	**Book value**
Tomra North America Inc	USA	1992	100.0 %	1,166.2
Tomra Europe AS	Norway	1998	100.0 %	10.0
Tomra Production AS	Norway	1998	100.0 %	15.0
Tomra Canada Inc	Canada	2000	100.0 %	79.8
Tomra Sorting Japan KK	Japan	2000	100.0 %	7.0
Tomra Sorting AS	Norway	2004	100.0 %	1,817.6
Tomra Sorting Technology (Xiamen) Co. Ltd.	China	2010	100.0 %	81.4
Tomra Collection Pty Ltd.	Australia	2017	80.0 %	191.7
Total shares in subsidiaries				**3,368.7**
Tomra Japan Ltd.	Japan	2008	50.0 %	9.6
Recycling Lottery	Norway	2019	33.3 %	3.0
Total shares in associates				**12.6**

NOTE 11 INVESTMENTS IN ASSOCIATES

GROUP - IFRS

Amounts in NOK million	Ultre-PET	Tomra Cleanaway Pty Ltd.	Other	Total
Book value 1 January 2020	49.9	26.1	3.7	79.7
Profit 2020	0.0	(15.2)	3.0	(12.2)
Capital infusion	0.0	(2.4)	4.6	2.2
Dividend	0.0	0.0	(5.0)	(5.0)
Currency translation difference	(1.4)	1.5	0.0	0.1
Book value 31 December 2020	**48.5**	**10.0**	**6.3**	**64.8**
Book value 1 January 2021	48.5	10.0	6.3	64.8
Profit 2021 1)	54.5	7.2	3.6	65.3
Sale of associates	(92.8)	0.0	0.0	(92.8)
Capital infusion	0.0	8.2	0.0	8.2
Dividend	(10.2)	0.0	(5.1)	(15.3)
Currency translation difference	0.0	(0.5)	0.1	(0.4)
Book value 31 December 2021	**0.0**	**24.9**	**4.9**	**29.8**

1) The profit in 2021 consists of profit from the sale of UltrePET of NOK 59.5 million and NOK 5.0 million in currency translation loss recorded in equity previous years.

Equity at date of acquisition	41.0	0.0
Country	USA	Australia
Year of acquisition	1999	2017
Vote and share ownership	0 %	50 %

2021	Ultre-PET	Tomra Cleanaway Pty Ltd.	Other	Total
Assets	0.0	272.6	155.9	428.5
Liabilities	0.0	222.8	108.6	331.4
Equity	0.0	49.8	47.3	97.1
Revenues	209.5	1,245.1	194.5	1,649.1
Profit/(loss)	19.6	14.5	14.2	48.3
2020				
Assets	135.5	188.6	173.7	497.8
Liabilities	51.5	168.6	132.8	352.9
Equity	84.0	20.0	40.9	144.9
Revenues	203.6	1,193.3	181.8	1,578.7
Profit/(loss)	0.0	(30.5)	5.7	(24.8)

Ultrepet was sold in 2021.

NOTE 12 LONG TERM RECEIVABLES

Tomra Systems ASA NGAAP			Group IFRS	
2021	2020	**Amounts in NOK million**	**2021**	2020
-	-	Deposits	13.1	10.8
-	-	Financial lease 1)	121.6	106.6
1.5	1.4	Loans to employees	1.6	1.6
-	-	Investment related to SERP 2)	125.3	102.2
-	1.0	Other long term receivables	54.1	65.4
1.5	**2.4**	**Total receivables**	**315.7**	**286.6**

1) Financial lease relates to machines (mainly RVMs in USA and Germany) sold to customers on financial lease contracts.
2) See note 18 for more information about the SERP (Supplemental executive retirement plan).

NOTE 13 SHORT TERM RECEIVABLES

Tomra Systems ASA NGAAP			Group IFRS	
2021	2020	**Amounts in NOK million**	**2021**	2020
9.1	10.7	Trade receivables from sales contracts, gross	2,042.3	1,792.8
-	-	Other trade receivables	189.4	218.1
710.7	325.0	Intra group short-term receivables	-	-
130.1	90.8	Other short-term receivables	521.6	388.2
(1.5)	(1.5)	Provision for bad debt	(82.0)	(77.7)
848.4	**425.0**	**Total receivables**	**2,671.3**	**2,321.4**
1.5	1.5	Provision for bad debt per 1 January	77.7	76.4
-	-	Provisions made during the year	16.7	29.9
-	-	Provision in acquired companies	-	-
-	-	Provisions used during the year	(12.4)	(28.6)
1.5	**1.5**	**Provision for bad debt per 31 December**	**82.0**	**77.7**

Bad debt written-off and changes in provision for bad debt are reported as other operating expenses.

	2021			
Trade receivables fall due: Amounts in NOK million	**Allowance in %**	**Gross Carrying Amount**	**Loss Allowance**	**Net Carrying Amount**
Not due yet	0 %	1,654.6	4.7	1,649.9
0- 30 days	1 %	284.0	1.5	282.5
31- 60 days	5 %	108.1	5.4	102.7
61- 90 days	14 %	22.9	3.3	19.6
Older than 90 days	41 %	162.1	67.1	95.0
Total trade receivables	**4 %**	**2,231.7**	**82.0**	**2,149.7**

	2020			
Trade receivables fall due: Amounts in NOK million	**Allowance in %**	**Gross Carrying Amount**	**Loss Allowance**	**Net Carrying Amount**
Not due yet	0 %	1,478.7	3.3	1,475.4
0- 30 days	1 %	245.5	1.4	244.1
31- 60 days	4 %	86.2	3.5	82.7
61- 90 days	5 %	38.6	2.0	36.6
Older than 90 days	42 %	161.9	67.5	94.4
Total trade receivables	**4 %**	**2,010.9**	**77.7**	**1,933.2**

For further information about credit risk, see note 20.

NOTE 14 CASH AND CASH EQUIVALENTS

Tomra Systems ASA NGAAP			Group IFRS	
2021	2020	**Amounts in NOK million**	**2021**	2020
170.4	28.2	Cash and cash equivalents	631.6	532.1
170.4	28.2	Cash and cash equivalents in the statement of cash flows 1)	631.6	532.1

1) Includes restricted bank deposits totaling NOK 7.8 million for TOMRA Systems ASA and NOK 7.1 million for the Group.

Tomra Systems ASA and its fully owned subsidiaries participate in an international multi-currency cash-pool, and a zero-balancing cash pool for USD and CAD. Subsidiaries deposit and withdraw funds through the cash pool agreements as an intra-group receivable/payable against TOMRA Systems ASA, and the transactions are classified as such in the financial statements.

NOTE 15 EQUITY

TOMRA SYSTEMS ASA - NGAAP

Amounts in NOK million	Share capital	Treasury shares	Share premium	Paid-in capital	Retained earnings	Total equity	Number of shares
Balance per 1 January 2020	**148.0**	**(0.5)**	**918.3**	**1,065.8**	**498.6**	**1,564.4**	**148,020,078**
Profit for the period					367.8	367.8	
Pensions					6.2	6.2	
Own shares sold to employees		0.1		0.1	36.7	36.8	
Dividend to shareholders					(443.2)	(443.2)	
Balance per 31 December 2020	**148.0**	**(0.4)**	**918.3**	**1,065.9**	**466.1**	**1,532.0**	**148,020,078**
Profit for the period					672.8	672.8	
Pensions					(6.8)	(6.8)	
Own shares sold to employees		0.1		0.1	45.1	45.2	
Dividend to shareholders					(886.4)	(886.4)	
Balance per 31 December 2021	**148.0**	**(0.3)**	**918.3**	**1,066.0**	**290.8**	**1,356.8**	**148,020,078**

Share par value is 1 NOK.
Total shareholding of treasury shares was 289,884 as of year end 2021.

GROUP - IFRS

For reconciliation of equity for TOMRA Group see Consolidated statement of changes in equity.

Translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the company.

See also comment on IFRS 9 Hedge accounting under disclosure note 20.

Dividends
After the balance sheet date the following dividends were proposed by the directors:

Amounts in NOK million	2021	2020
NOK 3.00 in ordinary dividend and NOK 2.70 in extraordinary diviedend per qualifying share (2020: NOK 3.0 in dividend)	886.4	442.9

The dividend has not yet been provided for and there are no income tax consequences.

Earnings per share - Group	2021	2020
Average number of shares	148,020,078	148,020,078
Average number of shares, adjusted for own shares	147,685,607	147,579,694
Average number of shares, adjusted for own shares, fully diluted	147,685,607	147,579,694
Majority equity 31 December (MNOK)	5,992.9	5,428.5
Equity per share (NOK)	40.58	36.78
Net profit attributable to the shareholders of the parent (MNOK)	1,091.5	775.1
Earnings per share	7.39	5.25
Earnings per share, fully diluted	7.39	5.25

Purchase of own shares
TOMRA was granted authority to acquire treasury shares at the annual general meeting 4 May 2021, limited to a total of 500,000 shares. At the end of 2021, no shares had been purchased under this proxy.

NOTE 16 SHAREHOLDERS

The amounts shown are based upon information from Verdipapirsentralen (VPS) and IPREO. On nominee accounts, information regarding beneficial ownership has been collected and presented where possible.

	Registered at 31 December 2021	Number of shares	Ownership
1	Investment AB Latour	31,200,000	21.08 %
2	Folketrygdfondet	12,612,551	8.52 %
3	APG Asset Management	7,094,564	4.79 %
4	Candriam	3,713,934	2.51 %
5	Vanguard	3,259,788	2.20 %
6	BlackRock	2,824,548	1.91 %
7	Handelsbanken	2,767,152	1.87 %
8	Nordea Investment Management	2,733,156	1.85 %
9	Impax Asset Management	2,603,940	1.76 %
10	AllianceBernstein	2,548,374	1.72 %
11	Alfred Berg Kapitalforvaltning	1,936,005	1.31 %
12	Storebrand Asset Management	1,655,868	1.12 %
13	DNCA Finance	1,627,459	1.10 %
14	Swedbank Robur Fonder	1,580,406	1.07 %
15	Templeton Investment Counsel	1,576,507	1.07 %
16	DNB Asset Management	1,509,291	1.02 %
17	Danske Asset Management	1,500,214	1.01 %
18	Schroder Investment Management	1,453,480	0.98 %
19	Statoils Pensjonskasse	1,414,398	0.96 %
20	Credit Suisse Asset Management.	1,407,100	0.95 %
	Total 20 largest shareholders	**87,018,735**	**58.79 %**
	Other shareholders	61,001,343	41.21 %
	Total (10.731 shareholders)	**148,020,078**	**100.00 %**
	Shares owned by Norwegian residents	25,933,266	17.52 %
	Shares owned by others	122,086,812	82.48 %
	Total	**148,020,078**	**100.00 %**

NOTE 17 SHARE-BASED PAYMENTS

GROUP - IFRS

Share Purchase Program
In 2008 TOMRA established a share purchase program for permanent employees. In this program, TOMRA invites employees to buy shares in TOMRA at market price and receive one bonus share per five shares invested, provided the shares are kept for at least one year and the employee is still employed by TOMRA. The employee can buy shares up to a maximum of 30 percent of his/her gross salary. The share purchase program uses treasury shares acquired by TOMRA as authorized by the Annual General Meeting. The shares are purchased on the Oslo Stock Exchange.

	2021	2020
Number of shares purchased by employees	95.821	75.472
Share price (closing market share price, the day before the allotment date)	407.90	368.30
Share price (closing market share price, the day before the allotment date)	428.20	
Number of bonus shares, distributed one year after investment	14.473	24.350
Total expenses recognized	9.2 million	4.9 million

* The Share Purchase Program was executed in two rounds in 2021. The first round on 25 May of 84,077 shares and 14,473 bonus shares at price 407.90, and the second round on 31 May of 11,744 shares and zero bonus shares at price 428.20.

NOTE 18 PENSION AND PENSION OBLIGATIONS

GROUP - IFRS
Total pension costs and pension liability for TOMRA Group

Amounts in NOK million	2021	2020
Employee benefits expenses defined benefit plan	10.5	10.8
Employee benefits expenses defined contribution plan	91.1	76.4
Total employee benefits expenses [1]	**101.6**	**87.2**
Norway plans	8.7	(7.9)
US plans	-	-
Belgium plans	(9.5)	11.2
Taxes	0.5	(1.1)
Net pension costs in Other Comprehensive Income	**(0.3)**	**2.2**
Norway plans	45.8	49.3
US plans	181.5	160.9
Belgium plans	6.6	8.4
Total Pension liability	**233.9**	**218.6**

1) Total employee benefits expenses for the Group is split as NOK 28.2 million in Sorting (2020 NOK 29.6 million) and NOK 73.4 million in Collection (2020 NOK 57.6 million).

The Metro-plan
Tomra North America participates in a multi-employer pension plan, the “Metro-plan”. The plan is a Defined Benefit plan (DB) under IAS 19. As there was limited financial information available for the plan, TOMRA applied Defined Contribution plan (DC) accounting for the plan up until 31 December 2012. The Metro plan comprises 44 TOMRA employees. In 2013 the Metro-plan was restructured, and the fund provided TOMRA with information about TOMRA’s net liabilities under the plan. TOMRA entered into an agreement with the fund to settle the underfunding in the plan through annual payments of USD 0.2 million per year over 25 years. Consequently, a net pension liability of USD 3.5 million (net present value) was recognized in other comprehensive income as a change in estimate in 2013. The agreement with the fund also included a re-entry into the restructured DB-plan based on direct attribution, where TOMRA is responsible for funding of liabilities directly attributable to TOMRA employees only. The premium paid under this plan was USD 195,486 in 2020 and USD 221,904 in 2021.

In December 2021, TOMRA entered into a similar direct attribution plan for 18 participants in Massachussets.
The estimated yearly premium for this plan is USD 75,000 in 2022.

SERP
Tomra North America Inc offers in addition to a regular 401 (k) plan, a non-qualified, defined contribution, Supplemental Executive Retirement Plan (SERP) for select executives only. The company contribution to this Plan is contingent on the eligible executive also making a minimum elective contribution to the Plan, and is limited up to certain thresholds. The SERP is fully financed with corporate-owned life insurance and comprises 25 executives. The plan is reflected gross in the balance sheet, with NOK 125.3 million recorded as long term receivables (ref disclosure note 12), and a corresponding figure under pension liabilities.

NOTE 18 PENSION AND PENSION OBLIGATIONS (CONT.)

TOMRA SYSTEMS ASA - NGAAP
From 1 January 2006 Tomra Systems ASA was obliged to have a pension plan for its employees, and its pension plan meets this requirement.

TOMRA has applied IAS 19 under NRS 6 since the Group’s conversion to IFRS in 2004. Tomra Systems ASA changed to IAS 19R in 2013.

Amounts in NOK million	2021	2020
EXPENSE RECOGNIZED IN THE INCOME STATEMENT		
Current service cost	8.6	8.5
Interest cost (income)	0.6	1.0
Social security tax included in pension cost	1.3	1.3
Net pension costs in Income Statement	**10.5**	**10.8**
(*) The expense is recognized in the following line item in the income statement		
Employee benefits expenses defined benefit plan	10.5	10.8
Employee benefits expenses defined contribution plan	11.8	9.9
Total employee benefits expenses [1]	**22.3**	**20.7**
EXPENSE RECOGNIZED IN OTHER COMPREHENSIVE INCOME		
Actuarial loss (gain)- change in discount rate	-	15.3
Actuarial loss (gain)- change in other financial assumptions	8.5	(24.6)
Actuarial loss (gain)- experience DBO	0.9	8.4
Loss (gain)- experience Assets	(4.6)	(8.3)
Investment management cost	2.8	2.3
Social security tax included in pension cost	1.1	(1.0)
Net pension costs in Other Comprehensive Income	**8.7**	**(7.9)**
FINANCIAL STATUS AS OF 31 DECEMBER		
Present value of funded pension obligations	274.4	257.1
Fair value of plan assets	(228.6)	(207.8)
Pension liability	**45.8**	**49.3**
BASIS FOR CALCULATION		
Discount rate	1.50 %	1.50 %
Expected wage increase	2.50 %	2.00 %
Expected increase of base amount	2.25 %	1.75 %
Expected return on plan assets 31 December	1.50 %	1.50 %
Average remaining service period	9 yrs	9 yrs
MOVEMENTS IN NET LIABILITY FOR DEFINED BENEFIT OBLIGATIONS AS RECOGNIZED IN THE BALANCE SHEET		
Net liability at 1 January	49.3	64.8
Contributions received	(22.7)	(18.4)
Remeasurement recognized in Other Comprehensive Income	8.7	(7.9)
Expense recognized in the Income Statement (*)	10.5	10.8
Net liability at 31 December	**45.8**	**49.3**

1) NOK 6.4 million of total employee benefits for Tomra Systems ASA was charged to subsidiaries in 2021 (2020: NOK 6.4 million), and the interest of NOK 0.6 million is classified as employee benefits.

NOTE 18 PENSION AND PENSION OBLIGATIONS (CONT.)

TOMRA's best estimate of contributions expected to be paid into the plan for 2022 is NOK 20.5 million.

The discount rate is in accordance with guidelines from Norsk Regnskapsstiftelse at 31 August 2021, which was the best estimate of the rate at the time the basis for the calculation was set in September 2021. The effect of the increase in the long term interest rates towards the end of this year and the new guidelines at 31 December 2021 have been considered immaterial.

Due to the financial turmoil in Europe, the 10 year state bond interest has been unnaturally low. For this reason, Norsk Regnskapsstiftelse (NRS) in its 2021 and 2020 guidelines has recommended that the interest used for pension calculations should be set based upon preference bonds with sufficient liquidity (known as OMF-bonds). Over time it's assumed that the wage increase should not exceed the discount rate. TOMRA has consequently since 2013 calculated its pension liabilities based upon the implicit interest in OMF-bond.

TOMRA has one defined benefit plan which is structured as a retirement net agreement in that it guarantees a supplement to the State benefits. There have not been any agreements for compensation of reductions in State benefits. The plan gives a right to defined future benefits (defined benefit plan). The benefit is mainly dependent upon years within the plan, salary at date of retirement and compensation from the State. The obligations are covered through Storebrand insurance company. The plan should ensure that the employees would get a pension of about 65 percent of salary, if they had full contribution time, limited upwards to 12G. The plan was closed in 2007, and all new employees after that have been included in the defined contribution plan.

Under the defined contribution plan TOMRA contributes 6% of salary between 1 and 7.1G and 16 % of salary between 7.1 and 12G.

In addition TOMRA has a separate pension plan for benefits over 12G, with the same coverage as the plan up to 12G.

The pension plans have been treated for accounting purposes in accordance with IAS19. The parent company's defined benefit plan, which also covers employees in Tomra Butikksystemer AS, Tomra Production AS and Tomra Sorting AS included 70 employees and 60 retirees at year-end 2021.

Actual return on plan assets was NOK 9.6 million in 2020.

Sensitivity analysis
Sensitivity calculations on actuarial assumptions, holding other assumptions constant, show no material changes in calculated amounts. Sensitivity calculations have been performed on discount rate (+/- 0.5%), wage increase (+/- 0.5%) and pension regulation (+0.5%).

NOTE 19 INTEREST-BEARING LIABILITIES

Tomra Systems ASA NGAAP			Group IFRS	
2021	2020	**Amounts in NOK million**	**2021**	2020
		NON-CURRENT LIABILITIES		
-	414.1	Unsecured bank loans [1]	-	414.1
600.0	1,000.0	Bonds Long term [2]	603.7	1,000.0
-	-	Lease liability long term	748.4	843.1
600.0	**1,414.1**	**Total non-current interest-bearing liabilities**	**1,352.1**	**2,257.2**
-	-	Due more than 5 years after balance sheet date	**273.0**	**302.2**
		CURRENT LIABILITIES		
400.0	-	Bends short term [2]	400.0	-
-	-	Lease liability short term	266.8	260.6
400.0	**0.0**	**Total current interest-bearing liabilities**	**666.8**	**260.6**

1) Tomra Systems ASA has an EUR 150 million revolving credit facility established in December 2020 with tenor 3+1+1 years. As of 31 December 2021, it was not utilized.
2) In November 2019 Tomra Systems ASA issued a total amount of NOK 1,000 million in senior unsecured bonds in two tranches; a 3-year bond of NOK 400 million and a 5-year bond of NOK 600 million, with a coupon of 3 months NIBOR + 0.50 % and NIBOR + 0.75 % respectively. The bonds meet the requirements set by Nordic Trustee and are listed on the Oslo Stock Exchange. The NOK 400 million bond is short-term.

The loans have floating interest and negative pledge commitments. The loan agreements are conditional upon an equity covenant of at least 30 percent of total assets, measured at the end of each quarter.

NOTE 20 FINANCIAL INSTRUMENTS

Funding, cash management and financial risk management is handled centrally by the finance department in Tomra Systems ASA. Guidelines for the finance activities are determined by the financial strategy, which is reviewed and approved by the Board. The central Group Treasury department acts as the corporate bank and is responsible for all external borrowing and interest/foreign exchange hedging transactions. TOMRA aims to limit its financial risk exposure.

Interest rate risk
TOMRA's surplus cash is primarily used to reduce the loan amount on the revolving credit facility. It may also be placed in securities with short maturities. In accordance with the adopted financial strategy, the duration of the portfolio should not exceed six months.

TOMRA has a multicurrency revolving credit facility (RCF) of EUR 150 million effective from 15 December 2020 with tenor of 3+1+1 years. Interest is payable at a rate of IBOR and a margin, dependent on TOMRA's NIBD/EBITDA ratio. The loan agreement is conditional upon an equity covenant of at least 30 percent of total assets, measured at the end of each quarter. The facility was not drawn on as of 31 December 2021. Optional Currencies are NOK, EUR, USD and GBP. TOMRA and the Lenders had an obligation to enter into negotiations in good faith "with a view to agreeing" the use of a Replacement Benchmark to LIBOR within 1 December 2021. There was no legal obligation to actually agree the terms of the Replacement Benchmark at this point in time, only an obligation to discuss a possible implementation but without any implications if no conclusion is reached. With regard to loans in USD, as LIBOR for the relevant terms in USD will not be discontinued until June 2023, TOMRA has agreed with the banks to postpone the discussions regarding replacement rate by one year, so that discussions will commence from 1 December 2022 with a view of agreeing a Replacement Benchmark by 28 February 2023. With regard to loans in GBP, TOMRA has agreed to temporary suspend GBP as an Optional Currency to avoid regulatory challenges for the Lenders when LIBOR quotations for GBP were discontinued with effect from 1 January 2022. GBP will only be made available for drawings following an agreement on a Replacement Benchmark for GBP (which we aim to agree concurrently with the Replacement Benchmark for USD). Until then, no utilisations in GBP may be requested by TOMRA.

In 2019 Tomra Systems ASA issued two bonds, NOK 400 million and NOK 600 million, that are listed at Oslo Stock Exchange with maturity in 2022 and 2024 respectivly. The loans have floating interest and negative pledge commitment. The bonds has a coupon of 3 months NIBOR + 0.50 % and NIBOR + 0.75 % respectively. The interest rate risk related to this bond issue is limited, since the coupon rate will be adjusted quarterly according to the change in the reference interest rate (NIBOR 3 months) over the tenor.
A change in the interest rate of 100 basis points, calculated on the loan amount as per 31 December 2021, increases annual financial costs by NOK 10.0 million or decreases annual financial costs by NOK 7.9 million. At year-end, cash and cash equivalents had a duration of zero (mainly bank holdings), and the duration of the loan facility and bonds was 1.7 years.

Capital management
TOMRA's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. TOMRA monitors return on capital as well as the level of dividends to shareholders. TOMRA seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantage and security afforded by a sound capital position. TOMRA's target is to achieve return on capital employed above 20 percent and an equity ratio above 30 percent.

Credit risk
TOMRA's credit assessment includes quantitative and qualitative information based on historical experience, credit risk assessment and forward-looking information (including macro-economic factors) calculated on different groups of trade receivables with the same credit risk characteristics. Loss allowance is recognized based on lifetime expected credit losses, i.e. the credit loss that results from all possible default events over the expected life of the receivable. The credit risk is not considered to be significant on outstanding receivables as of 31 December 2021. The Group expensed NOK 11.6 million in bad debt in 2021 (NOK 19.3 million in 2020). However, TOMRA's customers include the largest retail chains in the world, as well as large scrap material processors and food producers, where outstanding receivables globally can be significant. In a situation where one of these systems collapses, TOMRA could be exposed. The maximum exposure to credit risk at year-end equaled total receivables in the balance sheet plus any unrealized gain or loss on financial contracts. For receivables with a remaining life of less than one year, the notional amount was deemed to reflect the fair value. All other receivables were discounted to determine the fair value.

NOTE 20 FINANCIAL INSTRUMENTS (CONT.)

Overview of financial assets - carrying and fair values:

	2021		2020	
Amounts in NOK million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Measured at amortized costs:				
Long term receivables	315.7	315.7	286.6	286.6
Receivables	2,149.7	2,149.7	1,933.2	1,933.2
Cash and cash equivalents	631.6	631.6	532.1	532.1
Measured at Fair Value through Profit and Loss:				
Forward exchange contracts	20.5	20.5	34.3	34.3
Measured at Fair Value through OCI:				
Cross Currency Interest Rate Swaps	9.6	9.6	0.0	0.0
Total	**3,127.1**	**3,127.1**	**2,786.2**	**2,786.2**

The carrying amounts of cash and cash equivalents equaled the fair value due to their short maturities.

In accordance with the Group's financial strategy, placement of surplus cash requires the counterpart to have a strong rating, with investments limited to NOK 100 million per bank. Surplus liquidity can also be placed in certificates issued by states or municipalities, as well as in short term security markets that require a safe investment structure.

There has not been any transfer of assets between the different valuation levels in 2021 compared to 2020.

Overview of financial liabilities - carrying and fair values

The fair value of forward currency contracts represented quoted market price, i.e. the exchange rate at 31 December 2021 and the interest points obtained from the different market institutions. The fair value of the unsecured bank loan was based on loan amounts per 31 December 2021. For payables with a remaining life of less than one year, the notional amount was deemed to reflect the fair value. All other payables were discounted to determine the fair value.

	2021		2020	
Amounts in NOK million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Measured at amortized costs:				
Payables	644.2	644.2	552.8	552.8
Lease liabilities	1,015.2	1,015.2	1,103.7	1,103.7
Senior unsecured bonds	1,000.0	1,000.0	1,000.0	1,000.0
Unsecured bank facilities	3.7	3.7	414.1	414.1
Measured at Fair Value through Profit and Loss:				
Forward exchange contracts	13.5	13.5	56.3	56.3
Measured at Fair Value through OCI:				
Cross Currency Interest Rate Swaps [1]	0.0	0.0	34.8	34.8
Total	**2,676.6**	**2,676.6**	**3,161.7**	**3,161.7**

1) The swaps are designated as hedge instrument of net investment in European subsidiaries

Liquidity risk

TOMRA has a strong cash flow in addition to a solid balance sheet (53.2 percent equity ratio at 31 December 2021) that will enable a higher debt ratio if necessary. The liquidity reserve (cash and unused credit lines) was NOK 1,798.3 million per 31 December 2021, and therefore TOMRA has limited liquidity risk. This consists of the unutilized RCF of EUR 150 million and unutilized overdraft facility of NOK 300 million.

TOMRA has an international cash pool with an undrawn overdraft facility of NOK 300 million. A new cash management bank has been implemented for TOMRA in North and South America that will increase the amount of pooled cash. The debt profile as per 31 December 2021 is presented below (nominal values).

NOTE 20 FINANCIAL INSTRUMENTS (CONT.)

Amounts in NOK million 2021	**Carrying amount**	**2022**	**2023**	**2024**	**2025**	**2026+**
Forward exchange contracts	13.5	13.5				
Senior unsecured bonds [1]	1,003.7	400.0		600.0		3.7
Lease liabilities [2]	1,015.2	266.8	124.2	178.0	95.1	351.1
Payables	644.2	644.2				
Total	2,676.6	1 324.5	124.2	778.0	95.1	354.8
Interest payments bonds and loans [1]	1.8	13.9	9.4	8.2	0.0	0.0
Total including interest payments	**2,678.4**	**1 338.4**	**133.6**	**786.2**	**95.1**	**354.8**

1) TOMRA receives the exact interest amount paid in NOK for bonds through the cross currency interest swaps.
Net interest is therefore a EUR amount, please see section on hedge instruments below. TOMRA has an unsecured loan of NOK 3.7 million (in EUR) with no interest payments and no maturity date.

2) Carrying amount at discounted value, and future amount at non-discounted values for lease liability.

Amounts in NOK million 2020	**Carrying amount**	**2021**	**2022**	**2023**	**2024**	**2025**
Forward exchange contracts	67.6	67.6				
Cross currency interest rate swaps	39.8		16.5		23.3	
Unsecured bank facilities	414.1	414.1				
Senior unsecured bonds [1]	1,000.0		400.0		600.0	
Lease liabilities [2]	1,103.7	277.9	235.7	160.1	111.7	92.4
Payables	552.8	552.8				
Total	3,178.0	1,312.4	652.2	160.1	735.0	92.4
Interest payments bonds and loans [1]		11.8	10.9	7.2	7.2	0.0
Total including interest payments	**3,178.0**	**1,324.2**	**663.2**	**167.3**	**742.2**	**92.4**

1) TOMRA receives the exact interest amount paid in NOK for bonds through the cross currency interest swaps.
Net interest is therefore a EUR amount, please see section on hedge instruments below.
2) Carrying amount at discounted value, and future amount at non-discounted values for lease liability.

Foreign currency risk

TOMRA is exposed to changes in the value of NOK relative to other currencies. With ~99 percent of its income in foreign currencies, a strengthening of NOK will lead to reduced earnings for the Group when measured in NOK. The most significant risk is associated with fluctuations in EUR and USD. In accordance with the financial strategy, TOMRA can hedge up to 6 months of expected future net cash flow. Managment can hedge balance sheet items, reducing the net exposure in currencies down to (but not below) zero. TOMRA primarily uses forward contracts as an economic instrument to hedge the cash flow and balance sheet items for the Norwegian entities. The accounting effects of cashflow hedging and balance sheet hedging for the Norwegian companies is accounted for as trading, booked at the finance line in the P/L. The Group CFO is responsible for the hedging principles in TOMRA, and Group Treasury is responsible for managing and facilitate hedging.

Tomra Systems ASA wishes to reduce the consolidated balance sheet volatility arising from EURNOK fluctuations by designating debts as hedge of the net investment in European subsidiaries. TOMRA may establish EURNOK foreign exchange (FX) forward and swap contracts and EURNOK Cross Currency Interest Rate Swap (CCIRS) contracts, to hedge its net investment in European subsidiaries. The outright swaps are evaluated at each principal change, in addition to at month end, by using the daily EURNOK rates shown on Norges Bank's website.

Investment in foreign operations (translation of foreign currency risk): TOMRA Group's presentation currency is NOK. Foreign currency risk arises from transactions denominated in foreign currencies and net investment in foreign operations. The risk is defined as the risk of fluctuation in spot exchange rates between the functional currency of the net investment and TOMRA Group's presentation currency. This will cause the amount of the net investment to vary, and such risk may have a significant impact on TOMRA Group's financial statements. This translation risk does not give rise to a cash flow exposure. Its impact arises only from the translation of the net investment into TOMRA Group's presentation currency.

Economic relationship: The critical terms of the hedged item and the hedging instrument are matched to coincide exactly. Critical terms are defined as currencies, amounts and maturity. According to IFRS 9, b 6.4.14, an entity can conclude that an economic relationship between the hedged item and hedging instrument exists when the critical terms match 100 %. This supports the use of a 1:1 hedge ratio. This is the ratio that TOMRA uses for risk management purposes. FX forwards, swaps and CCIRS include interest payments not included in the net investment, however as both legs in the instrument are floating interest the impact is expected to be limited.

NOTE 20 FINANCIAL INSTRUMENTS (CONT.)

The fair value of forward contracts is calculated at the end of each period, and at 31 December 2021 the value was recognized in derivative assets at NOK 30.1 million (2020: NOK 34.3 million) and NOK 13.5 million in derivative liabilities (2020: NOK 91.1 million). Changes in fair value of forward contracts were recognized in the income statement in 2021. Change in fair value of spot and forward contracts and currency effect on cash flows in 2021 amounted to a loss of NOK 35.2 million (2020: a loss of NOK 163.4 million), see note 5. Currency contracts are accounted for at fair value according to IFRS 13, level 2.

Tomra Systems ASA had outstanding forward foreign exchange contract commitments, mainly in EUR and USD as of 31 December. Other currencies with smaller outstanding positions were AUD, DKK, JPY, PLN, and SEK. Total value of outstanding currency sales and purchases were NOK 1,151 million and NOK 511.8 million respectively as of 31 December 2021.

Derivative instruments designated as net investment hedging

TOMRA has two types of hedging activities.

1) Cash flow hedges of transactions in foreign currencies (not accounted for with hedge accounting)
Cash flow hedges were performed based on expectations related to transactions in foreign currencies. The need for hedging is assessed by Treasury together with the CFO. Hedging is normally performed by entering spot swap contracts in USD and EUR, which are the currencies with the largest exposure.

2) Net investment hedges of subsidiaries in EUR (accounted for as hedge accounting)
Tomra Systems ASA wishes to reduce the consolidated balance sheet volatility arising from EURNOK fluctuations by designating debts as a hedge of the net investment in European subsidiaries. TOMRA may establish EURNOK foreign exchange (FX) forward and swap contracts and EURNOK Cross Currency Interest Rate Swap (CCIRS) contracts, to hedge its net investment in European subsidiaries. The outright swaps are evaluated at each principal change, in addition to at month end, by using the daily EURNOK rates shown at Norges Bank's website.

Investment in foreign operations (translation of foreign currency risk): TOMRA Group's presentation currency is NOK. Foreign currency risk arises from transactions denominated in foreign currencies and net investment in foreign operations. The risk is defined as the risk of fluctuation in spot exchange rates between the functional currency of the net investment and TOMRA Group's presentation currency. This will cause the amount of the net investment to vary, and such risk may have a significant impact on TOMRA Group's financial statements. This translation risk does not give rise to a cash flow exposure. Its impact arises only from the translation of the net investment into Tomra Group's presentation currency.

TOMRA's EURNOK cross currency interest rate swaps corresponding to the bonds, in total EUR 99.1 million are designated as a hedge of the net investment in European subsidiaries. The hedging relationship between the EURNOK cross currency swaps and the hedged risk is 1:1. Since the currency swaps used as hedging instruments include interest payments, the changes in fair value of the hedging instrument related to changes in interest rates in the two currencies create ineffectiveness. As both interest legs have floating interest rates, this effect has so far been insignificant, and is expected to be limited also in future periods.

Derivatives designated as hedging instruments	**Fair value derivative**	**Deferred tax**	**Hedging reserve**
Opening balance 2021	(34.8)	7.7	(27.1)
Change in fair value, effective portion	44.4	(9.8)	34.6
Closing balance 2021	**9.6**	**(2.1)**	**7.5**
Opening balance 2020	94.8	(20.9)	73.9
Change in fair value, effective portion	(129.6)	28.5	(101.1)
Closing balance 2020	**(34.8)**	**7.7**	**(27.1)**

TOMRA received NOK 10.8 million (2020: NOK 17.2 million) in interest from cross currency interest rate swaps, equal the interest expense on the bonds, and paid an interest in EUR equalling NOK 1.2 million (2020: NOK 2.9 million).

NOTE 20 FINANCIAL INSTRUMENTS (CONT.)

SENSITIVITY ANALYSIS
TOMRA performed a sensitivity analysis on several currencies, however, only three currencies that showed exposure in the Group. The three currencies were EUR, USD and AUD, shown in the table below.

Transaction currency amounts in NOK million

	Accounts receivable	**Intercompany loans**	**Intercompany receivables**	**Contract assets**	**Accounts payable**	**Intercompany loans**	**Intercompany payables**	**Contract liabilites**
EUR	118.7	922.1	478.3	34.2	(82.4)	(4.5)	(363.1)	4.8
USD	145.2		232.0	25.2	53.1)	(485.0)	(179.7)	(91.3)
AUD	20.3	44.8	185.8	2.5	(2.4)		(0.2)	(9.5)
Other	73.0	17.8	63.8	0.0	(71.9)	(11.5)	(24.2)	(2.8)
No exposure	2,304.8	630.8	982.8	331.5	(469.7)	(1,119.0)	(1,369.1)	(478.3)
Total	**2,662.0**	**1,615.5**	**1,942.7**	**393.4**	**(573.3)**	**(1,620.0)**	**(1,936.3)**	**(577.1)**

NOTE 21 OTHER CURRENT LIABILITIES

Tomra Systems ASA NGAAP			Group IFRS	
2021	2020	**Amounts in NOK million**	**2021**	2020
109.6	93.1	Salary, bonus, tax deductions, sos. sec. tax	555.3	500.4
-	-	Advanced payments	11.4	13.2
6.1	0.2	Goods received, not invoiced	110.4	27.8
-	-	Accrued commisions	81.3	39.5
-	-	VAT & sales tax	98.5	84.8
45.8	36.3	Accrued expenses	267.1	153.1
886.4	442.9	Dividend accruals	-	-
-	-	Other non-interest bearing debt	86.2	124.1
1,047.9	**572.5**	**Total other current liabilities**	**1,210.2**	**942.9**

NOTE 22 PROVISIONS

GROUP - IFRS

Amounts in NOK million	**Warranty**	**Other**	**Total**
Balance at 1 January 2021	140.0	18.2	158.2
Provisions made during the year	126.1	3.1	129.2
Provisions used during the year	(65.1)	(7.1)	(72.2)
Provisions reversed during the year	(43.7)	(2.1)	(45.8)
Balance at 31 December 2021	**157.3**	**12.1**	**169.4**

TOMRA SYSTEMS ASA- NGAAP

Amounts in NOK million	**Warranty**	**Other**	**Total**
Balance at 1 January 2021	15.6	0.0	15.6
Provisions made during the year	2.5	0.0	2.5
Provisions used during the year	(3.5)	0.0	(3.5)
Balance at 31 December 2021	**14.6**	**0.0**	**14.6**

Warranty provisions relate to accruals for service expenses assumed to occur during the period sold machines are covered by warranties given to the customer.

Other provisions comprise mainly of WEEE (Waste of Electrical and Electronic Equipment) provisions.

NOTE 23 LIABILITIES

CONTINGENT LIABILITIES

Tomra Systems ASA
Tomra Systems ASA has guarantee liabilities of NOK 241.9 million (2020: NOK 132.4 million).

Group
TOMRA Group has guarantee liabilities of NOK 275.3 million (2020: NOK 151.3 million).
The guarantees are mainly TOMRA's guarantees towards guarantee institutions, where the guarantee institutions has issued guarantees toward TOMRA's business relations like customers and landlords for proper fulfilment of TOMRA's obligations.

Claims and litigations
The Group has normally some claims and litigations ongoing, as might be expected in a corporation of TOMRA's size and complexity. Most of the cases against TOMRA are assumed to be without merit or covered by insurance, and none of them are assumed to be material.

FINANCIAL LIABILITIES

Tomra Systems ASA and Group
Options
TOMRA owns 57.5 % of Tomra Holding OÜ (Estonia and Lithuania) and 80 % of Tomra Collection Australia Pty Ltd (Australia), The minority owners in the respective companies hold rights to sell their shares to TOMRA (put options) and TOMRA holds the right to buy their shares (call options) from 2024 for Tomra Holding OÜ and 2022 for Tomra Collection Australia Pty. The sales price is determined based upon the performance of the companies. The anticipated acquisition method is used in presenting these subsidiaries and the respective obligation, even though still legally being non-controlling interests. Similar (but minor) arrangements has been made with the minority owners in Tomra Collection Holding OÜ (Latvia) and Tomra Collection France (France), where Tomra currently owns 60% and 51%, respectively.

Tomra Systems ASA NGAAP			Group IFRS	
2021	2020	**Amounts in NOK million**	**2021**	2020
-	-	Other long-term liabilities	306.6	240.1

Other long-term liabilities mainly consists of put/call options and make good accruals.

NOTE 24 RELATED PARTIES

GROUP - IFRS
Amounts in NOK, unless stated otherwise

Identification of related parties
The Group has a related party relationship with its subsidiaries and associates (see disclosure note 10 and 11) and with its directors and executive officers. All transactions with related parties are based on arms length principles.

The tables in this note show all benefits that were received by Board members and Group Management for the stated years.

2021 **Board and Committee members**	**Share-holding** [1]	**Board fees** [4]	**Committee fees** [4] [5]
Jan Svensson (Chairman and Compensation & Organizational Development Committee)	9,000	862,201	53,602
Pierre Couderc (Board member and Audit Committee)	1,310	520,683	71,536
Bodil Sonesson (Board member and Corporate Responsibility Committee)	1,200	520,683	53,602
Hege Skryseth (Board member and Audit Committee)	1,224	520,683	37,542
Bjørn Matre (Board member and Compensation & Organizational Development Committee)	3,686	520,683	37,542
David Williamson (Employee elected and Corporate Responsibility Committee) [11]	1,685	240,893	-
Bente Traa (Employee elected to 30 June 2021) [11]	n/a	159,801	-
Gigi Portela (Employee elected from 1 July 2021) [11]	-	81,092	-
Eric Douglas (Nomination Committee to 4 May 2021) [10]	-	-	-
Anders Mörck (Nomination Committee from 5 May 2021) [10]	-	-	-
Hild Kinder (Nomination Committee)	-	-	62,570
Rune Selmar (Nomination Committee)	-	-	93,855

NOTE 24 RELATED PARTIES (CONT.)

2021 **Executive Leadership**	**Share-holding** [1]	**Loan** [3]	**Salary** [6]	**Variable salary** [7]	**Pension premiums** [8]	**Other benefits** [9]
Stefan Ranstrand (President & CEO to 15 August 2021) [2]	n/a		5,957,256	2,950,000	846,588	1,003,625
Tove Andersen (President & CEO from 16 August 2021) [2] [12]	2,000		1,881,720	937,500	383,495	1,055,182
Espen Gundersen (Deputy CEO & CFO)	39,553		3,150,544	1,558,479	896,298	885,323
Volker Rehrmann (EVP, Head of TOMRA Recycling/Mining & Circular Economy)	11,069		EUR 348,029	EUR 160,894	EUR 48,150	EUR 60,542
Harald Henriksen (EVP, Head of TOMRA Collection)	41,052	1,400,000	2,835,491	1,402,629	780,591	725,144
Michel Picandet (EVP; Head of TOMRA Food)	1,665		EUR 328,000	EUR 52,480	EUR 25,000	EUR 70,909
Helena Dreisig (EVP; People & Organisation TOMRA Group)	368		EUR 215,935	EUR 107,968	EUR 10,797	EUR 16,054

2020 **Board and Committee members**	**Share-holding** [1]	**Board fees** [4]	**Committee fees** [4] [5]
Jan Svensson (Chairman and Compensation & Organizational Development Committee) [10]	7,000	713,001	52,236
Pierre Couderc (Board member and Audit Committee)	1,310	507,414	52,236
Bodil Sonesson (Board member and Corporate Responsibility Committee)	900	507,414	52,236
Hege Skryseth (Board member and Audit Committee)	887	507,414	36,585
Bjørn Matre (Board member and Compensation & Organizational Development Committee)	3,686	507,414	36,585
David Williamson (Employee elected and Corporate Responsibility Committee) [11]	1,666	234,754	-
Bente Traa (Employee elected) [11]	1,154	234,754	-
Eric Douglas (Nomination Committee) [10]	-	-	-
Hild Kinder (Nomination Committee)	-	-	60,975
Rune Selmar (Nomination Committee)	-	-	91,463

2020 **Executive Leadership**	**Share-holding** [1]	**Loan** [3]	**Salary** [6]	**Variable salary** [7]	**Pension premiums** [8]	**Other benefits** [9]
Stefan Ranstrand (President & CEO)	141,842		5,719,704	0	742,596	1,114,618
Espen Gundersen (Deputy CEO & CFO)	37,769		3,049,748	0	1,309,337	1,338,831
Volker Rehrmann (EVP, Head of TOMRA Recycling/Mining & Circular Economy)	21,608		EUR 341,205	0	EUR 48,150	EUR 39,322
Harald Henriksen (EVP, Head of TOMRA Collection)	53,447	1,400,000	2,744,774	1,157,512	1,135,336	1,171,445
Michel Picandet (EVP; Head of TOMRA Food)	0		EUR 320,004	EUR 44,800	0	EUR 18,000
Helena Dreisig (EVP; People & Organisation TOMRA Group)	0		EUR 212,121	EUR 30,000	EUR 12,182	EUR 11,521

Loans to employees as of 31 December amounted to NOK 1.5 million (2020: NOK 1.4 million) for the parent company and NOK 1.6 million (2020: NOK 1.6 million) for the Group.

NOTE 24 RELATED PARTIES (CONT.)

1) Shareholding
The column shows number of shares owned by the Board members, officers and companies controlled by them and their families.

2) Remuneration CEO
Tove Andersen replaced Stefan Ranstrand as CEO 16 August 2021. Stefan Ranstrand kept his benefits out 2021. The CEOs could in 2021 earn a variable salary of up to 50 percent of their fixed salary, based on the Group's performance. Tove Andersen´s variable salary was limited to 4.5 months service in 2021 (meaning max payment for 2021 was 4.5 / 12 x 50% of base salary). Stefan Ranstrand also participated in the Long Term Incentive Plan (see below). Tove Andersen is entitled to 6 months salary as severance pay, in the case of dismissal.

3) Loans to management
Loans in NOK as of 31 December 2021 and 2020. The loans are secured by mortgages in real estate.

4) Board fees
The Board and the committees receive 50 percent of the estimated fees at the start of the service period (one year), and the remaining when the fees have been formally approved by the annual general assembly at the end of the period. The column shows actual payout in the calendar year.

5) Committee fees
Fees related to participation in the Audit, Compensation & Organizational Development, Corporate Sustainability and Nomination Committees.

6) Salary
Ordinary salary received in the year.

7) Variable salary
Estimated bonus payments for the current year, based upon the performance in the current year. The amounts do not include payments from the LTIP-program described below.

8) Pension premiums
Group Management members participate in the same pension plans as other employees in the jurisdiction they are employed. The CEO does not participate in the defined benefit plan and receives a fixed compensation instead. For further description of the pension plan, see note 18.

9) Other benefits
The value of other benefits received by Group Management and Board members during the year, including value of car allowance, health insurance etc.

10) Shareholding Committee member
Committee member Eric Douglas' family controls Investment AB Latour that had a holding of 31,200,000 shares in TOMRA at both 31 December 2020 and 31 December 2021. Committee member Anders Mörch is employed by, and represents, Investment AB Latour.

11) Remuneration employee elected Board members
Employee elected board members are also paid regular salary, pensions and other benefits. These are not included in the table above.

12) Shareholding Tove Andersen
Tove Andersen has also 10,000 purchase options, granting her the right to acquire 10,000 shares in TOMRA Systems ASA at a price of NOK 592.90 per share in December 2025.

Extract from principles for remuneration of Group
Salary and other employment terms for senior executives shall be competitive to ensure that TOMRA can attract and retain skilled leaders. Salary should include both fixed and variable elements. The fixed salary should reflect the individual's area of responsibility and performance over time. Principles for remuneration shall be allowed to vary in accordance with local conditions. The remuneration structure shall be based on such factors as position, expertise, experience, conduct and performance. The variable salary shall not exceed 50 percent of the fixed annual salary and be based on the achievement of specific performance targets by TOMRA Group and/or the respective manager's unit.

Long Term Incentive Plans (LTIP)
The Group has a Long Term Incentive Plan, where management is incentivized based on improvements in Earnings Per Share (EPS).

The targets are established as intervals, where the participants can earn from 30 percent (if the minimum target is met) up to 100 percent (if the maximum target is met) of one year's salary. The plan is consequently capped at one year's salary. Twenty five percent of earnings before tax (~fifty percent of earnings after tax) must be invested in TOMRA shares and kept for at least three years. If sold earlier, all proceeds from the sale belong to TOMRA.
For 2021, the actual performance for the fiscal year 2019, 2020 and 2021 was measured against the combined targets for the three years. The actual EPS is adjusted for ramp-up cost in new markets and other relevant one-time costs, which is reflected in the targets. The range where management could gain earnings was from 17.75 NOK (min) to 19.75 NOK (max). As the actual EPS (adjusted for ramp-up) for 2019, 2020 and 2021 was above 19.75 NOK, management gained 100% of full earnings under the LTIP-plan in 2021.

NOTE 24 RELATED PARTIES (CONT.)

	Earned in 2021	**To be invested in shares in 2022**
Espen Gundersen (Deputy CEO & CFO)	3,116,958	779,240
Volker Rehrmann (EVP, Head of TOMRA Recycling/Mining & Circular Economy)	EUR 348,029	EUR 87,007
Harald Henriksen (EVP, Head of TOMRA Collection)	2,805,264	701,316
Michel Picandet (EVP; Head of TOMRA Food)	EUR 328,000	EUR 82,000
Helena Dreisig (EVP; People & Organisation TOMRA Group)	EUR 107,968	EUR 26,992

Stefan Ranstrand (President and CEO up until 15 August 2021), is according to his exit-agreement entitled to full earnings under the 2019-2021 LTIP plan. According to the same agreement, he will also be entitled to 54% participation in the 2020-2022 LTIP plan and 21% participation the 2021-2023 LTIP plan.

The collective compensation for key management personnel was as follows (19 managers in 2021 and 16 in 2020):

Amounts in NOK million	**2021**	2020
Short-term employee benefits	59.0	51.2
Post-employment benefits	3.8	3.8
Total	**62.8**	**55.0**

Total remuneration is included in "employee benefit expenses" (see note 4).

Transactions with subsidiaries
Transactions between Group companies, which are related parties, have been eliminated in the consolidation and are not disclosed in this note.

Auditors' fees

	2021		2020	
Amounts in NOK million	**Parent**	**Group**	**Parent**	**Group**
Statutory audit	2.5	12.2	1.8	11.1
Tax consulting	1.0	6.9	1.6	5.5
Other services	0.7	0.9	0.0	0.5
Total	**4.2**	**20.0**	**3.4**	**17.1**

In 2021 TOMRA paid PwC NOK 9.3 million in audit fees, NOK 1.7 million in tax consulting and NOK 0.9 million for other services.

NOTE 24 RELATED PARTIES (CONT.)

TOMRA SYSTEMS ASA - NGAAP

Tomra Systems ASA's transactions with related parties

Tomra Systems ASA has several transactions with related parties. All transactions are performed as part of ordinary business and executed at arms length principles.

The significant transactions are as follows:

Sales of RVMs, spare parts and service manuals/support of NOK 2,133 million in 2021 (NOK 1,490 million in 2020) to:

Tomra Butikksystemer AS
Tomra Systems AB
Tomra Systems AS
OY Tomra AB
Tomra Systems GmbH
Tomra Systems BV
Tomra Sorting Technology (Xiamen) Co. Ltd.
Tomra Leergutsysteme GmbH
Tomra of North America Inc.
Tomra Canada Inc
Tomra Service OÜ
Tomra Systems NV
Tomra Systems SA
Tomra Systems UAB
Tomra Systems d.o.o
Tomra Collection Pty Ltd
Tomra Collection Ltd
Tomra Collection Latvia SIA
Tomra Collection Slovakia s.r.o.
Tomra Collection Romania S.R.L
Tomra Collection Solution Taiwan

Purchase of RVMs and spare parts from Tomra Production AS of NOK 623.0 million in 2021 (NOK 423.7 million in 2020).

Management fee of NOK 12.9 million in 2021 (NOK 2.7 million in 2020).

For intra Group loans, including interest income, and expense; see diclosure note 5.

The Balance sheet includes the following amounts from transactions with related parties:

Amounts in NOK million	**2021**	2020
Loans to subsidiaries	1,084.7	1,144.1
Intra-group receivables	710.7	325.0
Loan from subsidiaries	(496.6)	(225.7)
Intra-group debt	(1,606.8)	(1,280.9)
Total	**(308.0)**	**(37.5)**

NOTE 25 CASH FLOW FROM FINANCIAL ACTIVITIES

Amounts in NOK million	**Liabilities**	**Lease liabilities**	**Total**
Liabilities 31 December 2019	**1,880.0**	**1,101.7**	
Repayment of long-term loans	(4,076.7)		(4,076.7)
Proceeds from issuance of long term debt	3,698.0		3,698.0
Net repayment of short-term loans	37.5		37.5
Instalments on lease liabilities		(270.2)	(270.2)
Lease interest		(40.3)	(40.3)
Interest expensed	(30.1)		(30.1)
Transactions with cash effect	**(371.3)**	**(310.5)**	**(681.7)**
Exchange rate fluctuations	1.9	36.3	
New lease contracts		287.1	
Lease contracts terminated		(51.2)	
Other transactions without cash effect	(126.6)		
Lease interest		40.3	
Interest expensed	30.1		
Transactions without cash effect	**(94.6)**	**312.5**	
Liabilities 31 December 2020	**1,414.1**	**1,103.7**	
Total liabilities consist of:			
Interest-bearing liabilities	1,414.1		
Long-term lease liabilities		843.1	
Short-term lease liabilities		260.6	
Total liabilities 31 December 2020	**1,414.1**	**1,103.7**	
Repayment of long-term loans	(1,895.5)		(1,895.5)
Proceeds from issuance of long term debt	1,485.2		1,485.2
Net repayment of short-term loans	(79.7)		(79.7)
Instalments on lease liabilities		(265.1)	(265.1)
Lease interest		(34.8)	(34.8)
Interest expensed	(18.4)		(18.4)
Transactions with cash effect	**(508.4)**	**(299.9)**	**(808.3)**
Exchange rate fluctuations	1.5	(20.2)	
New lease contracts		221.9	
Lease contracts terminated		(25.1)	
Other transactions without cash effect	78.1		
Lease interest		34.8	
Interest expensed	18.4		
Transactions without cash effect	**98.0**	**211.4**	
Liabilities 31 December 2021	**1,003.7**	**1,015.2**	
Total liabilities consist of:			
Interest-bearing liabilities non-current	603.7		
Interest-bearing liabilities current	400.0		
Long-term lease liabilities		748.4	
Short-term lease liabilities		266.8	
Total liabilities 31 December 2021	**1,003.7**	**1,015.2**	

NOTE 26 SUBSEQUENT EVENTS

The Board proposed 22 February 2022, that the AGM should resolve a share split 1:2, effective from 27 May 2022.

DIRECTORS´ RESPONSIBILITY STATEMENT

Today, the Chief Executive Officer and the Board of Directors reviewed and approved the Board of Directors' Report and the consolidated and separate annual financial statements for Tomra Systems ASA as of 31 December 2021 (annual report 2021).

To the best of our knowledge;

- the consolidated financial statements are prepared in accordance with IFRS and IFRIC as adopted by the EU and additional Norwegian disclosure requirements in the Norwegian Accounting act, that were effective as of 31 December 2021.
- the separate financial statements are prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31 December 2021.
- the Board of Directors' Report for the Group and the Parent Company is in accordance with the requirements of the Norwegian Accounting Act and Norwegian accounting standard no. 16, as of 31 December 2021.
- the consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit as a whole as of 31 December 2021 for the Group and the Parent Company.
- the Board of Directors' Report for the Group and the Parent Company includes a true and fair view of;
  - the development and performance of the business and the position of the Group and the Parent Company.
  - the principal risks and uncertainties the Group and the Parent Company face.

Asker, 22 February 2022

Jan Svensson Chairman	**Bodil Sonesson** Board member	**Pierre Couderc** Board member	**Bjørn Matre** Board member
Hege Skryseth Board member	**David Williamson** Employee elected	**Gigi Portela** Employee elected	**Tove Andersen** President & CEO

To the General Meeting of Tomra Systems ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tomra Systems ASA, which comprise:

- The financial statements of the parent company Tomra Systems ASA (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Tomra Systems ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement, other comprehensive income, consolidated statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 2 years from the election by the general meeting of the shareholders on 4 May 2020 for the accounting year 2020 with a renewed election on the 4 May 2021.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The Groups business operations, who continue to evolve due to ongoing improvement projects, are largely the same as last year. *Valuation of Goodwill* carries the same characteristics and risks this year and has consequently been in our focus for the 2021 audit. The *implementation of new segment reporting* was in our focus last year and the Group continue to use the same segments this year.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Goodwill	
At the balance sheet date, the book value of goodwill was NOK 2 968,6 million distributed between several different cash generating units (CGU's). The values involved are significant and constitute a major part of total assets in the balance sheet. We focused on valuation of goodwill because of the inherent uncertainty of whether future cash flows will support the carrying value of goodwill. The presumption that future cash flow will support goodwill rests on several assumptions that are judgmental in nature. These are the size and timing of	We evaluated the appropriateness of management's allocation of goodwill and intangible assets to CGU's and the Group's controls over the impairment assessment. Our procedures in relations to management's impairment assessment included challenging management on the suitability of the impairment model and the reasonableness of the assumptions as well as a test of the mathematical accuracy of the model. We assessed the reliability of management's cash flow forecasts through a comparison of actual performance in previous years to previous year's forecasts. We obtained explanations from management on material deviations.

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cash flows and the different elements of the discount rate. Management's assessment concluded that no impairment was necessary for 2021. You can read more about management's assessment and the different assumptions managements used in note 7 to these financial statements.	We compared estimates on future cash flows to long term plans approved by the Board of Directors. Further, we challenged management's expectations on future growth by comparing these expectations with historic results for the different CGU's. We also compared the growth assumptions with relevant external sources. We assessed the discount rate by comparing the key components used with external market data where possible. We considered that the discount rates for the different CGU's were within an appropriate range. We considered the appropriateness of the related disclosures, including the sensitivities provided for the discount rate and growth expectations. Based on our testing and considerations, we were able to conclude that management's assumptions were reasonable. We also assessed the information in the relevant notes against relevant accounting principles and found it appropriate.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

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conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion
We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name "Tomra Annual Report 2021 ESEF tagged" have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Independent Auditor's Report - Tomra Systems ASA

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Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 22 February 2022
PricewaterhouseCoopers AS

Eivind Nilsen
State Authorised Public Accountant

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures used in this report are defined in the following way:

- **EBITDA** is the calculated profit (loss) for the period before (i) income tax expenses, (ii) finance income and expenses, (iii) amortizations and (iv) depreciations. [1)]
- **EBITA** is the calculated profit (loss) for the period before (i) income tax expenses, (ii) finance income and expenses and (iii) amortizations. [2)]
- **EBIT** is the calculated profit (loss) for the period before (i) income tax expenses and (ii) finance income and expenses.
- **Depreciation** is the allocated cost of tangible assets over its useful life + write downs related to the same assets
- **Amortization** is the allocated cost of intangible assets over its useful life + impairment losses related to the same assets
- **Net interest-bearing debt** is calculated as the difference between interest-bearing debt and cash. Interest-bearing debt includes loans from financial institutions (current and non-current loans) and lease liabilities (current and non-current). Cash includes cash equivalents as short-term deposits, cash funds and bank accounts. [3)]
- **Currency adjusted revenues/gross contribution/operating expenses/EBITA** is the revised revenues/gross contribution/operating expenses/EBITA after adjusting for estimated currency effect.
- **Order backlog** is defined as the value of firm orders received within Tomra Recycling Mining and Tomra Food, that has not yet been delivered (and consequently not yet taken to P/L).
- **Order intake** is defined as Order backlog at the end of a period minus Order backlog at the beginning of a period plus revenues for the relevant period
- **EBITA margin** is defined as EBITA divided by Revenues in percent.
- **Return on equity** is Profit for the period divided by the average of opening and closing balance majority equity [4)]
- **Return on total assets before tax** is Profit before tax divided by the average of opening and closing balance total assets [5)]
- **Gearing ratio** Net interest bearing debt divided by EBITDA

1) EBITDA = 1,552.5 + 854.8 = 2,407.3
2) EBITA = 1,552.5 + 216.5 = 1,769.0
3) Net interest-bearing debt = 603.7 + 748.4 + 400.0 + 266.8 – 631.6 = 1,387.3
4) Return on equity = (1,132.5 – 41.0) / ((5,591.2 - 162.7 + 6,164.2-171.3) / 2) = 19.1%
5) Return on total assets before tax = (1,552.5+11.6 + 65.3) / ((11,588.9 + 10,976.8)) / 2) = 14.4%
6) Gearing ratio = 1,387.3 / 2,407.3 = 0.58

FORM INTO
TRANSFORMATION

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