Putting clarity into circularity

Annual Report

2020

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KEY FIGURES

KEY FIGURES		2020	2019	2018	2017	2016
Operating revenues	NOK million	9,941	9,346	8,596	7,432	6,610
EBITA	NOK million	1,522	1,381	1,253	1,068	1,119
Operating profit (EBIT)	NOK million	1,300	1,177	1,078	916	988
Profit before taxes	NOK million	1,070	1,130	1,033	887	1,008
Net profit (profit for the period)	NOK million	798	858	779	658	738
Total assets	NOK million	10,977	10,867	9,595	8,437	7,115
Equity	NOK million	5,429	5,076	5,077	4,594	4,192
Return on equity	%	14.8	16.2	15.3	13.9	17.3
Return on total assets before tax	%	11.9	11.8	12.0	12.1	14.6
Earnings per share	NOK	5.25	5.57	5.01	4.14	4.76
Earnings per share fully diluted	NOK	5.25	5.57	5.01	4.14	4.76
Net cash flow from operating activities	NOK million	1,710	1,313	1,025	1,023	1,095
Number of employees as of 31 December		4,307	4,328	4,025	3,420	2,770
Female employees	%	21	21	20	19	18
Female managers (of all managers)	%	24	23	22	21	22
Number of reportable injuries		71	142	113	102	104
Carbon dioxide emissions	Metric tons	34,200	36,200	33,000	28,600	24,900

CEO REVIEW

PUTTING CLARITY INTO CIRCULARITY

The coronavirus pandemic has brought significant hardship, suffering, and economic turmoil to businesses, governments and people around the globe. But as we move through this crisis and seek solutions on the path to recovery, will we remain committed to policies and goals that support a circular economy?

Although society faces unprecedented economic pressures in the wake of the pandemic, we cannot lose sight of the big picture and waiver in our commitment to building a more sustainable future. There are clear paths forward, and research from organizations such as the Ellen MacArthur Foundation[1] shows how policymakers can lead the way to a resilient recovery from the pandemic by pursuing policies that support the circular economy.

Circularity and the Green Deal
Over the past year the European Union has remained firmly behind this direction, and in fact has cited the pandemic as a reason to accelerate sustainability under the label "green deal." Australia imposed a ban on the export of recyclable waste and continues its drive for circularity. The new administration in the United States has also indicated that environmental policies will have a central role in their agenda.

The circular economy has grown to become a new desired standard and has gained much focus during the last 12-24 months. It is urgently needed, as traditional practices contribute to catastrophic effects of climate change and environmental problems such as plastic in our oceans and waterways.

Plastic packaging waste is a major source of the problem, as approximately 32% ends up in nature, 40% on landfills, 14% is incinerated, and 14% collected for recycling. Out of this only 2% is close-loop-recycled, the rest is down-cycled or lost in processes.[1] This is a significant waste of both resources and economic value.

Despite many commitments made by leading brand owners, the progress is slow. The report Breaking the Plastic Wave produced by The Pew Charitable Trusts and SYSTEMIQ in 2020, outlines ten critical findings impacting the trajectory of plastic waste. It calls for a system change towards a circular economy, where we prioritize rethinking what is put on the market, while also rapidly increasing our ability to keep it in the loop after it has been used. TOMRA is uniquely positioned to support and serve this transformation. We have critical technologies, knowledge and partnerships required to make a sizeable impact and develop new business opportunities. We have made bold commitments, to drive for collecting 40% of plastic packaging waste for recycling, and reach 30% closed loop recycling by 2030. With these commitments follows development of new business models, technology innovations and partnering. This development is headed by TOMRA's Circular Economy Division, which was founded beginning 2019. Our anticipation is that this will develop into a strong industry and business opportunity for TOMRA. Our ambition is to be a leading player.

To feed the world and have a better eco-footprint, the food industry will undergo massive changes. TOMRA is using innovative technologies to improve food safety, productivity in the food value chain and reducing food waste. TOMRA is uniquely positioned for supporting the food industry transformation, given our leading presence in fresh and processed food, geographical footprint in developed and emerging markets and leading technology platforms. Circularity plays an important role, in ways of maximizing use of every food resource and using data for process improvements (e.g. back-feeding postharvest data for improved processes in farming).

Circular economy and sustainable food supply are areas and critical developments where we anticipate significant development ahead. The trends and drivers are becoming clearer. Examples include the Single-Use Plastics Directive of the European Union and the acceleration of new and expanded deposit legislations. TOMRA is well positioned to play an enhanced role in the future. Critical for TOMRA will be to maintain focus on the core businesses, continue providing customers added value, developing leading technologies and maintaining a supportive culture for our employees.

1: *Ellen MacArthur Foundation, The circular economy: a transformative Covid-19 recovery strategy: How policymakers can pave the way to a low carbon, prosperous future (2020)*

Stefan Ranstrand
President and CEO TOMRA Systems ASA

The pandemic
As with most businesses, the coronavirus pandemic hit TOMRA surprisingly fast and created unprecedented business interruptions and uncertainties. The first effects were in our operations in China. Shortly after, other countries imposed lockdowns and social distancing measures. In the US, a significant part of our collection installations had to close, preventing consumers from returning their bottles and redeem deposit values. To ensure continuation, our people organized into teams that have no contact with each other. TOMRA's strong culture has been a strength as we have been able to mobilize, adapt and stay close to our customers.

By the third quarter countries had gradually lifted lockdown restrictions and we approached "business as usual," with continuing to work from home, travel limitations and social distancing. During the course of 2020 a total of 138 TOMRA employees were infected by the virus, all of whom have recovered.

Markets served by TOMRA, including the retailsector, food supply and waste management, are all critical to society and their business conditions throughout the pandemic remained robust. Hence, looking at the full-year performance with stable revenues and growing earnings, TOMRA fared well. TOMRA's diverse geographical footprint and business structure have been balancing factors when navigating the crisis. Despite temporary regional setbacks, the service part of the business has fared well due to close customer proximity and the trust inherent in long term business relationships.

Many known practices were changed. Transformation was accelerated as a must to continue doing business. Many changes are probably here to stay, such as allowing for more home office, video conferencing, less international travel and digitalization of solutions and services. TOMRA looks upon these changes as opportunities and have launched initiatives aiming at serving customers better, become more productive and caring for our employees' needs and well-being. TOMRA addressed operating costs to safeguard continuation and profitability, but also pursued a number of strategic initiatives to ensure that we continue to invest in innovation. An estimated 10% of annual revenues is continuously being spent in future oriented activities such as technology and business development.

2020 Performance Highlights
TOMRA achieved revenues of NOK 9,941 million in 2020, representing a growth of six percent compared to 2019. EBITA earnings grew 10%, ending at NOK 1,522 million, and cash flow from operations resulted in NOK 1,710 million in 2020, up 30% compared to the previous year.

TOMRA Collection Solutions maintained a stable position in all markets during the coronavirus pandemic. We experienced negative impact of lockdown measures in US during second quarter.

We had good volume development in Australia and strong performance in Northern Europe. Preparations for the expansion of the Dutch deposit system in 2021 and other new deposit markets brought positive effects as well.

TOMRA Recycling Mining order intake remained stable at NOK 1,682 million in 2020. We noted a healthy development in the Waste Sorting and Plastics segment driven by legislation and the push for circularity. Negative impact from lower demand and volatile commodity prices in Metal Recycling and Mining.

TOMRA Food Solutions' order intake increased 8% to NOK 3,335 million in 2020 with our Fresh Food segment experiencing good momentum sustained by increased home consumption in 2020. Our Processed Food segment was negatively affected by Covid-19 in the food service and hospitality sectors.

TOMRA is committed to "walking the talk," which for us means doing what we can to ensure sustainable business operations and manage relevant sustainability risks and opportunities along our value chain. At TOMRA, sustainability is part of Group strategy, and to guide our efforts and prioritize actions that have the most meaningful impact, we have in 2020 conducted a materiality analysis, serving as the basis for our sustainability strategy and reporting going forward. See more information about this in the Corporate Sustainability chapter on pages 12-21. 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 2020 Annual Report contains our eleventh consecutive Communication on Progress to the UN Global Compact.

TOMRA – past into future

In the last decade, TOMRA transformed from selling and servicing collection machines supported by a smaller industrial processing portfolio, into becoming a recognized global leader in circular economy and food sorting solutions. The geographic footprint was expanded to cover all continents, and the solutions evolved to become even more relevant for serving sustainable societies. Our business today covers a larger geographical domain, a broad and leading range of solutions for various types of applications, digital solutions and enhanced value-generating services. Our market leadership position is unrivaled, and our financial performance is robust. To collaborate for bigger impact, we entered strategic collaborations such as with Ellen McArthur Foundation (New Plastics Economy), the Alliance to End Plastic Waste and the World Business Council for Sustainable Development.

With sorting technologies, we now provide solutions for recycling and food processing. Within recycling we serve the waste management sector as well as metals and plastics 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.

The global food industry is on a path to further development. In the developing world, there is a need for more automation. In developed markets, the emphasis is on food quality, productivity and hygiene. TOMRA is 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.

TOMRA's portfolio of businesses is performing well and we are the recognized leader in all segments served. We have ongoing improvement programs and investments in optimizing our operations. All businesses are positioned with growing opportunities in market development and technology advancements.

TOMRA's financial performance has proven strong, resilient and predictable. Our main shareholders are long-term oriented and look favorable upon TOMRA's prospects.

With the future developments, we envisage accelerated focus on climate change and sustainability, continued urbanization and growing mega-cities, further emergence of digital solutions and services and changes in consumer desires and behaviors. As governments are increasingly advancing a green agenda, TOMRA is well positioned to supply solutions for a circular economy and sustainable food production.

There is much potential in diving deeper and exploring more opportunities along both value chains in circular economy and food. A good collaboration platform with stakeholders such as niche technology developers, operators, brand owners and legislators/regulators will play an important role. Further focus and a broader engagement within the ecosystem will likely support TOMRA's ambitions for growth and leadership. We need to closely monitor change in consumer behavior, such as extensive use of e-commerce and digital services, and develop appropriate solutions for remaining highly relevant for our customers and partners going forward.

We are committed to providing solutions that help drive sustainability and the circular economy – in short, putting clarity into circularity. Key to this ability is our company culture and the expertise and dedication of our employees. Having well-motivated and high-performing experts will continue to be crucial for TOMRA's future success, and we look forward to nurturing and empowering this talent to help build a brighter future.

BUSINESS OVERVIEW

LEADING THE RESOURCE REVOLUTION

TOMRA's vison of leading the resource revolution is all about transforming how we obtain, use and reuse our planet's resources to create sustainable value.

TOMRA was founded on an innovation in 1972 that began with the design, manufacturing and sale of reverse vending machines (RVMs) 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. With the addition of a circular economy division in 2020, TOMRA is committed to playing a significant role in building and enabling a global circular economy framework.

4300+
EMPLOYEES GLOBALLY

TOMRA COLLECTION SOLUTIONS

REVERSE VENDING

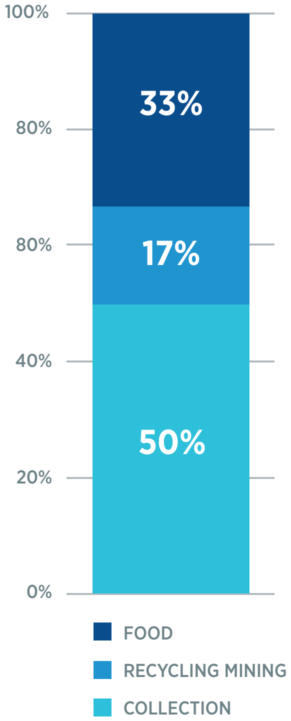
MATERIAL RECOVERY

TOMRA RECYC

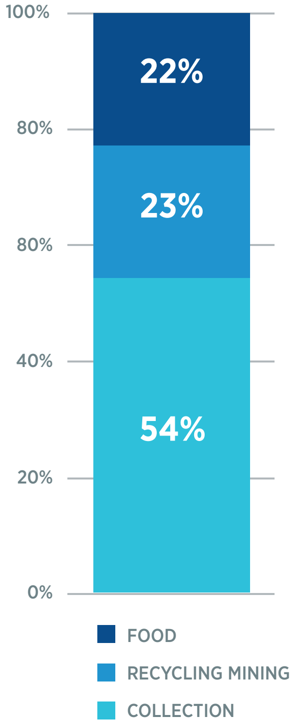
RECYCLING

Creating value through three strong business areas:

2020 Revenue



2020 EBITA



TOMRA
FOOD
- Large sector
- Good margins
- Low cyclicality

TOMRA
RECYCLING MINING
- High growth
- High margins
- Medium cyclicality

TOMRA
COLLECTION SOLUTIONS
- Stable business
- High margins
- Low cyclicality

9.9
BILLION NOK
REVENUES IN 2020

CLING MINING

TOMRA FOOD

MINING

PROCESSED FOOD

FRESH FOOD

EXECUTIVE LEADERSHIP TEAM

STEFAN RANSTRAND (B. 1960)
President and CEO TOMRA Group

M.Sc. Industrial and Management Engineering, Linköping (Sweden) and Darmstadt (Germany)

Career history: August 2009: Joined TOMRA as President & CEO; 1991–2009: ABB Ltd.; various management positions; 1988–1991: Data General AG, Sales Executive Industrial Markets; 1985-1988: Ikea Lager und Service AG

Number of TOMRA shares held: 141,842

ESPEN GUNDERSEN (B. 1964)
Deputy CEO and CFO 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: 37,769

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

Bachelor 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: 0

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

HARALD HENRIKSEN (B. 1963)
Executive VP and Head of TOMRA Collection Solutions

B.Sc. Electronics, University of Salford, Manchester

Career history: 2004: Joined TOMRA in 2004 as Senior VP Technology; 2000-2004: VP Business Unit Tactical Radio, Kongsberg Defence 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: 53,447

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

Bachelor in Engineering, University of Clermont-Ferrand; Master 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: 0

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

PhD in Computer Science, University of Koblenz, Master in Computer Science, University of Paderborn

Career history: 2013: Head of Tomra Recycling Mining, joined Tomra through acquisition of TiTech in 2004.

Founder and Managing Director of Real Vision Systems GmbH, acquired by TiTech in 2002.

Number of TOMRA shares held: 21,608

CORPORATE SUSTAINABILITY REPORT

Sustainability for TOMRA means generating positive social and environmental impact and business value through our products and solutions, while at the same time ensuring that sustainability considerations are embedded throughout our own operations and ways of working.

Corporate Sustainability at TOMRA
We live in an age with the highest level of consumption our planet has ever seen – we are using more resources than ever before, more than this planet can continue to sustain. Consequences of this highly unsustainable resource use are evident in the form of climate change, biodiversity loss, forest diebacks, desertification, and many other ecological impacts.

TOMRA's vision of 'leading the resource revolution' realized through the business streams of reverse vending, material recovery, food, recycling and mining will enable better utilization of the world's natural resources, as the resource revolution is about transforming how resources are obtained, used and reused for sustainable economic growth. As such, 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.

18 million tons of avoided greenhouse gas emissions enabled from TOMRA equipment in use by our customers. = 1/3 of Norway's annual emissions[1]

14% reduction in operational eco-intensity[2] meaning more value was created to society with less negative impact on the environment

Sustainability has been at the heart of TOMRA's business model for almost five decades. Beginning with the invention of the world's first reverse vending machine in 1972, all the way to providing the most innovative sensor-based sorting solutions today.

Sustainability governance
TOMRA defines 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, TOMRA has 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 in order 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 drive operational actions that will boost both internal and external sustainability impact.

At TOMRA, it is the role of the Board of Directors to ensure that the Group's corporate governance, environmental, social, and ethical practices are adequate. The Corporate Sustainability Board Committee assists the Board by monitoring and reviewing TOMRA's practices and policies in this area, including regular reviews of progress.

As a member of the UN Global Compact (UNGC), TOMRA aims to consistently support doing business responsibly and implement the principles of the UNGC. The following pages form part of TOMRA's 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. TOMRA has in 2020 begun planning for adoption of the GRI Standards for future sustainability reporting.

1 Statistics Norway (SSB)

2 Measured as greenhouse gas emissions per unit of value added

TOMRA Food has joined the World Business Council for Sustainable Development (WBCSD)

"We are proud to be joining the prestigious list of companies and institutions that make up the WBCSD. *We expect to learn, to be challenged, and to contribute to solutions for a more healthy planet for healthy people."*

- Michel Picandet, EVP, Head of TOMRA Food Solutions

In conjunction with the World Clean Up Day 2020, TOMRA engaged staff from across the globe in a campaign to remove litter - one piece at the time - from the environment. 52,371 pieces of litter were picked up, surpassing our 50,000 goal

A new TOMRA Group sustainability strategy was launched, to focus our corporate efforts where they matter most and will have the greatest impact to society and the environment

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.

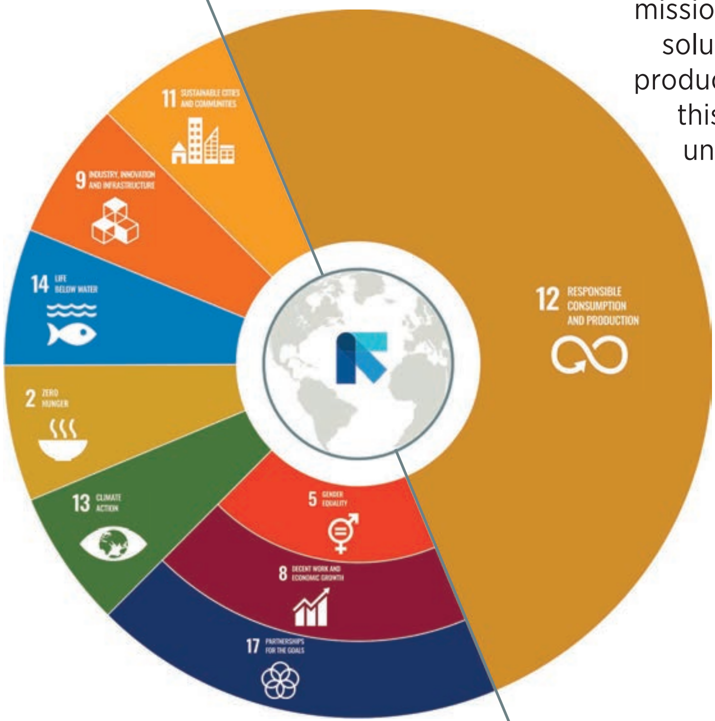
SDG 9:
Technology innovations for resource productivity.

SDG 14:
Closing the tap on land for plastic 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, cross-cutting 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 STRATEGY

TOMRA has in 2020 undertaken work to update its sustainability strategy, to prioritize and focus corporate sustainability efforts where they matter most and will have the greatest impact towards both external and internal sustainability. A key result of the strategy process has been the formulation of three overarching Group sustainability commitments, to ensure and inspire sustainability in our **solutions**, **operations**, and **relationships**.

TOMRA'S SUSTAINABILITY COMMITMENTS

As a company we are committed to **"walking the talk"**. That means doing what we can to ensure sustainable business operations and manage relevant social and environmental risks and opportunities along the company value chain. TOMRA is also committed to **create lasting sustainable value for our customers**, business and the environment. To that end TOMRA focuses on sustainability in three key aspects of our business:

Solutions

Create lasting environmental and social value through our products and services, driving optimal resource productivity in the sectors that we serve

Operations

Operate responsibly to minimize any negative sustainability impacts, internalizing social and environmental considerations in the way that we do business

Relationships

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

Another important element of TOMRA's sustainability strategy is the materiality assessment – a prioritization exercise, updated in 2020, to better understand which environmental, social, and corporate governance issues (ESG) are most important to TOMRA, taking both business impact and stakeholder expectations into consideration. The TOMRA materiality assessment was conducted with a three-step approach:

1) **Impact mapping** - Identify all relevant sustainability impacts (risks and opportunities) across TOMRA value chains in TCS, TRM and TFS respectively
2) **Stakeholder engagement** - Consider concerns and expectations toward TOMRA regarding relevant sustainability impacts from key stakeholder groups[1]
3) **Materiality** - Process findings from steps 1) and 2) to prioritize what issues are most material for TOMRA

Insights from the materiality assessment will serve to guide sustainability strategy and reporting efforts at TOMRA going forward. Five material issues have been identified as most important and will be prioritized in terms of corporate sustainability effort and resource allocation:

- **Resource productivity** – Sustainability impact (improvements in resource management) enabled from TOMRA products in use
- **Sustainable product design** – Product circularity and environmental impact of TOMRA products across their life cycle
- **Operational carbon emissions** – Climate impact from TOMRA operations, incl. production and transport
- **Supply chain sustainability** – ESG supply chain risk management and engagement to positively influence suppliers
- **Employee value proposition** – Social impact through being an employer of choice and sustainability as part of TOMRA's culture

TOMRA is now working to launch working groups on each of these topics at division level, engaging key internal resources with relevant technical or operational experience, to help i) assess the potential for sustainability impact, ii) establish meaningful KPIs and targets, and iii) identify and execute relevant projects and initiatives.

In 2021 TOMRA will continue working on its sustainability strategy, with the aim to establish Group sustainability goals and have a new framework in place for monitoring and reporting on sustainability impact KPIs.

[1] *Stakeholder groups considered include employees, customers, investors, government, business partners, Media & NGOs, and market influencers*

SUSTAINABLE SOLUTIONS

Resource productivity

TOMRA's mission is to create sensor-based solutions for optimal resource productivity so that its products and services contribute to better use of the world's limited resources. Each of its business streams contributes to resource productivity in different ways.

- TCS ensures efficient collection of beverage containers for clean-loop recycling and reuse
- TFS sorts and processes fresh and processed food, improving quality, yield, safety and efficiency, while significantly reducing food waste at the production stage
- TRM sorting technology for recycling enable valuable materials to be recovered and reused from waste and metal material streams; and within the mining industry help extend the life of mining operations by separating valuable mineral ores from waste rock while reducing water and energy consumption

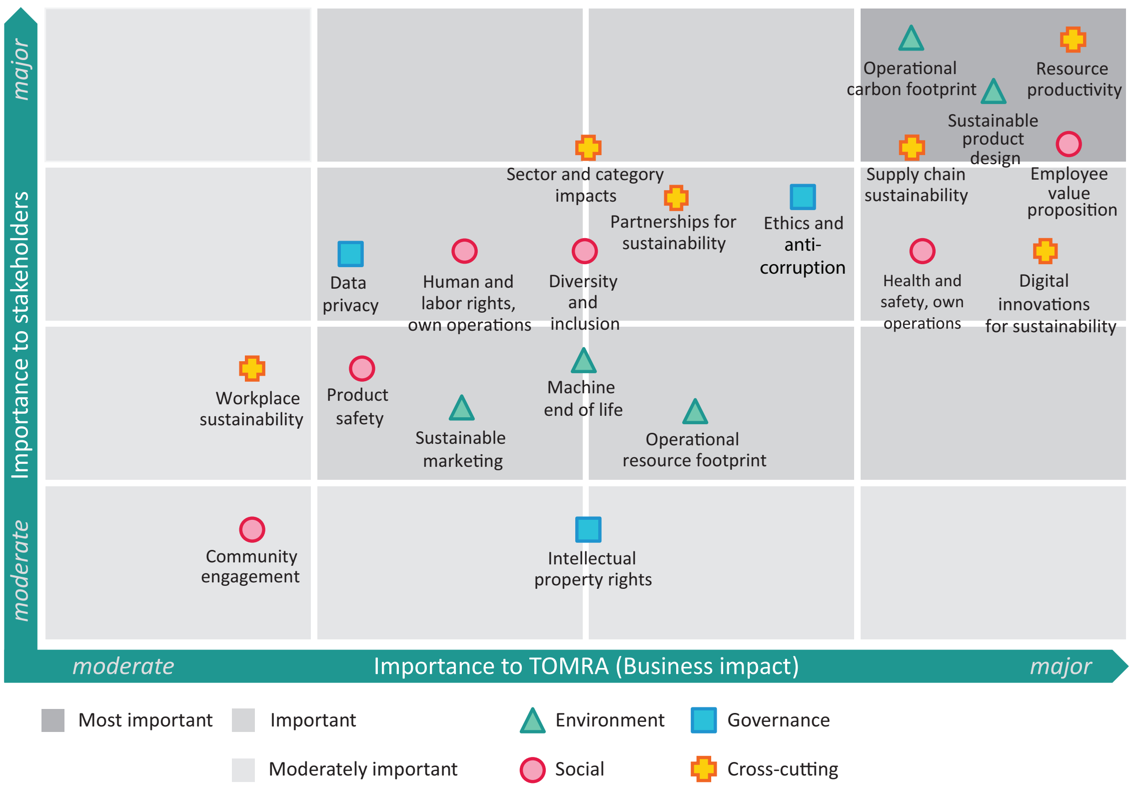
Circular economy

TOMRA has a clear vision for building a circular economy to help industry transition towards circular business models and set clear ambitious targets to increase global recycling rates. The TOMRA Circular Economy division launched in 2019 and is devoted to enabling the circular economy – they are working with manufacturers and brand owners to share experiences, generate thought leadership, and inspire the next generation of circular economy advocates across the recycling sector. Today only 14 percent of the plastic packaging produced globally is collected for recycling, and only two percent is collected in a closed loop, i.e. reused for the same or similar products. TOMRA has set the ambition, by 2030, to have increased global recycling collection to 40 percent and increase plastics in the closed loop system to 30 percent.

Partnerships

TOMRA's technology alone is not enough to meet such ambitious targets though, which is why TOMRA is facilitating industry collaboration and thought leadership through own initiatives such as the TOMRA Leads events and participation in global initiatives such as the New Plastics Economy and the Alliance to End Plastic Waste. In November 2020 TOMRA Food announced it had joined the World Business Council for Sustainable Development (WBCSD) - a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. In 2021 TOMRA Food will become an active member of WBCSD's FReSH project (Food Reform for Sustainability and Health).

TOMRA GROUP MATERIALITY MATRIX



SUSTAINABLE OPERATIONS

Climate change

Climate change is among the most important megatrends affecting business across all sectors today. The urgent need for transition towards a resource-efficient, low-carbon economy opens new business opportunities for TOMRA, as a solutions provider in this space. TOMRA strives to maximize the positive climate impact from our technologies in use by enabling avoided GHG emissions from both material production and waste management through collection and sorting solutions for recycling. In 2020 the avoided carbon emissions from TOMRA products in use by customers was close to 18 million tonnes of CO2 equivalents, equal to about one third of Norway's greenhouse gas emissions in 2019.

Clearly, climate change also represents some level of physical risk to TOMRA 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 risk and potential impact from physical climate change for TOMRA is however considered relatively low. TOMRA is supportive of and welcomes the recommendations issued by the Task Force on Climate-related Financial Disclosure (TCFD), and is planning measures in the next two years to further integrate climate change into its risk management processes and to disclose information in line with TCFD.

TOMRA reports carbon footprint data from its head office in Norway and all majority-owned subsidiaries. TOMRA's greenhouse gas account for 2020 shows a decrease in total direct emissions, which can likely be attributed in large part to periods of reduced operations and extensive use of home office as result of the COVID-19 pandemic. A slight increase in indirect emissions from product use phase is linked to growth in installed base.
In parallel, the eco-intensity of TOMRA's operations, i.e. emissions divided by value added to society, shows a 14 percent reduction from 2019, meaning more value is created with less negative impact.

Sustainable product design

As shown in the materiality analysis, sustainable product design has been identified as a strategic priority on TOMRA's sustainability agenda going forward. Objectives in this regard include embedding circular economy principles into product design and development, and to design solutions that manage and reduce any negative environmental impacts from TOMRA products across their life cycle.

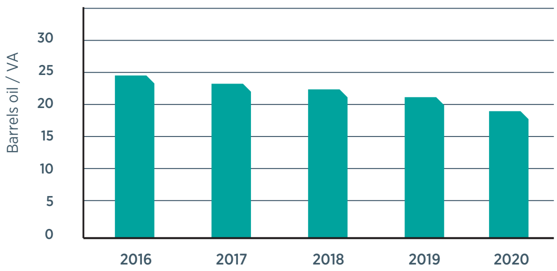
This will include efforts on topics like product longevity and upgradability, end-of-life management, recycled or reused material inputs, life cycle environmental impacts, and responsible management of chemicals and hazardous substances in production. Much of this has been high priority and fundamental principles in TOMRA operations through many years. However, with renewed and dedicated focus as part of the new sustainability strategy, TOMRA plans to develop a sustainable product design management and KPI framework, to further embed sustainability criteria into design principles and drive positive impact.

Supply chain sustainability

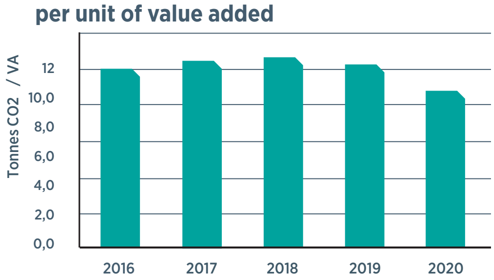
Another prioritized focus area for TOMRA operations, highlighted in the new sustainability strategy, is supply chain sustainability. Working to fully integrate sustainability considerations into supply chain management, TOMRA strives to: i) Manage any risk of negative environmental, social or governance impacts in its supply chain, ii) influence its suppliers to operate more sustainably, and iii) enhance operational excellence through a more sustainable supply chain.

TOMRA Group's Business Principles for Suppliers and Partners (updated in 2019) 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. Notwithstanding, this is an area where TOMRA, going forward, will work to harmonize efforts across Group and set clear targets on supplier screening and engagement.

Energy Consumption per unit of value added



Greenhouse Gas Emissions from Operations per unit of value added



SUSTAINABLE RELATIONSHIPS

Compliance

TOMRA's culture is based on ethical behaviour and expects all staff and partners to act in the same way. TOMRA has worked actively in 2019 and 2020 to improve its Compliance Program. Highlights include; i) launching a New Code of Conduct – now available in 14 different languages, ii) introducing Integrity Due Diligence procedures for all new customers, supplier, and partners, iii) implementing compliance E-Learning courses for all employees, iv) delivering 11 different Compliance face-to-face training and engagement sessions across business operations, and v) introduction and implementation of key new policies and procedures such as New Country Risk Assessments and Incident Managing Procedures, which establishes the Group standards and premises for fair and professional internal investigations.

95% of all TOMRA staff in 2020 received training through the Code of Conduct E-learning course and four new E-Learning courses were introduced: Anti-Bribery & Corruption, Competition Law & Antitrust, Confidential Information & IP and Anti-Money Laundering. Two additional courses are being prepared for implementation in 2021. TOMRA is also working to ensure that Compliance clauses are made part of standard terms and conditions for all contracts with customers and partners in all TOMRA subsidiaries from 2020 onwards. A project to ensure that all Third-Party Intermediaries hired by TOMRA have been subject to integrity due diligence, and that sound contracts with Compliance clauses are signed, was initiated in 2020 and due for completion by the end of 2021. Two additional Compliance policies – Antitrust & Competition Law and Conflict of Interest - will be implemented in Q1 2021.

TOMRA keeps promoting 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.

COVID-19 Response

2020 became the year of the COVID-19 pandemic for the world. For TOMRA this translated into a quick and focused concern to take care of all its people, so that they could in turn care for its customers safely.

TOMRA recognized the threat to its people early and implemented a Crisis Management plan as of January 2020 focused on limiting movement, ensuring the appropriate safety equipment was made available, split teams to reduce inter-communal contact and a close communication-flow across organizations and locations. TOMRA provided training throughout the pandemic, providing all employees with health and safety information as well as bespoke TOMRA know-how. In all, more than 33,000 courses were followed, 72% developed by TOMRA's Learning & Development team.

The combined efforts resulted in 92% of TOMRA employees feeling safe and 89% stating that TOMRA managed the situation well when surveyed. Most importantly, these efforts allowed TOMRA to mitigate intra-colleague virus transmission, keep all production sites running safely and maintain the connection with all employees. TOMRA recognizes the tremendous efforts of all employees throughout the pandemic, having to adapt to new and challenging ways of working. TOMRA also offers special recognition to production staff and service teams for whom home office has not been an option, delivering excellent results while maintaining safe working conditions.

Attracting and Retaining Talent

TOMRA has remained focused on attracting and retaining Resource Revolutionaries across the world for the unique perspectives and personalities that they bring. TOMRA believes that it is the passion that employees feel for the company's purpose, vision and mission that is the main driving force for delivering sustainable value to its stakeholders. TOMRA invested in hiring more than 500 new colleagues in 2020, ensuring they were onboarded safely, providing them with a warm welcome and the right tools to succeed in their careers. Vacancies are transparently advertised, both internally and externally.

Staff turnover in TOMRA Group has remained stable compared to 2019, with a reduction in voluntary leavers. The Group has improved its ability to retain employees in 2020 by just over 10%. For 2021 TOMRA will continue to build an environment where Resource Revolutionaries representing all forms of diversity thrive.

Diversity & Inclusion
TOMRA facilitates equal opportunity for professional and personal development for all employees and does not discriminate on the basis of race, colour, religion, gender, natural origin, age, disability, sexual orientation or veteran status. TOMRA seeks to prevent all forms of harassment, and the concern for equal opportunity is embedded throughout the TOMRA employee life cycle. It encompasses the areas of recruitment, pay and working conditions, promotion, development opportunities and the possibility 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.

In 2020, TOMRA undertook a gender wage gap analysis on the current wages within TOMRA's entities in Norway. Upon conclusion, a small wage gap in favour of female employees was identified. Scoping in, the data showed that the reason for the existence of this positive gap is predominantly due to an uneven distribution of gender within certain departments and seniority levels, which results in a different contribution to the total salary mass per gender.

TOMRA has taken action to ensure that all compensation processes are fair and challenged for unconscious bias. Steps have already been taken such as revision of yearly evaluation forms and performing a difference analysis on this form between male and female employees (including pay raises). In 2021 TOMRA will continue to review all systems and practices so that the advantages of a diverse workforce are maximized while ensuring equal opportunity for all.

Health and Safety
A new vision for health and safety – TOMRA Safe – was launched in 2020. Safety is at the core of everything we do at TOMRA, and looking out for one another is the daily responsibility of all. In 2020 health and safety standards at TOMRA remained high and were adapted to encompass COVID-19 measures in addition to the daily rigor. TOMRA holds regular safety trainings, share safety updates, and continues to strictly monitor and report sickness and incidences, adapting change and preventative measures if required.

The number of job-related injuries in TOMRA requiring medical attention beyond basic first aid was 71 in 2020, down from 142 in 2019. TOMRA continuously strives to reduce the injury rate and has implemented several preventative measures. However, the significant reduction from 2019 to 2020 can likely be attributed in large part to periods of reduced operation and home office as result of the COVID-19 pandemic.

Employee Wellness
Employee wellness became paramount in 2020. TOMRA ensured all staff members were supported and connected, and several initiatives took place to focus on employee well-being. Online wellness sessions were carried out, with advice and guidance from professionals, on topics such as sleep, mindfulness, healthy eating, back care, building resilience, online health day and stress management. Staff surveys were also conducted around well-being, mental health, physical health and the at home working environment.

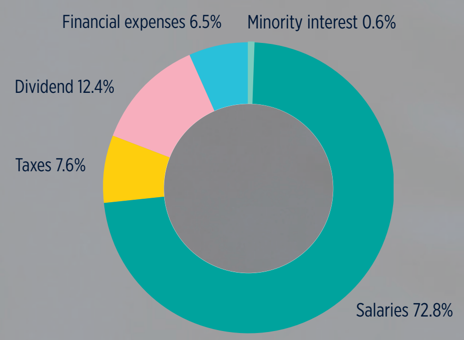
TOMRA facilitated global social interaction through well-being networks and resources. It created opportunities for colleagues to connect through numerous online virtual events so its teams could unwind and catch up. They rose to the challenge creating fun and engaging events such as virtual cooking classes, gaming clubs, bike repair, Christmas parties, quizzes, and team lunches.

Community engagement
Every year, TOMRA's team of dedicated Resource Revolutionaries engage directly with local communities around the world to inspire and drive positive sustainability impact. Many initiatives have been carried out by local TOMRA entities, with results shared across Group to further inspire more efforts and in new places.

A highlight from 2020 was the ALL_TOGETHER GLOBAL CLEANUP campaign, a global initiative in conjunction with World Clean Up Day on 19 September, to remove litter - one piece at a time - from the environment. Engaging employees in every region, TOMRA set a target of 50,000 pieces of litter collected. We surpassed this target by collecting 52,371 pieces in total during the campaign period. The campaign was organized in a way that allowed all participants to both have a positive environmental impact and respect necessary precautionary measures of the COVID-19 pandemic.

The global event was a very positive experience among participating staff, and is likely something that TOMRA will organize again, setting new and more ambitious targets. Clean-ups are necessary because of the damage that litter does to our environment; however they are not the solution. An important takeaway for TOMRA from this campaign was affirmation of the tremendous potential that our collection and sorting solutions hold to keep litter out of nature and deliver real sustainability impact, and dedication to rethink how to best engage consumers, and how consumer packaging can be collected and reused in the first place.

VALUE DISTRIBUTED 2020



TOMRA AIMS TO BE AN ATTRACTIVE EMPLOYER AND PROMOTES EQUAL EMPLOYMENT OPPORTUNITY

IMPACT ON PEOPLE WITHIN TOMRA GROUP

		2020	**2019**	2018
Number of employees	(#)	4,307	4,328	4,025
Female employees	(%)	21	21	20
Female managers	(%)	24	23	22
Reportable injuries	(#)	71	142	113
- per 100 FTE	(#)	1.7	3.3	3.0

TOMRA ENVIRONMENTAL REPORT 2020

1. CLIMATE CHANGE ACCOUNT

CARBON DIOXIDE EMISSIONS FROM OPERATIONS

TONNES CARBON DIOXIDE		2020	2019
Emission from stationary sources	(Scope 1)	1 200	2 200
Heating oil		0	0
Natural gas		1 200	2 000
Propane		0	200
Emission from purchased grid electricity	(Scope 2)	6 700	8 000
Norway		0	0
Other Europe		900	1 000
North America		3 300	4 600
Rest of World		2 500	2 400
Emission from transportation		26 300	26 000
Petrol vehicles	(Scope 1)	3 700	3 100
Diesel vehicles	(Scope 1)	12 600	12 900
LPG vehicles	(Scope 1)	200	0
LNG vehicles	(Scope 1)	1 500	0
Employee-owned vehicles	(Scope 3)	1 100	900*
Air travel	(Scope 3)	7 200	9 100
Total direct emissions (tonnes CO2)		34 200	36 200
Emission from products during use-phase	(Scope 3)	75 500	73 900
RVMs owned and operated by TOMRA and customers		65 600	65 200*
Sorters owned by customers		9 900	8 700
Total direct and indirect emissions		110 000	110 000

AVOIDED CARBON DIOXIDE EMISSIONS THROUGH PRODUCT USE

TONNES CARBON DIOXIDE	2020	2019
Beverage container collection through RVMs (1)	3 632 000	3 460 000
Plastic bottles	1 272 000	1 212 000
Glass bottles	319 000	304 000
Aluminium cans	2001 000	1 906 000
Steel cans	40 000	38 000
Packaging material transport and handling (2)	671 500	953 300
Glass bottles	70 000	80 000
Aluminium cans	520 000	760 000
Plastic bottles, PET	80 000	110 000
Plastic bottles, HDPE	200	500
Cardboard and fiber	1 300	2 800
Material sorted for recycling from mixed sources (3)	13 740 000	12 590 000
Glass	120 000	110 000
Aluminium	5 510 000	5 050 000
PET	3 330 000	3 060 000
HDPE	580 000	530 000
Fiber	330 000	310 000
Non-ferrous metal	1 440 000	1 370 000
Other	2 430 000	2 160 000
Total emission avoidance	18 040 000	17 000 000
Net carbon dioxide emission/(avoidance)	(-17 900 000)	(-16 900 000)

NOTES

Emissions have been calculated using the GHGProtocol calculation tools (www.ghgprotocol.org), and 'Waste Management Options and Climate Change' (ec.europa.eu/environment/waste/studies/pdf/climate_change.pdf). Calculations are based on actual and estimated consumption.

Data fields marked with an asterisk(*) have been restated from the Annual Report 2019, given availiability of more reliable data.

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 approximate 80,000 RVM installations; more than 40 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 collectiing and recycling the beverage containers into new material, versus landfill, is included in the calculation.

2. ENERGY CONSUMPTION

ENERGY USED IN MANUFACTURING, SALES, SERVICE AND OPERATIONAL PROCESSES

BARRELS OIL EQUIVALENT		2020	2019
Energy consumption, stationary sources	(Scope 1)	2 800	7 100
Heating oil		0	100
Natural gas		2 800	6 500
Propane		0	500
Energy consumption, purchased grid electricity	(Scope 2)	12 600	14 500
Norway		2 200	2 300
Other Europe		1 800	2 000
North America		5 900	7 800
Rest of World		2 700	2 400
Energy consumption, transportation		58 400	54 900
Petrol vehicles	(Scope 1)	8 900	7 700
Diesel vehicles	(Scope 1)	29 200	30 100
LPG vehicles	(Scope 1)	700	0
LNG vehicles	(Scope 1)	4 700	0
Employee-owned vehicles	(Scope 3)	2 000	1 600*
Air travel	(Scope 3)	12 900	15 500
Total direct energy consumption		73 800	76 500
Energy consumption, products during use-phase	(Scope 3)	90 500	88 500
RVMs owned and operated by TOMRA and customers		78 600	78 100*
Sorters owned by customers		11 900	10 400
Total direct and indirect energy consumption		164 300	170 700

3. WASTE GENERATION

WASTE FROM MANUFACTURING, SALES, SERVICE AND OPERATIONS

TONNES WASTE	2020	2019
Waste generation (4)	2 140	3 940
Paper	160	100*
Plastics, recycled	820	760
Wood, recycled	150	150
Electric and electronic waste, recycled	20	70
Metal scrap, recycled	620	400
Hazardous waste, recycled	0	30
Glass, recycled	10	30
Unsorted	360	2 400

4. WATER CONSUMPTION

WATER USED BY MANUFACTURING, SALES, SERVICE AND OPERATIONS

CUBIC METRES WATER	2020	2019
Water consumed (5)	14300	22 200
Norway	1 700	2 700
Other Europe	6 900	10 700
North America	3 000	4 600
Rest of World	2 700	4 200

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

2. Packaging material transport and handling, TOMRA Collection (Material Handling)
Carbon dioxide saving 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 TSS Recycling installations is used in the calculation of avoided carbon dioxide emission. 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.Changes in reported wate categories since 2019: glass, recycled has been added and cardboard has been removed.

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.

TOMRA's values are described in its corporate vision, mission, core values and policies, which can be found on the TOMRA website.

TOMRA aims to lead the resource revolution, enabling better utilization of the world's natural resources, and is committed to doing business ethically and with zero tolerance for corruption. To support these aims, TOMRA has developed and implemented a Code of Conduct and Corporate Responsibility Statement. These and further information on TOMRA's CR program can be found under "ABOUT TOMRA / Corporate Responsibility" on the TOMRA website.

BUSINESS DESCRIPTION

TOMRA is a leading global creator 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 2020, Group equity totaled NOK 5,591 million, up NOK 345 million from last year. The equity percent was 51 percent. TOMRA's 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 2019, an ordinary dividend of NOK 2.75 was paid out per share. For 2020, the Board has proposed a dividend of NOK 3.00 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 2020 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 2020.

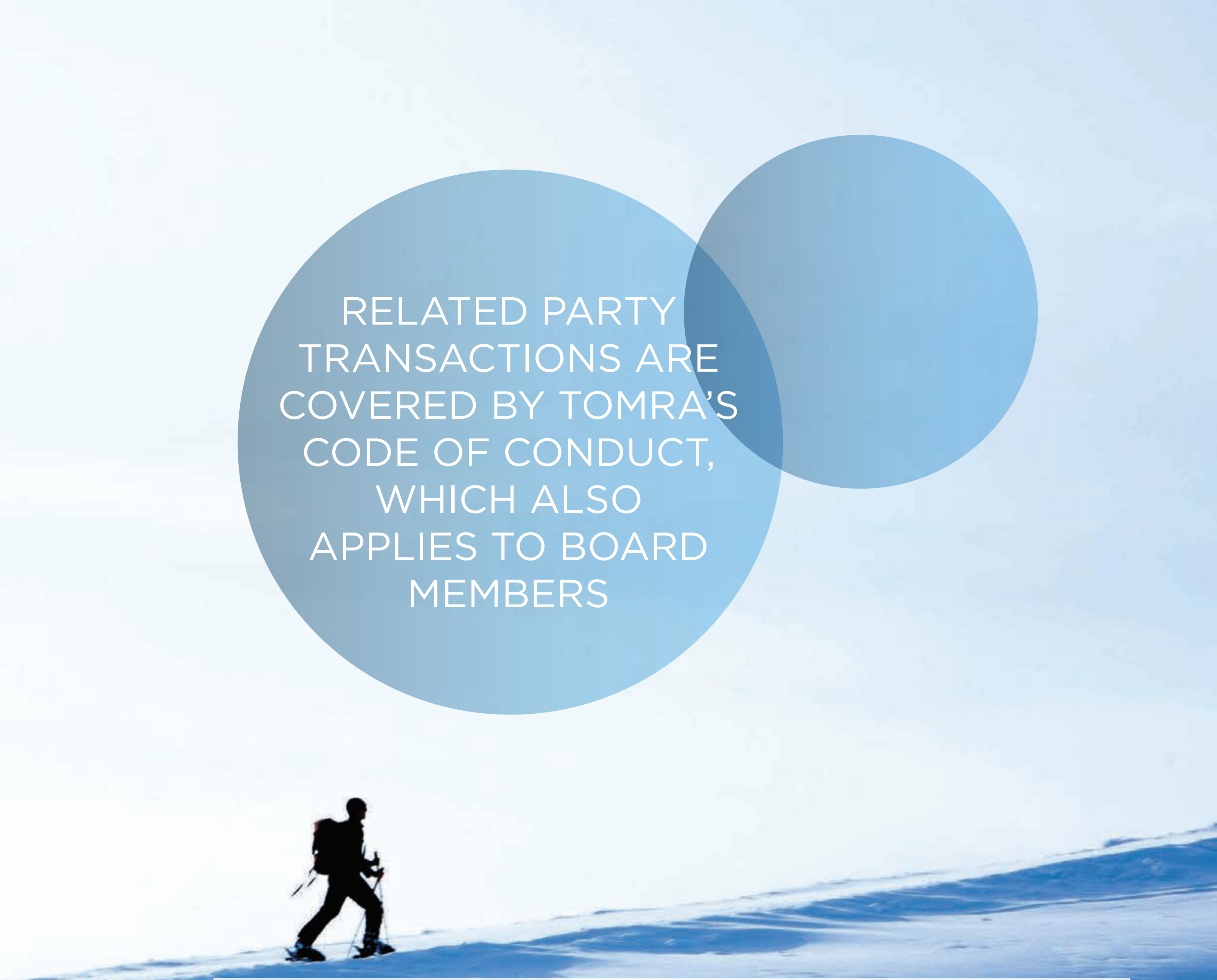
FREELY TRADED SHARES

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 AGM shall be held no later than the end of June each year, with at least 21 days written notice given to each shareholder. The 2020 AGM was held on 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.



RELATED PARTY TRANSACTIONS ARE COVERED BY TOMRA'S CODE OF CONDUCT, WHICH ALSO APPLIES TO BOARD MEMBERS

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 TOMRA.com under "TOMRA Leadership."

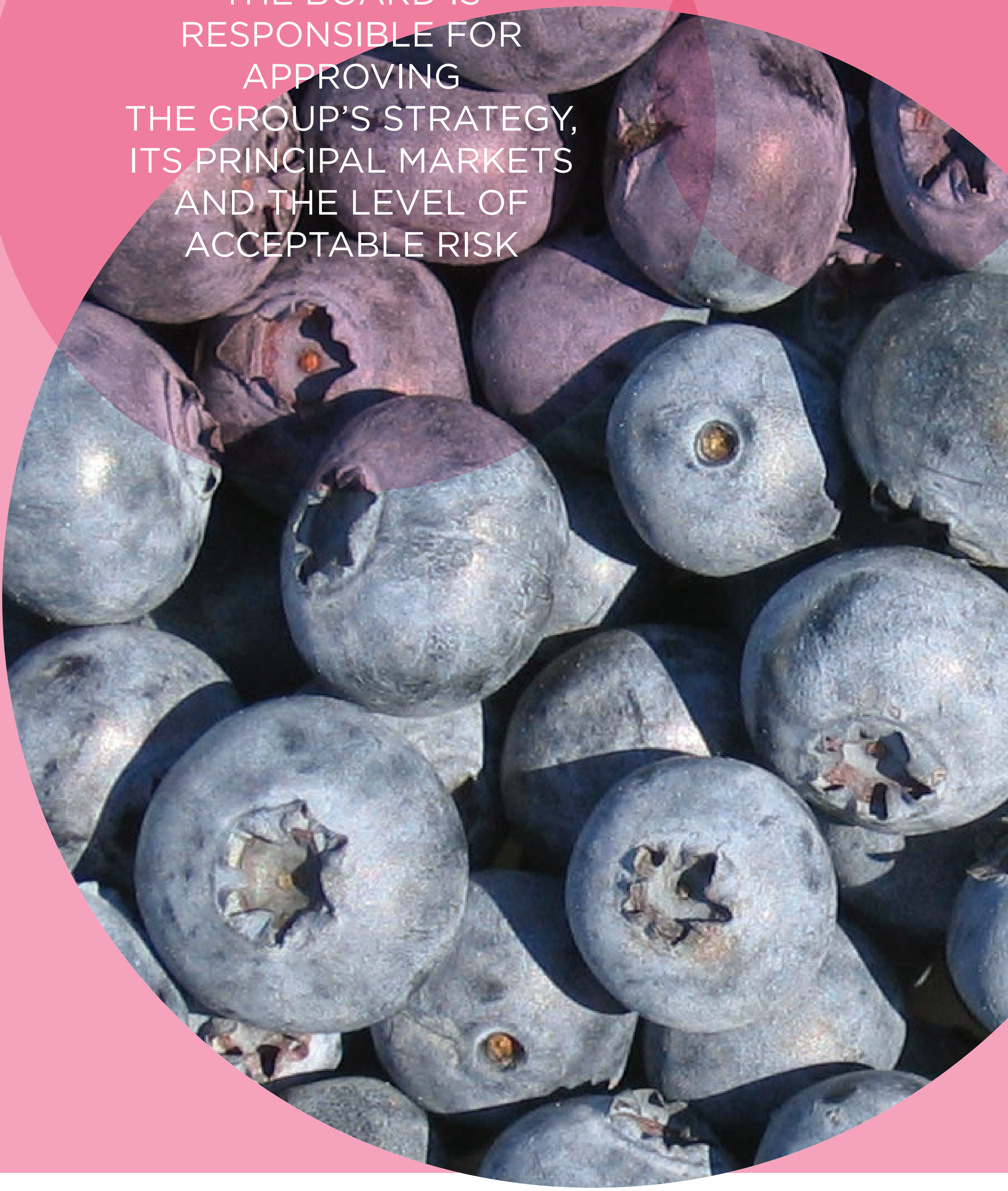
BOARD OF DIRECTORS
The TOMRA Board is composed of five shareholder-elected, and two employee-elected, directors (who are not part of senior management). The shareholder elected directors are proposed by the Nomination Committee based on a number of criteria to ensure a broad range of abilities and experience.

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 2020, seven board meetings were held, of which one was a physical meeting and six by MS 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.

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 2020, and the Corporate Responsibility Committee and the Compensation and Organizational Development Committee both met twice during the year.

THE BOARD IS RESPONSIBLE FOR APPROVING THE GROUP'S STRATEGY, ITS PRINCIPAL MARKETS AND THE LEVEL OF ACCEPTABLE RISK



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 Group Management. 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 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 and ISO 14001 management systems standards. TOMRA's primary R&D and production units have been certified according to these standards. This ensures that its internal systems and procedures are aligned with international "best practice" and that responsibility and authority for all important tasks are appropriately allocated.

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.

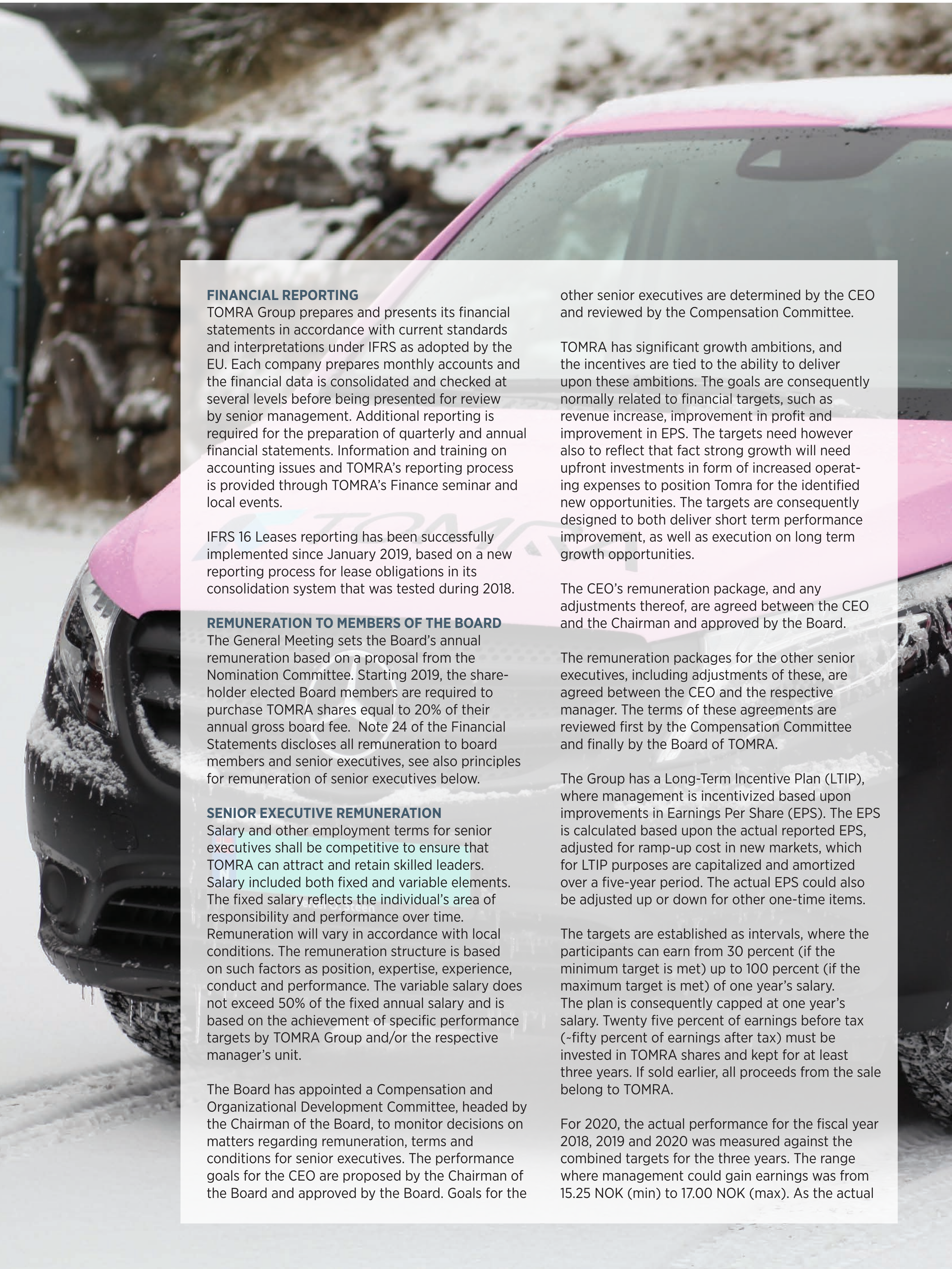
Monitoring Systems

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.

Internal audits are performed by the Group Controller and the Group Accounting Manager. In their roles as internal auditors they report directly to the Audit Committee. The internal auditteam carries out independent assessments of risk and the adequacy of related internal controls within the corporation. 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.

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.

The Audit Committee, on behalf of the Board, has reviewed the effectiveness of the corporation's systems of internal control for 2020 and the period leading up to the presentation of the 2020 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.

IFRS 16 Leases reporting has been successfully implemented since January 2019, based on a new reporting process for lease obligations in its consolidation system that was tested during 2018.

REMUNERATION TO MEMBERS OF THE BOARD

The General Meeting sets the Board's annual remuneration based on a proposal from the Nomination Committee. Starting 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

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 2020, the actual performance for the fiscal year 2018, 2019 and 2020 was measured against the combined targets for the three years. The range where management could gain earnings was from 15.25 NOK (min) to 17.00 NOK (max). As the actual

EPS (adjusted for ramp-up) for 2018, 2019 and 2020 combined was 16.68 NOK, management gained 87.19% of full earnings under the LTIP-plan in 2020. 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 12 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

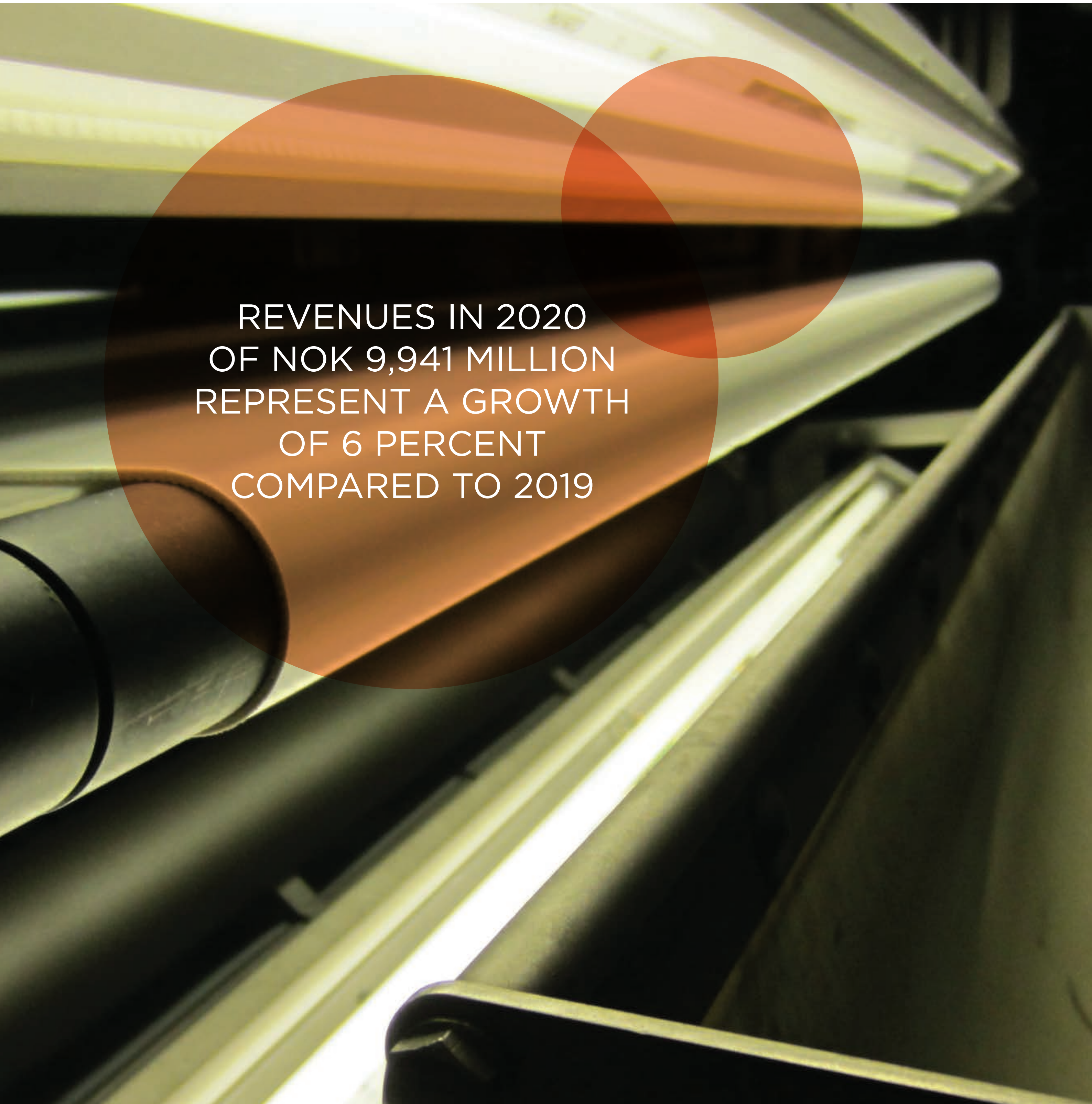
TOMRA provides investors with financial and other information in the quarterly reports and other presentations. This information is freely available to interested parties in the "Investor Relations" section of the TOMRA website along with the financial calendar for 2021.

TAKEOVERS

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

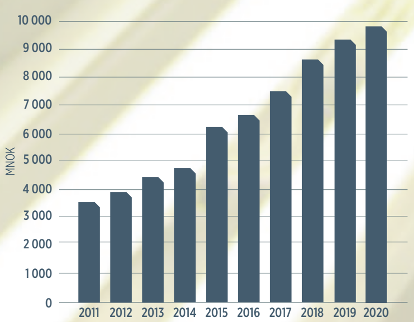
AUDITOR

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.

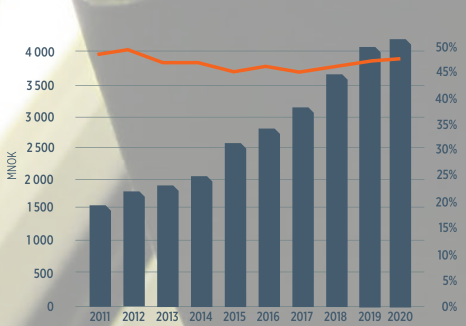


REVENUES IN 2020 OF NOK 9,941 MILLION REPRESENT A GROWTH OF 6 PERCENT COMPARED TO 2019

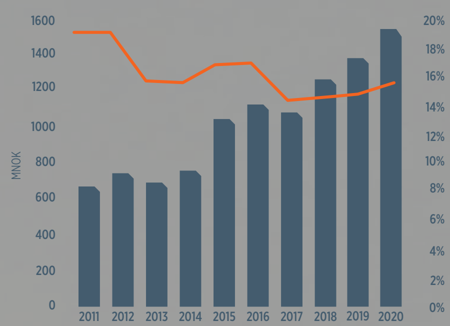
Revenues



Gross contribution and margin



EBITA and margin



2020 SUMMARY AND HIGHLIGHTS

Revenues in 2020 of NOK 9,941 million represent a growth of 6 percent compared to 2019. Adjusted for currency, revenues were
- Down 1 percent in the TOMRA Group
- Flat in TOMRA Collection Solutions
- Up 2 percent in TOMRA Food
- Down 7 percent in TOMRA Recycling Mining

EBITA margin improved from 14.8% in 2019 to 15.3% in 2020
- Improved margins in TOMRA Food

EBITA of NOK 1,522 million, up from NOK 1,381 million in 2019.
- Positively influenced by stronger USD and EUR vs NOK

EPS down from NOK 5.57 in 2019 to NOK 5.25 in 2020, a decrease of 6 percent.
- Negatively influenced by currency losses reported as financial expenses.

Cash flow from operations of NOK 1,710 million in 2020, up from NOK 1,313 million in 2019.

TOMRA Collection Solutions
- TOMRA maintained a stable position in all markets during the Covid-19 pandemic
- Negative impact of lockdown measures in US during second quarter
- Good volume development in Australia and strong performance in Northern Europe
- Positive effects from the expansion of the Dutch deposit system in 2021, preparations for new deposit markets ongoing

TOMRA Recycling Mining
- Order intake remained stable at NOK 1,682 million in 2020
- Order backlog decreased slightly during the year from NOK 564 million to NOK 552 million
- Healthy development in the waste sorting and plastics segment driven by legislation and the push for circularity
- Negative impact from lower demand and volatile commodity prices in Metal recycling and Mining

TOMRA Food
- Order intake increased from NOK 3,089 million in 2019 to NOK 3,335 million in 2020
- Order backlog increased during the year from NOK 894 million to NOK 918 million
- Good momentum in Fresh food sustained by increased home consumption in 2020
- Processed food segment negatively affected by the Covid-19 impact on the food service business

Share price increased from NOK 278.40 to NOK 422.60 during 2020
- Adjusted for dividend, the TOMRA stock provided a shareholder return of 53 percent in 2020, following a return of 45 percent in 2019 and 50 percent in 2018.
- 103 million shares traded at Oslo Stock Exchange in 2020, up from 81 million in 2019

The Group ended 2020 with a strong balance sheet and a solid foundation for further growth
- 51% equity
- 0.9x Net Interest-Bearing Debt / EBITDA (0.5x excluding IFRS 16)
- The Board has proposed a dividend of NOK 3.00 pr share for 2020, up from NOK 2.75 in 2019

TOMRA BOARD OF DIRECTORS

JAN SVENSSON (B. 1956)
Chairman

Chairman of TOMRA Systems ASA since 2015 and board member 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: 7,000

Other board memberships: Publicly listed: Fagerhult AB (chairman), Assa Abloy AB (member), Loomis AB (member), Climeon AB (vice chairman), Nobia AB (member) BillerudKorsnäs (member). Not listed: Herenco AB (member), Stena Metall AB (member).

BODIL SONESSON (B. 1968)
President & CEO of AB Fagerhult

Board member since 2013

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

Previous experience includes VP Global Sales at Axis Communication and employment with Lars Weibull AB.

Number of shares in TOMRA: 900

Other board memberships: The Swedish Chamber of Commerce in Paris

DAVID WILLIAMSON (B. 1959)
Production technician robotics - Employee elected

Board member since 2008

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

Previous experience: 2E Ellgard Equipment and Automatic Systems Denmark

Number of TOMRA shares: 1,666

Other board memberships: None.

BENTE TRAA (B. 1979)
Project manager - Employee elected

Board member since 2017

M.Sc. in Engineering Cybernetics from the Norwegian University of Science and Technology in Trondheim

Previous experience: Process Engineer in REC Mono Wafer and consultant in SPT Group

Number of TOMRA shares: 1,154

Other board memberships: None.

PIERRE COUDERC (B. 1959)
Managing Director Trouw Nutrition Iberia

Board member since 2014

Engineering degree, Ecole Nationale Superieure des Mines de Paris

Previous experience:

CEO and Chairman 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: 1,310

Other board memberships: Non-listed CIC Bank S.O

BJØRN MATRE (B. 1960)
Owner and Chairman of Lille Oslo Eiendom AS and subsidiaries

Board member 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.

Previous experience:

Senior Partner at the Boston Consulting Group (BCG) and Chairman BCG Europe, Middle East and Africa. Various leader-ship roles in the Nordic financial services industry, prior to working for BCG from 1989-2018.

Number of TOMRA shares: 3,686

Other board memberships: Non-listed Fritzøe Skoger AS.

HEGE SKRYSETH (B. 1967)
Executive Vice President of KONGSBERG and President of Kongsberg Digital

Board member since 2019

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

Previous experience:

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: 887

Other board memberships:
The Confederation of Norwegian Enterprise (NHO).

BOARD COMMITEES

Compensation and Organizational Development:
Jan Svensson, Bjørn Matre

Audit:
Pierre Couderc, Hege Skryseth

Corporate Sustainability:
Bodil Sonesson, David Williamson

DIRECTORS' REPORT 2020

FINANCIAL PERFORMANCE

Revenues amounted to NOK 9,941 million in 2020, an increase of 6 percent compared to 2019. Adjusted for currency effects, revenues were down 1 percent for TOMRA Group; flat in TOMRA Collection Solutions, down 7 percent in TOMRA Recycling Mining and up 2 percent in TOMRA Food Solutions.

EBITA margin improved from 14.8% in 2019 to 15.3% in 2020, explained by better margins in TOMRA Food.

EBITA was NOK 1,522 million in 2020, up 10 percent from 2019, positively influenced by currencies and cost control measures.

Net financial items were negative NOK 218 million in 2020, compared to negative NOK 49 million in 2019, negatively influenced by currency net losses of NOK 178 million.

Taxes were flat between 2020 and 2019 at NOK 272 million, a result of a higher tax rate. The Group's average tax rate increased by 1.3 percentage points to 25.4 percent.

EPS was NOK 5.25 in 2020, down from NOK 5.57 in 2019, representing a decrease of 6 percent.

Cash flow from operations was 1,710 million in 2020, compared to NOK 1,313 million in 2019, positively influenced by reduced working capital. Cash flow from investments was negative NOK 534 million compared to negative NOK 595 million last year. Cash flow from financing was negative NOK 1,104 million, explained by reduction in interest bearing debt and dividend payments of NOK 406 million paid out in November 2020.

Total assets as of 31 December 2020 were NOK 10,977 million, compared to NOK 10,867 million as of 31 December 2019. The equity ratio increased from 48% to 51% during 2020.

Net Interest-Bearing Debt / EBITDA (rolling 12 months' basis) was 0.9x at the end of 2020. Without IFRS 16, gearing decreased from 0.8x to 0.5x during 2020.

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 cashflow and relatively low gearing, the Board of Directors recommends a dividend of NOK 3.00 per share. The dividend for 2019 was NOK 2.75 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 2020 increased compared to 2019.

Tomra Systems ASA reported revenues of NOK 1,514 million in 2020 compared to NOK 1,278 million in 2019.

Operating profit in Tomra Systems ASA increased from NOK 70 million in 2019 to NOK 233 million in 2020, mainly due to higher activity within the Tomra Group and currencies.

Net financial items amounted to positive NOK 129 million in 2020, down from positive NOK 418 million last year – explained by negative currency effects.

Profit after taxes was NOK 368 million in 2020, compared to NOK 464 million in 2019.

Allocation of 2020 profit

The 2020 net profit should be allocated as follows:

Dividend:	NOK	442.9	million
To retained earnings:	NOK	-75.1	million
Profit after tax:	**NOK**	**367.8**	**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.

TOMRA emerges strong from the Covid-19 crisis in a world where sustainability is high on the public agenda

TOMRA was founded on an innovation in 1972 that began with the design, manufacturing and sale of reverse vending machines (RVMs) 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 Solution is mainly implementation of beverage container deposit systems in new markets.

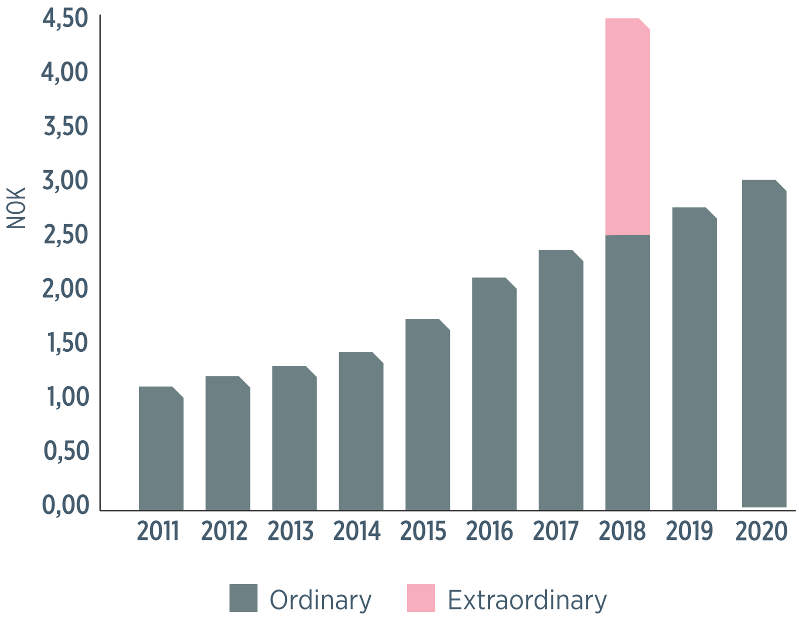
Despite all the documented advantages of a deposit system, only a limited number of markets have implemented deposit schemes.

CASH FLOW FROM OPERATIONS WAS 1,710 MILLION IN 2020, COMPARED TO NOK 1,313 MILLION IN 2019, POSITIVELY INFLUENCED BY REDUCED WORKING CAPITAL

The recognition that political processes was hard to influence, and it could take time before new markets accepted deposit as an effective system for 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 waste. Consequently, TOMRA acquired Titech, which provided efficient industrial solutions for recognizing and sorting of waste, mainly for efficient recycling of paper and plastic. This was the first step into sensor-based sorting and the foundation of TOMRA Sorting Solutions.

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

Dividend



TOMRA has consequently gone through several stages of transformation, where the recycling industry is now only one of several industries where TOMRA has a presence.

During 2020, TOMRA has transformed further, by forming a separate Food division and will continue to innovate and provide cutting-edge solutions for optimal resource productivity within three divisions: TOMRA Collection Solutions, TOMRA Recycling Mining and TOMRA Food.

TOMRA Collection Solutions (TCS):

- 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 solutions for the global fresh produce industry)
- Processed food (sorting and processing technology for the processed food industry)

To maximize synergies among the acquired entities and meet its customers' and the world's challenges and opportunities, TOMRA has merged the existing brands under one strong and unified brand – One TOMRA, under the mission to create sensor-based solutions for optimal resource productivity, focused on the optimization of customers' resource use.

TOMRA entered the food sorting segment in 2011 with the acquisition of Odenberg Group. At the end of 2020, the Food segment has grown to represent 33% of group revenues.

As a growing global population heads towards higher consumption levels, resource productivity must increase on a global scale to ensure sustainable development. Focusing on resource optimization, process efficiency, and interconnectivity of systems will help customers improve financial results and reduce environmental impact.

TOMRA's path forward is to improve the world's understanding of the benefits of creating and investing in solutions that can move us past the false choice between earth and economy. Changed mindsets to address our global challenges will produce new work opportunities to ensure competitiveness, growth and purpose-filled jobs while fostering a culture that both inspires and motivates its people and customers.

A key factor in low-carbon growth will be a decoupling from resource use, which sets the pace for a sustainable global 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 in a position to deliver sustainable solutions to the challenges faced by a global population. We have only seen the beginning of the development of the new sustainable infrastructure.

Waste generation rates are influenced by economic development, the degree of industrialization and urbanization, and public habits. 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 2016 levels to 3.40 billion tons in 2050, exceeding 9 million tons per day.

The European Union's Environment Action Program (EAP) is focused on stepping up efforts to protect natural capital, stimulate resource-efficient, low-carbon growth and innovation, and safeguard people's health and wellbeing – all while respecting the earth's natural limits.

The long-term vision of the program is that, by 2050, the population will live well, within the planet's ecological limits, with prosperity and a healthy environment stemming from an innovative and circular economy. The circular economy will need a shift in mindset when it comes to use of the planet's scarce resources: nothing is wasted and that natural resources are managed sustainably, with biodiversity being protected, valued and restored in ways that enhance society's resilience. Or in other words, waste needs to be viewed as a resource to build a sustainable future.

Rethinking how we use our resources is the only way forward and companies that can clearly define their role in the circular economy and how we use our food resources more efficiently will have a competitive advantage in the future. There will be a demand for companies that deliver solutions to solve our global challenges. The shift we need to collectively embark on as a global population will require innovation and strategic partnerships beyond what we have seen before.

The essential nature of the markets that TOMRA serves is a strength. Despite temporary regional setbacks during the Covid-19 pandemic, the business has fared well due to close customer proximity and the trust inherent in long-term business relationships. Although uncertainty remains, technology is likely to continue to be a success factor for our customers. As governments are increasingly looking towards using fiscal policy for advancing a green agenda, TOMRA is well positioned to supply solutions for a circular economy and sustainable food production.

TOMRA Collection Solutions

TOMRA's activities within this business area include primarily the development, production, sale, lease and service of automated recycling systems in Europe, North America and Australia, including data administration systems that monitor the volume of collected materials and associated deposit transactions. TOMRA is positioned as the world leader in the RVM business. Every year TOMRA facilitates the collection of more than 40 billion empty cans and bottles and provides retailers and other customers with an effective and efficient way of collecting, sorting and processing these containers.

In 2020 revenues within this business area amounted to NOK 4,936 million, up from NOK 4,633 million in 2019. Adjusted for currency changes, revenues decreased by 1 percent, as Covid-19 disruptions during second quarter 2020 in North America offset the solid performance in Europe.

EBITA increased from NOK 808 million to NOK 881 million, positively influenced by efficiency gains and currencies.

TOMRA's customers within this segment are primarily in the food 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 which 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 around sale and service of machines, TOMRA recognizes that the latest new deposit models introduced in Lithuania, New South Wales, Queensland and Western Australia invites the machine producer into the system. In these models, the machine suppliers act as an operator that invests and maintains the ownership in the machine park and gets paid for the recycled volume collected through the installed infrastructure. This entails an investment for TOMRA in equipment, but generates a good recurring topline when infrastructure is fully ramped up.

Europe

In Germany, which introduced deposit legislation in 2006, retail started replacing RVMs installed during the first years after the deposit introduction in 2015. TOMRA has been well positioned to serve German customers with economical and technically versatile RVM solutions and the number of machines sold in the German market increased from ~2,300 machines in 2014 to ~3,500 machines per year in 2015 and 2016, when the peak in the replacement cycle was reached. Since then the number of machines sold to Germany has been stable between 2,500 and 2,800 per year.

Northern Europe has had solid performance, with healthy development in all countries. The introduction of the R1 (bag drop) machine was well received by both consumers and retailers. A partnership with SodaStream resulted in a novel use of reverse vending machines for enabling easy collection of CO2 cartridges for refilling.

The Netherlands has announced an expansion of the deposit system to include small plastic bottles as of July 1, 2021 and cans as of December 31st, 2022. The expansion has had positive effects for TOMRA during fourth quarter 2020.

North America

Within Reverse Vending, TOMRA operates with two different 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).

Lockdown measures and the closing of bottle rooms and redemption centers during second quarter significantly impacted North America in both the Reverse vending and Material recovery segments. As of June 2020, activities resumed as redemption was categorized as essential business and the lockdowns were lifted in the most important deposit states. During the third and fourth quarter, volumes returned and were close to previous year's levels.

Australia
New South Wales

In 2017, the TOMRA-Cleanaway joint venture secured a state-wide sole operator role in New South Wales. The scheme commencement date was 1st December 2017 and during 2018 more than 1,200 RVM were placed at more than 300 Collection Points across the state.

The contract awarded has a duration of five years with an option to extend for another four 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. The complete infrastructure was in place during third quarter 2018. In 2020, the volume has continued to increase despite a temporary disruption following lockdown measures in March. Close to five billion beverage containers have been collected under the NSW container deposit scheme since its inception.

Queensland and Western Australia

In August 2018 TOMRA entered into an agreement with the Queensland scheme operator, Container Exchange (CoEx), for the operation of 10 Collection Refund Points and the Queensland container deposit system went live 1st November 2018. TOMRA Collection Refund Points are modern depots equipped with ~10 RVMs, located in the Greater Brisbane, Gold Coast, Sunshine Coast and Toowoomba areas. The contract length is five years. In October 2020, Western Australia launched a deposit scheme similar to the one in Queensland. TOMRA Collection operates five modern depots with ~10 RVMs, located in the Perth area. The contract length is five years.

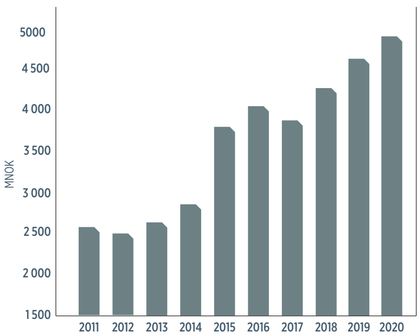
New markets

The implementation of deposit systems is a crucial driver for most of the activities within TOMRA Collection Solutions. The creation of new systems, and changes to existing, 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.

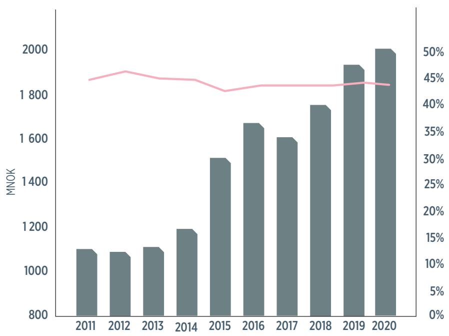
Increased marine littering has been a concern that is currently driving several initiatives, like the EU

TOMRA COLLECTION SOLUTIONS

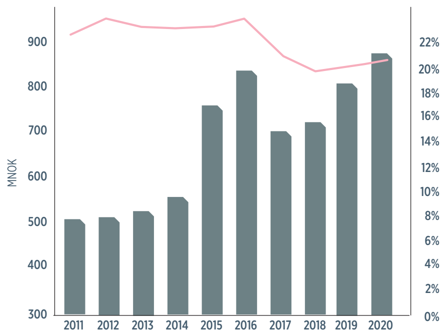
Revenues



Gross contribution and margin



EBITA and margin



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 as the most efficient way to significantly increase recycling rates.

Among the potential markets for deposit schemes, The Netherlands has announced an expansion of its current deposit on large plastic bottles to also include small bottles, starting July 1st, 2021. An extension to deposit on cans is announced to follow on December 31st, 2022. Slovakia has announced commencement of a deposit system on January 1st, 2022 and Latvia has approved the draft regulation for a deposit system opening on February 1st, 2022. Both Latvia and Slovakia have appointed a scheme administrator. In Scotland, the Parliament approved the deposit regulation and the commencement date of July 1st, 2022 was passed into law. The state of Victoria, Australia has announced the preferred deposit system to be similar to the one in New South Wales and stated its commitment to commence the scheme in 2022. TOMRA is assessing the commercial opportunities in these markets along with the development of the regulatory frameworks.

Technology

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 features the first ever 360-degree recognition system applied inside an RVM and enables faster and cleaner collection of beverage containers, including containers that previously could not be collected in RVMs. The T-9 has improved consumer experience due to its increased capacity, which leads to shorter queues during peak hours in the stores. 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 a 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 has been successfully launched in Northern Europe and received an enthusiastic response from both consumers and retailers.

TOMRA is currently investing significantly in developing its digital platform, building a digital ecosystem around the RVMs, using and reusing the data collected through the installed infrastructure. The majority of the installed base is now connected through TOMRA's IOT platform TOMRA Connect, enabling a set of real-time, remote digital services. In 2020, TOMRA has been building on the growing interest for API integration with new and existing customers. TOMRA has been working on new ways of offering paperless payouts of deposit refunds and integration with customers' loyalty programs. The consumer-facing app "myTOMRA" was enhanced with new and improved payment options such as transferring funds directly to the consumers bank account or by enabling donations to consumers' favorite local organizations.

TOMRA Food and TOMRA Recycling Mining (previously TOMRA Sorting Solutions)

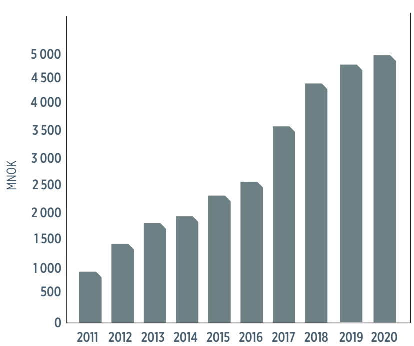
TOMRA's two sorting divisions offers significant economic and environmental benefits for major industries such as food processing, recycling and mining by increasing productivity, yield, access to resources and reducing costs. The two divisions are well positioned to respond to short and long-term increases in the resource demands required to construct living and working spaces for an ever growing and increasingly urbanized global population, the expectations for more and higher quality food products and requirements for a less carbon intense society. TOMRA is positioned as worldwide leader in all the segments it serves. The two divisions were up until 2019 reported as one reporting segment under the name TOMRA Sorting Solutions.

Leveraging technology leadership

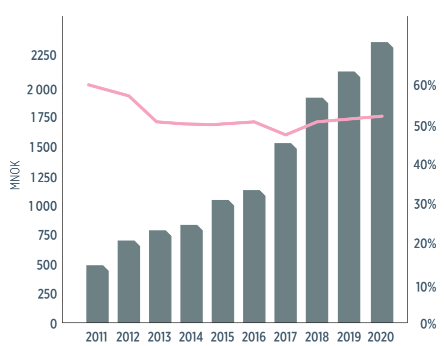
Leveraging technology synergies, increasing adaptability and shortening the time-to-market are core elements of TOMRA's strategy to merge several sensor-based sorting activities under one brand. This will enable TOMRA to better serve global markets and respond to the variations in needs and cross-breed sensor technologies, allowing for new cutting-edge solutions and sorting capabilities. The common sorting platform (CSP) is the strategy TOMRA applies to leverage synergies between the business streams Food, Recycling and

TOMRA RECYCLING MINING AND TOMRA FOOD

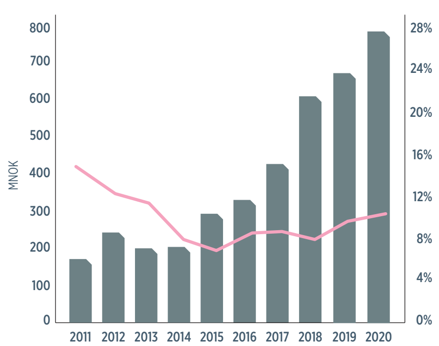
Revenues



Gross contribution and margin



EBITA and margin



Mining. The basic sorting principles are conceptually the same across the segments, enabling TOMRA to develop a set of building blocks that are used again and again. Benefits include increased productivity and speed in product development, reduced development and after-market costs and more efficient use of human resources. The development phase of the CSP has been completed and all new products are now launched on this platform.

TOMRA Recycling Mining
The recycling business experienced continued positive momentum. 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 negatively impacted by lower industrial demand and volatility in commodity prices following the Covid-19 pandemic.

Following China's ban on import of waste in beginning of 2018, several legislative measures focusing on waste reduction and reuse of resources have been implemented. In addition, market demand of high-quality recycled material has been fueled by strong commitments from the end users to fulfill their sustainability goals.

As part of the 2021-2027 budget, the European Union introduced an EU-wide levy on non-recycled plastic packaging applicable from January 1st, 2021. Mining remains a cyclical business with revenues influenced by single, larger orders.

Revenues were flat in 2020 compared to 2019 and lower by seven percent when adjusted for currencies. The order intake was below previous year levels starting with the second quarter, mainly as a result of the slower metal recycling and mining segments.

Order intake remained stable at NOK 1,682 million in 2020 and order backlog decreased slightly during the year from NOK 564 million to NOK 552 million.

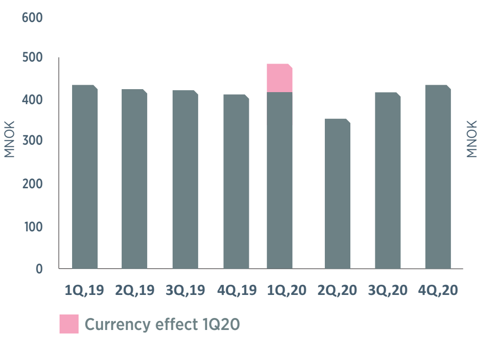
Technology developments

Several new products have been launched during the year, including:

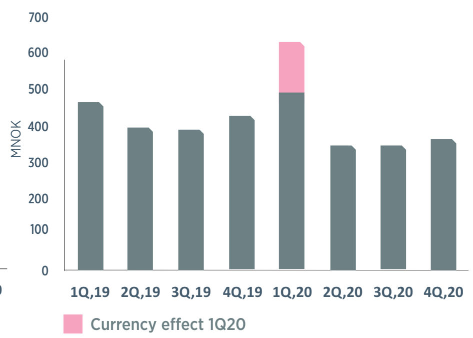
- Recycling: the new generation of AUTOSORT® which delivers increased performance in terms of sorting accuracy across all target fractions and improves operational efficiency; another application is the use of artificial intelligence making it one of the few fully integrated deep learning systems on the market.
- Recycling: the AUTOSORT® SPEEDAIR add-on is aimed at light material sorting (packaging/film) by generating a stream of air above the rapidly moving conveyor belts to stabilize light materials

TOMRA RECYCLING MINING

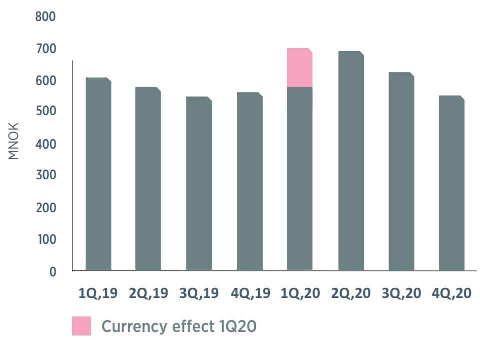
Revenues



Order intake



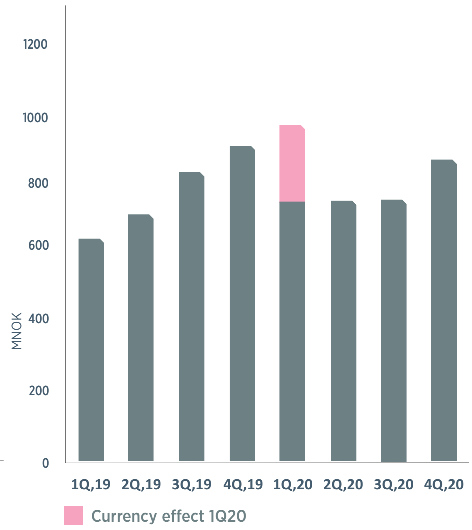
Order backlog



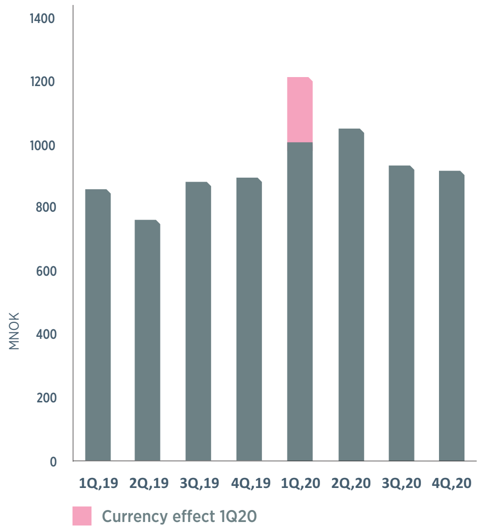
TOMRA FOOD

Revenues

Order intake



Order backlog



and thus bringing higher throughput rates and purity levels.

- Recycling: the AUTOSORT® CYBOT is the first waste sorting robot on the market to combine four essential technologies at once. Seamlessly interacting with AUTOSORT® units and equipped with a robot arm, sensors detect objects before the fast picking robot arm subsequently sorts the objects into one of four separate target fractions.
- Mining: The newly developed image processing for our COM XRT platforms featured by the next revision of our proprietary DUOLINE® XRT sensor takes sorting and recovery results to the next level. In addition, it combines sorting with more process insight via the TOMRA Insight platform. The PRO Tertiary LASER sorter is the first product in the mining market which can sort effectively very small particle sizes on spectral scattering effects.

TOMRA Food

Food sorting accounted for one third of group revenues in 2020. The food service sector has been negatively affected by lockdowns and social distancing measures during the Covid-19 pandemic. Consequently, increased home consumption has boosted the grocery business and sustained the good momentum in fresh food production in 2020.

Despite travel restrictions and increased complexity, TOMRA has had good delivery performance and close customer dialogue. TOMRA's broad geographical footprint has been a strength and mitigated the impact of world-wide travel restrictions. on par with last year in the fourth quarter. The closing of trade fairs and expositions on account of social distancing measures continue to be a challenge when meeting new customers.

Revenues were up 10 percent in 2020 and representing a two percent increase adjusted for currencies. Order intake increased from NOK 3,089 million in 2019 to NOK 3,335 million in 2020 and the order backlog increased during the year from NOK 894 million to NOK 918 million.

Long term outlook is positive, driven by more stringent food safety and quality requirements, consumption of more packaged food products, plus a general demand for more healthy food such as berries, fruits and nuts. TOMRA continues to strengthen its market position with a deeper category focus, optimized go-to-market strategy and more efficient product development process.

Technology developments

Several new products have been launched during the year, including:

- Fresh food: TOMRA 5S Advanced: The TOMRA 5S Advanced machine is a new generation sorting platform with advances in the areas of gentle handling, food safety, people safety, throughput and improved cost of ownership. The machine is digitally enabled to connect to Cloud data platforms such as TOMRA Insight or other APIs.
- Processed food: The TOMRA 5C is a premium optical sorter for the nut and dried fruit industry. The machine ensures high capacity, increased processing capabilities and it is designed with minimal curved surfaces to ensure maximum safety. TOMRA Insight integration provides easy access to the business intelligence platform. particle sizes on spectral scattering effects.

To further optimize the output quality of every sorting process, TOMRA has established a web-based, real-time monitoring platform, TOMRA Insight, that turns sorters into connected devices to generate valuable data and process it into actionable information. Better follow-up and predictability enable reduced downtime, maximized throughput and reduced operational costs.

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. These activities were directed primarily toward the development of automated return systems in TOMRA Collection Solutions in addition to further development of recognition and sorting technology in TOMRA Sorting Solutions.

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 immediately 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 considered satisfactory. TOMRA's surplus cash is placed primarily in NOK with 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.

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

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 22-26 in this report.

Corporate sustainability - managing the social and environmental impacts of our business
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.
Tomra Systems ASA is also certified according to the ISO 14001 standard for environmental management. TOMRA has recently taken further steps and strengthened its capabilities and capacity to safeguard sustainability in every aspect of the business with the establishment of a Group level sustainability function and appointment of a dedicated Sustainability Director.

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 - 21 of this report.

Organization, health and safety
The number of employees in the TOMRA Group was 4,307 at the end of 2020, slightly down from 4,328 at the end of 2019. In Norway the number of employees decreased from 337 at year-end 2019 to 334 at the end of 2020.

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.

TOMRA has taken measures to further strengthen the management of compliance matters, with the appointment of a full-time dedicated Group Compliance Officer. Initiatives that the new Group Compliance Officer has led include a significant revision of the Code of Conduct and the Business Principles for Suppliers. The revised Code of Conduct has been communicated to all employees, and a systematic training program has been performed.

Female employees made up 21 percent of TOMRA's work force and held 24 percent of its management positions at the end of 2020, from 21 and 23 percent respectively in 2019. 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 page 18 of this report.

The number of job-related injuries in TOMRA requiring medical attention beyond basic first aid was 71, down from 142 in 2019. TOMRA continuously strives to reduce the injury rate and has implemented further preventative measures. However, the significant reduction from 2019 to 2020 can likely be attributed in large part to periods of reduced operation and home office as result of the COVID-19 pandemic. The absence rate due to illness in Tomra Systems ASA increased from 1.9% percent in 2019 to 2.0% percent in 2020.

Tomra Systems ASA is certified according to ISO 9001 and this standard is used to guide the company's quality assurance procedures.
TOMRA also applies an internal management system that incorporates goal- and result-orientation throughout the entire organization, including performance and leadership evaluation.

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. TOMRA's corporate governance report can be found on pages 22 to 27 in this report. TOMRA's corporate governance policy can be found on www.tomra.com.

At the ordinary general meeting on 4 May 2020, all board members were re-elected.

The Board held seven Board meetings in 2020 and the attendance at the meetings was 100 percent. One meeting was a physical meeting and six 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
As the world's population increases and pressure on available resources continues, the challenges the global population faces are more visible every day. These trends include increased population, higher food prices, increased focus on food safety, limited resources, increasing per capita waste levels, higher energy prices, stricter waste recycling regulations, greater environmental awareness and rising demand for commodities.

A fast-growing global population, which is getting wealthier and more urbanized, demands more food and more convenience. However, this food is to be sourced from a constant or even decreasing area of farmland. We see trends that people require higher quality and more convenient food. Further they expect to be able to purchase what are traditionally labelled as seasonal food types, such as strawberries and blue berries, all year round. This requirement leads to the need for highly advanced and integrated food supply chain systems and global sourcing.

We will need to produce some 70% more food by 2050 but we will not be able to notably expand the landmass used for agriculture. We will also need to find ways to reduce food waste – it is estimated that today 30 to 50% of all food produced is being wasted. In the developing world, most of the losses occur early in the food supply chain as result of poor processes, transportation, and storage systems, while in the developed world most losses occur at the end of the value chain. In emerging markets, many farms and processing plants are small scale and labour intensive. The high degree of manual labour and its associated costs, as well as in many cases insufficient access to labour, poses significant challenges to productivity and competitiveness.

The concept of the Circular Economy is about looking beyond the take-make-dispose mindset. Resources are limited and there is a need for a shift in mindset both in terms of how we reuse existing materials like plastic, paper and metals, but also that we make sure that farming is efficient, so that good food does not go to waste. The Circular Economy is shaping rapidly and TOMRA is in a good position to benefit from the need for investment in sustainable infrastructure.

Every year 10 million tons of plastic ends up in the oceans heavily disrupting marine life. E-commerce, beyond its infancy, and general consumer behavior brings major challenges when it comes to packaging waste and discarded products. As a result, the need for TOMRA's solutions is higher than ever before and demand for TOMRA's products is steadily increasing.

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 capitalize on strong favorable macro trends in the food value chain, enforcing the need for innovation and technology, and in the recycling universe, where excess waste and pressure on general resources is accelerating the need for automation.

TOMRA Collection Solutions

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 global installed base of approximately 80,000 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 heavily 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 currently uncertain. As the clear global 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, more than ever, and this could in the short run have a negative effect on profitability.

The states of New South Wales, Queensland and Western Australia introduced deposit in the recent years, therefore we expect continued growth in Australia, albeit the year-over-year comparison becoming tougher. The new deposit markets expected to materialize in 2021 are the Netherlands expansion which has a commencement date of July 1st, 2021.

TOMRA Recycling Mining

This segment sells sorting and processing solutions and important customer groups include waste management companies and various types of industries (including 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 and better waste handling could 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.

TOMRA Food

This segment sells sorting and processing solutions and important customer groups include leading food production and processing companies. The demand for food and higher quality and safety will be fairly stable through economic cycles, although macroeconomic conditions may impact customers' investment sentiment. The food supply chains have shown strong resilience despite the shock of the Covid-19 pandemic in 2020.

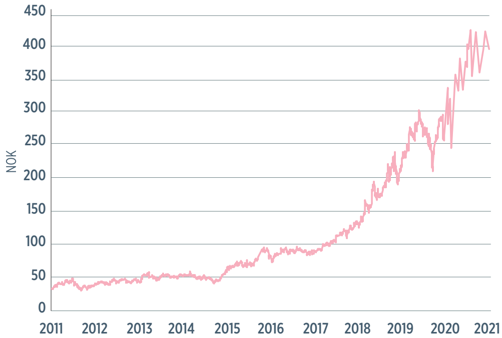
Emerging markets are assumed to provide the strongest growth opportunities. Based on the current activity level and market sentiment, the Board assumes that TOMRA should be in a good position to continue to see growth in revenues in the coming years.

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.

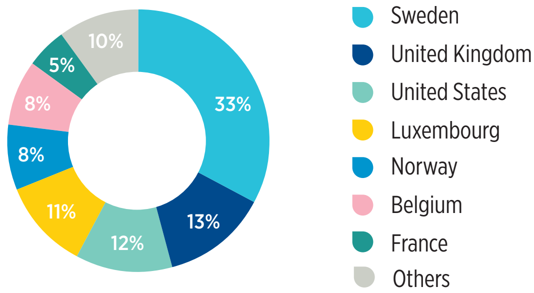
For a broader review of currency sensitivities, refer to note 20.

TOMRA share price



Shareholders by country

(nominee accounts)



The TOMRA share
The number of TOMRA shareholders increased from 8,791 at the end of 2019 to 10,380 at the end of 2020. The number of shares held by Norwegian residents at the end of 2020 was 17 percent, down from 19 percent in 2019. The TOMRA share price increased from NOK 278.40 at the end of 2019 to NOK 422.60 at the end of 2020. Adjusting for the dividend of NOK 2.75 paid out in November 2020, the total return on the TOMRA share was 53 percent in 2020, following a 45 percent return in 2019 and 50 percent in 2018. In comparison, the return on the Oslo Stock Exchange (OSEBX) in 2020 amounted to 5 percent.

A total of 103 million TOMRA shares were traded on the Oslo Stock Exchange in 2020, up from 81 million shares the year before. TOMRA's largest shareholder, Investment AB Latour held 21.1 percent of the shares at the end of 2020, compared to 26.3 percent at the end of 2019.

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 2020 was 148,020,078, including 400,178 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.

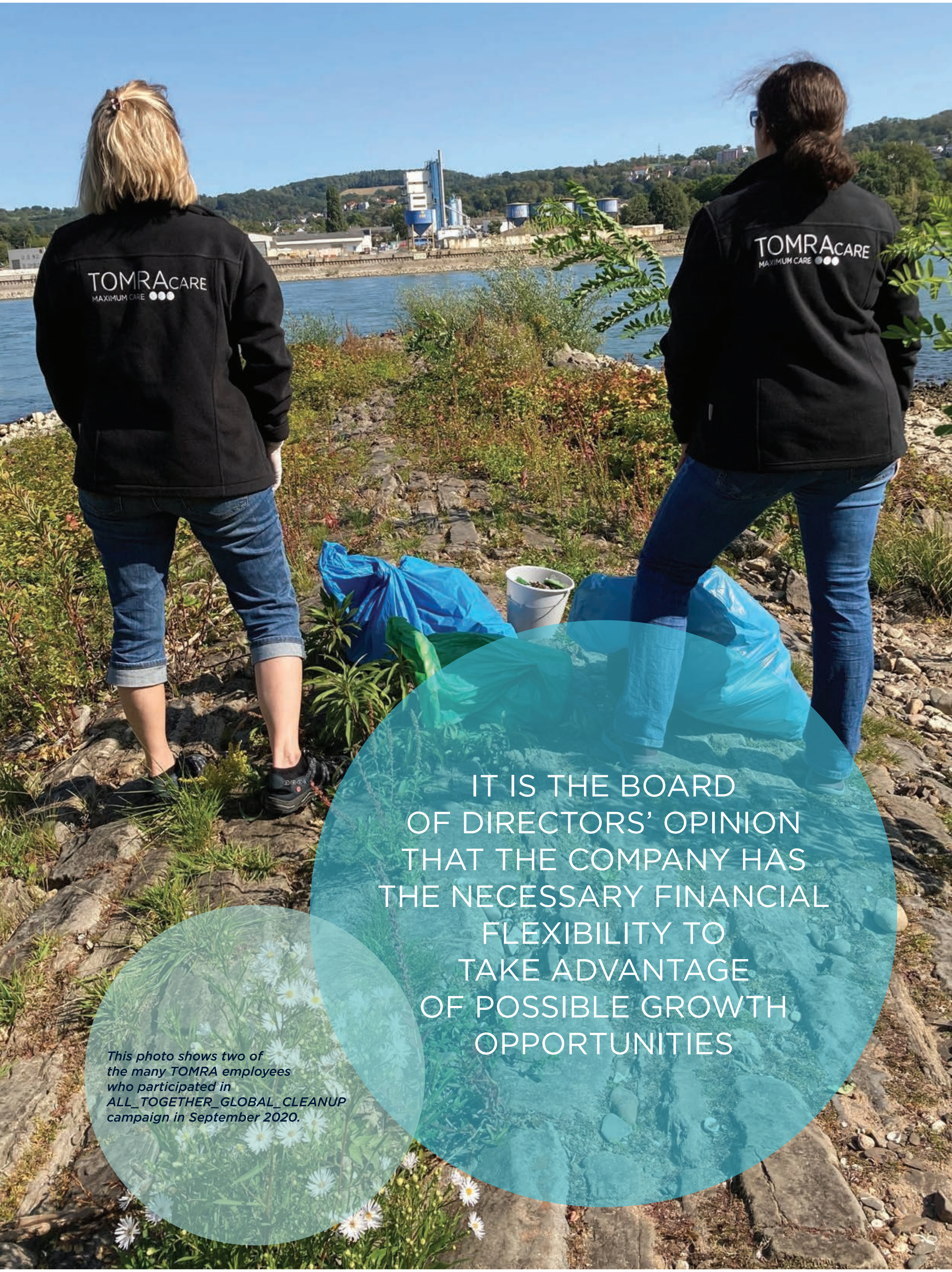
Financing
On December 9th, TOMRA entered into an EUR 150 million Multicurrency Revolving Credit Facility with DNB, Danske Bank, Nordea Bank and Swedbank as lending banks. The facility has a tenor of 3+1+1 years. The funds will be used to refinance existing debt and for general corporate purposes. The credit facility replaces previous facilities of respectively EUR 60 million and EUR 70 million, initially expiring in April and December 2021.

At year-end TOMRA had committed credit lines of NOK 2,871 million, of which NOK 1,414 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 2021

Jan Svensson Chairman	**Bodil Sonesson** Board member	**Pierre Couderc** Board member	**Hege Skryseth** Board member
Bjørn Matre Board member	**David Williamson** Employee elected	**Bente Traa** Employee elected	**Stefan Ranstrand** President & CEO



This photo shows two of the many TOMRA employees who participated in ALL_TOGETHER_GLOBAL_CLEANUP campaign in September 2020.

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	
2020	2019	**Amounts in NOK million**	Note	**2020**	2019
1,514.2	**1,278.3**	**Operating revenues**	**1,2**	**9,941.3**	**9,346.3**
786.7	674.7	Raw materials and consumables used	3	3,829.6	3,625.7
323.5	286.5	Employee benefits expenses	4,18	3,264.7	2,965.8
56.4	37.9	Ordinary depreciation, amortization and impairment	7,8,9	866.7	771.8
114.6	209.0	Other operating expenses	13	680.1	805.7
1,281.2	**1,208.1**	**Total operating expenses**		**8,641.1**	**8,169.0**
233.0	**70.2**	**Operating profit**		**1,300.2**	**1,177.3**
387.9	380.0	Dividend from subsidiaries	5	-	-
43.4	72.6	Financial income	5	13.7	25.6
301.9	34.2	Financial expenses	5	231.3	74.7
129.4	**418.4**	**Net financial items**	**5**	**(217.6)**	**(49.1)**
-	-	Profit (loss) from associates	11	(12.2)	2.2
362.4	**488.6**	**Profit before taxes**		**1,070.4**	**1,130.4**
(5.4)	24.4	Taxes	6	272.2	272.1
367.8	**464.2**	**Profit for the period**		**798.2**	**858.3**
		Attributable to:			
		Shareholders of the parent		775.1	822.4
		Non-controlling interest		23.1	35.9
		Profit for the period		798.2	858.3
		Allocated as follows:	15		
442.9	405.7	Dividend			
(75.1)	58.5	Other equity			
367.8	**464.2**	**Total allocated**			
		Earnings per share, basic (NOK)	15	5.25	5.57
		Earnings per share, diluted (NOK)	15	5.25	5.57

OTHER COMPREHENSIVE INCOME

	Group IFRS	
Amounts in NOK million	**2020**	2019
Profit for the period	**798.2**	**858.3**
Other comprehensive income that may be reclassified to profit or loss		
Hedging of net investment in foreign operations	(129.6)	3.9
Tax on hedging of net investment in foreign operations	28.5	(0.9)
Foreign exchange translation differences	174.0	3.8
Other comprehensive income that will not be reclassified to profit or loss		
Remeasurements of defined benefit liability	(3.3)	(33.8)
Tax on remeasurements of defined benefit liability	1.1	8.0
Total comprehensive income for the period	**868.9**	**839.3**
Attributable to:		
Shareholders of the parent company	849.5	802.3
Non-controlling interest	19.4	37.0
Total comprehensive income for the period	**868.9**	**839.3**

BALANCE SHEET AS OF 31 DECEMBER

	Tomra Systems ASA NGAAP				Group IFRS	
	2020	2019	**Amounts in NOK million**	Note	**2020**	2019
ASSETS	**53.7**	**30.2**	**Deferred tax assets**	**6**	**260.4**	**307.3**
	-	-	Goodwill	7	3,034.3	2,896.9
	-	-	Development costs	7	176.3	176.4
	-	0.6	Other intangible assets	7	146.8	221.5
	125.6	112.8	Software	7	228.1	186.1
	125.6	**113.4**	**Total intangible non-current assets**		**3,585.5**	**3,480.9**
	46.7	46.8	Property, plant and equipment	8	908.1	863.2
	-	-	Leasing equipment	8	429.0	430.1
	-	-	Right of use assets	9	1,033.5	1,036.3
	46.7	**46.8**	**Total tangible non-current assets**		**2,370.6**	**2,329.6**
	3,368.7	3,368.7	Investment in subsidiaries	10	-	-
	1,144.1	1,025.2	Loan to subsidiaries		-	-
	12.6	12.6	Investment in associates	10,11	64.8	79.7
	-	-	Other investments		1.3	0.8
	2.4	3.4	Long term receivables	12	286.6	325.6
	4,527.8	**4,409.9**	**Total financial non-current assets**		**352.7**	**406.1**
	4,753.8	**4,600.3**	**Total non-current assets**		**6,569.2**	**6,523.9**
	11.2	**10.9**	**Inventory**	**3**	**1,492.4**	**1,596.1**
	-	**-**	**Contract assets**	**2**	**439.6**	**285.8**
	9.2	14.6	Trade receivables		1,521.0	1,511.2
	325.0	457.8	Intra-group receivables		-	-
	90.8	71.8	Other short-term receivables		388.2	418.8
	425.0	**544.2**	**Total receivables**	**13**	**1,909.2**	**1,930.0**
	34.3	**71.9**	**Derivatives**		**34.3**	**71.9**
	28.2	**100.9**	**Cash and cash equivalents**	**14**	**532.1**	**459.7**
	498.7	**727.9**	**Total current assets**		**4,407.6**	**4,343.5**
	5,252.5	**5,328.2**	**Total assets**		**10,976.8**	**10,867.4**

	Tomra Systems ASA NGAAP				Group IFRS	
	2020	2019	**Amounts in NOK million**	Note	**2020**	2019
LIABILITIES AND EQUITY	148.0	148.0	Share capital		148.0	148.0
	(0.4)	(0.5)	Treasury shares		(0.4)	(0.5)
	918.3	918.3	Share premium reserve		918.3	918.3
	1,065.9	**1,065.8**	**Paid-in capital**		**1,065.9**	**1,065.8**
	466.1	**498.6**	**Retained earnings**		**4,362.6**	**4,010.6**
	-	**-**	**Non-controlling interest**		**162.7**	**170.3**
	1,532.0	**1,564.4**	**Total equity**	**15**	**5,591.2**	**5,246.7**
	-	-	Deferred tax liabilities	6	46.4	145.0
	49.3	64.8	Pension liabilities	18	218.6	226.1
	1,414.1	1,830.0	Interest-bearing liabilities	19	1,414.1	1,830.0
	-	-	Long-term lease liabilities	9,19	843.1	860.0
	-	-	Other long-term liabilities	23	240.1	115.9
	225.7	320.0	Loan from subsidiaries		-	-
	1,689.1	**2,214.8**	**Total non-current liabilities**		**2,762.3**	**3,177.0**
	-	50.0	Interest-bearing liabilities	19	-	50.0
	-	-	Short-term lease liabilities	9,19	260.6	241.7
	-	-	Contract liabilities	2	487.0	491.8
	51.4	57.9	Trade payables		552.8	502.4
	1,280.9	891.1	Intra-group debt		-	-
	19.9	7.6	Income tax payable	6	130.7	110.5
	15.6	10.3	Provisions	22	158.2	132.1
	572.5	531.7	Other current liabilities	21	942.9	914.8
	91.1	0.4	Derivatives		91.1	0.4
	2,031.4	**1,549.0**	**Total current liabilities**		**2,623.3**	**2,443.7**
	3,720.5	**3,763.8**	**Total liabilities**		**5,385.6**	**5,620.7**
	5,252.5	**5,238.2**	**Total liabilities and equity**		**10,976.8**	**10,867.4**

Asker, 22 February 2021

Jan Svensson
Chairman

Bodil Sonesson
Board member

Pierre Couderc
Board member

Bjørn Matre
Board member

Hege Skryseth
Board member

David Williamson
Employee elected

Bente Traa
Employee elected

Stefan Ranstrand
President & CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP IFRS Amounts in NOK million	Paid-in capital	Translation reserve	Remeasurements of defined benefit liability (assets)	Retained earnings	Total equity attributable to the owners of the company	Non-controlling Interest	Total Equity
Balance per 31 December 2018	**1,066.0**	**713.3**	**(83.9)**	**3,381.5**	**5,076.9**	**159.3**	**5,236.2**
Change in accounting principles				(38.4)	(38.4)		(38.4)
Balance per 1 January 2019	**1,066.0**	**713.3**	**(83.9)**	**3,343.1**	**5,038.5**	**159.3**	**5,197.9**
Profit for the period				822.4	822.4	35.9	858.3
Changes in translation differences		5.7			5.7	1.1	6.8
Remeasurements of defined benefit liability (assets)			(25.8)		(25.8)		(25.8)
Total comprehensive income for the period	**0.0**	**5.7**	**(25.8)**	**822.4**	**802.3**	**37.0**	**839.3**
Transactions with shareholders							
Dividend non-controlling interest				(12.9)	(12.9)	(26.0)	(38.9)
Purchase of own shares	(0.4)			(90.7)	(91.1)		(91.1)
Own shares sold to employees	0.2			41.1	41.3		41.3
Change in estimate of put/call option [2)]				(36.9)	(36.9)		(36.9)
Dividend to shareholders				(664.8)	(664.8)		(664.8)
Total transactions with shareholders	**(0.2)**	**0.0**	**0.0**	**(764.2)**	**(764.4)**	**(26.0)**	**(790.4)**
Balance per 31 December 2019	**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 (assets)			(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 [1)]				(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**

1) Dividend payment was NOK 2.75 per share in 2020, as proposed in the 2019 financial statements.
2) See note 23 for more details.

CASH FLOW STATEMENT

Tomra Systems ASA NGAAP				Group IFRS	
2020	2019	**Amounts in NOK million**	Note	**2020**	2019
		CASH FLOW FROM OPERATING ACTIVITIES			
362.4	488.6	Ordinary profit/(loss) before taxes		1,070.4	1,130.4
(7.6)	(37.0)	Income taxes paid		(273.8)	(250.1)
-	-	(Gains)/losses from sales of fixed assets		(3.8)	-
56.8	37.9	Depreciation / Amortization	7,8	586.1	517.2
-	-	Depreciation / Amortization lease contracts	9	274.9	242.8
-	-	Write-down non-current assets		5.8	11.8
(0.3)	(0.8)	Net change in inventory		163.7	(65.3)
25.0	(96.2)	Net change in receivables		(52.6)	(44.1)
(6.5)	14.1	Net change in payables		35.4	(128.5)
(7.6)	(6.4)	Difference between pension expense and pension contribution paid		(23.4)	(7.0)
-	-	Exchange rate effects		(208.9)	(15.9)
-	-	Profit before tax from associated companies	11	12.2	(2.2)
-	-	Dividend from affiliated companies	11	5.0	6.2
99.8	1.0	Changes in other balance sheet items		48.9	(129.9)
-	-	Lease interests		40.3	40.6
19.1	(16.3)	Interest expense/(income)		30.1	6.6
541.1	**384.9**	**Net cash flow from operating activities**		**1,710.2**	**1,312.6**
		CASH FLOW FROM INVESTING ACTIVITIES			
-	-	Proceeds from sales of non-current assets		78.3	62,9
-	(3.0)	Share issues subsidiaries		-	-
-	-	Acquisition of associates / capital infusion		(2.2)	(21.3)
(69.0)	(84.7)	Investment in non-current assets		(609.7)	(636.3)
(69.0)	**(87.7)**	**Net cash flow from investing activities**		**(533.6)**	**(594.7)**
		CASH FLOW FROM FINANCING ACTIVITIES			
309.9	122.2	Loan payments (to)/from subsidiaries		-	-
(4,050.0)	(4,403.5)	Repayment of long-term loans		(4,076.7)	(4,396.9)
3,584.1	4,770.7	Proceeds from issuance of long term debt		3,698.0	4,825.5
-	-	Net repayment of short-term loans		37.5	(51.4)
-	-	Installments on lease liabilities	9	(270.2)	(231.7)
-	-	Dividend non-controlling interest	15	(53.3)	(38.9)
-	(91.1)	Purchase of treasury shares	15	-	(91.1)
36.8	41.3	Sale of treasury shares	15	36.8	41.3
-	40.5	Interest received		-	20.0
-	-	Lease interest	9	(40.3)	(40.6)
(19.1)	(24.2)	Interest paid		(30.1)	(26.6)
(406.0)	(664.8)	Dividend paid	15	(406.0)	(664.8)
(544.3)	**(208.9)**	**Net cash flow from financing activities**	**25**	**(1,104.2)**	**(655.2)**
(72.2)	88.3	Net change in cash and cash equivalents		72.4	62.7
100.9	12.6	Cash and cash equivalents per 1 January	14	459.7	397.0
28.8	100.9	Cash and cash equivalents per 31 December	14	532.1	459.7

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 in all five continents.

Significant accounting policies
The consolidated financial statements of the Company for the year ended 31 December 2020 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 2021 and will be presented for final approval at the general meeting on 4 May 2021. 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 2020.

(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 (EN)
Tomra Service OÜ (EN)
Tomra Systems UAB (LH)
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 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)
Belgian Electronic Sorting Technology TR Mak. San. Tic. A.S. (TR)
Best Vastgoed (NL)
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 (73%) (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)
UltrePET LLC (49%) (NY)
Returnable Services LLC (DE)
Synergistics LLC (51%) (MI)
Tomra Commercial Software Solutions LLC (DE)
Clean Loop Recycling LLC (DE)
Tomra Sorting (CA)
Tomra Sorting, Inc. (US)
Compac Sorting Eq. Ltd. (US)
Tomra Claims Resolution Company (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. (KP)
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 JLT (AE)

Tomra Sorting Chile SpA (CL)
Tomra Sorting India Private Limited (IN)
Tomra Sorting OOO (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 Equipment (Kunshan) Co. Ltd. (CN)
Compac International Trade China (Kunshan) Co. Ltd. (CN)
Taste Tech Ltd. (NZ)
Taste Tech Install Ltd. (NZ)
Tastemark Ltd. (NZ)

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

Tomra Sorting Singapore PTE Ltd. was founded in 2019. Tomra Peru SAC was founded in 2020.

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 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 are recognized, consistent with a decrease in ownership interests 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 Solutions
The Collection Solutions 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 Solutions 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 Solutions segment is the 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 TOMRA Recycling Mining and TOMRA Food segments principally generate 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.

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 below.

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 lease.

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 on 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) Discontinued operations
A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

On initial classification as discontinued operations, non-current assets are classified as held for sale and recognized at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit and loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

(x) 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.

(y) 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 2020 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 IFRS 3 Business Combinations
Amendments to IAS 16 Property, plant and Equipment
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

TOMRA is considering 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.

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 than 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), is 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 Solutions	Recycling Mining	Food Solutions	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		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

NOTE 1 SEGMENT INFORMATION (CONT.)

Amounts in NOK million	Collection Solutions	Recycling Mining	Food Solutions	Group functions	TOTAL
2019					
Northern Europe	618				618
Rest of Europe [1)]	1,708				1,708
North America [2)]	1,718				1,718
Rest of the world	589				589
Europe [1)]		1,000	767		1,767
North America [2)]		201	1,170		1,371
South America		24	256		280
Asia		303	293		596
Oceania		49	410		459
Africa		115	125		240
Operating revenues	**4,633**	**1,692**	**3,021**	**0**	**9,346**
Sale of RVMs / Sorters	1,418	1,362	2,295		5,075
Lease of RVMs / Sorters [4)]	946	24	57		1,027
Service	1,229	306	669		2,204
Material Recovery	1,040				1,040
Operating revenues	**4,633**	**1,692**	**3,021**	**0**	**9,346**
Operating expenses	3,825	1,307	2,743	90	7,965
EBITA	**808**	**385**	**278**	**(90)**	**1,381**
- in %	17 %	23 %	9 %		15 %
Amortizations	92	16	96		204
EBIT (operating profit)	**716**	**369**	**182**	**(90)**	**1,177**
- in %	15 %	22 %	6 %		13 %
Share of profit from associates	2	0	0	0	2
Investments	431	97	108	0	636
Investments in associates	80	0	0	0	80
Assets [3)]	4,371	2,787	2,942	767	10,867
Liabilities	1,769	564	948	2,340	5,621
Depreciation and amortization	499	63	198	0	760
Impairment losses recognized in P&L	6	0	0	6	12
Other significant non-cash expenses	0	0	0	0	0

1) Includes revenues from Germany of NOK 1,763 million in 2020 (NOK 1,581 million in 2019)
2) Includes revenues from USA of NOK 2,582 million in 2020 (NOK 2,496 million in 2019)
3) NOK 1,120 million of the assets was located in Norway in 2020 (NOK 1,115 million in 2019)
4) Includes throughput revenues from US, Australia and Lithuania

In 2020 operating expenses is reduced by NOK 38.5 million due to governmental grants, mainly related to Covid-19.

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

Collection Solutions - 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.

The reporting format has been changed from 2019, as the previous segment TOMRA Sorting Solutions has been split into two reporting segments; TOMRA Food Solutions and TOMRA Recycling Mining. As part of the split, the cost related to circular economy has been moved from Group Functions to TOMRA Recycling Mining (6 MNOK in 2019 and 50 MNOK in 2020). The 2019 figures have been restated accordingly.

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 regarding different types of customer contracts, 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	2020	2019
Receivables from sales/contracts, included in receivables	1,302.9	1,305.3
Contract assets	439.6	285.8
Contract liabilities	487.0	491.8
Capitalized contract costs	-	-

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

The contract assets primarily relate to the Group's right to consideration for work completed but not invoiced at the reporting date regarding service and process and handling fee.

The contract liabilities primarily relate to the advance consideration received from customers for service contracts and sale of Sorters.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

Contract assets

Amounts in NOK million	2020	2019
Opening balance 2019	285.8	407.8
Net Transfer from contract assets to receivables	(209.3)	(215.7)
Sales / service performed not yet invoiced	367.8	92.5
Currency effect	(4.7)	1.2
Closing balance	**439.6**	**285.8**

Contract liability

Amounts in NOK million	2020	2019
Opening balance 2019	491.8	589.2
Revenue recognized from contract liability	(103.4)	(809.2)
Cash/prepayments received, excluding amounts recognized as revenues during the period	177.6	674.6
Transfer from contract asset to contract liability	(83.1)	34.0
Currency effect	4.1	3.2
Closing balance	**487.0**	**491.8**

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 were unsatisfied at the reporting date.

Amounts in NOK million	2021	2022	2023	Total
Revenues from sale of Sorters	1,431.5	32.9	5.6	1,470.0

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.

Revenues over time
Part of TOMRA's activities consists of developing and manufacturing products and systems to order. All projects are accounted for in accordance with IFRS 15 as performance obligations satisfied over time.

NOTE 2 REVENUES (CONT.)

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. Contract revenue is recognized in profit or loss over time using the input method. 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 in line with completion milestones achieved.

Projects under construction is the amount of work in progress presented as inventory in the balance sheet.

Advances from customers is the net amount of accumulated earned revenue minus accumulated billing for all ongoing contracts where accumulated billing exceeds cumulative revenue. It is presented as other current liabilities in the balance sheet.

There were construction contracts open at year end 2020.

Amounts in NOK million	**2020**	2019
Projects under construction	(18.6)	24.8
Advances from customers	(103.3)	(101.0)
Net Projects under construction	**(121.9)**	**(76.2)**
Reported revenue (not invoiced) included in customer receivables	27.4	56.5
Share of outstanding receivables withheld in accordance with contract terms	31.2	75.1
Remaining production on loss-making projects	-	-
Revenue from projects in period	342.3	219.1
Costs from projects in period	197.5	119.9
Net result from projects in progress	**144.8**	**99.2**

NOTE 3 INVENTORY/RAW MATERIALS AND CONSUMABLES USED

Tomra Systems ASA NGAAP			Group IFRS	
2020	2019	**Amounts in NOK million**	**2020**	2019
		RAW MATERIALS AND CONSUMABLES USED		
787.0	675.5	Raw materials and consumables used, gross	3,933.3	3,477.1
(0.3)	(0.8)	Change in inventory	(103.7)	148.6
786.7	**674.7**	**Total raw materials and consumables used, net**	**3,829.6**	**3,625.7**

Cost of goods sold includes adjustment of inventory write-down of NOK 0.0 million (2019: NOK 0.0 million) for the Parent Company and NOK 42.4 million (2019: NOK -57.5 million) for the Group.

		INVENTORY		
-	-	Raw materials	472.0	661.8
-	-	Work in progress	63.1	99.3
11.2	10.9	Finished goods	409.9	414.7
-	-	Spare parts	547.4	420.3
11.2	**10.9**	**Total inventory**	**1,492.4**	**1,596.1**

Inventories are not subject to retention of title clauses.

NOTE 4 EMPLOYEE BENEFITS EXPENSES

Tomra Systems ASA NGAAP			Group IFRS	
2020	2019	**Amounts in NOK million**	**2020**	2019
258.4	214.9	Salaries	2,589.6	2,341.9
33.8	41.6	Social security tax	313.6	302.5
10.8	10.0	Pension - Defined benefit plan	10.8	10.0
9.9	9.0	Pension - Defined contribution plan	76.4	72.3
10.6	11.0	Other labor cost	274.3	239.1
323.5	**286.5**	**Total employee benefits expenses**	**3,264.7**	**2,965.8**
208	201	Number of man-years	4,241	4,270

All Norwegian companies in the Tomra Group have utilized bank guarantee instead of restricted accounts for employee tax deductions.

NOTE 5 FINANCIAL ITEMS

Tomra Systems ASA NGAAP			Group IFRS	
2020	2019	**Amounts in NOK million**	**2020**	2019
387.9	380.0	Dividend from subsidiaries	-	-
387.9	**380.0**	**Dividend from subsidiaries**	**-**	**-**
43.4	40.5	Interest income [1)]	13.7	11.8
-	32.1	Foreign exchange gain	-	13.8
43.4	**72.6**	**Total financial income**	**13.7**	**25.6**
19.1	24.2	Interest expenses [2)]	14.2	20.3
-	-	Interest leasing contracts	40.3	40.6
8.0	10.0	Other financial expenses	13.4	13.8
274.8	-	Foreign exchange loss [3)]	163.4	-
301.9	**34.2**	**Total financial expenses**	**231.3**	**74.7**
129.4	**418.4**	**Net financial items**	**(217.6)**	**(49.1)**

1) Interest income for Tomra Systems ASA includes interest income from subsidiaries of NOK 26.6 million (2019: NOK 35.6 million). After implementation of new Treasury Management System (TMS) in August 2020, the interest part of forward and swap contracts was booked as other interest income NOK 11.7 million. Interest income from cash-pool was NOK 3.9 million.

2) Interest expense for Tomra Systems ASA includes interest expenses to subsidiaries of NOK 5.3 million (2019: NOK 5.3 million). In 2020 TOMRA increased loans from subsidiaries, however these loans were cancelled before year-end as more subsidiaries joined the cash pool. After implementation of new TMS in August 2020, the interest part of forward contracts was booked as interest expense NOK 2.4 million. Interest expense from cash pool was NOK 2.5 million. Interest expense long-term debt was NOK 25.4 million, however this amount was reduced by NOK 14.2 million through Cross Currency Interest Rates Swaps that converted the NOK bond loans to EUR loans. Net interest long-term loans was therefore NOK 8.4 million.

3) The foreign exchange loss mainly relates to a weakening of NOK against other currencies in connection with TOMRA's cash flow and balance hedges.

NOTE 6 TAXES

Tomra Systems ASA NGAAP			Group IFRS			
2020	2019	**Amounts in NOK miliion**	**2020**		2019	
		TAX BASIS				
362.4	488.6	Profit before taxes				
(387.9)	(380.0)	Dividend from subsidiaries				
9.0	(36.2)	Permanent differences				
106.8	(37.7)	Change in temporary differences				
90.3	**34.7**	**Basis for taxes payable**				
		TAXES				
19.9	7.6	Taxes payable	293.2		285.8	
-	1.9	Tax under-accrued last year				
(1.8)	6.6	Tax effect of equity transactions				
-	-	Tax effect of OCI items	29.6		7.1	
(23.5)	8.3	Net change in deferred taxes	(51.6)		(20.8)	
(5.4)	**24.4**	**Tax expense**	**271.2**		**272.1**	
		Effective tax rate				
		Taxes based upon actual tax rates	268.1	25.0 %	275.5	24.4 %
		Tax effect from permanent differences	4.1	0.4 %	(3.4)	-0.3 %
		Actual tax expense	**272.2**	**25.4 %**	**272.1**	**24.1 %**

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.

Tomra Systems ASA NGAAP			Group IFRS	
2020	2019	**Amounts in NOK miliion**	**2020**	2019
		DEFERRED TAX ASSETS		
-	-	Inventory	163.4	143.5
12.9	(15.4)	Other current assets	18.0	(8.9)
18.8	19.6	Intangible non-current assets	(5.0)	82.4
0.6	0.6	Tangible non-current assets	15.6	14.1
2.7	2.7	Financial non-current assets	3.0	8.9
3.4	2.3	Provisions	31.3	28.4
4.5	6.2	Other current liabilities	22.1	23.0
10.8	14.3	Pension reserves	10.8	14.3
-	-	Loss carried forward	1.2	1.6
53.7	**30.2**	**Total deferred tax assets**	**260.4**	**307.3**
		DEFERRED TAX LIABILITIES		
		Inventory	(2.7)	(2.0)
		Other current assets	(35.3)	(38.1)
		Intangible non-current assets	56.2	152.2
		Tangible non-current assets	55.3	54.2
		Financial non-current assets	(4.3)	(5.7)
		Provisions	-	1.6
		Current liabilities	(8.9)	(2.3)
		Pension reserves	(13.9)	(14.9)
		Loss carried forward	-	-
		Total deferred tax liabilities	**46.4**	**145.0**

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 7 INTANGIBLE ASSETS

GROUP - IFRS Amounts in NOK million	Goodwill	Development costs [6]	Other [4]	Software	Total
Cost					
Balance at 1 January 2019	3,085.4	653.0	783.3	419.5	4,941.3
Other acquisitions / internally developed	0.0	59.4	12.1	89.3	160.8
Disposals	0.0	0.0	(13.7)	(0.5)	(14.2)
Effect of movements in foreign exchange [2]	(0.1)	(1.1)	0.5	1.3	0.5
Balance at 31 December 2019	**3,085.3**	**711.3**	**782.2**	**509.6**	**5,088.4**
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 [3]	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**
Depreciation and impairment losses					
Balance at 1 January 2019	181.6	467.5	499.0	269.2	1,417.3
Amortization charge for the year [5]	0.0	69.2	69.8	53.6	192.6
Impairment losses	5.6	0.0	5.9	0.0	11.5
Disposals	0.0	0.0	(13.0)	(0.5)	(13.5)
Effect of movements in foreign exchange [2]	1.2	(1.8)	(1.0)	1.2	(0.4)
Balance at 31 December 2019	**188.4**	**534.9**	**560.7**	**323.5**	**1,607.5**
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 [3]	(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**
Depreciation rate [1]	0 %	14-33%	5-33%		
Useful life	Indefinite	3-7 yrs	3-20 yrs		
Carrying amounts					
31 December 2019	2,896.9	176.4	221.5	186.1	3,480.9
31 December 2020	**3,034.3**	**176.3**	**146.8**	**228.1**	**3,585.5**

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 2019 were used in calculating intangible assets of foreign subsidiaries.
3) Exchange rates as of 31 December 2020 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 other intangibles.
5) Amortization of intangibles is classified together with depreciation in the profit and loss statement.
6) Capitalized development costs mainly comprises salaries to engineers and parts utilized in development projects related to new sorters and reverse vending machines. The carrying amount at 31 December 2020 was NOK 102.4 million for TOMRA Sorting and NOK 73.9 million for TOMRA Collection.

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	2020	2019
TOMRA COLLECTION SOLUTIONS		
- Reverse vending	239.3	233.8
- Material recovery	109.4	113.8
TOMRA RECYCLING MINING	1,644.4	1,554.7
TOMRA FOOD SOLUTIONS		
- TOMRA Processed Food	389.9	369.0
- TOMRA Fresh Food	651.3	625.6
Total	**3,034.3**	**2,896.9**

TOMRA tests goodwill and other intangible assets with infinite useful life annually or more frequently if there are impairment indicators. As of 31 December 2020 and 2019, 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 communicated at the last Capital Markets Day in 2018 (more than 10 percent yearly revenue growth). The growth in the terminal year is set to be between 0.5 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, sale 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 between 0.5 and 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 0.5 percent, and a WACC of 6.5 percent has been utilized.

Tomra Food Solutions
In the Food division, the customers are the fresh and processed food industries and activities include development, production, sale and service of sorting and processing technology. 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 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.

Tomra Recycling Mining
In the Recycling division, 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.

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 2020 were used in calculating carrying values (see note 20). In calculating the predicted cash flows, the following exchange rates were used EUR/NOK: 9.85 USD/NOK: 8.80.

Research and development expense
Research and development cost of NOK 381.9 million has been recognized as an expense (2019: NOK 451.3 million) and NOK 64.5 million has been capitalized (2019: NOK 59.4 million).

The research and development cost consists 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 2019	124.2	4.4	128.6
Other acquisitions-internally developed	57.2	0.0	57.2
Balance at 31 December 2019	**181.4**	**4.4**	**185.8**
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**
Depreciation and impairment losses			
Balance at 1 January 2019	41.2	3.0	44.2
Depreciation charge for the year	27.4	0.8	28.2
Balance at 31 December 2019	**68.6**	**3.8**	**72.4**
Balance at 1 January 2020	68.6	3.8	72.4
Depreciation charge for the year	44.3	0.6	44.9
Balance at 31 December 2020	**112.9**	**4.4**	**117.3**
Depreciation rate	20 %	20 %	
Useful life	5 yrs	5 yrs	
Carrying amounts			
31 December 2019	112.8	0.6	113.4
31 December 2020	**125.6**	**0.0**	**125.6**

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 2019	479.8	907.8	222.1	1,070.9	2,680.6
Other acquisitions	25.3	211.5	50.2	188.4	475.4
Disposals [5)]	(1.0)	(31.0)	(17.8)	(260.0)	(309.8)
Effect of movements in foreign exchange [1)]	(2.1)	6.9	(0.5)	4.6	8.9
Balance at 31 December 2019	**502.0**	**1,095.2**	**254.0**	**1,003.9**	**2,855.1**
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 [2)]	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**
Depreciation and impairment losses					
Balance at 1 January 2019	184.8	552.6	117.0	549.9	1,404.3
Depreciation charge for the year	32.0	109.9	27.2	155.5	324.6
Write-down	0.0	0.3	0.0	0.0	0.3
Disposals [5)]	(1.6)	(17.5)	(14.4)	(134.0)	(167.5)
Effect of movements in foreign exchange [1)]	(2.2)	3.4	(3.5)	2.4	0.1
Balance at 31 December 2019	**213.0**	**648.7**	**126.3**	**573.8**	**1,561.8**
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 [2)]	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**
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 2019	289.0	446.5	127.7	430.1	1,293.3
31 December 2020	**297.9**	**505.9**	**104.3**	**429.0**	**1,337.1**

1) Exchange rates as of 31 December 2019 were used in calculating tangible assets of foreign subsidiaries.
2) Exchange rates as of 31 December 2020 were used in calculating tangible assets of foreign subsidiaries.
3) Including land of NOK 41.2 million as of 31 December 2020.
4) All depreciation plans are linear.
5) Disposals includes machines either sold, scrapped or transferred to inventory

Leasing equipment

Companies within TOMRA Group had 6,187 reverse vending machines and 189 sorters leased to customers at the end of 2020. 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	2020
Less than 1 year	132.1
1-2 years	99.1
2-3 years	73.8
3-4 years	51.2
4-5 years	29.4
Over 5 years	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 2019	64.9	2.4	67.3
Acquisitions	27.2	0.3	27.5
Disposals	0.0	0.0	0.0
Balance at 31 December 2019	**92.1**	**2.7**	**94.8**
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**
Depreciation and impairment losses			
Balance at 1 January 2019	36.7	1.6	38.2
Depreciation charge for the year	9.4	0.3	9.7
Disposals	0.0	0.0	0.0
Balance at 31 December 2019	**46.1**	**1.9**	**48.0**
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**
Depreciation rate [1)]	10-33%	15-33%	
Useful life	10 yrs	7 yrs	
Carrying amounts			
31 December 2019	46.0	0.8	46.8
31 December 2020	**46.0**	**0.7**	**46.7**

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 some 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 has been used to not separate non-lease components like service of the vehicles from lease components.

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 according to TOMRA's policy on intercompany loans. An additional spread of 0.25% is added for each consecutive 2-year period.

TOMRA Group adopted IFRS 16 using the modified retrospective approach, with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings at 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, TOMRA Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. TOMRA Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Right of use assets Amounts in NOK million	**Land & Buildings**	**Vehicles**	**Machinery & fixtures**	**Total**
Cost				
Balance at 1 January 2019	787.2	211.9	5.6	1,004.7
Additions during the year	187.3	102.7	1.6	291.6
Lease contracts terminated	(23.6)	(23.4)	(0.2)	(47.2)
Effect of movement in foreign exchange 1)	4.6	1.0	0.1	5.7
Balance 31 December 2019	**955.5**	**292.2**	**7.1**	**1,254.8**
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 movement in foreign exchange 2)	30.7	7.4	0.1	38.2
Balance 31 December 2020	**1,098.5**	**338.5**	**7.0**	**1,444.0**
Depreciation and impairment losses				
Balance at 1 January 2019				
Depreciation charge for the year	146.4	94.3	2.1	242.8
Lease contracts terminated	(11.2)	(13.7)	(0.2)	(25.1)
Effect of movement in foreign exchange 1)	0.5	0.3	0.0	0.8
Balance 31 December 2019	**135.7**	**80.9**	**1.9**	**218.5**
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 movement in foreign exchange 2)	1.3	0.5	(0.1)	1.7
Balance 31 December 2020	**272.2**	**134.7**	**3.6**	**410.5**
Carrying amounts				
Balance 31 December 2019	819.8	211.3	5.2	1,036.3
Balance 31 December 2020	**826.3**	**203.8**	**3.4**	**1,033.5**

1) Exchange rates as of 31 December 2019 were used in calculating right of use assets of foreign subsidieries.
2) Exchange rates as of 31 December 2020 were used in calculating right of use assets of foreign subsidieries.

NOTE 9 LEASING (CONT.)

Lease liability **Amounts in NOK million**	**2020**	2019
Balance at 1 January	1,101.7	1,054.7
New lease contracts	287.1	291.6
Lease contracts terminated	(51.2)	(21.2)
Lease payments	(310.5)	(272.3)
Interest expense	40.3	40.6
Effect of movements in foreign exchange	36.3	8.3
Balance at 31 December	**1,103.7**	**1,101.7**

Maturity analysis **Amounts in NOK million**	**2020**	2019
Less than one year	260.6	241.7
1-2 years	144.7	-
2-3 years	219.0	-
3-4 years	97.8	-
4-5 years	79.4	-
One to five years	-	538.0
More than five years	302.2	322.0
Total lease liabilities at 31 December	**1,103.7**	**1,101.7**

See note 20 for maturity analysis of undiscounted values of lease liability.

The Group has one material lease contract not yet commenced that is not included in the above ROU assets and lease liability. This is a lease of a building where assumed commencement date is September 2021. Lease term is 12 years with a monthly payment of about NOK 0.6 mill.

Amounts recognized in Income Statement **Amounts in NOK million**	**2020**	2019
Operating lease income	322.0	315.6
Lease expenses		
Expenses relating to short-term leases	10.5	9.9
Expenses relating to leases of low-value assets	1.0	0.1
Other lease expenses	-	-
Depreciation of right-of-use assets	**(274.9)**	**(242.8)**
Interest expense on lease liabilities	**40.3**	**40.6**

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 31 December 2019	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**
Equity at date of acquisition	41.0	0.0		
Country	USA	Australia		
Year of acquisition	1999	2017		
Vote and share ownership	49 %	50 %		

Summary financial information for associates on 100% basis:

2020	Ultre-PET	Tomra Cleanaway Pty Ltd.	Other	Total
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)
2019				
Assets	161.9	220.9	173.6	556.4
Liabilities	49.3	188.5	130.3	368.1
Equity	112.6	32.4	43.3	188.3
Revenues	242.6	1,025.3	170.7	1,438.6
Profit/(loss)	0.0	(19.1)	(3.7)	(22.8)

NOTE 12 LONG TERM RECEIVABLES

Tomra Systems ASA NGAAP			Group IFRS	
2020	2019	**Amounts in NOK million**	**2020**	2019
-	-	Deposits	10.8	8.5
-	-	Financial lease	106.6	129.7
1.4	1.9	Loans to employees	1.6	2.2
-	-	Investment related to Supplemental executive retirement plan [1)]	102.2	88.4
1.0	1.5	Other long term receivables	65.4	96.8
2.4	**3.4**	**Total receivables**	**286.6**	**325.6**

Financial lease relates to machines (mainly RVMs in USA and Germany) sold to customers on financial lease contracts.

1) See note 18 for more information about the SERP (Supplemental executive retirement plan).

NOTE 13 SHORT TERM RECEIVABLES

Tomra Systems ASA NGAAP			Group IFRS	
2020	2019	**Amounts in NOK million**	**2020**	2019
10.7	16.1	Trade receivables, gross	1,598.7	1,587.6
325.0	457.8	Intra group short-term receivables	-	-
90.8	71.8	Other short-term receivables	388.2	418.8
(1.5)	(1.5)	Provision for bad debt	(77.7)	(76.4)
425.0	**544.2**	**Total receivables**	**1,909.2**	**1,930.0**
1.5	1.7	Provision for bad debt per 1 January	76.4	76.7
-	-	Provisions made during the year	29.9	22.5
-	-	Provision in acquired companies	-	-
-	(0.2)	Provisions used during the year	(28.6)	(22.8)
1.5	**1.5**	**Provision for bad debt per 31 December**	**77.7**	**76.4**

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

		2020		
Trade receivables fall due: Amounts in NOK million	**Allowance in %**	**Gross Carrying Amount**	**Loss Allowance**	**Net Carrying Amount**
Not due yet	0 %	1,066.5	3.3	1,063.2
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	**5 %**	**1,598.7**	**77.7**	**1,521.0**

For further information about credit risk, see note 20.

NOTE 14 CASH AND CASH EQUIVALENTS

Tomra Systems ASA NGAAP			Group IFRS	
2020	2019	**Amounts in NOK million**	**2020**	2019
28.2	100.9	Cash and cash equivalents	532.1	459.7
28.2	100.9	Cash and cash equivalents in the statement of cash flows [1)]	532.1	459.7

1) Includes restricted bank deposits totaling NOK 9.1 million for Tomra Systems ASA and NOK 8.3 million for the Group.

Tomra Systems ASA and its fully owned subsidiaries participate in an international multi-currency cash-pool. Subsidiaries deposit and withdraw funds through the cash-pool agreement 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 2019	**148.0**	**(0.3)**	**918.3**	**1,066.0**	**512.5**	**1,578.5**	**148,020,078**
Profit for the period					464.2	464.2	
Pensions					(22.8)	(22.8)	
Purchase of own shares		(0.4)		(0.4)	(90.7)	(91.1)	
Own shares sold to employees		0.2		0.2	41.1	41.3	
Dividend to shareholders					(405.7)	(405.7)	
Balance per 31 December 2019	**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**

Share par value is 1 NOK.
Total shareholding of treasury shares was 400,178 as of year end 2020.

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	2020	2019
NOK 3.00 in dividend per qualifying share (2019: NOK 2.75 in dividend)	442.9	405.7

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

Earnings per share - Group	2020	2019
Average number of shares	148,020,078	148,020,078
Average number of shares, adjusted for own shares	147,579,694	147,764,271
Average number of shares, adjusted for own shares, fully diluted	147,579,694	147,764,271
Majority equity 31 December (MNOK)	5,428.5	5,076.4
Equity per share (NOK)	36.78	34.35
Net profit attributable to the shareholders of the parent (MNOK)	775.1	822.4
Earnings per share	5.25	5.57
Earnings per share, fully diluted	5.25	5.57

Purchase of own shares
TOMRA was granted authority to acquire treasury shares at the annual general meeting 4 May 2020, limited to a total of 500,000 shares. At the end of 2020, 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 2020	Number of shares	Ownership
1	Investment AB Latour	31,200,000	21.08 %
2	Folketrygdfondet	11,598,748	7.84 %
3	APG Asset Management N.V.	7,094,564	4.79 %
4	The Vanguard Group. Inc.	3,304,088	2.23 %
5	Candriam Belgium S.A.	3,021,412	2.04 %
6	Swedbank Robur Fonder AB	2,845,798	1.92 %
7	Impax Asset Management, LTD	2,603,940	1.76 %
8	Alfred Berg Kapitalforvaltning AS	2,267,875	1.53 %
9	Handelsbanken Kapitalforvaltning AS	2,053,436	1.39 %
10	DNB Asset Management AS	1,786,748	1.21 %
11	Nordea Investment Management AB (Denmark)	1,694,597	1.14 %
12	AllianceBernstein, L.P. (U.S.)	1,665,558	1.13 %
13	Storebrand Asset Management AS	1,624,747	1.10 %
14	Templeton Investment Counsel, LLC	1,576,507	1.07 %
15	Credit Suisse Asset Management (Schweiz) AG	1,474,476	1.00 %
16	Statoils Pensjonskasse	1,414,398	0.96 %
17	BlackRock Fund Advisors	1,202,662	0.81 %
18	SEB Investment Management AB	1,196,715	0.81 %
19	Degroof Petercam Asset Management S.A.	1,174,758	0.79 %
20	Crédit Mutuel Asset Management S.A.	1,154,960	0.78 %
	Total 20 largest shareholders	**81,955,987**	**55.37 %**
	Other shareholders	66,064,091	44.63 %
	Total (10,380 shareholders)	**148,020,078**	**100.00 %**
	Shares owned by Norwegian residents	25,620,100	17.31 %
	Shares owned by others	122,399,978	82.69 %
	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.

	2020	2019
Number of shares purchased by employees	75,472	129,855
Share price (closing market share price, the day before the allotment date)	368.30	265.60
Number of bonus shares, distributed one year after investment	24,350	25,971
Total expenses recognized	4.9 million	5.5 million

NOTE 18 PENSION AND PENSION OBLIGATIONS

Total Pension costs and pension liability for TOMRA Group

Amounts in NOK million	GROUP IFRS 2020	GROUP IFRS 2019
Norwegian plans	(7.9)	29.4
US plans	-	(2.4)
Belgian plans	11.2	6.8
Taxes	(1.1)	(8.0)
Net pension costs in Other Comprehensive Income	**2.2**	**25.8**
Norwegian plans	49.3	64.8
US plans	160.9	151.4
Belgian plans	8.4	9.9
Total Pension liability	**218.6**	**226.1**

Norwegian plans

Tomra Systems ASA NGAAP 2020	Tomra Systems ASA NGAAP 2019	Amounts in NOK million	GROUP IFRS 2020	GROUP IFRS 2019
		EXPENSE RECOGNIZED IN THE INCOME STATEMENT		
8.5	7.8	Current service cost	8.5	7.8
1.0	1.0	Interest cost (income)	1.0	1.0
1.3	1.2	Social security tax included in pension cost	1.3	1.2
10.8	**10.0**	**Net pension costs in Income Statement**	**10.8**	**10.0**
		(*) The expense is recognized in the following line item in the income statement		
10.8	10.0	Employee benefits expenses defined benefit plan	10.8	10.0
9.9	9.0	Employee benefits expenses defined contribution plan	76.4	72.3
20.7	**19.0**	**Total employee benefits expenses** [1)]	**87.2**	**82.3**
		EXPENSE RECOGNIZED IN OTHER COMPREHENSIVE INCOME		
15.3	36.0	Actuarial loss (gain)- change in discount rate	15.3	36.0
(24.6)	(11.8)	Actuarial loss (gain)- change in other financial assumptions	(24.6)	(11.8)
8.4	0.5	Actuarial loss (gain)- experience DBO	8.4	0.5
(8.3)	(1.0)	Loss (gain)- experience assets	(8.3)	(1.0)
2.3	2.1	Investment management cost	2.3	2.1
(1.0)	3.6	Social security tax included in pension cost	(1.0)	3.6
(7.9)	**29.4**	**Net pension costs in Other Comprehensive Income**	**(7.9)**	**29.4**
		FINANCIAL STATUS AS OF 31 DECEMBER		
257.1	250.7	Present value of funded pension obligations	257.1	250.7
(207.8)	(185.9)	Fair value of plan assets	(207.8)	(185.9)
49.3	**64.8**	**Pension liability**	**49.3**	**64.8**
		BASIS FOR CALCULATION		
1.50 %	1.80 %	Discount rate	1.50 %	1.80 %
2.00 %	2.25 %	Expected wage increase	2.00 %	2.25 %
1.75 %	2.00 %	Expected increase of base amount	1.75 %	2.00 %
1.50 %	1.80 %	Expected return on plan assets 31 December	1.50 %	1.80 %
9 yrs	10 yrs	Average remaining service period	9 yrs	10 yrs
		MOVEMENTS IN NET LIABILITY FOR DEFINED BENEFIT OBLIGATIONS AS RECOGNIZED IN THE BALANCE SHEET		
64.8	41.8	Net liability at 1 January	64.8	41.8
(18.4)	(16.4)	Contributions received	(18.4)	(16.4)
(7.9)	29.4	Remeasurement recognized in Other Comprehensive Income	(7.9)	29.4
10.8	10.0	Expense recognized in the Income Statement (*)	10.8	10.0
49.3	**64.8**	**Net liability at 31 December**	**49.3**	**64.8**

1) NOK 6.4 million of total employee benefits for Tomra Systems ASA was charged to subsidiaries in 2020 (2019: NOK 5.9 million), and the interest of NOK 1.0 million are classified as employee benefits.

NOTE 18 PENSION AND PENSION OBLIGATIONS (CONT.)

Total employee benefits expenses for the Group is split as NOK 29.6 million in the Sorting Solutions (2019 NOK 29.6 million) and NOK 57.6 million in the Collection Solutions (2019 NOK 52.6 million).

TOMRA's best estimate of contributions expected to be paid into the plan for 2021 is NOK 16.7 million.

The discount rate is in accordance with guidelines from Norsk Regnskapsstiftelse at 31 August 2020, which was the best estimate of the rate at the time the basis for the calculation was set in September 2020. The effect of the increase in the long term interest rates towards the end of this year and the new guidelines at 31 December 2020, 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 their 2020 and 2019 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.

GROUP - IFRS
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 are 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 had 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 IAS 19. The parent company's defined benefit plan, which also covers employees in Tomra Butikksystemer AS, Tomra Production AS and Tomra Sorting AS, includes 75 employees and 58 retirees at year-end 2020.

Actual return on plan assets was NOK 6.4 million in 2019.

SENSITIVITY ANALYSIS

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would change the amounts shown below.

Basis for calculation	Assump-tions 2020	Assump-tions 2019	Discount rate +0.5	Discount rate -0.5	Wage increase +0.5	Wage increase -0.5	Pension regulation +0.5
Discount rate	1.50 %	1.80 %	2.00 %	1.00 %	1.50 %	1.50 %	1.50 %
Expected wage increase	2.00 %	2.25 %	2.00 %	2.00 %	2.50 %	1.50 %	2.00 %
Expected increase of base amount	1.75 %	2.00 %	1.75 %	1.75 %	1.75 %	1.75 %	1.75 %
Expected pension regulation	0.00 %	0.70 %	0.00 %	0.00 %	0.00 %	0.00 %	0.50 %
Expected return on plan assets	1.50 %	1.80 %	2.00 %	1.00 %	1.50 %	1.50 %	1.50 %

Results **Amounts in NOK million**							
Service costs	8.2	8.5	7.4	9.2	8.8	7.7	7.2
Accumulated benefit obligation	218.8	223.7	200.3	239.6	218.8	218.8	207.6
Present benefit obligation	251.0	260.3	228.9	276.0	263.4	239.4	236.2
Total benefit obligation	334.0	345.7	302.6	369.9	353.6	315.7	308.2
Plan assets	207.8	185.9	207.8	207.8	207.8	207.8	207.8

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

NOTE 18 PENSION AND PENSION OBLIGATIONS (CONT.)

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 49 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 period. 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 174,367 in 2019 and USD 195,486 in 2020.

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 selected 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 102.2 million recorded as long term receivables (ref disclosure note 12), and a corresponding figure under pension liabilities.

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 following the same approach and consideration as described above for the Group.

NOTE 19 INTEREST-BEARING LIABILITIES

Tomra Systems ASA NGAAP			Group IFRS	
2020	2019	**Amounts in NOK million**	**2020**	2019
		NON-CURRENT LIABILITIES		
414.1	830.0	Unsecured bank loans [1]	414.1	830.0
1,000.0	1,000.0	Bonds [2]	1,000.0	1,000.0
-	-	Lease liability long term	843.1	860.0
1,414.1	**1,830.0**	**Total non-current interest-bearing liabilities**	**2,257.2**	**2,690.0**
-	-	Due more than 5 years after balance sheet date	302.1	322.0
		CURRENT LIABILITIES		
-	50.0	Current portion of unsecured bank loans	-	50.0
-	-	Lease liability short term	260.6	241.7
0.0	**50.0**	**Total current interest-bearing liabilities**	**260.6**	**291.7**

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 2020, NOK 414.1 million was drawn on the facility.
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 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.

Non-current and current interest-bearing liabilities relate to a new multicurrency revolving credit facility (RCF) of EUR 150 million effective from 15 December 2020 with tenor of 3+1+1 years. The previous EUR 60 million and EUR 70 million facilities that would expire in April and December 2021 were cancelled the same day as the new RCF was effective. 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.

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 respectively. The loans have floating interest and negative pledge commitment. The bonds have 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 2020, increases annual financial costs by NOK 14.1 million or decreases annual financial costs by NOK 4.7 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 3 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 2020. The Group expensed NOK 19.3 million in bad debt in 2020 (NOK 22.5 million in 2019). 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.

Overview of financial assets - carrying and fair values:

	2020		2019	
Amounts in NOK million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Measured at amortized costs:				
Long term receivables	286.6	286.6	325.5	325.5
Receivables	1,521.0	1,521.0	1,511.2	1,511.2
Cash and cash equivalents	532.1	532.1	459.7	459.7
Measured at Fair Value through Profit and Loss:				
Forward exchange contracts	34.3	34.3	51.8	51.8
Measured at Fair Value through OCI:				
Cross Currency Interest Rate Swaps	0.0	0.0	20.1	20.1
Total	**2,374.0**	**2,374.0**	**2,368.3**	**2,368.3**

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 2020 compared to 2019.

NOTE 20 FINANCIAL INSTRUMENTS (CONT.)

Liquidity risk
TOMRA has a strong cash flow in addition to a solid balance sheet (50.9 percent equity ratio at 31 December 2020) that will enable a higher debt ratio if necessary. The liquidity reserve (cash and unused credit lines) was NOK 1,988.5 million per 31 December 2020, and therefore TOMRA has limited liquidity risk.

TOMRA has an international cash pool with an undrawn overdraft facility of NOK 300 million. In December 2020 a new cash management bank was mandated for TOMRA in North and South America that will increase the amount of pooled cash. The debt profile as per 31 December 2020 is presented below (nominal values).

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 undiscounted values for lease liability.

Amounts in NOK million 2019	**Carrying amount**	**2020**	**2021**	**2022**	**2023**	**2024**
Unsecured bank facilities	880.0	880.0				
Senior unsecured bonds	1,000.0			400.0		600.0
Lease liabilities	1,101.7	241.6	103.7	103.7	165.4	165.4
Payables	502.4	502.4				
Total	3,484.1	1,624.0	103.7	503.7	165.4	765.4
Interest payments bonds and loans 1)		15.3	10.9	10.9	7.2	7.2
Total including interest payments	**3,484.1**	**1,639.3**	**114.6**	**514.6**	**172.6**	**772.6**

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 12 months of expected future net cash flow. TOMRA primarily uses forward contracts as an economic instrument to hedge the cash flow and balance sheet items for the Norwegian entities. TOMRA also hedges balance sheet items for the Norwegian entities.

The fair value of forward contracts is calculated at the end of each period, and at 31 December 2020 the value was recognized in derivative liabilities at NOK 56.3 million (2019: NOK 0.4 million) and NOK 34.3 million in derivative receivables (2019: NOK 71.9 million). Changes in fair value of forward contracts were recognized in the income statement in 2020. Change in fair value of spot and forward contracts and currency effect on cash flows in 2020 amounted to a loss of NOK 174.8 million (2019: a gain of NOK 13.8 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 contracts, mainly in EUR and USD as of 31 December. Other currencies with smaller outstanding positions are AUD, NZD, SEK, DKK and JPY. Total value of outstanding currency sales and purchases was NOK 529.5 million and NOK 597.1 million respectively as of 31 December 2020.

Derivative instruments designated as net investment hedging
In order to reduce the foreign currency translation risk in financial statements, TOMRA's EUR/NOK cross currency interest rate swaps corresponding to the bonds, in total EUR 99.1 million are designated as hedge of the net investment in European subsidiaries. The fair value of these contracts was NOK 39.8 million at 31 December 2020, which represents an unrealized loss presented as derivative liabilities at 31 December 2020. The hedge has been designated to be 100 % effective for the period except for the interest element which is recognized in profit and loss. The foreign exchange loss of NOK 129.6 million on translating the cross currency interest rate swap contracts to functional currency at the end of the reporting period is recognized in retained earnings in other comprehensive income.

NOTE 20 FINANCIAL INSTRUMENTS (CONT.)

During 2020, TOMRA has entered into EUR/NOK swaps to hedge the net investment in European subsidiaries.

Outstanding cross currency swap contracts, as of 31 December:

	2020			2019		
Amount forward (sold) / bought (in million)	**Currency**	**Exch.rate**	**Due date**	**Currency**	**Exch.rate**	**Due date**
EUR/NOK	(39.7)	10.085	2022	(39.7)	10.085	2022
EUR/NOK	(59.4)	10.094	2024	(59.4)	10.095	2024

TOMRA received NOK 17.2 million in interest from cross currency interest rate swaps, equal to interest expense on the bonds, and paid an interest in EUR equaling NOK 2.9 million.

Split of revenues and assets per currency

	Revenues		Assets	
	2020	2019	**2020**	2019
EUR	45 %	45 %	45 %	44 %
USD	31 %	35 %	17 %	17 %
NOK	1 %	2 %	10 %	13 %
OTHER	23 %	18 %	28 %	26 %

A 10 percent weaker/stronger NOK would normally lead to a 10-15 percent increase/decrease in operating profit. Currency fluctuations would in addition affect the book value of assets and liabilities in TOMRA's foreign subsidiaries. A 10 percent weakening/strengthening in the value of the NOK is estimated to increase/decrease equity by ~NOK 512 million as per 31 December 2020. (This analysis assumes all other variables remain constant). Such changes in value would however only have limited P/L impact as they are mainly booked as translation differences against equity.

Sensitivity analysis - isolated currency rate changes' impact on operating profit before tax:

	2020		2019	
Amounts in NOK million	**Increase**	**Decline**	**Increase**	**Decline**
10% currency change USD/NOK	309	(194)	329	(199)
10% currency change EUR/NOK	448	(337)	425	(325)

Sensitivity analysis - isolated currency rate changes' impact on equity:

	2020		2019	
Amounts in NOK million	**Increase**	**Decline**	**Increase**	**Decline**
10% currency change USD/NOK	88	(88)	158	(158)
10% currency change EUR/NOK	211	(211)	90	(90)

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 2020 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 2020. 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.

	2020		2019	
Amounts in NOK million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Measured at amortized costs:				
Payables	552.8	552.8	502.4	502.4
Lease liabilities	1,103.7	1,103.7	1,101.7	1,101.7
Senior unsecured bonds	1,000.0	1,000.0	1,000.0	1,000.0
Unsecured bank facilities	414.1	414.1	880.0	880.0
Measured at Fair Value through Profit and Loss:				
Forward exchange contracts	56.3	56.3	0.4	0.4
Measured at Fair Value through OCI:				
Cross Currency Interest Rate Swaps [1)]	34.8	34.8	0.0	0.0
Total	**3,161.7**	**3,161.7**	**3,484.5**	**3,484.5**

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

NOTE 21 OTHER CURRENT LIABILITIES

Tomra Systems ASA NGAAP			Group IFRS	
2020	2019	**Amounts in NOK million**	**2020**	2019
38.6	36.0	Tax deductions, social security tax, holiday pay	287.9	372.9
442.9	405.7	Dividend accruals	-	-
91.0	90.0	Non-interest-bearing debt	655.0	541.9
572.5	**531.7**	**Total other current liabilities**	**942.9**	**914.8**

NOTE 22 PROVISIONS

GROUP - IFRS

Amounts in NOK million	Warranty	Other	Total
Balance at 1 January 2020	114.0	18.1	132.1
Provisions made during the year	127.4	10.1	137.5
Provisions used during the year	(57.2)	(7.1)	(64.3)
Provisions reversed during the year	(44.2)	(2.9)	(47.1)
Balance at 31 December 2020	**140.0**	**18.2**	**158.2**

TOMRA SYSTEMS ASA- NGAAP

Amounts in NOK million	Warranty	Other	Total
Balance at 1 January 2020	10.3	0.0	10.3
Provisions made during the year	15.0	0.0	15.0
Provisions used during the year	(1.0)	0.0	(1.0)
Provisions reversed during the year	(8.7)	0.0	(8.7)
Balance at 31 December 2020	**15.6**	**0.0**	**15.6**

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 and a small restructuring provision.

NOTE 23 LIABILITIES

CONTINGENT LIABILITIES

Tomra Systems ASA
Tomra Systems ASA has guarantee liabilities of NOK 132.4 million (2019: NOK 164.2 million).

Group
TOMRA Group has guarantee liabilities of NOK 151.3 million (2019: NOK 198.1 million).
The guarantees are mainly TOMRA`s guarantees towards guarantee institutions, where the guarantee institution has issued guarantees toward TOMRA`s business relations such as customers and landlords for proper fulfillment of TOMRA`s obligations.

Claims and litigations
The Group normally has 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 (Baltics) and 80 % of Tomra Collection Australia Pty Ltd (Australia). The minority owners in the respective two companies hold rights to sell their shares to TOMRA (put options) and TOMRA holds the right to buy their shares (call options), from 2024 and 2022 respectively. 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.

Tomra Systems ASA NGAAP			Group IFRS	
2020	2019	**Amounts in NOK million**	**2020**	2019
-	-	Other long-term liabilities	240,1	115,9

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.

2020 **Board 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

NOTE 24 RELATED PARTIES (CONT.)

2020 Group Management	Share- holding [1]	Loan [3]	Salary [6]	Variable salary [7]	Pension premiums [8]	Other benefits [9]
Stefan Ranstrand (President & CEO) [2]	141,842		6,214,954	0	742,596	619,368
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	EUR 0	EUR 2,221	EUR 85,251
Harald Henriksen (EVP, Head of TOMRA Collection Solutions)	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	EUR 0	EUR 18,000
Helena Dreisig (Head of People & Organization)	0		EUR 288,158	EUR 30,000	EUR 12,182	EUR 11,521

2019 Board members	Share- holding [1]	Board fees [4]	Committee fees [4] [5]
Jan Svensson (Chairman and Compensation & Organizational Development Committee) [10]	7,000	678,100	51,200
Aniela Gabriela Gjøs (Board member and Audit Committee, until May 2019)	-	232,900	18,000
Pierre Couderc (Board member and Audit Committee)	910	482,550	51,200
Bodil Sonesson (Board member and Corporate Responsibility Committee)	550	482,550	51,200
Linda Bell (Board member and Compensation & Organizational Development Committee, until May 2019)	-	232,900	18,000
Hege Skryseth (Board member and Audit Committee, from May 2019)	483	249,650	18,000
Bjørn Matre (Board member and Compensation & Organizational Development Committee, from May 2019)	3,686	249,650	18,000
David Williamson (Employee elected and Corporate Responsibility Committee) [11]	1,570	231,000	-
Bente Traa (Employee elected) [11]	1,050	231,000	-
Jon Hindar (Nomination Committee, until May 2019)	-	-	36,000
Rune Selmar (Nomination Committee)	-	-	90,200
Hild Kinder (Nomination Committee)	-	-	53,200
Eric Douglas (Nomination Committee) [10]	-	-	23,200

2019 Group Management	Share- holding [1]	Loan [3]	Salary [6]	Variable salary [7]	Pension premiums [8]	Other benefits [9]
Stefan Ranstrand (President & CEO) [2]	137,952		5,784,620	1,161,000	531,794	946,227
Espen Gundersen (Deputy CEO & CFO)	61,220		2,876,143	593,043	964,132	941,237
Volker Rehrmann (EVP and CTO, Head of Business Area Sorting Solutions)	19,936		EUR 364,883	EUR 71,570	EUR 2,221	EUR 36,692
Harald Henriksen (EVP, Head of Business Area Collection Solutions)	60,233	1,400,000	2,588,528	1,104,715	848,487	946,050
Anneli Forsman (SVP, Head of Northern Europe Collection Solutions)	1,028		SEK 2,071,224	SEK 880,648	SEK 426,912	SEK 142,252
Heiner Bevers (SVP, Head of Americas Collection Solutions)	67,638		USD 511,198	USD 203,822		USD 104,345
Frank Höhler (SVP, Head of Central and Eastern Europe Collection Solutions)	9,551		EUR 262,656	EUR 48,943	EUR 5,253	EUR 16,330
Tom Eng (SVP, Head of TOMRA Sorting Solutions, Recycling)	12,648		1,676,796	770,725	792,271	701,172
Ashley Hunter (SVP, Head of TOMRA Sorting Solutions, Food)	32,210		EUR 326,628	EUR 43,601	EUR 11,200	EUR 16,362
Elisabet Sandnes (SVP, Head of Group Strategy)	1,990		1,143,741	540,788	121,658	51,046

Loans to employees as of 31 December amounted to NOK 1.4 million (2019: NOK 1.9 million) for the parent company and NOK 1.6 million (2019: NOK 2.2 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
Stefan Ranstrand could in 2020 earn a variable salary up to 50 percent of his fixed salary, based on the Group's performance. He also participated in the Long Term Incentive Plan (see below). The CEO is entitled to 12 months salary as severance pay, in the case of dismissal.

3) Loans to management
Loans in NOK as of 31 December 2020 and 2019. The loans are secured by mortgages in real estate.

4) Board fees
The Board receives 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 participates 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 31 December 2020.

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.

Extract from principles for remuneration of Group Management
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 2020, the actual performance for the fiscal year 2018, 2019 and 2020 was measured against the combined targets for the three years. The actual EPS is adjusted for ramp-up cost in new markets, which is reflected in the targets. The range where management could gain earnings was from 15.25 NOK (min) to 17.00 NOK (max). As the actual EPS (adjusted for ramp-up) for 2018, 2019 and 2020 combined was 16.68 NOK, management gained 87.19% of full earnings under the LTIP-plan in 2020.

NOTE 24 RELATED PARTIES (CONT.)

	Earned in 2020	To be invested in shares in 2021
Stefan Ranstrand (President & CEO)	4,708,260	1,177,065
Espen Gundersen (Deputy CEO & CFO)	2,638,520	659,630
Volker Rehrmann (EVP, Head of TOMRA Recycling/Mining & Circular Economy)	EUR 297,497	EUR 74,374
Harald Henriksen (EVP, Head of TOMRA Collection Solutions)	2,374,669	593,667
Michel Picandet (EVP; Head of TOMRA Food)	EUR 279,008	EUR 69,752
Helena Dreisig (Head of People & Organization)	EUR 184,948	EUR 46,237

The collective compensation for key management personnel was as follows (16 managers in 2020 and 23 in 2019):

Amounts in NOK million	**2020**	2019
Short-term employee benefits	51.2	65.4
Severance payments	0.0	0.0
Post-employment benefits	3.8	4.3
Total	**55.0**	**69.7**

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

	2020		2019	
Amounts in NOK million	**Parent**	**Group**	**Parent**	**Group**
Statutory audit	1.8	11.1	1.2	11.9
Other attestation services	0.0	0.0	0.0	0.6
Tax consulting	1.6	5.5	0.0	3.3
Other services	0.0	0.5	0.9	1.4
Total	**3.4**	**17.1**	**2.1**	**17.2**

At the Annual General Assembly in May 2020, PwC was elected as new auditor for the Tomra Group, replacing KPMG.
In 2020 Tomra paid KPMG 1.7 MNOK in audit fees, 3.4 MNOK in tax consulting and 0.4 MNOK for other services.
In 2020 Tomra paid PwC 5.7 MNOK in audit fees, 1.4 MNOK in tax consulting and 0.1 MNOK 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 1,490 million in 2020 (NOK 1,249 million in 2019) 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

Purchase of RVMs and spare parts from Tomra Production AS of NOK 423.7 million in 2020 (NOK 387.4 million in 2019).

Management fee of NOK 2.7 million in 2020 (NOK 10.6 million in 2019).

For intra Group loans, including interest income and expense; see disclosure note 4.

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

Amounts in NOK million	**2020**	2019
Loans to subsidiaries	1,114.1	1,025.2
Intra-group receivables	325.0	457.8
Loan from subsidiaries	(225.7)	(320.0)
Intra-group debt	(1,280.9)	(891.1)
Total	**(67.5)**	**271.9**

NOTE 25 CASH FLOW FROM FINANCIAL ACTIVITIES

Amounts in NOK million	Liabilities	Lease liabilities	Total
Liabilities 31 December 2018	**1,524.8**	**0.0**	
Repayment of long-term loans	(4,396.9)		(4,396.9)
Proceeds from issuance of long term debt	4,825.5		4,825.5
Net repayment of short-term loans	(51.4)		(51.4)
Installments on lease liabilities		(231.7)	(231.7)
Lease interest		(40.6)	(40.6)
Interest paid	(26.6)		(26.6)
Transactions with cash effect	**350.6**	**(272.3)**	**78.3**
Exchange rate fluctuations	(22.0)	8.3	
Change in accounting principles		1,054.7	
New lease contracts		291.6	
Lease contracts terminated		(21.2)	
Lease interest		40.6	
Interest paid	26.6		
Transactions without cash effect	**4.6**	**1,374.0**	
Liabilities 31 December 2019	**1,880.0**	**1,101.7**	
Total liabilities consist of:			
Interest-bearing liabilities	1,830.0		
Long-term lease liabilities		860.0	
Current Interest-bearing liabilities	50.0		
Short-term lease liabilities		241.7	
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
Installments on lease liabilities		(270.2)	(270.2)
Lease interest		(40.3)	(40.3)
Interest paid	(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 paid	30.1		
Transactions without cash effect	**(94.6)**	**312.4**	
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**	

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 2020 (Annual Report 2020).

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 2020.
- The separate financial statements are prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31 December 2020.
- 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 2020.
- 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 2019 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 2021

Jan Svensson Chairman	**Bodil Sonesson** Board member	**Pierre Couderc** Board member	**Bjørn Matre** Board member
Hege Skryseth Board member	**David Williamson** Employee elected	**Bente Traa** Employee elected	**Stefan Ranstrand** 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 2020, 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 2020, the income statement, statement of 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 are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, 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.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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.

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.

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Independent Auditor's Report - Tomra Systems ASA

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 3 034,3 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 cash flows and the different elements of the discount rate. Management's assessment concluded that no impairment was necessary for 2020. You can read more about management's assessment and the different assumptions managements used in note 7 to these financial statements.	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. 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.
Implementation of new segment reporting	
Historically, Tomra Group`s segment reporting has been divided into the two segments Collection Solutions and Sorting Solutions. During the fourth quarter of 2020, the Sorting Solutions Segment were	We assessed the basis for dividing one of the segments into two new segments. Our assessment was based on our understanding of how the internal reporting in Tomra Group is structured and whether this structure had changed in 2020. We found that management's

Independent Auditor's Report - Tomra Systems ASA

divided into two new segments: Recycling Mining and Food Solutions. The implementation of new segment reporting involved management forming a basis for their decision to report on new segments. It also involved the establishment of new segment reporting policies and methods for allocation of historical figures to each segment. We focused on managements changes to segment reporting because of the judgment involved in allocating historical reporting figures to each of the two new segments. Further information about how the reallocation was done can be found in note 1 to these financial statements.	decision is supported by the underlying facts in the business. We also assessed the Group`s new segment reporting policy against relevant accounting regulation. We found that the policy was reasonably aligned with accounting regulation.  We challenged management`s assessments related to the calculation and allocation of figures to the new segments. We did this by performing tests related to accuracy and completeness of reallocation of balance sheet figures and profit and loss line items. In addition, we performed reconciliations between reported figures and historically reported figures. Based on our testing, we were able to conclude that management's reallocation of costs into the two new segments was based on facts and reasonable judgement. We also assessed the information in the relevant notes against relevant accounting principles and found it appropriate.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company 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.

Independent Auditor's Report - Tomra Systems ASA

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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 Board of Directors 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.

Independent Auditor's Report - Tomra Systems ASA

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

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 22 February 2021

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.
- **Depreciations** is the allocated cost of tangible assets over its useful life + writedowns related to the same assets
- **Amortizations** 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 Solutions, that have 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 = 1,300.2 + 866.7 = 2,166.9
2) EBITA = 1,300.2 + 222.0 = 1,522.2
3) Net interest-bearing debt = 1,414.1 + 843.1 + 260.6 – 532.1 = 1,985.7
4) Return on equity = (798.2 – 23.1) / ((5,246.7 – 170.3 + 5,591.1 - 162.7) / 2) = 14.8%
5) Return on total assets before tax = (1,300.2 +13.7 – 12.2) / ((10,976.8 + 10,867.4)) / 2) = 11.9%
6) Gearing ratio = 1,985.7 / 2,166.9 = 0.92

**LEADING THE
RESOURCE REVOLUTION**

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