

Third Quarter 2023 Results Announcement

Continued margin improvement and solid revenue growth in Collection and Recycling

TOMRA, the global technology leader in sensor-based solutions for optimal resource productivity, announces its financial results for the third quarter of 2023. Gross margins improved in all three divisions while Collection and Recycling delivered solid revenues with 11% and 14% growth respectively, compared to the same quarter last year and adjusted for currency effects. Revenue in Food decreased 18% (currency adjusted) as the weak market sentiment in fresh food continued. Overall revenue in TOMRA grew 3% in the quarter and 11% year-to-date (adjusted for currency), representing the strongest revenue in the first nine months on record.

Highlights 3Q 2023

(all growth figures are from the third quarter last year and adjusted for currency)

- Revenues amounted to 3,515 MNOK, up 3%
- Revenue growth of 11% in Collection and 14% in Recycling, but -18% in Food
- Gross margin improved to 43.4%, corresponding to an increase of 2 percentage points
- Operating expenses of 1,092 MNOK, adjusted for 120 MNOK in one-off costs related to the cyberattack, in line with the level in the previous three quarters when adjusted for currency and inflation
- EBITA was 434 MNOK, adjusted for cyberattack costs
- Cash flow from operations was -280 MNOK because of delayed invoicing due to the cyberattack
- Recycling order intake decreased 12% while the backlog grew 13%

Tove Andersen, President and CEO of TOMRA Systems ASA comments:

"We have faced an unprecedented challenge this quarter with an extensive cyberattack hitting us two weeks into the quarter – disrupting our operations. I am proud that we, despite this challenge, have continued to deliver value to our customers while also delivering solid revenues and margins in both Collection and Recycling. In the Food division, we are accelerating our improvement agenda, where weak harvests and challenging macroeconomic conditions have led to a decline in sales. It has been remarkable to witness the commitment and vigilance displayed by our team this quarter."

"The activity level remains high in TOMRA. Romania, the state of Victoria, Hungary, and Ireland are rolling out deposit return schemes (DRS) in the coming months, and Poland recently passed a law to implement DRS in 2025. We have a strong order backlog in Recycling to deliver on, and our adjacent ventures are making progress on establishing two plastic feedstock plants and a deposit system for takeaway packaging in Aarhus Municipality in Denmark. The market sentiment in Food is currently weak, but we are using the downturn to refocus the Food organization and take advantage of unrealized synergies to increase profitability and customer satisfaction. The fundamental drivers for automated sorting and grading of food remain strong and we expected the market to grow 6-7% annually in the mid to long term."

"Looking ahead, we are optimistic about the long-term demand for increased circularity and better resource productivity, which is driven by megatrends such as population increase, a growing middle-class consumer base, greater urbanization, and hence the need for increased focus on sustainability and climate change. With the technology we provide, TOMRA is well-positioned to enable society meet the challenges that follow by transforming how we obtain, use and reuse our world's resources."

Webcast:

President & CEO Tove Andersen and CFO Eva Sagemo will present the results today at 08:00 CEST and EVP of TOMRA Food, Harald Henriksen, will give an update on the division's improvement program. The presentation will be sent via live webcast and will be available on demand shortly after the presentation. Questions to the speakers can be directed using the embedded Q&A-tool. Link to the webcast: https://channel.royalcast.com/hegnarmedia/#!/hegnarmedia/20231020_1

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TOMRA Systems ASA

For questions, please contact:

Eva Sagemo, CFO: +47 93 43 99 11

Daniel Sundahl, VP Head of IR: +47 913 61 899