TOMRA

Annual Report 2019

Putting ability into sustainability

Content

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Additional information about TOMRA's organization is available at **www.tomra.com.**
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KEY FIGURES

KEY FIGURES		2019	2018	2017	2016	2015
Operating revenues	NOK million	9,346	8,596	7,432	6,610	6,143
EBITA	NOK million	1,381	1,253	1,068	1,119	1,015
Operating profit (EBIT)	NOK million	1,177	1,078	916	988	891
Profit before taxes	NOK million	1,130	1,033	887	1,008	866
Net profit (profit for the period)	NOK million	858	779	658	738	648
Total assets	NOK million	10,867	9,595	8,437	7,115	7,317
Equity	NOK million	5,076	5,077	4,594	4,192	3,945
Return on equity	%	16,2	15,3	13,9	17,3	16,9
Return on total assets before tax	%	11,8	12,0	12,1	14,6	13,0
Earnings per share	NOK	5,57	5,01	4,14	4,76	4,11
Earnings per share fully diluted	NOK	5,57	5,01	4,14	4,76	4,11
Net cash flow from operating activities	NOK million	1,313	1,025	1,023	1,095	914
Number of employees as of 31 December		4,530	4,025	3,420	2,770	2,622
Female employees	%	21	20	19	18	16
Female managers (of all managers)	%	23	22	21	22	20
Number of reportable injuries		142	113	102	104	95
Carbon dioxide emissions	Metric tons	35,600	33,000	28,600	24,900	26,800

CEO
REVIEW

Putting ability into sustainability

Delivering solutions that support and drive sustainability has always been at the core of what TOMRA does, and it is highly motivating to see the increasing focus being placed on sustainability across the world today.

Stefan Ranstrand
President and CEO TOMRA Systems ASA

And it's never been clearer that stronger actions for sustainability need to be taken to tackle the increasing problems we're facing with climate change, environmental degradation, and resource scarcity. We must act decisively now to preserve our planet for future generations.

Our contribution
I am proud of the passion our employees show every day to deliver on our vision of leading the resource revolution as they help our customers and partners to increase business value and improve sustainability. And it is this energy and drive to make a difference shown by our employees that is really at the heart of our company culture, something which I feel is a distinct competitive advantage.

While there are companies that offer similar solutions to TOMRA for certain processes, what sets us apart is our holistic approach to resource productivity throughout the value chain – from material sourcing and processing to use, reuse and recovery. No other company is taking this type of holistic approach on a global scale.

The reliability and breadth of our platforms for solving these diverse tasks is also unique. We provide optimal solutions for a wide range of needs – from small footprint retail solutions to massive industrial installations – for hundreds of different materials. We are also leading the innovation curve when it comes to the use of artificial intelligence to increase sorting accuracy and adaptability, as well as digital platforms connected to our solutions that offer users greater convenience, value, and transparency.

We also provide a valuable consultative role in terms of sharing our extensive industry expertise with public officials to help them make informed decisions when shaping sustainability policies. And more recently, we have stepped up our commitment to cross-industry collaboration with the creation of our Circular Economy Division in 2019. This new division is focused specifically on the goal of empowering people and business to transform to a circular economy and close the loop for post-consumer waste.

The challenges in transitioning to sustainable systems at the scale necessary are massive, and we must be willing to look beyond approaches that worked in the past. Collaboration across sectors and industries is essential. We are therefore working diligently to help create an eco-system of partners that can deliver effective and efficient total solutions. An example of this is our work with the Alliance to End Plastic Waste, where we are playing an important role in creating viable systemic solutions for the future. Together this collaboration combines the efforts of one million employees and an investment of 1.5 billion USD over five years.

TOMRA has also made several other key sustainability commitments over the past year, including:

- At the **Our Oceans Conference 2019** held in Oslo, we announced our commitment to enable 40 percent of plastic packaging produced globally each year to be collected for recycling by 2030 (up from its current level of 14 percent).
- TOMRA signed the **Circular Plastics Alliance 2019 Declaration** by the European Commission – together with over 100 signatories – to use 10 million tons of recycled plastic in new products by 2025.
- Together with several hundred businesses as part of the Ellen MacArthur Foundation **New Plastics Economy Global Commitment**, TOMRA has committed to eliminating problematic plastic packaging, and increase the use of recycled plastic in packaging by more than five-fold by 2025, equivalent to keeping 25 million barrels of oil in the ground every year.

In summary, our commitments and solutions are making a substantial contribution to sustainability efforts worldwide within the Food and Recycling industries – helping to reduce energy use, greenhouse gasses and litter, and optimizing food production from farm to fork.

Market Conditions
The trade dispute between the US and China affected our order intake within the Sorting business during the first half of the year, but in the second half this turned around and we ended with a strong recovery in the fourth quarter.

The enactment of new recycling legislation continues to have a major impact on our business opportunities. The most influential action taken in 2019 was the passage of the EU Single-Use Plastics Directive. The most significant aspects of this legislation that can impact our business are the requirements that all beverage containers sold in the EU with a capacity of up to three liters shall:

- Have tethered caps by 2024
- Incorporate 25% recycled plastic by 2025 and 30% by 2030
- Be separately collected, with a 77% target by 2025 and a 90% target by 2029.

As the most effective way to achieve these targets is with deposit container schemes, and many EU countries are now actively pursuing the development of such programs. Using more recycled material in products can make a big impact in reducing energy use and greenhouse gasses. If we look at plastic alone, using recycled plastic as opposed to virgin plastic reduces energy consumption by 79-88% depending on the plastic type.*

Performance Highlights
We released a number of strong innovations to the market in 2019 and were thrilled to receive the 2019 European Business Award for Innovation for companies with turnover of more than 150 million euro.

We launched our new multi-feed reverse vending machine TOMRA R1 at the end of the year after a period of testing the product at certain locations in Norway and Sweden. With the R1, consumers can pour over 100 empty containers into the machine in one go. Test stores registered an increase of up to 60% in the number of consumer recycling sessions compared to the year before, and up to 218% more containers returned.

In our Sorting business area we have launched a number of innovative solutions, including new artificial intelligence capabilities and sensor technology which enables inspection of internal qualities of food. We have also increased our production capability at our R&D hub in China to better serve our customers globally.

Our revenues for the year amounted to NOK 9,346 million, representing a growth of nine percent compared to 2018. Our operating expenses equaled NOK 2,704 million in 2019, up from NOK 2,429 million in 2018 due to higher activity and investments in new markets. We improved margins in both business areas, and overall our gross margin increased from 43 percent in 2018 to 44 percent in 2019. The TOMRA share price also increased significantly in 2019, from NOK 194.80 to NOK 278.40.

In 2019 we strengthened our leadership with new positions within the areas of corporate strategy, sustainability, compliance, Group HR, and Food. In total we hired 1,180 new employees during the year, and we will continue to recruit new talent this year to fulfill our capacity to execute our strategy in line with our growth opportunities.

Our strategic focus
We are working on the components of our Group strategy that will support and solidify the strategic direction we have set which centers on two main pillars: Circular Economy and The Future of Food. We are also undertaking an extensive review of our brand position to ensure it is fully aligned with our strategic vision.

We will continue to cultivate our leading position in each of our business segments, increasing our engagement in thought-leadership activities and collaborative endeavors, and investing in growth opportunities. And we will increase our effort to improve our own internal sustainability footprint – we have achieved a lot but recognize much more can be done. To this end, we will initiate with next year's annual report a new sustainability reporting structure with the aim of making these efforts more transparent and in line with reporting standards.

We remain committed to United Nations Global Compact (as a member since 2009) and strive to support the UN's sustainable development goals (SDGs) to the best of our abilities. See more information about our SDG commitments on page 10. The 2019 Annual Report contains our tenth consecutive Communication on Progress to the UN Global Compact, reviewing the activities we are focused on as part of our Corporate Sustainability Program.

I am proud of the contribution TOMRA makes in putting ability into sustainability, and I look forward to the many opportunities we have ahead to increase this role and bring about greater positive impact for better business and a better world.

S. Ranstrand

*Association of Plastic Recyclers

BUSINESS
OVERVIEW

On December 4, 2019 TOMRA won the Award for Innovation for companies with a turnover of €150m or higher in the 2019 European Business Awards—a program widely recognized as Europe's largest and most significant cross-sector business competition. More information about the program can be found at businessawardseurope.com.

TOMRA COLLECTION SOLUTIONS

Reverse Vending
Automated systems for handling the return of empty beverage containers for reuse or recycling.

Material Recovery
In North America TOMRA provides logistics management and processing of the materials collected through its reverse vending systems.

TOMRA SORTING SOLUTIONS

Food
TOMRA's food sorting and peeling solutions are utilized to boost food processing capacity, quality, safety, yield and profit.

Recycling
Our Recycling business stream provides sensor-based solutions for effective recovery and sorting of valuable secondary resources within the waste and metal recycling industries.

Mining
TOMRA's sensor-based technology is being used by the mining industry to achieve more efficient recovery of minerals and ores, helping to extend the life of mining operations and increase the overall value of the deposit.

LEADING THE RESOURCE REVOLUTION

For TOMRA leading the resource revolution is about creating partnerships for transforming how we obtain, use and reuse resources for sustainable economic growth and improved quality of life for all.

More than 40 billion used beverage containers are captured by our reverse vending machines every year.

The avoided greenhouse gas emissions equal the annual emissions almost 3 million cars - each driving 10,000 kilometers.

Our metal recycling solutions recover 715,000 tons of metal every year.

That's the equivalent of 4,035 Boeing 747 airplanes.

The mining industry consumes 2%-3% of the world's energy. Our sensor-based sorters can reduce that consumption by 15%.

A 15% reduction in the mining industry's energy use is equivalent to turning off 52.8 billion CFL lightbulbs.

Our food sorting solutions inspect millions of individual produce pieces per hour, helping to divert 5-10% of this material from going to waste.

That's approximately 25,000 trucks per year in potatoes alone.

TOMRA GROUP MANAGEMENT

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: 137,952

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: 61,220

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: 60,233

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: 19,936

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

HEINER BEVERS (B. 1960)
Senior VP and Head of North America Collection Solutions

MBA, Westfälische Wilhelms-Universität, Münster

Career history: 2001: Joined TOMRA as General Manager, Tomra Systems GmbH (Tomra Germany), 1999-2001: General Manager, Consumer Division Werner & Mertz Group, 1986-1999: Marketing & Sales, Procter & Gamble

Number of TOMRA shares held: 67,638

ANNELI FORSMAN (B. 1977)
Senior Vice President, Northern Europe Collection Solutions

Master of Science in International Business and Economics, Stockholm School of Economics. ESADE Business School, Spain.

Career history: 2017: Joined TOMRA as General Manager and SVP Northern Europe; 2016-2017: Senior Director Head of Customer Experience Design, Telia Company; 2003-2016:
Procter & Gamble; various leadership positions across global, EMEA and Nordic organizations (Logistics & Supply Chain, Strategy, Innovation, Marketing, Commercial, Customer Experience, Transformation).

Number of TOMRA shares held: 1,028

ASHLEY HUNTER (B. 1959)
Senior VP and Head of Bulk Sorting TOMRA Food

B.Sc. Engineering, Trinity College, Dublin

Career History: 2013: Senior VP and Head of TOMRA Sorting Solutions, Food; 2010: Became Head of TOMRA Food – Americas & Oceania following TOMRA's acquisition of Odenberg; 1997-2010: President, Odenberg Inc.; 1994-97: Engineering Manager – US, Odenberg Inc.; 1987-94: Technical Director, Lister Machine Tools Ltd.; 1983-87: Industrial Engineering Manager, Hyster Automated Handling

Number of TOMRA shares held: 32,210

TOM ENG (B. 1965)
Senior VP and Head of TOMRA Sorting Solutions Recycling

Master of Arts in European Business, Fribourg, Switzerland

Career history: 2012: Head of TOMRA Sorting Solutions Recycling; 1998 - 2012: Marketing Manager, Sales and Marketing Manager, Sales Director Titech AS; 1995-1998: Product and Export Manager, Noral As, Norway; 1993-1995: Marketing Manager, Noral SA, France; 1991-1992: Marketing Assistant, Cub Cadet, USA; 1983-1984: Trainee, First Wisconsin National Bank of Milwaukee, USA

Number of TOMRA shares held: 12,648

ELISABET SANDNES (B. 1980)
Senior Vice President, Head of Group Strategy

BSc in Finance, Norwegian School of Management (BI), MBA in Strategic Leadership, Norwegian School of Economics (NHH).

Career history: 2018: SVP Head of Group Strategy; 2011-2018: Head of Investor Relations, TOMRA Group; Prior: Investment banking for Alfred Berg/ABN AMRO (later RBS) in several locations, focusing on M&A transactions within the power/utilities and renewables sector.

Number of TOMRA shares held: 1,990

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

CORPORATE SUSTAINABILITY REPORT

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 die-backs, desertification, and many other ecological impacts.

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

TOMRA's vision and its activities fit well within the framework of the UN Sustainable Development Goals (SDGs). TOMRA is a solutions provider towards several of the global goals, and it is well placed in the move towards a circular economy with increasing global focus on sustainable resource use and turning waste into value.

Sustainability has been at the heart of TOMRA's business model for four 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, TOMRA has continuously redefined what it means to be resourceful, driven in equal parts by business opportunity and the positive environmental impacts of its products in use.

TOMRA has experienced significant growth in recent years, and with that growth a corresponding increase in the company's net positive environmental impact. However, growth in operations and market expansion also means broader risk exposure, both related to TOMRA's direct environmental footprint and its supply chain.

In recognition of that, TOMRA has in 2019 taken steps to further strengthen capabilities and capacity to safeguard sustainability in every aspect of the business with the establishment of a Group level sustainability function. TOMRA considers sustainability to be an integrated part of strategy and is therefore organized with a direct reporting line between the Sustainability Director and Head of Group Strategy – in order to embed sustainability in all strategy and business development, including planning for future growth.

Activities have been initiated in 2019 to update TOMRA's sustainability strategy, including corporate goals and ambition. It has also been decided to evaluate the GRI Standards for future sustainability reporting, to further enhance communication and transparency about the company's impact on material sustainability issues.

TOMRA has a clear vision for building a circular economy to help the industry transition towards circular business models and set clear ambitious targets to increase global recycling rates. The newly formed TOMRA Circular Economy division 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.

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 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, TOMRA aims to consistently support doing business responsibly and implement the principles of the UN Global Compact. The following pages form part of TOMRA's annual Communication on Progress.

THE GLOBAL COMPACT
WE SUPPORT
This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact.**
We welcome feedback on its contents.

References:
(1) Circular Economy overview – Ellen MacArthur Foundation

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:

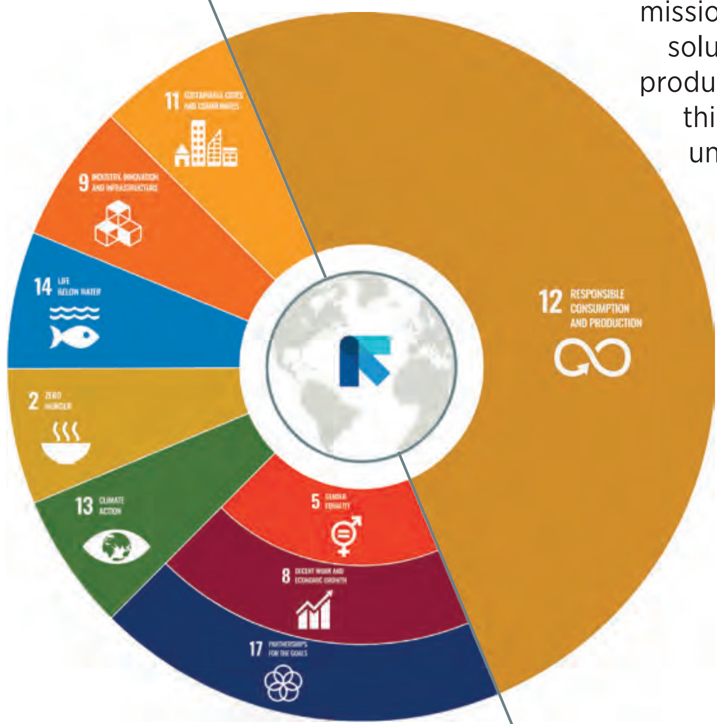
SDG 11:
Sorting solutions for sustainable waste management.

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."

ENVIRONMENTAL REVIEW

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 Reverse Vending ensures efficient collection of beverage containers for high-grade recycling and reuse
- TCS Material Handling processes empty beverage containers for recycling
- TSS Food sorts and processes fresh and processed food, increasing quality, yield, safety and efficiency
- TSS Recycling enables valuable materials to be recovered and reused from waste and metal material streams
- TSS Mining helps extend the life of mining operations by separating valuable mineral ores from waste rock while reducing water & energy consumption compared to traditional mining operations

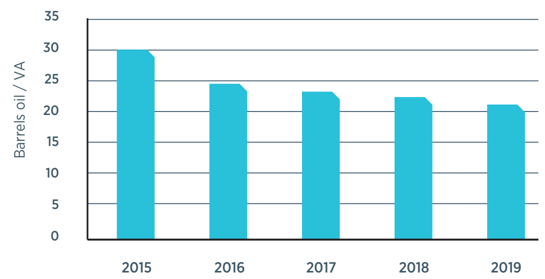
Today only 14 percent of the global plastic packaging is collected for recycling, and only 2 percent is collected in a closed loop, i.e. reused for the same or similar products[1]. TOMRA has set the ambition, by 2030, to have increased global recycling collection to 40 percent and increased plastics in the closed loop system to 30 percent.

However, TOMRA's technology alone is not enough to meet these ambitious targets, 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 (AEPW). In 2019 TOMRA became part of the AEPW executive committee, a CEO-led coalition of companies who have pledged $1.5 billion over the next 5 years to be invested in infrastructure, innovation, education and clean-up, all with a view to ending plastic waste in the environment.

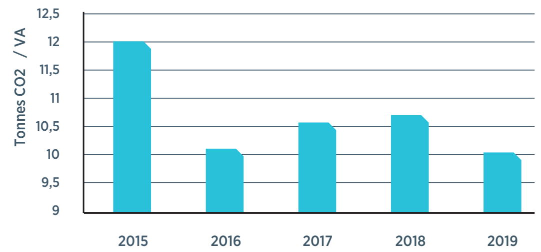
Climate change is among the most important megatrends affecting business across all sectors today. The urgent need for transition towards a resource-efficient, low-carbon economy opens new business opportunities for TOMRA, as a solutions provider in this space. To illustrate the positive climate impact that TOMRA contributes to, TOMRA reports the avoided carbon emissions from its products in use by customers. In 2019 this was close to 17 million tonnes of CO2 equivalents. Note that the value for 2018 has been adjusted down from last year's Annual Report, due to the discovery of an erroneous emission factor in the calculation. Notwithstanding, the avoided carbon emissions enabled by TOMRA technologies are still substantial, equal to almost one third of Norway's greenhouse gas emissions in 2018[2]

TOMRA reports environmental data from its head office in Norway and all majority-owned subsidiaries. TOMRA's environmental performance shows a slight increase in direct greenhouse gas emissions, largely driven by higher activity in the Asia and Pacific region; and an increase in indirect emissions from product use-phase, which 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 6 percent reduction from 2018, meaning more value is created with less negative impact.

Energy Consumption per unit of value added



Greenhouse Gas Emissions from Operations per unit of value added



References:
(1) Rethinking the Future of Plastics – Ellen MacArthur Foundation
(2) Statistics Norway (SSB)

ENVIRONMENTAL REVIEW

1. CLIMATE CHANGE ACCOUNT

CARBON DIOXIDE EMISSIONS FROM OPERATIONS

TONNES CARBON DIOXIDE		2019	2018
Emission from stationary sources	**(Scope 1)**	**2 200**	**1 900**
Heating oil		0	100
Natural gas		2 000	1 600
Propane		200	200
Emission from purchased grid electricity	**(Scope 2)**	**8 000**	**7700**
Norway		0	0
Other Europe		1 000	1 100
North America		4 600	5 100
Rest of World		2 400	1 500
Certified low-carbon or renewable			
Emission from transportation		**25 400**	**23 400**
Petrol vehicles	(Scope 1)	3 100	3 400
Diesel vehicles	(Scope 1)	12 900	11 800
LPG vehicles	(Scope 1)	0	0
Employee-owned vehicles	(Scope 3)	300	300
Air travel	(Scope 3)	9 100	7 900
Total direct emissions (tonnes CO2)		**35 600**	**33 000**
Emission from products during use-phase	(Scope 3)	**79 500**	**71 900**
RVMs owned and operated by TOMRA and customers		70 800	63 600
Scanners owned by customers		8 700	8 300
Total direct and indirect emissions		**115 000**	**105 000**

AVOIDED CARBON DIOXIDE EMISSIONS THROUGH PRODUCT USE

TONNES CARBON DIOXIDE	2019	2018
Beverage container collection through RVMs (1)	**3 460 000**	**2 939 000**
Plastic bottles	1 212 000	803 000
Glass bottles	304 000	548 000
Aluminium cans	1 906 000	1 552 000
Steel cans	38 000	36 000
Packaging material transport and handling (2)	**953 300**	**802 400**
Glass bottles	80 000	50 000
Aluminium cans	760 000	640 000
Plastic bottles, PET	110 000	110 000
Plastic bottles, HDPE	500	400
Cardboard and fiber	2 800	2 000
Material sorted for recycling from mixed sources (3)	**12 594 701**	**12 325 966**
Glass	110 000	110 000
Aluminium	5 050 000	4 950 000
PET	3 060 000	3 000 000
HDPE	530 000	520 000
Fiber	310 000	300 000
Non-ferrous metal	1 374 701	1 305 966
Other	2 160 000	2 140 000
Total emission avoidance	**17 010 000**	**16 070 000**
Net carbon dioxide emission/(avoidance)	**(16 900 000)**	**(16 000 000)**

2. ENERGY CONSUMPTION

ENERGY USED IN MANUFACTURING, SALES, SERVICE AND OPERATIONAL PROCESSES

BARRELS OIL EQUIVALENT		2019	2018
Energy consumption, stationary sources	(Scope 1)	**7 100**	**5 800**
Heating oil		100	100
Natural gas		6 500	5 200
Propane		500	500
Energy consumption, purchased grid electricity	(Scope 2)	**14 500**	**14 300**
Norway		2 300	2 300
Europe EU25		2 000	2 100
North America		7 800	8 200
Rest of World		2 400	1 700
Energy consumption, transportation		**53 900**	**49 800**
Petrol vehicles	(Scope 1)	7 700	8 300
Diesel vehicles	(Scope 1)	30 100	27 600
LPG vehicles	(Scope 1)	0	0
Employee-owned vehicles	(Scope 3)	600	500
Air travel	(Scope 3)	15 500	13 400
Total direct energy consumption		**75 500**	**69 900**
Energy consumption, products during use-phase	(Scope 3)	**95 200**	**86 100**
RVMs owned and operated by TOMRA and customers		84 800	76 100
Scanners owned by customers		10 400	10 000
Total direct and indirect energy consumption		**170 700**	**156 000**

3. WASTE GENERATION

WASTE FROM MANUFACTURING, SALES, SERVICE AND OPERATIONS

TONNES WASTE	2019	2018
Waste generation (4)	**4 265**	**4 130**
Paper	10	90
Cardboard	350	350
Plastics	765	750
Wood	150	130
Electric and electronic waste	70	75
Metal scrap	400	360
Hazardous waste	30	25
Unsorted	2 400	2 350

4. WATER CONSUMPTION

WATER USED BY MANUFACTURING, SALES, SERVICE AND OPERATIONS

CUBIC METRES WATER	2019	2018
Water consumed (5)	**22 200**	**20 100**
Norway	2 700	3 100
Europe EU25	10 700	10 500
North America	4 600	4 500
Rest of World	4 200	4 000

Scope 1: All direct GHG emissions
Scope 2: Indirect GHG emissions from purchased electricity, heat or steam
Scope 3: Other indirect emissions from purchased goods or services

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).

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 the TOMRA Group. 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 over 84.000 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 collecting and recycling the beverage containers into new material, versus landfill, is included in the calculation.

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 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. Note that the value for 2018 has been adjusted down from TOMRA's Annual Report 2018, due to the discovery of an erroneous emission factor for non-ferrous metal in the calculation.

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

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

SOCIAL
AND ETHICAL
REVIEW

RESPONSIBLE BUSINESS

TOMRA is committed to doing business ethically and to comply with all applicable laws and regulations. TOMRA has taken measures in 2019 to further strengthen the management of compliance matters, with the appointment of a dedicated Group Compliance Officer. One of TOMRA's initiatives in the Compliance area in 2019 was re-launching the Code of Conduct - now available in nine different languages. The Code of Conduct has been updated and communicated to all employees, including face-to-face training for the main Group entities. Additional entities will be covered in 2020. Another initiative taken by TOMRA was to conduct the appropriate integrity due diligence for all main business partners, according to the new internal procedure established. In addition, TOMRA has implemented the mandatory Compliance E-Learning training for all employees and embedding Compliance topics in the "heart and mind" of all contributors within TOMRA Group through regular email/intranet communication campaign. Compliance policies were updated and published on the company intranet. Local versions of selected policies are also available.

As highlighted in our new Code of Conduct, we firmly believe that organizational diversity is making us stronger. In the same way, TOMRA respects internationally recognized human rights principles and does not accept any form of discrimination, harassment or retaliation.

TOMRA has zero-tolerance for corruption. At TOMRA, we build relationships based on trust, and we are determined to maintain and enhance our reputation. We will not accept any breaches of the Code of Conduct or the law. Violations of the Code of Conduct and the relevant internal policies will be investigated and can result in disciplinary action, up to and including dismissal.

Awareness of and compliance with TOMRA's policies is monitored as part of internal audit and the non-financial reporting process. This is part of ensuring that the TOMRA team always acts responsibly and promotes TOMRA's core values.

TOMRA promotes openness and transparency in all our activities and 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.

TOMRA PEOPLE

TOMRA aims to be an employer of choice and promotes equal employment opportunity. In the latest employee survey, almost 80% of employees reported that they were satisfied overall with working at TOMRA, a slight increase from the previous one.

The safety of all workers is of utmost importance to TOMRA. 2019 saw an increase in reportable injuries, partly due to higher activity level. In parallel, it is with great sadness TOMRA informs that the reportable injuries in 2019 include an accident on November 15, that resulted in the fatality of an employee of a subcontract transportation service provider at the Western New York Beverage Industry Collection and Sorting Limited Partnership's ("BICS") facility in Lancaster, New York. TOMRA of North America, Inc. ("TOMRA") is the sole general partner of BICS. Two separate investigative reports have failed to identify the cause of the accident and the investigation is currently ongoing.

As part of preparing for growth and future opportunities, TOMRA is increasing its collaborators in key functions and locations. Linked to this, TOMRA has expanded its training and leadership programs to ensure that its people are engaged and prepared for the challenges ahead. Related initiatives in 2019 include the implementation of TOMRA Learn – a group-wide platform for online training, and the roll-out of TOMRA People – a harmonized human resource management system across the organization. In TOMRA Collection Solutions a new People Strategy was launched in 2019, and across all business areas TOMRA has continued its focus on "hire for potential not position."

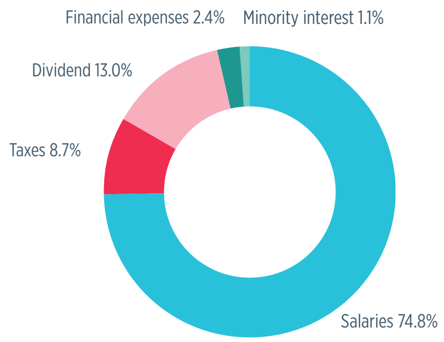
TOMRA facilitates equal opportunity for professional and personal development for all employees and does not discriminate on the basis of race, colour, religion, gender, natural origin, age, disability, sexual orientation or veteran status. TOMRA seeks to prevent all forms of harassment, sexual harassment and gender-based violence. 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.

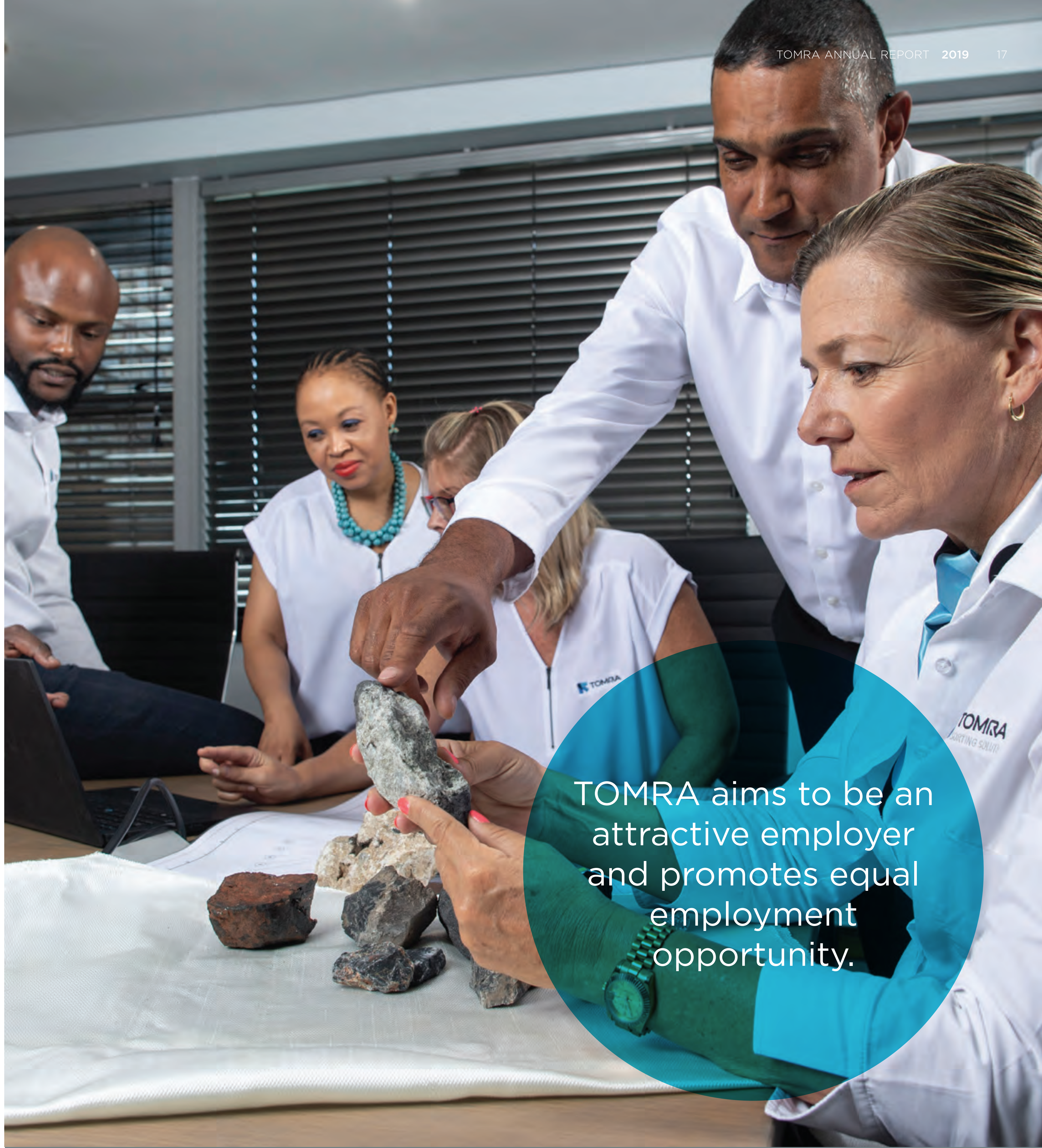
The gender balance among employees is currently 21% female and 79% male, with variations throughout the organization. In countries such as China, Norway and the Nordic region, the female percentage is around 30%. TOMRA is constantly working to further improve the gender balance and promote equal opportunity. In 2020 TOMRA will initiate activities to specifically investigate the risk of discrimination or other barriers to equality, including in pay conditions by reference to gender and the use of involuntary part-time work.

ECONOMIC IMPACT

TOMRA reports the value distributed to different stakeholder groups as a means of measuring the impact of its activities. These stakeholders include employees, shareholders and society in general. In 2019, TOMRA created added value of over 3,500 MNOK, an increase of 15% compared to 2018. This was distributed to stakeholders as shown in the chart below.

VALUE DISTRIBUTED 2019





IMPACT ON PEOPLE WITHIN TOMRA GROUP

		2019	2018	2017
Number of employees	(#)	4,530	4,025	3,420
Female employees	(%)	21	20	19
Female managers	(%)	23	22	21
Reportable injuries	(#)	142	113	102
- per 100 FTE	(#)	3.2	3.0	3.1

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 2019, Group equity totaled NOK 5,247 million, up NOK 10 million from last year. The equity percent was 48 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 2018, an ordinary dividend of NOK 2.50 and an extraordinary dividend of NOK 2.00 was paid out per share. For 2019, the Board has proposed a dividend of NOK 2.75 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 2019 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 2019.

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 2019 AGM was held on 6th of May.

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

NOMINATION COMMITTEE
The Nomination Committee consists of three members elected for one year at a time by the General Meeting, as required by the Articles of Association. The charter for the Nomination Committee was last approved by the General Meeting in April 2011. The membership of the committee and details of how to submit proposals for new board members are available on 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 2019, seven board meetings were held, of which one was by phone, and the attendance at the meetings was 98 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 Sustainability Committee have been established to assist the Board of Directors in fulfilling its responsibilities. The Audit Committee held four meetings during 2019, and the Corporate Sustainability Committee and the Compensation and Organizational Development Committee both met twice during the year.

RISK MANAGEMENT AND INTERNAL CONTROL
Internal Control Environment and Risk Management Systems
The Board is ultimately responsible for TOMRA's systems of internal control and for reviewing their effectiveness. Responsibility for individual areas of control has been allocated through the CEO down to the respective member of 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 audit team 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 2019 and the period leading up to the presentation of the 2019 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 member are required to purchase TOMRA shares equal to 20% of their annual gross board fee. Note 15 of the Financial Statements discloses all remuneration to board members and senior executives.

PRINCIPLES FOR REMUNERATION OF SENIOR EXECUTIVES 2018-2019
The term "senior executives" applies to the CEO and other members 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% 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.

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. The goals are operational and related to financial targets, such as improvement in profit, return on capital employed and market related performance objectives.

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 an LTIP-plan, where management is incentivized based upon 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.

Management gain in 2019 42.8% of max earnings under this plan. The calculation of the 2019 performance is included in disclosure note 15. The calculation of the 2020 performance will be included in the 2020 annual report.

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. No special pension plans have been established for senior executives.

The notification period for senior executives shall be three to six months, with the exception of members employed in the US, where fixed length contracts may be utilized.

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. A detailed account of the remuneration of each senior executive is available in note 15 in the financial statements.

The principles and guidelines for management remuneration for 2020 have not changed materially from those approved in 2019, which were presented to the general assembly in April 2019. The policies concerning remuneration of senior executives and the setting of salaries have been in line with the established guidelines throughout 2019.

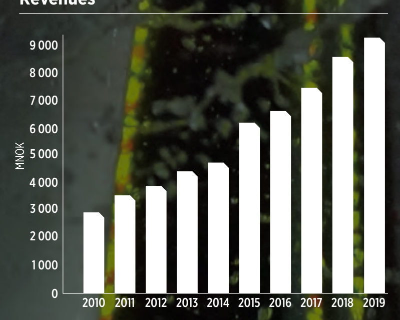
INFORMATION AND COMMUNICATION
TOMRA provides investors with financial and other information in the quarterly reports and other presentations. This information is freely available to interested parties in the "Investor Relations" section of the TOMRA website along with the financial calendar for 2020.

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

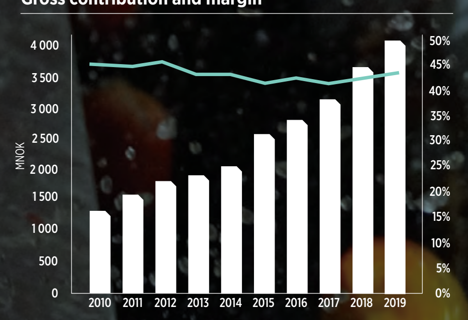
AUDITOR
The independent auditor is elected by the general meeting and is responsible for auditing the Group accounts. The independent auditor attends the meetings of the Audit Committee and presents a plan for each year's audit. The independent auditor also meets with the Board of Directors at least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

Revenues in 2019 of NOK 9,346 million represent a growth of 9 percent compared to 2018.

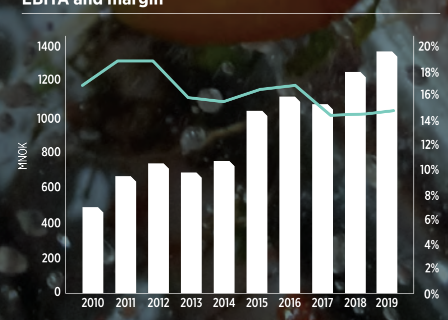
Revenues



Gross contribution and margin



EBITA and margin



2019 SUMMARY AND HIGHLIGHTS

Revenues in 2019 of NOK 9,346 million represent a growth of 9 percent compared to 2018. Adjusted for currency and acquisitions, revenues were:

- Up 5 percent for TOMRA Group
- Up 5 percent in TOMRA Collection Solutions
- Up 5 percent in TOMRA Sorting Solutions

Gross margin was 44 percent, up from 43 percent in 2018

- Improved margins in both business areas

Operating expenses were NOK 2,704 million for the year, up from NOK 2,429 million in 2018

- Higher activity in both business areas

EBITA of NOK 1,381 million, up 10 percent from 2018

EPS up from NOK 5.01 in 2018 to NOK 5.57 in 2019, an increase of 11 percent

Cash flow from operations of NOK 1,313 million in 2019, up from NOK 1,025 million in 2018, positively influenced by NOK 272 million from IFRS 16.

TOMRA Collection Solutions

- TOMRA maintained a strong position in all traditional markets
- Good volume development in Australia
- Preparations for new deposit markets ongoing

TOMRA Sorting Solutions

- Order intake increased from NOK 4,583 million in 2018 to NOK 4,771 million in 2019
- Order backlog increased during the year from NOK 1,399 million to NOK 1,458 million
- Positive momentum in Recycling
- Improved momentum in Food, with regional differences

Share price increased from NOK 194.80 to NOK 278.40 during 2019

- Adjusted for dividend, the TOMRA stock provided a shareholder return of 45 percent in 2019, following a return of 50 percent in 2018 and 48% in 2017.
- 81 million shares traded at Oslo Stock Exchange in 2019, up from 57 million in 2018

The Group ended 2019 with a strong balance sheet and a solid foundation for further growth

- 47% equity
- 1.3x Net Interest-Bearing Debt / EBITDA (0.8x excluding IFRS 16)
- The Board has proposed an ordinary dividend of NOK 2.75 for 2019. The ordinary dividend for 2018 was NOK 2.50 in addition to an extraordinary dividend of NOK 2.00

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 incl. CEO (1986-2003).

Number of TOMRA shares: 7,000

Other board memberships: Publicly listed: Fagerhult AB (Chairman), Troax AB (Chairman), Assa Abloy AB (member), Loomis AB (member), Alimak Group (Chairman), Climeon AB (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: 550

Other board memberships: The Swedish Chamber of Commerce in Paris

PIERRE COUDERC (B. 1959)
CEO and Chairman Executive Committee, Groupe Euralis

Board member since 2014.

Engineering degree, Ecole Nationale Superieure des Mines de Paris

Previous experience: 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: 910

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

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

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. (1989-2018) various leadership roles in the Nordic financial services industry, prior to working for BCG.

Number of TOMRA shares: 3,686.

Other board memberships: none.

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: 483.

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

DAVID WILLIAMSON (B. 1959)
Production support assistant - 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: 1,570.

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: 1,050.

Other board memberships: None.

BOARD COMMITEES

Compensation and Organizational Development:
Jan Svensson, Bjørn Matre

Audit:
Pierre Couderc, Hege Skryseth

Corporate Sustainability:
Bodil Sonesson, David Williamson

DIRECTORS' REPORT 2019

FINANCIAL PERFORMANCE

Revenues amounted to NOK 9,346 million in 2019, an increase of 9 percent compared to 2018. Adjusted for currency effects and acquisitions, revenues were up 5 percent for TOMRA Group; up 5 percent in TOMRA Collection Solutions and up 5 percent in TOMRA Sorting Solutions.

Gross margin improved from 43 percent in 2018 to 44 percent in 2019, with improved margins in both business areas.

Operating expenses were NOK 2,704 million, up from NOK 2,429 million in 2018, due to ramp-up cost, and preparations for new markets.

EBITA was NOK 1,381 million in 2019, up 10 percent from 2018, positively influenced by NOK 31 million from IFRS 16.

Net financial items were negative NOK 49 million in 2019, compared to negative NOK 34 million in 2018, negatively influenced by NOK 41 million, from IFRS 16, partly offset by currency gains of NOK 14 million.

Taxes increased from NOK 254 million in 2018 to NOK 272 million in 2019, a result of higher earnings. The Group's average tax rate decreased by 0.5 percentage points to 24.1 percent.

EPS was NOK 5.57 in 2019, up from NOK 5.01 in 2018, representing an increase of 11 percent.

Cash flow from operations totaled NOK 1,313 million in 2019, compared to NOK 1,025 million in 2018, positively influenced by NOK 272 million from IFRS 16. Cash flow from investments was negative NOK 595 million compared to negative NOK 1,077 million last year, which was influenced by investments in TOMRA Collection Australia and the acquisition of BBC. Cash flow from financing was negative NOK 655 million, including dividend payments of NOK 665 million.

Total assets as of 31 December 2019 were NOK 10,867 million, compared to NOK 9,595 million as of 31 December 2018. The increase is mainly explained by the implementation of IFRS 16.

The equity ratio decreased from 55% to 48% during 2019, mainly explained by the implementation of IFRS 16.

Net Interest-Bearing Debt / EBITDA (rolling 12 months' basis) was 1.3x at the end of 2019. Without IFRS 16, gearing increased from 0.7x to 0.8x during 2019.

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, capital expenditure 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 an ordinary dividend of NOK 2.75. The ordinary dividend for 2018 was NOK 2.50 in addition to an extraordinary dividend of NOK 2.00.

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, combined with a sourcing model that includes high focus on low cost countries such as China and Eastern Europe. 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 2019 was stable compared to 2018.

Tomra Systems ASA reported revenues of NOK 1,278 million in 2019 compared to NOK 1,352 million in 2018.

Operating profit in Tomra Systems ASA decreased from NOK 241 million in 2018 to NOK 70 million in 2019, mainly due to higher activity within TOMRA Group.

Net financial items amounted to positive NOK 418 million in 2019, up from positive NOK 210 million last year – explained by increased dividend from subsidiaries (up from NOK 240 million to NOK 380 million) and currency gains (up from negative NOK 38 million to positive NOK 32 million).

Profit after taxes was NOK 464 million in 2019, compared to NOK 401 million in 2018.

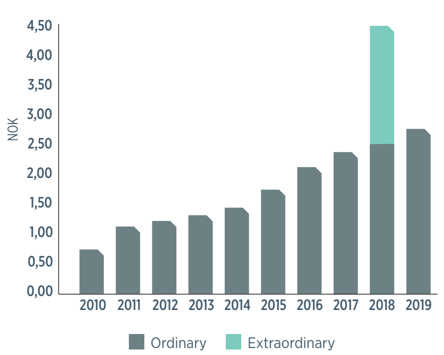
The Board of Directors recommends an ordinary dividend of NOK 2.75. The ordinary dividend for 2018 was NOK 2.50 in addition to an extraordinary dividend of NOK 2.00.

Allocation of 2019 profit

The 2019 net profit should be allocated as follows:

Dividend:	NOK	405.7 million
To retained earnings:	NOK	58.5 million
Profit after tax:	**NOK**	**464.2 million**

Dividend



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: Uniquely positioned in the transition towards a low carbon economy

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 Solutions is mainly implementation of beverage container deposit systems in new markets, either through legislatively or voluntary enforced arrangements.

Despite all the documented advantages of a deposit system, only a limited number of markets have implemented deposit schemes. The recognition that political processes were 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 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.

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. Today, TOMRA continues to innovate and provide cutting-edge solutions for optimal resource productivity within two main business areas: Collection Solutions (reverse vending and material recovery) and Sorting Solutions (food, recycling, and mining).

In 2019, TOMRA operated within two business areas and five business streams:

TOMRA Collection Solutions (TCS):

- 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 Sorting Solutions (TSS):

- Food (sorting and processing technology for the fresh and processed food industries)

- Recycling (sorting systems for waste and metal material streams)

- Mining (ore sorting systems for the mining industry)

The revenue contribution from TSS has continued to increase from 5 percent in 2004 on the back of the focused strategy of expanding TOMRA's sorting technology and competence and the TSS business area now accounts for 50 percent of the Group's operating revenue.

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.

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: Providing sensor-based solutions for optimal resource productivity. It has been a transformative journey over the last decade to bring TOMRA to where it is today and position the company to deliver sustainable solutions to deal with the challenges that the global population faces. 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. 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. Resource efficiency and the circular economy are not buzzwords – they are tangible business opportunities and the market is being shaped rapidly as we speak. The shift we need to collectively embark on as a global population will require innovation and strategic partnerships beyond what we have seen before. With the limited resources we have available, this is the only way forward and TOMRA is uniquely positioned as the need for sustainable solutions grow.

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 2019 revenues within this business area amounted to NOK 4,633 million, up from NOK 4,265 million in 2018. Adjusted for currency changes, revenues increased by 5 percent, with stable activity in all geographies except Australia, which had continued growth.

Compared to last year, gross contribution was slightly up from 41 to 42 percent. EBITA increased from NOK 726 million to NOK 808 million, positively influenced by higher revenues, partly offset by cost related to preparation for new markets.

TOMRA's customers within this segment are primarily in the food retail industry in Europe and USA. 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 and Queensland invite 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.

The development in the other European markets was stable in 2019 where TOMRA has maintained its market share.

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 throughput 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). The processing volume was slightly up in 2019.

Throughput volumes in Reverse Vending had a positive development in 2019 due to the volume builder project that was initiated last year. TOMRA is also capturing a higher share of conventional volumes by leveraging the recently developed depot solution. Revenues from the Redemption Center business segment increased in 2019, benefitting from full year effect of the recently opened new centers during 2018.

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 over 300 Collection Points across the state.

The contract awarded has a duration of 5 years with an option to extend for another 4 years. In the joint venture, Cleanaway provides logistics, sorting of collected material and acts as broker for the related commodities. TOMRA provides technology, software and financing for the investment for installations. TOMRA is paid a fee per beverage container collected through the machine park network. The complete infrastructure was in place during third quarter 2018. In 2019, volume has been steadily increasing, generating higher recurring revenues and improved margins. Close to three billion beverage containers has been collected under the NSW container deposit scheme since its inception.

Queensland
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 5 years.

New markets

The existence 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.

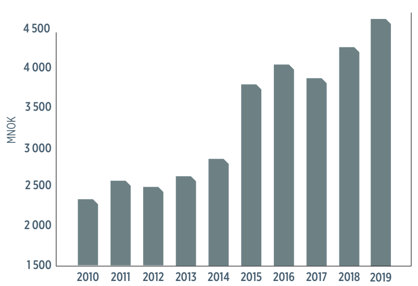
Increased marine littering has been a concern that is currently driving several initiatives, like the EU Single use plastic directive, which establishes a recycling target of 77% on beverage containers made of plastic by 2025, increasing to 90% in 2029. As a response to the increased recycling targets, 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, Scotland is finalizing its deposit legislation with intended startup date in 2021, while England has also conducted a public consultation on deposit. Following the deposit introduction in New South Wales and Queensland, Western Australia's deposit scheme is also set to commence in 2020. TOMRA is assessing the commercial opportunities in these markets along with the development of the regulatory frameworks.

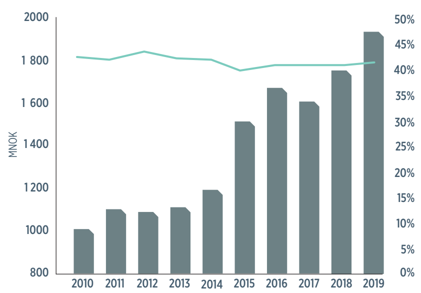
Technology

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 an up to five times faster recycling experience. It is fully compatible with TOMRA's existing flagship single-feed and backroom solutions, aiding maximum uptime, efficient operations and consumer engagement.

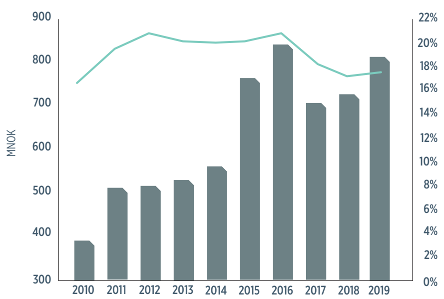
TCS
Revenues



TCS
Gross contribution and margin



TCS
EBITA and margin



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 2019, TOMRA launched the Digital Starter Pack to kick-start the digitalization journey for all existing and new retail customers, offering a bundle of digital products including the "myTOMRA" app (making it easier for consumers to plan their recycling trips and redeem deposit refund), "Notify+Assist" (digital platform providing real-time insight into in-store reverse vending activities) and "Analytics" (aggregates data, visualizing relevant information on the performance and usage of the RVMs).

TOMRA Sorting Solutions

Sorting solutions offer a significant economic and environmental benefits for major industries such as food processing, recycling and mining by increasing their productivity, yield, access to resources and reducing their costs. The business unit is 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 intensive society. TOMRA is positioned as worldwide leader in all the segments it serves.

Revenues within TSS were up 9 percent in 2019, compared to 2018. Adjusted for currency, the increase was 5 percent.

Food sorting is the largest business stream within Sorting, and it had a mixed performance in 2019 with somewhat slower order intake in the first half of the year, a result of uncertainties created by the US China trade disputes. Order intake rebounded in second half of 2019, where TOMRA was able to leverage its broad geographical footprint. 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.

The recycling business experienced continued positive momentum, with increases in revenues, order intake and backlog compared to last year despite tougher year-over-year comparison. Following China's ban on import of waste at the start of 2018, several legislative measures focusing on waste reduction and reuse of resources have been implemented. In addition, market demand for high-quality recycled material has been fueled by strong commitments from end users to fulfill their sustainability goals, contributing to a continued growth for TOMRA. Mining remains a cyclical business with revenues influenced by single, larger orders.

Order intake increased from NOK 4,583 million in 2018 to NOK 4,771 million in 2019 and order backlog increased from NOK 1,399 million to NOK 1,458 million.

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 crossbreed 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 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.

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

• Food Bulk sorting: The TOMRA 3A sorting machine is the most robust, reliable and cost-effective sorter that meets the demand of potato growers. It employs pulsed LED and Near Infra-Red (NIR) multi-spectral sensors, seamlessly identifying potatoes and foreign material.

• Food Lane sorting: Ultraview, inspection module that integrates with the Spectrim sorting platform to provide ultimate detection of difficult defects located in the stem bowl and tip areas of the fruit, increasing line efficiency and eliminating slow-downs on the packing line.

• Recycling: The X-TRACT X6 FINES, for high-purity sorting of mixed non-ferrous metal fractions, enabling detection and sorting grain sizes as small as 5-40mm, measurably reducing product losses.

• Mining: The COM XRT 2.0, an x-ray sorter with higher throughput and selective ejection system, now also in a stainless-steel version to be used in very rough environments preventing rust.

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 enables reduced downtime, maximized throughput and reduced operational costs.

As part of the focus to enhance its digital capabilities, TOMRA is investing significantly into the area of artificial intelligence (AI) and machine learning. GAIN Technology was launched in 2019 as a deep learning-based sorting add-on for TOMRA's AUTOSORT machines within Recycling. By classifying objects from sensor data, GAIN is trained from large amounts of collected data to detect objects with a specific form or texture. Within Food Sorting, BBC Technologies has also developed LUCAi, an AI add on, that offers blueberry-specific trained characteristics for better classifications and more refined sorting. It can process 2,400 individual images of fruit per second and has already seen more than 250,000 unique images of blueberries.

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. Research and development activities, including other future oriented projects, were expensed at NOK 451 million in 2019. The comparative figure for 2018 was NOK 389 million. In addition, NOK 59 million was capitalized (2018: NOK 56 million). 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.

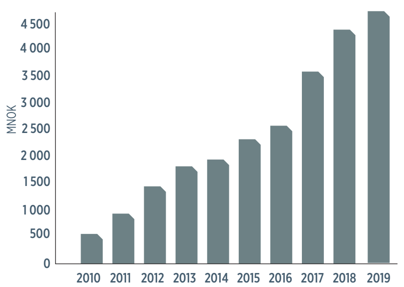
Financial risk

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.

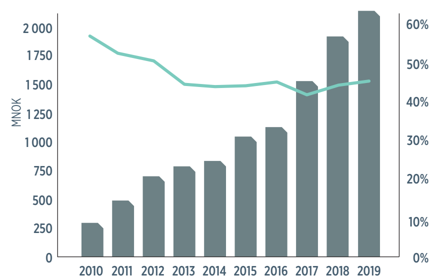
TOMRA's operations are also influenced by political decisions, specifically regarding deposit legislation. If a country or state decides to remove its existing deposit system, there will be limited incentives for TOMRA's customers to maintain current or invest in new TOMRA equipment. In some markets, 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.

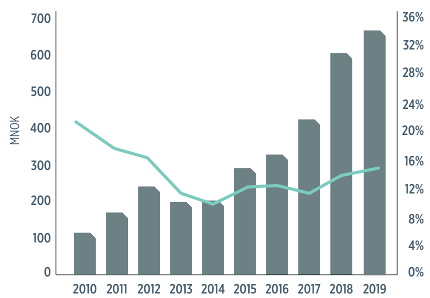
TSS
Revenues



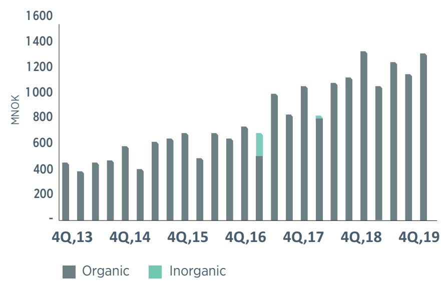
TSS
Gross contribution and margin



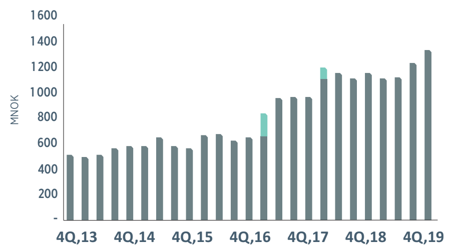
TSS
EBITA and margin



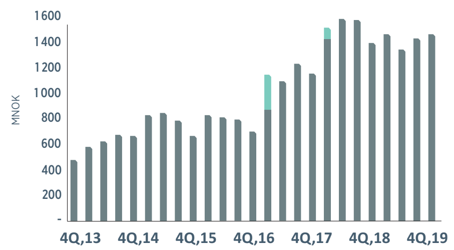
TSS
Revenues



TSS
Order intake



TSS
Order backlog



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 almost 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 18-21 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 in 2019 taken steps to further strengthen 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 10 - 15 of this report.

Organization, health and safety

The number of employees in the TOMRA Group was 4,530 at the end of 2019, up from 4,025 at the end of 2018. In Norway the number of employees increased from 292 at year-end 2018 to 336 at the end of 2019.

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 Sustainability Statement and Code of Conduct.

TOMRA has taken measures in 2019 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 in 2019 include a significant revision of the Code of Conduct (launched in September) and the Business Principles for Suppliers (launched in December). The revised Code of Conduct has been communicated to all employees, and a systematic training program that will include sessions at all TOMRA locations has been initiated.

TOMRA uses an international survey coordinated by the organization "Great Place to Work" that rates how well employees consider that the company lives up to its principles. The participation rate has been above 85% and the feedback from employees is encouraging. In the last survey, 78% of the participating employees stated that TOMRA is a "Great Place to Work", confirming an overall workplace satisfaction at TOMRA.

Female employees made up 21 percent of TOMRA's work force and held 23 percent of its management positions at the end of 2019, a change from 20 and 22 percent respectively in 2018. 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 Social and Ethical Review on pages 16 - 17 of this report.

On November 15, 2019, an accident resulting in a fatality occurred at the Western New York Beverage Industry Collection and Sorting Limited Partnership's facility in Lancaster, New York. It is important to TOMRA to identify and understand what caused this incident. Two separate investigative reports have failed to identify the cause of the accident and the investigation is currently ongoing. The number of job-related injuries in TOMRA requiring medical attention beyond basic first aid was 142, up from 113 in 2018. A significant portion of these instances occurred within TOMRA's material recovery activities, which involve handling crushed glass and heavy lifting. TOMRA continuously strives to reduce the injury rate and has implemented further preventative measures. The absence rate due to illness in Tomra Systems ASA increased from 1.8% percent in 2018 to 1.9% percent in 2019.

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 18 to 21 in this report. TOMRA's corporate governance policy can be found on www.tomra.com.

At the ordinary general meeting on 6 May 2019, Bjørn Matre and Hege Skryseth was elected as new Board members, replacing Aniela Gabriela Gjøs and Linda Bell. All other board members were re-elected.

The Board held seven Board meetings in 2019 and the attendance at the meetings was 98 percent. Six meetings were physical meetings and one by teleconference. 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 8 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 more than 84,000 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 two states of New South Wales and Queensland introduced deposit in the recent years, therefore we expect continued growth in Australia, albeit the year-over-year comparison becoming tougher. There are no major potential deposit markets expected in 2020, most of the opportunities are further out in the horizon.

TOMRA Sorting Solutions

This segment sells sorting and processing solutions and important customer groups include leading food production and processing companies, waste management companies and various types of industries (including mining). Food sorting is the largest business stream. In general, the demand for food and higher quality and safety will be fairly stable through economic cycles, although macroeconomic conditions may impact customers' investment sentiment. Emerging markets are assumed to provide the strongest growth opportunities. Recycling has previously been somewhat cyclical and dependent on commodity risk. The increased focus on plastic pollution and better waste handling could reduce the volatility by fueling long term investment in the recycling industry.

The order backlog at the end of 2019 was again up compared to the backlog at the end of 2018. Based on the current activity level and market sentiment, the Board consequently assumes that TOMRA should be in a good position to continue to see growth in revenues in 2020 compared to 2019.

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 Sorting, a weaker USD is negative, due to significant revenues nominated in USD, and with a cost base more nominated in EUR and NZD.

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

The TOMRA share

The number of TOMRA shareholders increased from 7,975 at the end of 2018 to 8,791 at the end of 2019. The number of shares held by Norwegian residents at the end of 2019 was 19 percent, down from 23 percent in 2018. The TOMRA share price increased from NOK 194.80 at the end of 2018 to NOK 278.40 at the end of 2019. Adjusting for the dividend of NOK 4.50 paid out in May 2019, the total return on the TOMRA share was 45 percent in 2019, following a 50 percent return in 2018. In comparison, the return on the Oslo Stock Exchange (OSEBX) in 2019 amounted to 17 percent.

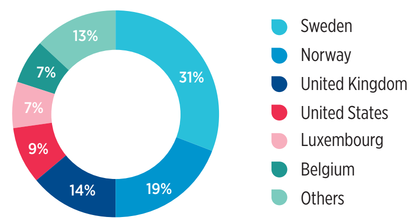
A total of 81 million TOMRA shares were traded on the Oslo Stock Exchange in 2019, up from 57 million shares the year before. TOMRA's largest shareholder, Investment AB Latour held 26.3 percent of the shares at the end of 2019, unchanged from the end of 2018.

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 2019 was 148,020,078, including 500,000 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.

TOMRA share price

Shareholders by country



Financing

To refinance short-term bank debt, TOMRA issued 6 November NOK 1 billion in senior unsecured bonds. The transaction was split in two tranches, NOK 400 million on 3-years with a coupon of NIBOR + 0.50bp and NOK 600 million on 5-years with a coupon of NIBOR + 0.75bp. The bonds meet the requirements set by Nordic Trustee and will be listed on the Oslo Stock Exchange.

At year-end TOMRA had committed credit lines of NOK 2,681 million, of which NOK 1,880 million was utilized.

The gearing ratio was 1.3x (Net interest-bearing debt/EBITDA, measured on 2019 performance), or 0.8x measured without the effects from implementation of IFRS 16.

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, 19 February 2020

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

FINANCIAL
STATEMENTS

INCOME STATEMENT

Tomra Systems ASA NGAAP 2019	Tomra Systems ASA NGAAP 2018	Amounts in NOK million	Note	Group IFRS 2019	Group IFRS 2018
1,278.3	**1,352.3**	**Operating revenues**	**1,24**	**9,346.3**	**8,595.8**
674.7	683.8	Cost of goods sold	2	3,625.7	3,613.8
286.5	248.4	Employee benefits expenses	3,18	2,965.8	2,564.2
37.9	26.6	Ordinary depreciation	9,10,11	771.8	452.9
209.0	152.5	Other operating expenses	7	805.7	886.5
1,208.1	**1,111.3**	**Total operating expenses**		**8,169.0**	**7,517.4**
70.2	**241.0**	**Operating profit**		**1,177.3**	**1,078.4**
380.0	240.0	Dividend from subsidiaries		-	-
72.6	40.9	Financial income		25.6	11.2
34.2	70.7	Financial expenses		74.7	45.2
418.4	**210.2**	**Net financial items**	**4**	**(49.1)**	**(34.0)**
-	-	Profit from associates	17	2.2	(11.7)
488.6	**451.2**	**Profit before taxes**		**1,130.4**	**1,032.7**
24.4	50.5	Taxes	12	272.1	253.8
464.2	**400.7**	**Profit for the period**		**858.3**	**778.9**
		Attributable to:			
		Shareholders of the parent		822.4	740.2
		Non-controlling interest		35.9	38.7
		Profit for the period		**858.3**	**778.9**
		Allocated as follows:	22		
405.7	664.8	Dividend			
58.5	(264.1)	Other equity			
464.2	**400.7**	**Total allocated**			
		Earnings per share, basic (NOK)	22	5.57	5.01
		Earnings per share, diluted (NOK)	22	5.57	5.01

OTHER COMPREHENSIVE INCOME

Amounts in NOK million	Group IFRS 2019	Group IFRS 2018
Profit for the period	**858.3**	**778.9**
Other comprehensive income that may be reclassified to profit or loss		
Foreign exchange translation differences	6.8	90.4
Other comprehensive income that will not be reclassified to profit or loss		
Remeasurements of defined benefit liability (assets)	(33.8)	(10.8)
Tax on remeasurements of defined benefit liability (assets)	8.0	3.0
Change in estimate of put/call option	(36.9)	(8.2)
Total comprehensive income for the period	**802.4**	**853.3**
Attributable to:		
Shareholders of the parent company	765.4	806.5
Non-controlling interest	37.0	46.8
Total comprehensive income for the period	**802.4**	**853.3**

BALANCE SHEET AS OF 31 DECEMBER

	Tomra Systems ASA NGAAP 2019	Tomra Systems ASA NGAAP 2018	Amounts in NOK million	Note	Group IFRS 2019	Group IFRS 2018
ASSETS	**30.2**	**38.5**	**Deferred tax assets**	**12**	**307.3**	**296.9**
	-	-	Goodwill	10	2,896.9	2,903.9
	-	-	Development costs	10	176.4	185.4
	113.4	84.3	Other intangible assets	10	407.6	434.6
	113.4	**84.3**	**Total intangible non-current assets**		**3,480.9**	**3,523.9**
	46.8	29.0	Property, plant and equipment	9	863.2	755.3
	-	-	Leasing equipment	9	430.1	521.0
	-	-	Right of Use assets	11	1,036.3	-
	46.8	**29.0**	**Total tangible non-current assets**		**2,329.6**	**1,276.3**
	3,368.7	3,368.7	Investment in subsidiaries	16	-	-
	1,025.2	1,490.3	Loan to subsidiaries	16	-	-
	12.6	9.6	Investment in associates	16,17	79.7	62.8
	-	-	Other investments		0.8	1.2
	3.4	13.6	Long term receivables	8	325.6	275.4
	4,409.9	**4,882.2**	**Total financial non-current assets**		**406.1**	**339.4**
	4,600.3	**5,034.0**	**Total non-current assets**		**6,523.9**	**5,436.5**
	10.9	**10.1**	**Inventory**	**2**	**1,596.1**	**1,447.5**
	-	**-**	**Contract assets**	**24**	**285.8**	**407.8**
	14.6	9.9	Trade receivables		1,511.2	1,513.6
	457.8	237.9	Intra-group receivables		-	-
	143.7	42.1	Other short-term receivables		490.7	392.4
	616.1	**289.9**	**Total receivables**	**7**	**2,001.9**	**1,906.0**
	100.9	**12.6**	**Cash and cash equivalents**	**19**	**459.7**	**397.0**
	727.9	**312.6**	**Total current assets**		**4,343.5**	**4,158.3**
	5,328.2	**5,346.6**	**Total assets**		**10,867.4**	**9,594.8**

	Tomra Systems ASA NGAAP 2019	Tomra Systems ASA NGAAP 2018	Amounts in NOK million	Note	Group IFRS 2019	Group IFRS 2018
LIABILITIES AND EQUITY	148.0	148.0	Share capital		148.0	148.0
	(0.5)	(0.3)	Treasury shares		(0.5)	(0.3)
	918.3	918.3	Share premium reserve		918.3	918.3
	1,065.8	**1,066.0**	**Paid-in capital**		**1,065.8**	**1,066.0**
	498.6	**512.5**	**Retained earnings**		**4,010.6**	**4,010.9**
	-	**-**	**Non-controlling interest**		**170.3**	**159.3**
	1,564.4	**1,578.5**	**Total equity**	**22**	**5,246.7**	**5,236.2**
	-	-	Deferred tax liabilities	12	145.0	155.5
	64.8	41.8	Pension liabilities	18	137.7	111.7
	1,830.0	865.5	Interest-bearing liabilities	6	1,830.0	874.0
	-	-	Long-term lease liabilities	6,11	860.0	-
	-	-	Other long-term liabilities	5	204.3	151.9
	320.0	206.9	Loan from subsidiaries		-	-
	2,214.8	**1,114.2**	**Total non-current liabilities**		**3,177.0**	**1,293.1**
	50.0	647.2	Interest-bearing liabilities	6	50.0	650.8
	-	-	Short-term lease liabilities	6,11	241.7	-
	-	-	Contract liabilities	24	491.8	589.2
	57.9	43.9	Trade payables		502.4	628.9
	891.1	1,127.3	Intra-group debt		-	-
	7.6	37.0	Income tax payable	12	110.5	87.4
	10.3	13.1	Provisions	14	132.1	149.5
	532.1	785.4	Other current liabilities	13	915.2	959.7
	1,549.0	**2,653.9**	**Total current liabilities**		**2,443.7**	**3,065.5**
	3,763.8	**3,768.1**	**Total liabilities**		**5,620.7**	**4,358.6**
	5,238.2	**5,346.6**	**Total liabilities and equity**		**10,867.4**	**9,594.8**

Asker, 19 February 2020

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 1 January 2018	**1,065.8**	**631.0**	**(76.1)**	**2,973.4**	**4,594.1**	**143.3**	**4,737.4**
Profit for the period				740.2	740.2	38.7	778.9
Changes in translation differences		82.3			82.3	8.2	90.5
Change in estimate of put/call option				(8.2)	(8.2)		(8.2)
Remeasurements of defined benefit liability (assets)			(7.8)		(7.8)		(7.8)
Total comprehensive income for the period	**0.0**	**82.3**	**(7.8)**	**732.0**	**806.5**	**46.9**	**853.4**
Transactions with shareholders							
Dividend non-controlling interest				(9.0)	(9.0)	(31.4)	(40.4)
Purchase of own shares					0.0		0.0
Own shares sold to employees	0.2			31.9	32.1		32.1
Minority new consolidated companies					0.0	0.5	0.5
Dividend to shareholders				(346.8)	(346.8)		(346.8)
Total transactions with shareholders	**0.2**	**0.0**	**0.0**	**(324.0)**	**(323.7)**	**(30.9)**	**(354.6)**
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)
Opening 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
Change in estimate of put/call option				(36.9)	(36.9)		(36.9)
Remeasurements of defined benefit liability (assets)			(25.8)		(25.8)		(25.8)
Total comprehensive income for the period	**0.0**	**5.7**	**(25.8)**	**785.5**	**765.4**	**37.0**	**802.4**
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
Minority new consolidated companies					0.0		0.0
Dividend to shareholders				(664.8)	(664.8)		(664.8)
Total transactions with shareholders	**(0.2)**	**0.0**	**0.0**	**(727.3)**	**(727.5)**	**(26.0)**	**(753.5)**
Balance per 31 December 2019	**1,065.8**	**719.0**	**(109.7)**	**3,401.3**	**5,076.4**	**170.3**	**5,246.7**

CASH FLOW STATEMENT

Tomra Systems ASA NGAAP				Group IFRS	
2019	2018	**Amounts in NOK million**	Note	**2019**	2018
		CASH FLOW FROM OPERATING ACTIVITIES			
488.6	451.2	Ordinary profit/(loss) before taxes		1,130.4	1,032.7
(37.0)	(47.7)	Income taxes paid		(250.1)	(235.4)
37.9	26.6	Depreciation	9,10	517.2	452.9
-	-	Depreciation / Amortisations lease contracts	11	242.8	-
-	-	Lease interests		40.6	-
-	-	Write-down non-current assets		11.8	-
(0.8)	(3.6)	Net change in inventory		(65.3)	(188.0)
(96.2)	(16.2)	Net change in receivables		(44.1)	(289.1)
14.1	16.9	Net change in payables		(128.5)	254.9
(6.4)	(7.1)	Difference between booked costs on pension funds and actual cash payments to these funds		(7.0)	(11.4)
-	-	Exchange rate effects		(15.9)	8.1
-	-	Profit before tax from affiliated companies	17	(2.2)	11.7
-	-	Dividend from affiliated companies	17	6.2	6.2
1.0	(8.2)	Changes in other balance sheet items		(129.9)	(34.7)
(16.3)	(18.6)	Interest expense/(income)		6.6	17.4
384.9	**393.3**	**Net cash flow from operating activities**		**1,312.6**	**1,025.3**
		CASH FLOW FROM INVESTING ACTIVITIES			
-	-	Proceeds from sales of non-current assets		62.9	24.2
(3.0)	-	Share issues subsidiaries		-	-
-	-	Acquisition of associates / capital infusion		(21.3)	-
-	-	Acquisition of subsidiary, net of cash acquired [1)]	25	-	(362.6)
(84.7)	(59.7)	Investment in non-current assets		(636.3)	(738.5)
(87.7)	**(59.7)**	**Net cash flow from investing activities**		**(594.7)**	**(1,076.9)**
		CASH FLOW FROM FINANCING ACTIVITIES			
122.2	(319.1)	Loan payments (to)/from subsidiaries		-	-
(4,403.5)	(1,396.1)	Repayment of long-term loans		(4,396.9)	(1,394.0)
4,770.7	1,619.0	Proceeds from issuance of long term debt		4,825.5	1,619.0
-	-	Net repayment of short-term loans		(51.4)	-
-	-	Lease payments	11	(231.7)	-
-	-	Lease interest	11	(40.6)	-
-	-	Dividend non-controlling interest	22	(38.9)	(40.5)
(91.1)	-	Purchase of treasury shares	22	(91.1)	-
41.3	32.1	Sale of treasury shares	22	41.3	32.1
40.5	40.9	Interest received		20.0	11.2
(24.2)	(22.3)	Interest paid		(26.6)	(28.6)
(664.8)	(346.8)	Dividend paid	22	(664.8)	(346.8)
(208.9)	**(392.2)**	**Net cash flow from financing activities**	**26**	**(655.2)**	**(147.6)**
-	-	Currency effect on cash		-	2.7
88.3	(58.6)	Net change in cash and cash equivalents		62.7	(196.5)
12.6	71.3	Cash and cash equivalents per 1 January	19	397.0	593.5
100.9	12.6	Cash and cash equivalents per 31 December	19	459.7	397.0

1) Includes purchase of BBC in 2018 at NOK 362.6 million, ref also disclosure note 25

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 2019 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 19 February 2020 and will be presented for final approval at the general meeting on 4 May 2020. 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 2019.

(b) Basis of preparation
The financial statements are presented in 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 SA (FR)
Tomra Systems NV (BE)
Tomra s.r.o (CZ) (40 %)
Tomra Systems D.O.O (HR) (70%)
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)
Tomra Collection Ltd. (UK)

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)
Tomra New York Recycling LLC (64,63%) (NY)
Upstate Tomra LLC (55%) (NY)
Tomra Mass. (55%) (MA)
Tomra Canada Inc. (CA)
Tomra Pacific Inc. (DE)
UBCR (51%) (MI)
UltrePET LLC (49%) (NY)
Tomra Compaction LLC (DE)
Returnable Services LLC (DE)
Synergistics LLC (51%) (MI)
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 Inter 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 Kunshan (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)

BBC Technologies Ltd including subsidiaries was acquired in 2018. Best Sorting Span S.L. was liquidated in 2018.

Tomra Collection Ltd. and Tomra Collection Solutions Taiwan were founded in 2018. Tomra Sorting Singapore PTE Ltd. was founded in 2019.

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 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 subsidary.

Previously, goodwill was recognized on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

(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 17.

(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) 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 of RVMs
For the sale 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. 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 Sorting Solutions
The Sorting Solutions segment principally generates revenue from sale and installation of sorters and sale of service on the sorters.

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

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

Sales of Sorters
For the sale 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 point (f).

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

Warranty
RVMs are normally sold with a warranty period between 12 and 24 months. Sorters are normally sold with a warranty period of 12 or 24 months. Warranty is recognized as an expense and the liability is accrued as previously according to IAS 37.

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.

(c) Expenses
Lease payments
Lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

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
TOMRA Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

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 the interest rate implicit in the lease or, if that rate cannot be readily determined, TOMRA Group's incremental borrowing rate. Generally, TOMRA Group uses its incremental borrowing rate as the discount rate.

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.

Leases where TOMRA Group is a lessor is 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.

(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.

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 10.

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. A default occurs if its > 50% chance that the obligor will not be able to repay its debt.

(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) Warranty allocations
A general provision has been made for future warranty costs based on the previous year's turnover in all Group companies.

(o) 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 12.

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.

(p) 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.

(q) 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.

(r) 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 10.

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.

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

(t) 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.

(u) 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.

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

(w) 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 TOMRA Group's management uses to manage the business.

(x) 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.

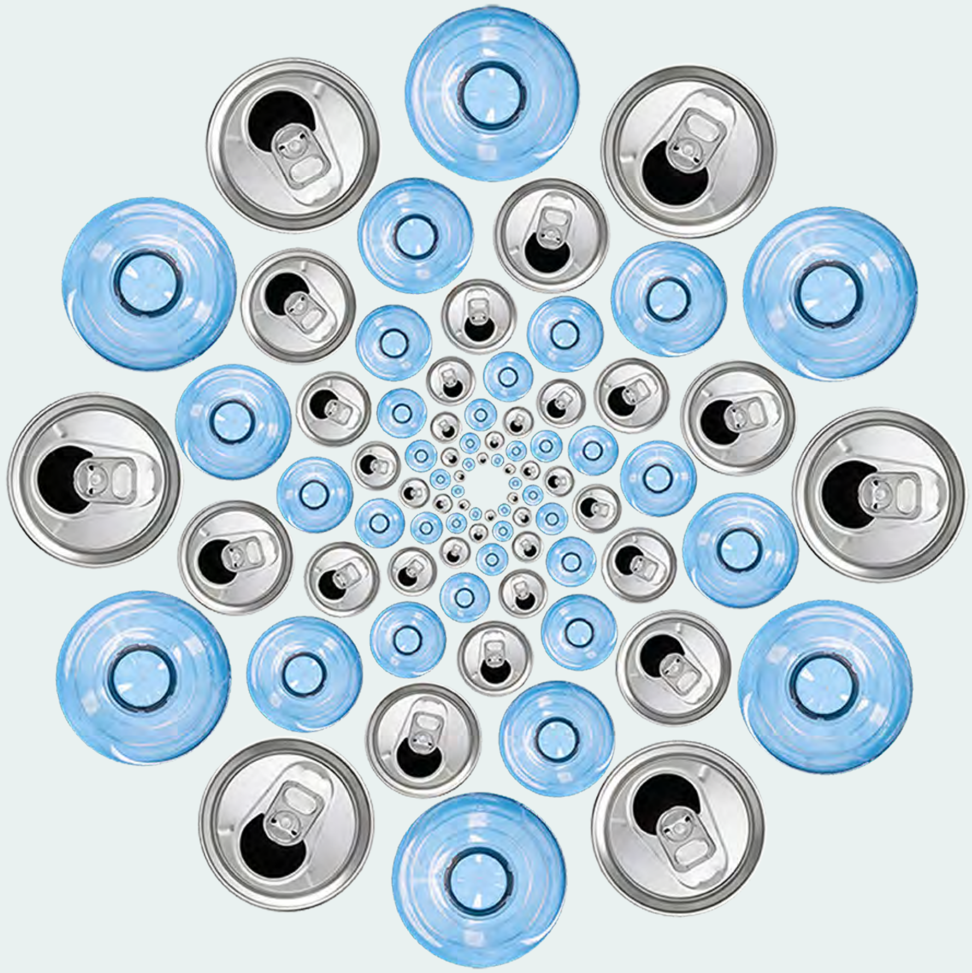
(y) Share Capital
Ordinary shares
Incremental costs directly attributable to issue of ordinary shares and share options are recognized as a deduction from equity.

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.

(z) 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 2019 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 IFRS 3 Business Combinations
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
Amendments to IAS 1 and IAS 8: Definition of Material
Amendments to References to the Conceptual Framework in IFRS Standards

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 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.

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

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

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

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

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

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

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

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

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

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

NOTES

NOTE 1 SEGMENT INFORMATION

TOMRA GROUP- IFRS

Amounts in NOK million	Collection Solutions	Sorting Solutions	Group Functions	TOTAL
2018				
Northern Europe	611			611
Rest of Europe [1]	1,710			1,710
North America [2]	1,605			1,605
Rest of the world	339			339
Europe [1]		1,508		1,508
North America [2]		1,466		1,466
South America		253		253
Asia		491		491
Oceania		383		383
Africa		230		230
Operating revenues	**4,265**	**4,331**	**0**	**8,596**
Sale of RVMs / Sorters	1,331	3,432		4,762
Lease of RVMs / Sorters [4]	673	67		740
Service	1,240	832		2,072
Material Recovery	1,021	0		1,021
Operating revenues	**4,265**	**4,331**	**0**	**8,596**
Gross contribution [5]	1,751	1,931		3,682
- in %	41 %	45 %		43 %
Operating expenses	1,025	1,324	80	2,429
EBITA	**726**	**607**	**(80)**	**1,253**
- in %	17 %	14 %		15 %
Amortizations	69	105		174
EBIT (operating profit)	**657**	**502**	**(80)**	**1,079**
- in %	15 %	12 %		13 %
Share of profit from associates	(12)	0	0	(12)
Investments	584	516	0	1,101
Investments in associates	63	0	0	63
Assets [3]	3,517	5,384	694	9,595
Liabilities	1,128	1,311	1,920	4,359
Depreciation and amortization	294	159	0	453
Impairment losses recognized in P&L	0	0	0	0
Other significant non-cash expenses	0	0	0	0

NOTE 1 SEGMENT INFORMATION (CONT.)

Amounts in NOK million	Collection Solutions	Sorting 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]		1,767		1,767
North America [2]		1,371		1,371
South America		280		280
Asia		596		596
Oceania		459		459
Africa		240		240
Operating revenues	**4,633**	**4,713**	**0**	**9,346**
Sale of RVMs / Sorters	1,418	3,657		5,075
Lease of RVMs / Sorters [4]	946	81		1,027
Service	1,229	975		2,204
Material Recovery	1,040	0		1,040
Operating revenues	**4,633**	**4,713**	**0**	**9,346**
Gross contribution [5]	1,928	2,157		4,085
- in %	42 %	46 %		44 %
Operating expenses	1,120	1,488	96	2,704
EBITA	**808**	**669**	**(96)**	**1,381**
- in %	17 %	14 %		15 %
Amortizations	92	112		204
EBIT (operating profit)	**716**	**557**	**(96)**	**1,177**
- in %	15 %	12 %		13 %
Share of profit from associates	2	0	0	2
Investments	431	205	0	636
Investments in associates	80	0	0	80
Assets [3]	4,371	5,729	767	10,867
Liabilities	1,769	1,512	2,340	5,621
Depreciation and amortization	499	261	0	760
Impairment losses recognized in P&L	6	0	6	12
Other significant non-cash expenses	0	0	0	0

1) Includes revenues from Germany of NOK 1,581 million in 2019 (NOK 1,654 million in 2018)
2) Includes revenues from USA of NOK 2,496 million in 2019 (NOK 2,478 million in 2018)
3) NOK 1,114.9 million of the assets was located in Norway in 2019 (NOK 854 million in 2018)
4) Includes throughput revenues from US, Australia and Lithuania
5) See Alternative Performance Measures for definition

TOMRA is organized as two business areas, TOMRA Collection Solutions and TOMRA Sorting Solutions. The split is based upon the risk and return profile of the Group's different activities, also taking into consideration TOMRA's internal reporting structure to the Board and Management Group.

Compac Group, acquired in 2017, and BBC Group, acquired in 2018, are both reported as part of TOMRA Sorting Solutions.

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.

Sorting Solutions is a provider of advanced optical sorting systems with three business streams; Food, Recycling and Mining.

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

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

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

NOTE 2 INVENTORY/COST OF GOODS SOLD

Tomra Systems ASA NGAAP			Group IFRS	
2019	2018	**Amounts in NOK million**	**2019**	2018
		COST OF GOODS SOLD		
675.5	687.4	Cost of goods sold, gross	3,395.9	3,538.4
(0.8)	(3.6)	Change in inventory	229.8	75.4
674.7	**683.8**	**Cost of goods sold, net**	**3,625.7**	**3,613.8**

Cost of goods sold includes adjustment of inventory write-down of NOK 0.0 million (2018: NOK 0.0 million) for the Parent Company and NOK-57.5 million (2018: NOK 22.2 million) for the Group.

		INVENTORY		
-	-	Raw materials	661.8	743.1
-	-	Work in progress	99.3	78.7
10.9	10.1	Finished goods	414.7	397.3
-	-	Spare parts	420.3	228.4
10.9	**10.1**	**Total inventory**	**1,596.1**	**1,447.5**

Inventories are not subject to retention of title clauses.

NOTE 3 EMPLOYEE BENEFITS EXPENSES

Tomra Systems ASA NGAAP			Group IFRS	
2019	2018	**Amounts in NOK million**	**2019**	2018
214.9	182.4	Salaries	2,341.9	2,007.2
41.6	36.4	Social security tax	302.5	278.1
19.0	15.5	Pension cost	82.3	61.3
11.0	14.1	Other labor cost	239.1	217.6
286.5	**248.4**	**Total employee benefits expenses**	**2,965.8**	**2,564.2**
201	170	Number of man-years	4,370	3,800

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

NOTE 4 FINANCIAL ITEMS

Tomra Systems ASA NGAAP			Group IFRS	
2019	2018	**Amounts in NOK million**	**2019**	2018
380.0	240.0	Dividend from subsidiaries	-	-
380.0	**240.0**	**Dividend from subsidiaries**	**-**	**-**
40.5	40.9	Interest income [1)]	11.8	11.2
32.1	-	Foreign exchange gain [2)]	13.8	-
72.6	**40.9**	**Total financial income**	**25.6**	**11.2**
24.2	22.3	Interest expenses [1)]	20.3	28.6
-	-	Interest leasing contracts [3)]	40.6	-
10.0	10.6	Other financial expenses [4)]	13.8	6.5
-	37.8	Foreign exchange loss	-	10.1
34.2	**70.7**	**Total financial expenses**	**74.7**	**45.2**

1) Interest income and expenses for Tomra Systems ASA include interest income and expenses from subsidiaries of NOK 35.6 million (2018: NOK 37.2 million) and NOK 5.3 million (2018: NOK 0.7 million) respectively.

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

3) The IFRS 16 lease standard became effective as of 1 January 2019, and therefore no comparable figures are available for 2018.

4) Other financial expenses includes a write-down of a loan from Tomra Systems ASA to an external party of NOK 5.3 million.

Borrowing costs are recognized as an expense in the period in which they are incurred.

NOTE 5 CONTINGENT LIABILITIES

Warranty liabilities
TOMRA has warranty liabilities of NOK 164.2 million (2018: NOK 78.8 million) for the Parent Company and NOK 198.1 million (2018: NOK 144.5 million) for the 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.

German Patent Litigation Case
Envipco Holding N.V. owns a German patent related to security marks used on bottles and cans within the German deposit system. Envipco has taken legal action in the German courts against various users of the German security mark system claiming that these users (including a TOMRA customer) are infringing their patent rights. In parallel with the court actions, the Envipco patent is currently being opposed in The German Patent Office and the Office's decision is that the German patent is invalid. TOMRA agrees with the decision, however Envipco has made an appeal. As TOMRA believes that no infringement has taken place, no accruals have been made.

Warranty
Tomra Systems ASA has issued a warranty toward Tomra Europe AS to cover Tomra Europe AS's obligations as owner of Tomra-Cleanaway J/V in Australia, as Tomra Europe AS has provided similar warranties towards third parties related to Tomra-Cleanaway's ability to fullfill its obligations.

NOTE 6 INTEREST-BEARING LIABILITIES

Tomra Systems ASA NGAAP 2019	2018	Amounts in NOK million	Group IFRS 2019	2018
		NON-CURRENT LIABILITIES		
1,830.0	865.5	Unsecured bank loans [1]	1,830.0	865.5
-	-	Lease liability long term [2]	860.0	-
-	-	Other non-current interest-bearing liabilities	-	8.5
1,830.0	**865.5**	**Total non-current interest-bearing liabilities**	**2,690.0**	**874.0**
-	-	Due more than 5 years after balance sheet date	322.0	-
		CURRENT LIABILITIES		
50.0	647.2	Current portion of unsecured bank loans	50.0	650.8
-	-	Lease liability short term	241.7	-
-	-	Other current interest-bearing liabilities	-	-
50.0	**647.2**	**Total current interest-bearing liabilities**	**291.7**	**650.8**

1) Tomra Systems ASA has a six-year revolving credit facility of EUR 50 million, or NOK/USD equivalent, established in December 2015. In January 2018 this facility was increased by EUR 20 million by exercising an accordion option. In November 2019 Tomra Systems ASA issued a total amount of NOK 1,000 million in senior unsecured bonds, replacing EUR 100 million of a EUR 110 million revolving credit facility. The remaining EUR 10 million facility matures in April 2020. As of 31 December 2019, NOK 880 million was drawn on the two revolving facilities, including the current portion. 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. The NOK 1,000 million bond was issued 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 will be listed on the Oslo Stock Exchange.

NOTE 7 SHORT TERM RECEIVABLES

Tomra Systems ASA NGAAP 2019	2018	Amounts in NOK million	Group IFRS 2019	2018
16.1	11.6	Trade receivables, gross	1,587.6	1,590.3
457.8	237.9	Intra group short-term receivables	-	-
143.7	42.1	Other short-term receivables, gross [1]	490.7	392.4
(1.5)	(1.7)	Provision for bad debt	(76.4)	(76.7)
616.1	**289.9**	**Total receivables**	**2,001.9**	**1,906.0**
1.7	0.5	Provision for bad debt per 1 January	76.7	77.3
-	1.2	Provisions made during the year	22.5	5.2
-	-	Provision in acquired companies	-	-
(0.2)	-	Provisions used during the year	(22.8)	(5.8)
1.5	**1.7**	**Provision for bad debt per 31 December**	**76.4**	**76.7**

1) Other short-term receivables includes forward contracts of NOK 71.9 million.

Bad debt written-off is reported as other operating expenses.
Receivables with due dates more than one year after the balance date are reported as non-current assets.

NOTE 7 SHORT TERM RECEIVABLES (CONT.)

	2019			
Trade receivables fall due: Amounts in NOK million	**Allowance in %**	**Gross Carrying Amount**	**Loss Allowance**	**Net Carrying Amount**
Not due yet	0 %	1,038.0	4.0	1,034.0
0- 30 days	0 %	246.5	0.9	245.6
31- 60 days	1 %	113.1	0.6	112.5
61- 90 days	3 %	39.3	1.3	38.0
Older than 90 days	46 %	150.7	69.6	81.1
Total trade receivables	**5 %**	**1,587.6**	**76.4**	**1,511.2**

For further information about credit risk, see note 20.

NOTE 8 LONG TERM RECEIVABLES

Tomra Systems ASA NGAAP 2019	2018	Amounts in NOK million	Group IFRS 2019	2018
-	-	Deposits	8.5	7.0
-	-	Capital lease	129.7	134.0
1.9	1.8	Loans to employees	2.2	2.0
1.5	11.8	Other long term receivables	185.2	132.4
3.4	**13.6**	**Total receivables**	**325.6**	**275.4**

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

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

GROUP - IFRS **Amounts in NOK million**	**Land & Buildings[3)]**	**Machinery & Fixtures**	**Vehicles**	**Leasing Equipment**	**Total**
Cost					
Balance at 1 January 2018	445.6	719.3	171.1	810.8	2,146.8
Acquisitions through business combinations	0.0	1.6	1.1	6.6	9.3
Other acquisitions	23.0	175.1	50.0	306.8	554.9
Disposals [5)]	(0.7)	(11.8)	(12.4)	(94.7)	(119.6)
Effect of movements in foreign exchange [1)]	11.9	23.6	12.3	41.4	89.2
Balance at 31 December 2018	**479.8**	**907.8**	**222.1**	**1,070.9**	**2,680.6**
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 [2)]	(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**
Depreciation and impairment losses					
Balance at 1 January 2018	148.6	462.5	97.6	440.2	1,148.9
Depreciation charge for the year	28.7	84.9	23.1	142.0	278.7
Disposals [5)]	(0.7)	(11.1)	(12.0)	(71.7)	(95.5)
Effect of movements in foreign exchange [1)]	8.2	16.3	8.3	39.4	72.2
Balance at 31 December 2018	**184.8**	**552.6**	**117.0**	**549.9**	**1,404.3**
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 [2)]	(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**
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 2018	295.0	355.2	105.1	521.1	1,276.3
31 December 2019	**289.0**	**446.5**	**127.7**	**430.1**	**1,293.3**

1) Exchange rates as of 31 December 2018 were used in calculating tangible assets of foreign subsidiaries.
2) Exchange rates as of 31 December 2019 were used in calculating tangible assets of foreign subsidiaries.
3) Including land of NOK 40.2 million as of 31 December 2019.
4) All depreciation plans are linear.
5) Disposals includes machines either sold, scrapped or transferred to inventory

Leasing equipment
The companies within TOMRA Group had 8,444 reverse vending machines and 382 sorters leased to customers at the end of 2019. 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 lease equipment	**2019**	2018
Not later than one year	122.5	102.6
Between one and five years	223.1	172.0
More than five years	14.3	0.0

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

NOTE 9 PROPERTY, PLANT AND EQUIPMENT (CONT.)

TOMRA SYSTEMS ASA - NGAAP **Amounts in NOK million**	**Machinery & Fixtures**	**Vehicles**	**Total**
Cost			
Balance at 1 January 2018	53.8	2.1	55.9
Acquisitions	11.1	0.3	11.4
Disposals	0.0	0.0	0.0
Balance at 31 December 2018	**64.9**	**2.4**	**67.3**
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**
Depreciation and impairment losses			
Balance at 1 January 2018	29.5	1.3	30.8
Depreciation charge for the year	7.2	0.3	7.4
Disposals	0.0	0.0	0.0
Balance at 31 December 2018	**36.7**	**1.6**	**38.2**
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**
Depreciation rate [1)]	10-33%	15-33%	
Useful life	10 yrs	7 yrs	
Carrying amounts			
31 December 2018	28.2	0.8	29.0
31 December 2019	**46.0**	**0.8**	**46.8**

1) All depreciation plans are linear.

NOTE 10 INTANGIBLE ASSETS

GROUP - IFRS Amounts in NOK million	Goodwill	Development costs [6]	Other [4]	Total
Cost				
Balance at 1 January 2018	2,780.4	594.8	972.4	4,347.6
Acquisitions through business combinations [7]	272.3	0.0	76.0	348.3
Other acquisitions / internally developed	0.0	55.7	127.9	183.7
Disposals	0.0	0.0	(1.2)	(1.2)
Effect of movements in foreign exchange [2]	32.7	2.5	27.7	62.9
Balance at 31 December 2018	**3,085.4**	**653.0**	**1,202.8**	**4,941.3**
Balance at 1 January 2019	3,085.4	653.0	1,202.8	4,941.3
Acquisitions through business combinations	0.0	0.0	0.0	0.0
Other acquisitions / internally developed	0.0	59.4	101.4	160.8
Disposals	0.0	0.0	(14.2)	(14.2)
Effect of movements in foreign exchange [3]	(0.1)	(1.1)	1.8	0.5
Balance at 31 December 2019	**3,085.3**	**711.3**	**1,291.8**	**5,088.4**
Depreciation and impairment losses				
Balance at 1 January 2018	175.6	407.7	634.5	1,217.8
Depreciation charge for the year [5]	0.0	57.5	116.7	174.2
Impairment losses	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	(0.6)	(0.6)
Effect of movements in foreign exchange [2]	6.0	2.3	17.6	25.9
Balance at 31 December 2018	**181.6**	**467.5**	**768.2**	**1,417.3**
Balance at 1 January 2019	181.6	467.5	768.2	1,417.3
Depreciation charge for the year [5]	0.0	69.2	123.4	192.6
Impairment losses	5.6	0.0	5.9	11.5
Disposals	0.0	0.0	(13.5)	(13.5)
Effect of movements in foreign exchange [3]	1.2	(1.8)	0.2	(0.4)
Balance at 31 December 2019	**188.4**	**534.9**	**884.2**	**1,607.5**
Depreciation rate [1]	0 %	14-33%	5-33%	
Useful life	Indefinite	3-7 yrs	3-20 yrs	
Carrying amounts				
31 December 2018	2,903.9	185.4	434.6	3,523.9
31 December 2019	**2,896.9**	**176.4**	**407.6**	**3,480.9**

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 2018 were used in calculating intangible assets of foreign subsidiaries.
3) Exchange rates as of 31 December 2019 were used in calculating intangible assets of foreign subsidiaries.
4) Other intangibles comprises patents, software and other intangibles + purchase price allocations from acquisitions (including customer relations, agent network and trademarks).
5) Amortization of intangibles is classified as depreciation in the profit and loss statement.
6) Capitalized development costs comprises mainly salaries to engineers and parts utilized in development projects related to new sorters and reverse vending machines. The carrying amount at 31 December 2019 was NOK 99.5 million for TOMRA Sorting and NOK 76.9 million for TOMRA Collection.
7) Acquisitions of NOK 272.3 in Goodwill in 2018 is mainly related to acquiring the BBC Group, see note 25.

NOTE 10 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	2019	2018
TOMRA COLLECTION SOLUTIONS		
- Reverse vending	233.8	238.8
- Material recovery	113.8	112.6
TOMRA SORTING SOLUTIONS		
- Tomra Sorting ex. Compac and BBC	1,923.7	1,936.4
- Compac	342.1	336.9
- BBC	283.5	279.2
Total	**2,896.9**	**2,903.9**

TOMRA tests goodwill and other intangible assets with infinite useful life annually or more frequently if there are impairment indicators. As of 31 December 2019 and 2018, 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, approved by the Board in 2019. It is also lower than the financial targets (more than 10 percent yearly revenue growth for the five years period starting 2018). The growth in the terminal year is set to be between 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, sales and service of reverse vending machines and related data management systems in deposit markets mainly in Europe and USA, in total 20 markets. The main customer group is food retail chains. With a high market share and significant service business, the business stream represents a steady recurring cashflow, with limited risk, as TOMRA has been the global market leader in this business stream for more than 40 years. Terminal growth rate is assumed to be between 0.5 and 1.5 percent, and a WACC of 6.5 percent has been utilized.

NOTE 10 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 Sorting
The business area comprises the development, production, sale and service of sorting and processing technology for different customer segments.

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

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

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

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

Due to reorganizations, where synergies are taken out by merging units and technology is cross utilized between previously separate business streams and companies, the allocation of assets and cash flow within TOMRA Sorting has been difficult and in many cases arbitrary. The impairment test in 2013 was the last year performed as a bottom up exercise per business stream, where the allocated goodwill was tested. Further integration and restructuring in 2014 added to this complexity and it is no longer possible to follow the cashflow from each of the initial acquisitions within TOMRA Sorting. Consequently TOMRA Sorting from 2014 was treated as one CGU. With the acquisition of Compac in 2017 and BBC in 2018 (ref. disclosure note 25), TOMRA Sorting now consist of three CGUs, one for the initial acquisitions in TOMRA Sorting, one for Compac and one for BBC. TOMRA Collection has not been influenced by the restructuring and cross utilization of technologies, and the number of cash generating units has consequently not been changed within this business area.

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

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

Exchange rates as of 31 December 2019 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 451.3 million has been recognized as an expense (2018: NOK 389.5 million) and NOK 59.4 million has been capitalized (2018: NOK 55.7 million).

NOTE 10 INTANGIBLE ASSETS (CONT.)

TOMRA SYSTEMS ASA - NGAAP **Amounts in NOK million**	**Other**	**Patents**	**Total**
Cost			
Balance at 1 January 2018	75.8	4.4	80.2
Other acquisitions-internally developed	48.4	0.0	48.4
Balance at 31 December 2018	**124.2**	**4.4**	**128.6**
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**
Depreciation and impairment losses			
Balance at 1 January 2018	22.8	2.2	25.0
Depreciation charge for the year	18.4	0.8	19.2
Balance at 31 December 2018	**41.2**	**3.1**	**44.3**
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**
Depreciation rate	20 %	20 %	
Useful life	5 yrs	5 yrs	
Carrying amounts			
31 December 2018	83.0	1.4	84.3
31 December 2019	**112.8**	**0.6**	**113.4**

Other consists of investment in ERP systems and web-site.

NOTE 11 LEASING

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

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

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

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

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

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

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).

The effect of adopting IFRS 16 is as follows:

Impact on the Income Statement		**2019**	
	Before	**IFSR 16**	**After**
Revenues	**9,346.3**		**9,346.3**
Cost of goods sold [1)]	5,273.4	(12.3)	5,261.1
Gross contribution [1)]	**4,072.9**	**12.3**	**4,085.2**
- in %	44 %		44 %
Operating expenses [1)]	2,722.3	(18.5)	2,703.8
EBITA [1)]	**1,350.6**	**30.8**	**1,381.4**
- in %	14 %		15 %
Amortizations [1)]	204.1		204.1
EBIT [1)]	**1,146.5**	**30.8**	**1,177.3**
Net finance	(6.3)	(40.6)	(46.9)
Profit before tax	**1,140.2**	**(9.8)**	**1,130.4**
Taxes	274.5	(2.4)	272.1
Net profit	**865.7**	**(7.4)**	**858.3**
Minority interest	(35.9)		(35.9)
EPS	5.62	(0.05)	5.57

1) See Alternative performance Measures for definition

NOTE 11 LEASING (CONT.)

Impact on the Balance Sheet		**31 December 2019**	
	Before	**IFRS 16**	**After**
Deferred tax assets	291.0	16.3	307.3
Intangible non-current assets	3,480.9		3,480.9
Tangible non-current assets	1,293.2	1,036.4	2,329.6
Financial non-current assets	406.1		406.1
Inventory	1,596.1		1,596.1
Receivables	2,287.7		2,287.7
Cash	459.7		459.7
Total assets	**9,814.7**	**1,052.7**	**10,867.4**
Equity	5,125.4	(49.0)	5,076.4
Minority interest	170.3		170.3
Deferred taxes	145.0		145.0
Long-term interest bearing debt	1,830.0	860.0	2,690.0
Short-term Interest bearing debt	50.0	241.7	291.7
Other liabilities	2,494.0		2,494.0
Total liabilities and equity	**9,814.7**	**1,052.7**	**10,867.4**

Impact on the Cash Flow Statement		**2019**	
	Before	**IFRS 16**	**After**
Profit before tax	1,140.2	(9.8)	1,130.4
Change in working capital	(280.1)		(280.1)
Other operating changes	180.2	282.1	462.3
Total cashflow from operations	**1,040.3**	**272.3**	**1,312.6**
Cashflow from investments	**(594.7)**	**-**	**(594.7)**
Cashflow from financing	**(382.9)**	**(272.3)**	**(655.2)**
Total cashflow for the period	**62.7**	**-**	**62.7**

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
Disposals	(23.6)	(23.4)	(0.2)	(47.2)
Effect of movement in foreign exchange	4.6	1.0	0.1	5.7
Balance 31 December 2019	**955.5**	**292.2**	**7.1**	**1,254.8**
Depreciation and impairment losses				
Balance at 1 January 2019				
Depreciation charge for the year	146.4	94.3	2.1	242.8
Disposals	(11.2)	(13.7)	(0.2)	(25.1)
Effect of movement in foreign exchange	0.5	0.3	0.0	0.8
Balance 31 December 2019	**135.7**	**80.9**	**1.9**	**218.5**
Carrying amounts				
Balance 31 December 2019	**819.8**	**211.3**	**5.2**	**1,036.3**

NOTE 11 LEASING (CONT.)

Lease liability Amounts in NOK million	2019
Balance at 1 January	1,054.7
New lease contracts	291.6
Disposals	(21.2)
Lease payments	(272.3)
Interest expense	40.6
Effect of movement in foreign exchange	8.3
Balance at 31 December	**1,101.7**

Maturity analysis Amounts in NOK million	2019
Less than one year	241.7
One to five years	538.0
More than five years	322.0
Total lease liabilities at 31 December	**1,101.7**

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 June 2021. Lease term is 12 years with a monthly payment of about 7.1 mill NOK.

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

Group as Lessor
See note 9 for more information about machines where Tomra is a lessor.

NOTE 12 TAXES

Tomra Systems ASA NGAAP			Group IFRS			
2019	2018	**Amounts in NOK miliion**	**2019**		2018	
		TAX BASIS				
488.6	451.2	Profit before taxes				
(380.0)	(240.0)	Dividend from subsidiaries				
(36.2)	(4.0)	Permanent differences				
(37.7)	(46.1)	Change in temporary differences				
34.7	**161.1**	**Basis for taxes payable**				
		TAXES				
7.6	37.0	Taxes payable	285.8		220.6	
1.9	-	Tax under-accrued last year	-		-	
6.6	1.1	Tax effect of equity transactions	7.1		6.7	
8.3	12.4	Net change in deferred taxes	(20.8)		26.5	
24.4	**50.5**	**Tax expense**	**272.1**		**253.8**	
		Effective tax rate				
		Taxes based upon actual tax rates	275.5	24.4 %	237.3	23.0 %
		Tax effect from permanent differences	(3.4)	-0.3 %	16.5	1.6 %
		Actual tax expense	**272.1**	**24.1 %**	**253.8**	**24.6 %**

NOTE 12 TAXES (CONT.)

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	
2019	2018	**Amounts in NOK miliion**	**2019**	2018
		DEFERRED TAX ASSETS		
-	-	Inventory	143.5	142.0
(15.4)	(0.1)	Other current assets	(8.9)	4.3
19.6	19.9	Intangible non-current assets	82.4	75.6
0.6	0.7	Tangible non-current assets	14.1	7.8
2.7	-	Financial non-current assets	8.9	1.4
2.3	2.9	Provisions	28.4	32.3
6.2	6.0	Other current liabilities	23.0	23.7
14.3	9.2	Pension reserves	14.3	9.3
-	-	Loss carried forward	1.6	0.5
30.2	**38.5**	**Total deferred tax assets**	**307.3**	**296.9**
		DEFERRED TAX LIABILITIES		
		Inventory	(2.0)	(3.7)
		Other current assets	(38.1)	(20.6)
		Intangible non-current assets	152.2	173.0
		Tangible non-current assets	54.2	52.5
		Financial non-current assets	(5.7)	(5.0)
		Provisions	1.6	0.7
		Current liabilities	(2.3)	(27.0)
		Pension reserves	(14.9)	(14.5)
		Loss carried forward	-	-
		Total deferred tax liabilities	**145.0**	**155.5**

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 13 OTHER CURRENT LIABILITIES

Tomra Systems ASA NGAAP			Group IFRS	
2019	2018	**Amounts in NOK million**	**2019**	2018
36.0	30.4	Tax deductions, social security tax, holiday pay	372.9	453.4
405.7	664.8	Dividend accruals	-	-
90.4	90.1	Non-interest-bearing debt [1)]	542.3	506.3
532.1	**785.3**	**Total other current liabilities**	**915.2**	**959.7**

1) Non-interest-bearing debt includes forward contracts of NOK 0.4 million (NOK 0.8 million in 2018).

NOTE 14 PROVISIONS

TOMRA SYSTEMS ASA - NGAAP

Amounts in NOK million	Warranty	Other	Total
Balance at 1 January 2019	13.1	0.0	13.1
Provisions made during the year	10.0	0.0	10.0
Provisions used during the year	(5.5)	0.0	(5.5)
Provisions reversed during the year	(7.3)	0.0	(7.3)
Balance at 31 December 2019	**10.3**	**0.0**	**10.3**

GROUP - IFRS

Amounts in NOK million	Warranty	Other	Total
Balance at 1 January 2019	139.9	9.6	149.5
Provisions made during the year	103.0	10.5	113.5
Provisions used during the year	(86.4)	0.0	(86.4)
Provisions reversed during the year	(42.5)	(2.0)	(44.5)
Balance at 31 December 2019	**114.0**	**18.1**	**132.1**

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 of provisions for contractual obligations with business partners.

NOTE 15 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 16 and 17) 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.

2019 Board members	Shareholding [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)	N/A	232,900	18,000
Hege Skryseth (Board member and Audit Committee, from May 2019)	483	249,650	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)	N/A	232,900	18,000
Bjørn Matre (Board member and Compensation & Organizational Development Committee, from May 2019)	3,686	249,650	18,000
Bente Traa (Employee elected) [12)]	1,050	231,000	
David Williamson (Employee elected and Corporate Responsibility Committee) [12)]	1,570	231,000	
Jon Hindar (Nomination Committee, until May 2019)	N/A		36,000
Eric Douglas (Nomination Committee) [11)]	0		23,200
Hild Kinder (Nomination Committee)	0		53,200
Rune Selmar (Nomination Committee) [10)]	0		90,200

NOTE 15 RELATED PARTIES (CONT.)

2019 Group Management	Shareholding [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 45,221	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

2018 Board members	Shareholding [1)]	Board fees [4)]	Committee fees [4) 5)]
Jan Svensson (Chairman and Compensation & Organizational Development Committee) [10)]	7,000	629,000	49,500
Aniela Gabriela Gjøs (Board member and Audit Committee)	12,500	448,000	34,500
Pierre Couderc (Board member and Audit Committee)		448,000	49,500
Bodil Sonesson (Board member and Corporate Responsibility Committee)		448,000	49,500
Linda Bell (Board member and Compensation & Organizational Development Committee)	1,931	448,000	34,500
Bente Traa (Employee elected) [12)]	905	234,000	
David Williamson (Employee elected and Corporate Responsibility Committee) [12)]	1,538	234,000	
Jon Hindar (Nomination Committee)			69,000
Eric Douglas (Nomination Committee) [11)]			44,500
Hild Kinder (Nomination Committee)			44,500
Rune Selmar (Nomination Committee, from April 2018) [10)]			22,000

2018 Group Management	Shareholding [1)]	Loan [3)]	Salary [6)]	Variable salary [7)]	Pension premiums [8)]	Other benefits [9)]
Stefan Ranstrand (President & CEO) [2)]	126,910		5,526,811	2,442,439	837,040	923,795
Espen Gundersen (Deputy CEO & CFO)	57,914		2,776,425	1,326,125	924,114	977,361
Volker Rehrmann (EVP and CTO, Head of Business Area Sorting Solutions)	28,050		EUR 332,883	EUR 141,480	EUR 25,527	EUR 14,863
Harald Henriksen (EVP, Head of Business Area Collection Solutions)	57,148	1,400,000	2,498,781	1,133,836	802,826	1,039,180
Anneli Forsman (SVP, Head of Northern Europe Collection Solutions)			SEK 2,011,146	SEK 950,000	SEK 428,002	SEK 129,193
Heiner Bevers (SVP, Head of North America Collection Solutions)	63,090		USD 493,231	USD 139,564		USD 171,369
Frank Höhler (SVP, Head of Central and Eastern Europe Collection Solutions)	5,950		EUR 256,250	EUR 44,844	EUR 5,125	EUR 12,401
Tom Eng (SVP, Head of TOMRA Sorting Solutions, Recycling)	10,748		1,531,503	610,086	600,291	551,799
Ashley Hunter (SVP, Head of TOMRA Sorting Solutions, Food)	28,877		EUR 290,712	EUR 317,886	EUR 9,319	EUR 31,943
Mike Riley (CEO Compac)			EUR 278,641	EUR 87,076	EUR 8,359	EUR 352
Elisabet Sandnes (SVP, Head of Group Strategy)	1,568		1,064,189	522,500	114,911	55,012

Loans to employees as of 31 December amounted to NOK 1.9 million (2018: NOK 1.8 million) for the parent company and NOK 2.2 million (2018: NOK 2.0 million) for the Group.

NOTE 15 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 2019 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 2019 and 2018. The loans are secured by mortgages in real estate, motor vehicles or securities and are interest and instalment free.

4) Board fees
The Board receives 50 percent of the estimated fees after six months, and the remaining after an additional six months, when the fees have been formally approved by the annual general assembly. The column shows actual payout in the year.

5) Committee fees
Fees related to participation in the Audit, Compensation & Organizational Development, Corporate Responsibility 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 participated 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 during the year, including value of interest-free loans, car allowance, health insurance etc.

10) Shareholding Board member
Board member Jan Svensson held up until September 2019 the position of CEO in Investment AB Latour that had a holding of 39,000,000 shares in TOMRA at 31 December 2019. Nomination committee member Rune Selmer held up until September 2019 the position of CEO in Odin Forvaltning that had a holding of 1,150,118 shares in TOMRA at 31 December 2019.

11) Shareholding Committee member
Committee member Eric Douglas' family controls Investment AB Latour that had a holding of 39,000,000 shares in TOMRA at 31 December 2019.

12) 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 an LTIP-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 2019, the actual performance for the fiscal year 2017, 2018 and 2019 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 2017, 2018 and 2019 combined was 15.57 NOK, management gained 42.8% of full earnings under the LTIP-plan in 2019.

The targets for 2020 were established by the end of 2017 (based upon EPS for the years 2018, 2019 and 2020).

The targets for 2021 were established by the end of 2018 (based upon EPS for the years 2019, 2020 and 2021).

The targets for 2022 were established by the end of 2019 (based upon EPS for the years 2020, 2021 and 2022).

NOTE 15 RELATED PARTIES (CONT.)

	Earned in 2019	**To be invested in shares in 2020**
Stefan Ranstrand (President & CEO)	2,311,200	577,800
Espen Gundersen (Deputy CEO & CFO)	1,221,889	305,472
Volker Rehrmann (EVP and CTO, Head of Business Area Sorting Solutions)	EUR 142,473	EUR 35,618
Harald Henriksen (SVP, Head of Business Area Collection Solutions)	1,099,700	274,925
Anneli Forsman (SVP, Head of Northern Europe Collection Solutions)	SEK 418,798	SEK 104,700
Heiner Bevers (SVP, Head of North America Collection Solutions)	USD 184,364	USD 46,091
Frank Höhler (SVP and Head of Central and Eastern Europe Collection Solutions)	EUR 112,417	EUR 28,104
Tom Eng (SVP and Head of Tomra Sorting Solutions, Recycling)	725,715	181,429
Ashley Hunter (SVP and Head of Tomra Sorting Solutions, Food)	USD 140,077	USD 35,019
Elisabet Sandnes (SVP, Head of Group Strategy & Investor Relations)	162,426	40,607

The collective compensation for key management personnel was as follows (23 managers in 2019 and 22 in 2018):

Amounts in NOK million	**2019**	2018
Short-term employee benefits	65.4	81.8
Severance payments	0.0	0.0
Post-employment benefits	4.3	4.1
Total	**69.7**	**86.0**

Total remuneration is included in "employee benefit expenses" (see note 3).

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

	2019		2018	
Amounts in NOK million	**Parent**	**Group**	**Parent**	**Group**
Statutory audit	1.2	11.9	1.2	10.1
Other attestation services	0.0	0.6	0.0	0.7
Tax consulting	0.0	3.3	0.4	3.6
Other services	0.9	1.4	0.2	0.9
Total	**2.1**	**17.2**	**1.8**	**15.3**

Statutory audit fees to KPMG for the Group were NOK 9.2 million (NOK 8.8 million in 2018), and fees to other auditors were NOK 2.7 million (NOK 1.3 million in 2018).

Non-audit fees to KPMG for the Group were NOK 4.6 million (NOK 4.4 million in 2018), and non-audit fees to other auditors were NOK 0.7 million (NOK 0.8 million in 2018).

NOTE 15 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 1,249 million in 2019 (NOK 1,328 million in 2018) 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 387 million in 2019 (NOK 413 million in 2018).

Management fee of NOK 10.6 million in 2019 (NOK 8.1 million in 2018).

Interest income on loans of NOK 35.6 million in 2019 (NOK 37.2 million in 2018), and interest expenses on loans of NOK 5.3 million in 2019 (NOK 0.7 million in 2018).

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

Amounts in NOK million	2019	2018
Loans to subsidiaries	1,025.2	1,490.3
Intra-group receivables	457.8	237.9
Loan from subsidiaries	(320.0)	(206.9)
Intra-group debt	(891.1)	(1,127.3)
Total	**271.9**	**394.0**

NOTE 16 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 17 INVESTMENTS IN ASSOCIATES

GROUP- IFRS

Amounts in NOK million	Ultre-PET	Tomra Cleanaway Pty Ltd.	Other	Total
Book value 31 December 2018	51.5	7.3	4.0	62.8
Profit 2019	0.2	0.3	1.7	2.2
Capital infusion	0.0	18.3	3.0	21.3
Dividend	(1.1)	0.0	(5.1)	(6.2)
Currency translation difference	(0.7)	0.2	0.1	(0.4)
Book value 31 December 2019	**49.9**	**26.1**	**3.7**	**79.7**
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:

2019	Ultre-PET	Tomra Cleanaway Pty Ltd.	Other	Total
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)
2018				**Total**
Assets	171.7	209.3	161.0	542.0
Liabilities	53.9	194.7	110.7	359.3
Equity	117.8	14.6	50.3	182.7
Revenues	219.4	629.8	163.9	1,013.1
Profit/(loss)	0.0	(29.5)	11.8	(17.7)

NOTE 18 PENSION AND PENSION OBLIGATIONS

Total Pension costs and pension liability for TOMRA Group

Amounts in NOK million	GROUP IFRS 2019	GROUP IFRS 2018
Net pension cost Norwegian plans	29.4	6.6
Net pension cost US plans	(2.4)	(2.8)
Net pension cost Belgium plans	6.8	7.0
Taxes	(8.0)	(3.0)
Net pension costs in Other Comprehensive Income	**25.8**	**7.8**
Pension liability Norwegian plans	64.8	41.8
Pension liability US plans	63.0	64.9
Pension liability Belgium plans	9.9	5.0
Total Pension liability	**137.7**	**111.7**

Norwegian plans

Tomra Systems ASA NGAAP 2019	Tomra Systems ASA NGAAP 2018	Amounts in NOK million	GROUP IFRS 2019	GROUP IFRS 2018
		EXPENSE RECOGNIZED IN THE INCOME STATEMENT		
7.8	7.8	Current service cost	7.8	7.8
1.0	0.9	Interest cost (income)	1.0	0.9
1.2	1.2	Social security tax included in pension cost	1.2	1.2
10.0	**9.9**	**Net pension costs in Income Statement**	**10.0**	**9.9**
		EXPENSE RECOGNIZED IN OTHER COMPREHENSIVE INCOME		
36.0	(11.5)	Actuarial loss (gain)- change in discount rate	6.0	(11.5)
(11.8)	12.5	Actuarial loss (gain)- change in other financial assumptions	(11.8)	12.5
0.5	3.1	Actuarial loss (gain)- experience DBO	0.5	3.1
(1.0)	(0.2)	Loss (gain)- experience Assets	(1.0)	(0.2)
2.1	1.9	Investment management cost	2.1	1.9
3.6	0.8	Social security tax included in pension cost	3.6	0.8
29.4	**6.6**	**Net pension costs in Other Comprehensive Income**	**29.4**	**6.6**
		FINANCIAL STATUS AS OF 31 DECEMBER		
250.7	212.9	Present value of funded pension obligations	250.7	212.9
(185.9)	(171.1)	Fair value of plan assets	(185.9)	(171.1)
64.8	**41.8**	**Pension liability**	**64.8**	**41.8**
		BASIS FOR CALCULATION		
1.80 %	2.60 %	Discount rate	1.80 %	2.60 %
2.25 %	2.75 %	Expected wage increase	2.25 %	2.75 %
2.00 %	2.50 %	Expected increase of base amount	2.00 %	2.50 %
1.80 %	2.60 %	Expected return on plan assets 31 December	1.80 %	2.60 %
10 yrs	**10 yrs**	**Average remaining service period**	**10 yrs**	**10 yrs**
		MOVEMENTS IN NET LIABILITY FOR DEFINED BENEFIT OBLIGATIONS AS RECOGNIZED IN THE BALANCE SHEET		
41.8	42.2	Net liability at 1 January	41.8	42.2
(16.4)	(16.9)	Contributions received	(16.4)	(16.9)
29.4	6.6	Remeasurement recognized in Other Comprehensive Income	29.4	6.6
10.0	9.9	Expense recognized in the Income Statement (*)	10.0	9.9
64.8	**41.8**	**Net liability at 31 December**	**64.8**	**41.8**
		(*) The expense is recognized in the following line item in the income statement		
10.0	9.9	Employee benefits expenses defined benefit plan	10.0	9.9
9.0	5.6	Employee benefits expenses defined contribution plan	72.3	51.4
19.0	**15.5**	**Total employee benefits expenses** [1]	**82.3**	**61.3**

NOTE 18 PENSION AND PENSION OBLIGATIONS (CONT.)

1) NOK 5.9 million of total employee benefits for Tomra Systems ASA was charged to subsidiaries in 2019 (2018: NOK 5.8 million), and the interest of NOK 1.0 million is classified as employee benefits.

Total employee benefits expenses for the Group is split as NOK 29.6 million in the Sorting Solutions segment (2018 NOK 16.3 million) and NOK 52.7 million in the Collection Solutions segment (2018 NOK 45.0 million).

TOMRA's best estimate of contributions expected to be paid into the plan for 2020 is NOK 14.9 million.

The discount rate is in accordance with guidelines from Norsk Regnskapsstiftelse at 31 August 2019, which was the best estimate of the rate at the time the basis for the calculation was set in October 2019. The effect of the increase in the long term interest rates towards the end of this year and the new guidelines at 31 December 2019, 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 2019 and 2018 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

Until the end of 2006 all employees in Norway were covered by a collective pension plan, where the insured pension plans covered employees in permanent positions of at least 50 percent of full time employment and below an age of 57 years at the employment date. The pension plan was structured as a retirement net agreement in that it guaranteed 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.

In 2007, TOMRA established a defined contribution plan, where TOMRA contributed 5% of salary between 1 and 6G and 8% of salary between 6 and 12G. The old defined benefit plan for salary up to 12G was at the same time closed for new members, so all new employees from January 2007 are members of the defined contribution plan instead.

Employees that were members of the defined benefit plan, could choose if they wanted to stay in this plan or join the new defined contribution plan. Employees that chose to change pension plan got a paid up policy for the benefit they had earned under the old plan. In total 65 employees chose to change pension plan.

From 1 January 2017 the defined contribution plan was changed to adapt to the change in State benefits. Under the new plan TOMRA contributes 6% of salary between 1 and 7.1G and 16 % of salary between 7.1 and 12G. The right to a paid up defined contribution policy was also closed from 1 January 2017.

In addition TOMRA had a separate pension plan for benefits over 12G, with the same coverage as the plan up to 12G. Until the end of 2006 the pension premium for such plans was not taxable for the receiver, but it would be taxable when the pension was paid out. The pension premium was not tax deductible for the company.

Due to changes in the tax regulations the pension premium paid is taxable from 1 January 2007 for the employee, while only the return of the pension is taxable when it is paid out. The pension premium is also tax deductible for the company.

To eliminate the effect of the changes in tax regulation for employees, the pension plan was adjusted to keep the benefit after tax unchanged for the employee. This was done by adjusting the pension premium down to a level where the employee would get the same benefit after tax as under the former pension plan. In addition TOMRA compensates the employee's tax on the pension premium.

The pension plans have been treated for accounting purposes in accordance with IAS 19. The parent company's plan, which also covers employees in Tomra Butikksystemer AS, Tomra Production AS and Tomra Sorting AS includes 80 employees and 57 retirees at year-end 2019.

Actual return on plan assets was NOK 4.6 million in 2018.

NOTE 18 PENSION AND PENSION OBLIGATIONS (CONT.)

Life expectancy
Assumptions regarding future mortality have been based on published statistics and mortality tables K2013BE.
The current life expectancy underlying the values of the defined benefit obligation at the reporting date were as follows.

	Men	Women
Life expectancy currently aged 65	21.0	24.1
Life expectancy at 65 currently aged 40	23.2	26.5

Plan assets comprise of

	2019	2018
Shares	14.8 %	15.4 %
Short-term bonds	11.2 %	9.5 %
Credit	13.1 %	16.1 %
Long-term bonds	36.4 %	35.7 %
Property	13.4 %	13.7 %
Other	11.1 %	9.6 %
Total	**100.0 %**	**100.0 %**

Change in plan assets

Amounts in NOK million	2019	2018
Fair value of assets at beginning of year	171.1	157.0
Expected return on plan assets	4.2	3.4
Remeasurement	(1.1)	(1.7)
Acquisition	-	-
Employer contribution	14.3	14.9
Benefits paid	(2.6)	(2.5)
Fair value of assets at end of year	**185.9**	**171.1**

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 2019	Assump-tions 2018	Discount rate +0.5	Discount rate -0.5	Wage increase +0.5	Wage increase -0.5	Pension regulation +0.5
Discount rate	1.80 %	2.60 %	2.30 %	1.30 %	1.80 %	1.80 %	1.80 %
Expected wage increase	2.25 %	2.75 %	2.25 %	2.25 %	2.75 %	1.75 %	2.25 %
Expected increase of base amount	2.00 %	2.50 %	2.00 %	2.00 %	2.00 %	2.00 %	2.00 %
Expected pension regulation	0.70 %	0.80 %	0.70 %	0.70 %	0.70 %	0.70 %	1.20 %
Expected return on plan assets	1.80 %	2.60 %	2.30 %	1.30 %	1.80 %	1.80 %	1.80 %

Results

Amounts in NOK million							
Service costs	8.1	7.3	7.3	9.1	8.7	7.6	7.5
Accumulated benefit obligation	145.2	124.4	130.9	161.6	145.2	145.2	137.8
Present benefit obligation	242.7	218.5	220.7	267.7	255.5	230.6	236.9
Total benefit obligation	329.5	295.3	297.4	366.4	350.5	309.6	317.1
Plan assets	185.9	171.1	185.9	185.9	185.9	185.9	185.9

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 50 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 though 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 165,125 in 2018 and USD 174,367 in 2019.

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 CASH AND CASH EQUIVALENTS

Tomra Systems ASA NGAAP			Group IFRS	
2019	2018	**Amounts in NOK million**	**2019**	2018
100.9	12.6	Cash and cash equivalents	459.7	397.0
100.9	12.6	Cash and cash equivalents in the statement of cash flows [1)]	459.7	397.0

1) Includes restricted bank deposits totaling NOK 9.1 million for the Parent company and NOK 11.9 million for the Group.

Tomra Systems ASA and its fully owned subsidiaries participate in an international multi-currency cash-pool, operated by DNB Bank. All the subsidiaries deposit to and withdraw from the pool 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 20 FINANCIAL INSTRUMENTS

The responsibility for 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 treasury department acts as the corporate bank and is responsible for all external borrowing and hedging transactions in interest rates and currencies. TOMRA aims to limit its exposure to financial risk.

Interest rate risk
TOMRA's surplus cash is primarily used to reduce the loan amount on the revolving credit facilities. 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 seven-year revolving credit facility of EUR 50 million or NOK/USD equivalent (established in December 2015), increased by exercising of an accordion option of EUR 20 million (in January 2018). In addition TOMRA has a seven-year revolving credit facility of EUR 60 million (established in April 2014) and a one-year facility of EUR 10 million (established in April 2019), or NOK/SEK/USD equivalent. On the EUR 70 million revolving credit facility, interest is payable at a rate of NIBOR/EURIBOR/LIBOR plus a margin, dependent on TOMRA's NIBD/EBITDA ratio. On the EUR 60 million and EUR 10 million credit facilities, interest is payable at a rate of NIBOR/EURIBOR/LIBOR/STIBOR plus a margin dependent on TOMRA's leverage ratio (NIBD/EBITDA). In addition TOMRA has an overdraft facility of NOK 300 million. A change in the interest rate of 100 basis points, calculated on the loan amount as per 31 December 2019, increases/decreases the annual financial costs by NOK 18.8 million. At year end, cash and cash equivalents had a duration of zero (mainly bank holdings), and the duration of the loan and bond facilities was 2.6 years. The NOK 1,000 million bond was issued 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 interest rate risk related to this bond issue will be limited, since the coupon rate will be adjusted quarterly according to the change in the reference interest rate (NIBOR 3 months) over the tenor.

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
Credit risk is the risk of loss that may arise on outstanding contracts should a counterparty default on its obligations. The IFRS 9 Financial instrument standard, effective from 1 January 2018, has had limited impact on TOMRA's consolidated balance sheet, statement of income and statement of cash flow due to TOMRA's limited use of complex financial instruments, in addition to the Group's immaterial historical credit losses. 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. A default occurs if its > 50 % chance that the obligor will not be able to repay its debt. The credit risk is not considered to be significant on outstanding receivables as of 31 December 2019. The Group expensed NOK 22.5 million in bad debt in 2019 (NOK 5.2 million in 2018). 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 on financial contracts.

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.

TOMRA's main bank is DNB Bank, where TOMRA's EUR 70 million, or NOK/SEK/USD equivalent, credit facility is located in addition to the international cash pool with an undrawn overdraft facility of NOK 300 million. The EUR 60 million and EUR 10 million credit facilities, or EUR/USD equivalent, are provided by DNB and SEB. When the debt is drawn in NOK, TOMRA has converted the NOK into EUR by entering into EURNOK FX swap contracts. The contracts are used to hedge TOMRA Systems ASA's EUR net investments in subsidiaries. In order to have a full cash management solution, TOMRA has additional banks in some local markets. The tables below show TOMRA's outstanding loan per 31 December and respective counterpart's credit rating.

	31 December 2019			31 December 2018		
	Credit limit	Loan balance	Rating Moody/ S&P	Credit limit	Loan balance	Rating Moody/ S&P
DNB Bank ASA	EUR 70 million 1)	NOK 380 million	DNB AA- / SEB A+	EUR 70 million 1)	EUR 67 million	A+
DNB Bank ASA & SEB AB	EUR 10 million 2)	NOK 50 million	DNB AA- / SEB A+	EUR 60 million 2)	EUR 60 million	A+
DNB Bank ASA & SEB AB	EUR 60 million 2)	NOK 450 million	DNB AA- / SEB A+	EUR 60 million 2)	EUR 20 million	A+

1) or NOK/SEK/USD equivalent
2) or NOK/USD equivalent

TOMRA's additional long-term funding is based on bond debt. TOMRA issued a total amount of NOK 1 billion in senior unsecured bonds in November 2019. The transaction was split in two tranches; NOK 400 million (3Y) and NOK 600 million (5Y). TOMRA has converted the NOK bond value into EUR by using two EURNOK cross currency swap contracts. The contracts are used to hedge TOMRA Systems ASA's EUR net investments in subsidiaries.

NOTE 20 FINANCIAL INSTRUMENTS (CONT.)

Liquidity risk
Liquidity risk is the risk that TOMRA will not be able to meet its financial obligations as they fall due. TOMRA has a limited exposure to liquidity risk on the basis of a strong cash flow in addition to a solid balance sheet, 48 percent equity ratio at 31 December 2019, that will enable a higher debt ratio if necessary. The liquidity reserve (cash and unused credit lines) was NOK 1,249 million per 31 December 2019.

Commodity risk
The volatility of raw materials impacts both TOMRA's income and costs.

Income
TOMRA is indirectly exposed to fluctuations in commodity prices in the business area Sorting Solutions; for customers within waste-management, the value of the material that TOMRA scanners sort out is a source of income. When commodity prices increase, the income to customers in this segment is affected, which affects the willingness to invest positively. The same applies in the Mining segment, where customers are very exposed to fluctuations in commodity prices, which again influences their willingness to invest.

Costs
The increase in fuel prices is negative for TOMRA due to higher transportation costs. First and foremost, this applies to material recovery operations, where an increase of USD 1 per gallon diesel decreases operating profit by USD 1.3 million a year. TOMRA uses a variety of raw materials in production, however, the volume of material components is not so significant that it has a material impact on profitability.

Foreign currency risk
TOMRA is exposed to changes in the value of NOK relative to other currencies. With ~98 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 secure up to 12 months of expected future net cash flow. TOMRA primarily uses forward contracts as an economic instrument to hedge the cash flow. TOMRA has not applied hedge accounting in accordance with IFRS 9 for the cash flow.

Hedge accounting under IFRS 9
In order to reduce the foreign currency translation risk in the financial statements, TOMRA's EUR NOK currency swaps corresponding to the two loan facilities with DNB and SEB, in addition to the 3 and 5 year bond facilities, in total EUR 186.6 million, are designated as hedge of the net investment in European subsidiaries. The fair value of these contracts was NOK 1,840 million at 31 December 2019, which represents less than TOMRA's net investments in EUR. The hedge has been highly effective for the period (100 %). The foreign exchange gain of NOK 3.9 million on translating the currency swaps contracts to functional currency at the end of the reporting period is recognized in retained earning, in shareholders' equity.

The split of revenues and the balance sheet as of 31 December in currencies, was distributed as follows:

	Revenues		Assets	
	2019	2018	**2019**	2018
EUR	45 %	47 %	19 %	17 %
USD	35 %	43 %	44 %	50 %
NOK	2 %	2 %	11 %	14 %
OTHER	18 %	8 %	26 %	19 %

The split of the balance sheet as of 31 December in currencies was distributed between the balance lines as follows:

	2019			
	USD	**EUR**	**NOK**	**OTHER**
Total intangible non-current assets	9 %	58 %	3 %	30 %
Total tangible non-current assets	42 %	29 %	9 %	20 %
Total financial non-current assets	54 %	3 %	27 %	16 %
Inventory	14 %	52 %	11 %	23 %
Total receivables	15 %	45 %	11 %	29 %
Cash and cash equivalents	28 %	30 %	7 %	35 %
Total assets	**17 %**	**44 %**	**13 %**	**26 %**
Total non-current liabilities	4 %	82 %	0 %	14 %
Total current liabilities	16 %	50 %	22 %	12 %
Total liabilities	**9 %**	**34 %**	**44 %**	**13 %**

NOTE 20 FINANCIAL INSTRUMENTS (CONT.)

	2018			
	USD	**EUR**	**NOK**	**OTHER**
Total intangible non-current assets	9 %	61 %	2 %	28 %
Total tangible non-current assets	40 %	27 %	7 %	26 %
Total financial non-current assets	1 %	1 %	64 %	34 %
Inventory	18 %	56 %	10 %	16 %
Total receivables	22 %	56 %	19 %	3 %
Cash and cash equivalents	0 %	0 %	100 %	0 %
Total assets	**17 %**	**50 %**	**14 %**	**19 %**
Total non-current liabilities	14 %	81 %	0 %	5 %
Total current liabilities	14 %	53 %	27 %	6 %
Total liabilities	**14 %**	**61 %**	**19 %**	**6 %**

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 would have increased/decreased equity by ~NOK 440 million as per balance 31 December 2019. (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:

	2019		2018	
Amounts in NOK million	**Income**	**Cost**	**Income**	**Cost**
10% currency change USD/NOK	329	(199)	370	(198)
10% currency change EUR/NOK	425	(325)	404	(352)

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

	2019		2018	
Amounts in NOK million	**Increase**	**Decline**	**Increase**	**Decline**
10% currency change USD/NOK	158	(158)	104	(104)
10% currency change EUR/NOK	90	(90)	210	(210)

The following exchange rates were applied during the year [1]:

	Average rate (P/L rate)		**Reporting date rate (Balance rate)**	
	2019	2018	**2019**	2018
USD/NOK	8.800	8.133	8.780	8.689
EUR/NOK	9.850	9.600	9.864	9.948
SEK/NOK	0.931	0.936	0.944	0.970
AUD/NOK	6.116	6.079	6.167	6.133
NZD/NOK	5.797	5.631	5.923	5.833

1) Exchange rates distributed by the Norwegian Central Bank. The yearly average rates are calculated based on monthly average rates.

The fair value of forward contracts is calculated at the end of each period, and at 31 December 2019 the value was recognized in other current liabilities at NOK 0.4 million (2018: NOK 0.8 million) and NOK 71.9 million in other short-term receivables (2018: NOK 1.3 million). Changes in fair value of forward contracts were recognized in the income statement in 2019. Change in fair value of spot and forward contracts and currency effect on cash flows in 2019 amounted to a gain of NOK 13.8 million (2018: a loss of NOK 10.1 million), see note 4. Currency contracts are accounted for at fair value according to IFRS 7, level 2. IFRS 13 has been applied effective 1 January 2013.

NOTE 20 FINANCIAL INSTRUMENTS (CONT.)

Outstanding forward foreign exchange contracts, as of 31 December:

	2019			2018		
Amount forward (sold) / bought	**Currency (million) [1]**	**Exch.rate**	**Due date**	**Currency (million) [1]**	**Exch.rate**	**Due date**
EUR/NOK	(199.3)	10.107	2020	(61.0)	9.866	2019
JPY/NOK	(325.0)	0.084	2020			
SEK/NOK	14.0	0.964	2020	9.0	0.963	2019
AUD/NOK	(41.0)	6.266	2020	(59.0)	6.201	2019
USD/NOK	(10.0)	9.039	2020	25.0	8.676	2019
PLN/NOK	(9.0)	2.364	2020	(5.0)	2.308	2019
CAD/NOK	-			(4.0)	6.376	2019
NZD/NOK	(8.0)	5.991	2020	(9.5)	5.962	2019
CNH/NOK	6.5	1.281	2020			

Outstanding Cross currency swap contracts, as of 31 December:

	2019		
Amount forward (sold) / bought	**Currency (million) [1]**	**Exch.rate**	**Due date**
EUR/NOK	(39.7)	10.085	2022
EUR/NOK	(59.4)	10.095	2024

1) Face value

TOMRA has not entered into any commodity contracts as of 31 December 2019.

Overview of financial assets and liabilities - carrying and fair values:

	2019		2018	
Amounts in NOK million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Long term receivables	325.5	325.5	275.4	275.4
Receivables	1,511.2	1,511.2	1,513.6	1,513.6
Cash and cash equivalents	459.7	459.7	397.0	397.0
Forward exchange contracts	51.3	51.3	0.5	0.5
Cross Currency Swaps [1]	20.1	20.1		
Unsecured bank facilities	(880.0)	(880.0)	(1,512.7)	(1,512.7)
Senior unsecured bonds	(1,000.0)	(1,000.0)		
Lease liabilities	(1,101.7)	(1,101.7)	(8.2)	(8.2)
Payables	(502.4)	(502.4)	(655.0)	(655.0)
Total	**(1,116.3)**	**(1,116.3)**	**10.6**	**10.6**

1) Hedge of net investment in European subsidiaries.

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments in the table:

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

Financial derivatives
The fair value of forward currency contracts represented quoted market price, i.e. the exchange rate at 31 December 2019 and the interest points obtained from the different market institutions.

Interest-bearing loans and borrowings
The fair value of the unsecured bank loan was based on loan amounts per 31 December 2019.

Receivables/payables
For receivables/payables with a remaining life of less than one year, the notional amount was deemed to reflect the fair value. All other receivables/payables were discounted to determine the fair value.

There has not been any transfer of assets between the different valuation levels in 2019 compared to 2018.

NOTE 20 FINANCIAL INSTRUMENTS (CONT.)

Interest rates used for determining fair value	2019	2018
Loans and borrowings	1.8 %	1.8 %
Receivables/payables	1.3 %	1.3 %

Financial assets and liabilities per 31 December 2019 - maturity analysis (discounted values):

Amounts in NOK million	Carrying amount	Q1-Q2 2020	Q3-Q4 2020	2021-2022	2023-2024	2025-
Long term receivables	325.5			130.2	195.3	
Receivables	1,511.2	1,391.1	120.1			
Cash and cash equivalents	459.7	459.7				
Forward exchange contracts	51.3	51.3				
Cross currency swaps	20.1			9.8	10.3	
Unsecured bank facilities	(880.0)	(50.0)		(830.0)		
Senior unsecured bonds	(1,000.0)			(400.0)	(600.0)	
Lease liabilities	(1,101.7)	(107.0)	(134.7)	(207.3)	(330.7)	(322.0)
Payables	(502.4)	(502.4)				
Total	**(1,116.3)**	**1,242.7**	**(14.6)**	**(1,297.3)**	**(725.1)**	**(322.0)**

NOTE 21 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 invested shares, 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.

	2019	2018
Number of shares purchased by employees	129,855	131,625
Share price (closing market share price, the day before the allotment date) [1]	265.60	187.00 / 190.40
Number of bonus shares, distributed one year after investment	25,971	40,087
Total expenses recognized	5.5 million	4.0 million

1) 129,638 shares were sold at NOK 187.00 on 31 May 2018 and 1,987 shares were sold at NOK 190.40 on 8 June 2018.

NOTE 22 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 2018	**148.0**	**(0.5)**	**918.3**	**1,065.8**	**750.2**	**1,816.0**	**148,020,078**
Profit for the period					400.7	400.7	
Pensions					(5.5)	(5.5)	
Purchase of own shares							
Own shares sold to employees		0.2		0.2	31.9	32.1	
Dividend to shareholders					(664.8)	(664.8)	
Balance per 31 December 2018	**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**

Share par value is 1 NOK.
Total shareholding of treasury shares was 500,000 as of year end 2019.

NOTE 22 EQUITY (CONT.)

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 1 January 2018	**1,065.8**	**631.0**	**(76.1)**	**2,973.4**	**4,594.1**	**143.3**	**4,737.4**
Profit for the period				740.2	740.2	38.7	778.9
Changes in translation differences		82.3			82.3	8.2	90.5
Change in estimate of put/call option [2]				(8.2)	(8.2)		(8.2)
Remeasurements of defined benefit liability (assets)			(7.8)		(7.8)		(7.8)
Total comprehensive income for the period	**0.0**	**82.3**	**(7.8)**	**732.0**	**806.5**	**46.8**	**853.4**
Transactions with shareholders							
Dividend non-controlling interest				(9.0)	(9.0)	(31.4)	(40.4)
Own shares sold to employees	0.2			31.9	32.1		32.1
Minority new consolidated companies					0.0	0.5	0.5
Dividend to shareholders				(346.8)	(346.8)		(346.8)
Total transactions with shareholders	**0.2**	**0.0**	**0.0**	**(324.0)**	**(323.7)**	**(30.8)**	**(354.6)**
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)
Opening 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
Change in estimate of put/call option [2]				(36.9)	(36.9)		(36.9)
Remeasurements of defined benefit liability (assets)			(25.8)		(25.8)		(25.8)
Total comprehensive income for the period	**0.0**	**5.7**	**(25.8)**	**785.5**	**765.4**	**37.0**	**802.4**
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
Dividend to shareholders [1]				(664.8)	(664.8)		(664.8)
Total transactions with shareholders	**(0.2)**	**0.0**	**0.0**	**(727.3)**	**(727.5)**	**(26.0)**	**(753.5)**
Balance per 31 December 2019	**1,065.8**	**719.0**	**(109.7)**	**3,401.3**	**5,076.4**	**170.3**	**5,246.7**

1) Dividend payment was NOK 4.50 (NOK 2.50 ordinary and NOK 2.00 extraordinary) per share in 2019, as proposed in the 2018 financial statements.
2) See note 5 for more details.

NOTE 22 EQUITY (CONT.)

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	2019	2018
NOK 2.75 in dividend per qualifying share (2018: NOK 2.50 in ordinary dividend and 2.00 in extraordinary dividend)	405.7	664.8

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

Earnings per share - Group	2019	2018
Average number of shares	148,020,078	148,020,078
Average number of shares, adjusted for own shares	147,764,271	147,663,865
Average number of shares, adjusted for own shares, fully diluted	147,764,271	147,663,865
Majority equity 31 December (MNOK)	5,076.4	5 076.9
Equity per share (NOK)	34.35	34.38
Net profit attributable to the shareholders of the parent (MNOK)	822.4	740.2
Earnings per share	5.57	5.01
Earnings per share, fully diluted	5.57	5.01

Purchase of own shares
TOMRA was granted authority to acquire treasury shares at the annual general meeting 6 May 2019, limited to a total of 500,000 shares. At the end of 2019, 370,667 shares had been purchased under this proxy.

NOTE 23 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 2019	Number of shares	Ownership
1	Investment AB Latour	39,000,000	26.35 %
2	Folketrygdfondet	8,675,300	5.86 %
3	APG Asset Management N.V.	7,845,000	5.30 %
4	Swedbank Robur Fonder AB	4,186,030	2.83 %
5	Capital Research Global Investors (U.S.)	3,520,234	2.38 %
6	The Vanguard Group	3,152,629	2.13 %
7	Impax Asset Management	2,603,940	1.76 %
8	Nordea Investment Management	2,425,448	1.64 %
9	Alfred Berg Kapitalforvaltning AS (Norway + Sweden)	2,383,969	1.61 %
10	Candriam Belgium S.A.	2,198,176	1.49 %
11	Handelsbanken Asset Management (Sweden + Norway)	2,053,436	1.39 %
12	DNB Asset Management	1,952,270	1.32 %
13	Danske Bank Asset Management (Norway + Denmark)	1,738,569	1.17 %
14	SEB Investment Management AB	1,671,290	1.13 %
15	Storebrand Asset Management AS (Norway + Sweden)	1,626,353	1.10 %
16	Templeton Investment Counsel, LLC	1,576,507	1.07 %
17	Statoils Pensjonskasse	1,414,398	0.96 %
18	PGGM Vermogensbeheer B.V.	1,307,904	0.88 %
19	BlackRock Fund Advisors	1,214,203	0.82 %
20	Odin Forvaltning AS	1,150,118	0.78 %
	Total 20 largest shareholders	**91,695,774**	**61.95 %**
	Other shareholders	56,324,304	38.05 %
	Total (8,791 shareholders)	**148,020,078**	**100.00 %**
	Shares owned by Norwegian residents	27,972,487	18.90 %
	Shares owned by others	120,047,591	81.10 %
	Total	**148,020,078**	**100.00 %**

NOTE 24 REVENUES

Transition
IFRS 15 was implemented from 1 January 2018. It establishes a comprehensive framework for determining whether, how much and when, revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. TOMRA adopted IFRS 15 using the modified retrospective method, with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 January 2018). IFRS 15 was applied retrospectively only to contracts that were not completed as of 1 January 2018.

The Group reviewed its contracts to consider if they had any effects of changing accounting principles to IFRS 15 1 January 2018. No effects were identified based on this review.

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

Amounts in NOK million	2019	2018
Receivables from sales/contracts, included in receivables	1,305.3	1,327.2
Contract assets	285.8	407.8
Contract liabilities	491.8	589.2
Capitalized contract costs	-	-

For information about credit risk and loss allowance on receivables see note 20 and 7.

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	2019	2018
Opening balance	407.8	200.6
Net Transfer from contract assets to receivables	(215.7)	(54.6)
Sales / service performed not yet invoiced	92.5	256.7
Business combinations	-	-
Currency effect	1.2	5.2
Closing balance	**285.8**	**407.8**

Contract liability

Amounts in NOK million	2019	2018
Opening balance	589.2	395.5
Revenue recognized from contract liability	(809.2)	(505.7)
Cash/prepayments received, excluding amounts recognized as revenues during the period	674.6	694.0
Transfer from contract asset to contract liability	34.0	1.0
Currency effect	3.2	4.5
Closing balance	**491.8**	**589.2**

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

Amounts in NOK million	2020	2021	2022	Total
Revenues from sale of Sorters	1,435.2	10.7	12.1	1,458.0

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 24 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 by measuring the progress towards complete satisfaction. The progress is assessed by reference to results achieved and milestones reached for the satisfaction of the performance obligation.

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 several construction contracts open at year end 2019.

Amounts in NOK million	**2019**	**2018**
Projects under construction	24.8	(2.2)
Advances from customers	(101.0)	(110.1)
Net Projects under construction	**(76.2)**	**(112.3)**
Reported revenue (not invoiced) included in customer receivables	56.5	70.9
Share of outstanding receivables withheld in accordance with contract terms		
	75.1	59.4
Remaining production on loss-making projects	-	-
Revenue from projects in period	219.1	221.2
Costs from projects in period	119.9	119.8
Net result from projects in progress	**99.2**	**101.5**

NOTE 25 ACQUISITIONS - BBC

On 26 February 2018, TOMRA Systems ASA, through its fully owned subsidiary TOMRA Sorting AS, signed an agreement with the owners of BBC Technologies Ltd (New Zealand) and BBC Technologies Limited (USA) (together “BBC”) to acquire 100 per cent of the shares in BBC.
BBC is headquartered in Hamilton, New Zealand and is a leading provider of precision grading systems for blueberries and other small fruits. The company complements TOMRA’s own fruit inspection and grading technology portfolio.
The majority of BBC Technologies sales have been from the blueberry segment, but the company also offers solutions for cherries, cherry tomatoes and other small soft fruits.

BBC origins go back to 2000, currently employing around 145 people across locations in New Zealand, Chile, Europe and USA. About 2,350 BBC Technologies machines have been sold worldwide. With year-end in December the company generated a 2017 EBITDA of approximately 10 MNZD on total revenue of approximately 36 MNZD.

Closing of the transaction took place 1 March 2018, and TOMRA paid a consideration of 363 MNOK corresponding to a value of 63.8 MNZD, free of cash and interest-bearing debt. TOMRA acquisition was settled in cash, and the transaction was financed through existing drawing rights.

Accounting year ended December **Amounts in NZD million**	**FY15**	**FY16**	**FY17**	**FY18***
Profit and loss				
Revenues	23	28	36	45
EBITDA	5	8	10	13
EBIT	**4**	**6**	**8**	**11**
Balance sheet	**FY15**	**FY16**	**FY17**	**FY18**
Intangible non-current assets	1	-	-	1
Tangible non-current assets	2	4	2	2
Inventory	6	7	7	6
Receivables	9	9	9	20
Cash	3	2	5	4
Total assets	**17**	**22**	**23**	**33**
Equity	5	8	14	20
Interest bearing debt	7	6	-	-
Other liabilities	5	8	9	13
Total debt and equity	**17**	**22**	**23**	**33**

Unaudited numbers. Not harmonized with TOMRA Group accounting principles
*10 months. If the acquisition had occurred on 1 January 2018, revenues in 2018 for the TOMRA Group would have increased by approximately 2 MNZD and EBIT would have decreased by approximately 1 MNZD.

The figures for FY15, FY16 and FY17 are extracted from management accounts and adjusted for one-off income and expenses, and are not harmonized with TOMRA accounting principles.

NOTE 25 ACQUISITIONS - BBC (CONT.)

TOMRA expensed NOK 5.7 million in acquisition related costs in the 2018 consolidated financial statements as other operating expenses.

Preliminary Purchase Price Allocation

NZD million	**Carrying amount**	**Fair value adjustment**	**Fair value**
Goodwill	-	48.0	48.0
Other intangible non-current assets	0.9	9.6	10.5
Tangible non-current assets	1.6	-	1.6
Inventories	7.1	-	7.1
Receivables	9.4	-	9.4
Non-interest-bearing liabilities	(10.8)	(2.0)	(12.8)
Total consideration satisfied by cash	**8.2**	**55.6**	**63.8**

Net cash outflow:	
Cash consideration paid	66.9
Cash acquired	3.1
Net cash outflow	**63.8**

Total goodwill as of acquisition date equals 48.0 MNZD and is not tax deductible. The acquired goodwill is assumed to mainly relate to synergies to be realized over time, possibilities for efficiency improvements and a positive market development.

There is no contingent consideration relating to this acquisition. No significant gain or loss has been recognized in BBC or in TOMRA Group related to the acquisition of BBC in 2018.
BBC's activities are reported as part of TOMRA Sorting Solutions (Food).

NOTE 26 CASH FLOW FROM FINANCIAL ACTIVITIES

Amounts in NOK million

Reconciliation of movements of liabilities to cashflows arising from financial activities	Interest-bearing liabilities	Other long-term liability	Lease liability	Non-controlling interest	Majority equity	Interest	**Total**
Balance 31 December 2018	**1,524.8**	**151.9**	**0.0**	**159.3**	**5,076.9**		
CASH FLOW FROM FINANCING ACTIVITIES							
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	(66.8)	15.4					(51.4)
Lease payments			(231.7)				(231.7)
Lease interest			(40.6)				(40.6)
Dividend non-controlling interest				(26.0)	(12.9)		(38.9)
Purchase of treasury shares					(91.1)		(91.1)
Sale of treasury shares					41.3		41.3
Interest received						20.0	20.0
Interest paid						(26.6)	(26.6)
Dividend paid					(664.8)		(664.8)
Net cash flow from financing activities	**361.9**	**15.4**	**(272.3)**	**(26.0)**	**(727.6)**	**(6.6)**	**(655.2)**
Exchange rate fluctuations	(6.7)		8.3	1.1	5.7		
Change accrual put/call option		36.9			(36.9)		
Change in accounting principles			1,054.7		(38.4)		
New lease contracts			291.6				
Disposal lease contracts			(21.2)				
Lease interest			40.6				
Remeasurement of defined benefit liability					(25.8)		
Profit for the period				35.9	822.4		
Other changes	**(6.7)**	**36.9**	**1,374.0**	**37.0**	**727.0**		
Balance 31 December 2019	**1,880.0**	**204.3**	**1,101.7**	**170.3**	**5,076.4**		

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 2019 (annual report 2019).

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

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

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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 2019, 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 2019, the income statement, statement of changes in equity and statement of cash flows 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 2019, 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 2019, 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.

Revenue recognition – contract accounting

Please refer to the accounting policies section Valuation and Classification Principles point (a) and Note 24 in the consolidated financial statements.

The Key Audit Matter	*How the matter was addressed in our audit*
As at 31 December, the Group has contracts with customers in the Sorting Solutions segment where control over the products and services are transferred to the customer over time. The 2019 consolidated financial statements includes NOK 219 million in revenue recognized from contracts that were in progress at 31 December 2019. For such contracts, revenue is recognized over time, based on management's measurement of progress. Measurement of progress is based on an input model, where cost incurred forms the basis for progress to date. Revenue recognition is considered a key audit matter due to the significant estimates and judgments applied by management in: • forecasting the profit margin on each contract including the costs to complete the contract and any contingencies for uncertain costs; and • assessing the percentage of completion of the contract based on milestones and costs incurred.	We updated our understanding of the project performances and risks by reviewing management's project reporting and discussing with relevant management. For selected contracts in progress as at 31 December 2019, our procedures included: • an analysis of certain contracts based on risk, size and our professional judgement, assessing management's conclusion that the criteria of transfer of control over time was satisfied; • an assessment of management's estimate of percentage of completion based on our knowledge of the business and industry, challenging the progress of contracts in accordance with set milestones and cost progression; • an evaluation of project reporting documentation and internal routines for project monitoring; • corroborating the revenue reported with the signed contracts; and • challenging whether the cost and revenue estimates were appropriate in light of the margin development as well as a retrospective review of the historical accuracy of revenue recognition. We have also assessed the appropriateness of the disclosures in the consolidated financial statements for 2019.

Goodwill Impairment Assessment

Please refer to the accounting policies section Valuation and Classification Principles point (g) and (r) and note 10 Intangible Assets in the consolidated financial statements.

The Key Audit Matter	*How the matter was addressed in our audit*
As of 31 December 2019, the Group carries NOK 2 897 million of goodwill on the balance sheet, whereof NOK 2 549 million of the goodwill relates to the Sorting Solutions segment. Due to the size and risk of non-recoverability, goodwill impairment is considered a significant risk within the Sorting Solution segment and a key audit matter. There is an inherent uncertainty of whether future cash flows will support the carrying value of goodwill. Our focus in the audit of goodwill impairment assessment has been the key assumptions applied by management in the impairment tests such as: • future financial performance; • growth rate; • profitability; and • discount rate	We critically assessed management's key assumptions forming the basis for the Group's value in use calculations. Our procedures included: • evaluating management's assessment and determination of cash generating units; • evaluating the historical accuracy of management`s budgets and forecasts and challenging management on the current year cash flow forecasts as well as the timing of future cash flows; • challenging management on the growth assumptions and management`s future business plan assumptions with reference to current market conditions; • engaging KPMG valuation specialists to assess the mathematical and methodological integrity of management's impairment models and the discount rates applied with reference to market data; and • obtaining and evaluating management's sensitivity analysis to determine the impact of reasonably possible changes including performing our own independent sensitivity calculations to quantify the downside changes to management's models required to result in impairment. We have also assessed whether the disclosures regarding key assumptions and sensitivities adequately reflected the underlying assets' impairment assessments.

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 fair presentation 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 fair presentation 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.

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Auditor's report - 2019
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 fair presentation.
- 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.

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.

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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, 19 February 2020
KPMG AS

Øyvind Skorgevik

Øyvind Skorgevik
State Authorised Public Accountant

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures used in this report are defined as follows:

- **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 = Operating profit.
- **Depreciation** is the allocated cost of tangible assets over its useful life + write downs related to the same assets
- **Amortization** is the allocated cost of intangible assets over its useful life + impairment losses related to the same assets
- **Net interest-bearing debt**[3] is calculated as the difference between interest-bearing debt and cash. Interest-bearing debt includes loans from financial institutions (current and non-current loans). Cash includes cash equivalents as short-term deposits, cash funds and bank accounts.
- **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 Sorting 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
- **Cost of goods sold** refers to the direct costs attributable to the production of the goods sold.
- **Gross contribution** is defined as Revenues minus Cost of goods sold
- **Gross margin** is defined as Gross contribution divided by Revenues in percent.
- **Operating expenses** is defined as Revenues minus Gross contribution minus EBITA
- **EBITA margin** is defined as EBITA divided by Revenues in percent.
- **Return on equity**[4] is Profit for the period divided by the average of opening and closing balance majority equity
- **Return on total assets before tax**[5] is Profit before tax divided by the average of opening and closing balance total assets
- **Gearing ratio**[6]= Net interest-bearing debt/EBITDA

1) EBITDA = 1,177.3 + 771.0 = 1,948.3
2) EBITA = 1,177.3 + 204.1 = 1,381.4
3) Net interest-bearing debt = 291.7+2,690.0 – 459.7 = 2,522.0
4) Return on equity = (858.3 – 35.9) / ((5,246.7 – 170.3 + 5,236.2- 159.3) / 2) = 16.2%
5) Return on total assets before tax = (1,177.3 + 25.6 + 2.2) / ((1,0867.4 + 9,594.8) / 2) = 11.8%
6) Gearing ratio = 2,522.0 / 1,948.3 = 1.3

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