1st Quarter 2019

TOMRA

07.05.2019

HIGHLIGHTS

1Q 2019

- Revenues of 2,081 MNOK (1,754 MNOK in first quarter 2018), up 19%.
  Adjusted for currency and acquisitions, revenues were:
  - — Up 14% for TOMRA Group
  - — Up 8% in TOMRA Collection Solutions
  - — Up 20% in TOMRA Sorting Solutions

- Gross margin 42%, up from 41% in first quarter 2018
  - — Improved margins in TOMRA Sorting Solutions

- Operating expenses of 667 MNOK (580 MNOK in first quarter 2018)
  - — Higher activity
  - — BBC (acquired March 2018)
  - — Currencies

- EBITA of 207 MNOK – up 46% from first quarter 2018
  - Positive effect from IFRS 16 of 7 MNOK

- Cash flow from operations of 229 MNOK (120 MNOK in first quarter 2018)
  - Positive effect from IFRS 16 of 64 MNOK

- TOMRA Collection Solutions
  - — Strong revenue growth in Australia
  - — Preparations for new deposit markets ongoing

- TOMRA Sorting Solutions
  - — Order intake of 1,104 MNOK, down from 1,188 MNOK same period last year
    - — Improved in Recycling, offset by weaker in Food
  - — Order backlog of 1,464 MNOK, down from 1,515 MNOK at the end first quarter 2018

CONSOLIDATED FINANCIALS

Fourth quarter

Revenues in the first quarter 2019 amounted to 2,081 MNOK compared to 1,754 MNOK in first quarter last year, up 19%. Organic, currency adjusted revenues were up 8% in TOMRA Collection Solutions and up 20% in TOMRA Sorting Solutions.

Gross margin was 42% in the quarter, up from 41% in first quarter 2018, due to improved margins in TOMRA Sorting Solutions.

Operating expenses of 667 MNOK in first quarter, up from 580 MNOK in first quarter last year. The increase relates mainly to future oriented activities.

EBITA was 207 MNOK in first quarter 2019 – up 46% from same period last year. EBITA was positively influenced by 7 MNOK from the implementation of IFRS 16.

The EPS increased by 43% to NOK 0.73 in the same period. The figure was negatively influenced by NOK 0.01 from the implementation of IFRS 16.

Cash flow from operations in first quarter 2019 equaled 229 MNOK, compared to 120 MNOK in first quarter 2018. The cash flow from operations in first quarter 2019 was positively influenced by 64 MNOK from the implementation of IFRS 16.

Total assets were 10,695 MNOK as of 31 March 2019, up from 8,808 MNOK one year ago. The increase is explained by investments in Australia, higher activity, currencies and the implementation of IFRS 16 (1,006 MNOK effect). For the same reasons, equity decreased from 51% to 47% during the same period.

Net Interest Bearing Debt/EBITDA (rolling 12 months' basis) decreased from 0.8x at the end of first quarter 2018 to 0.7x at the end of first quarter 2019 (measured before IFRS 16 effects).

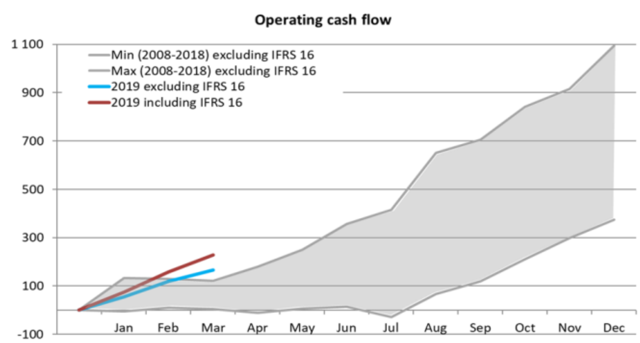
IFRS 16

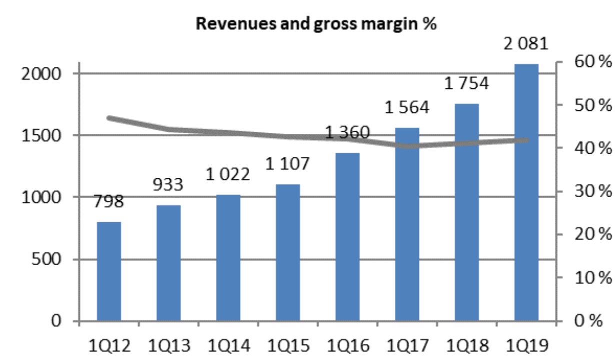
TOMRA introduced in first quarter 2019 IFRS 16 "Leases". The value of lease agreements where TOMRA is the lessee, is now booked as a right-of-use asset and the corresponding net present value of lease payments are presented as interest bearing debt. The 2018 figures have not been restated.

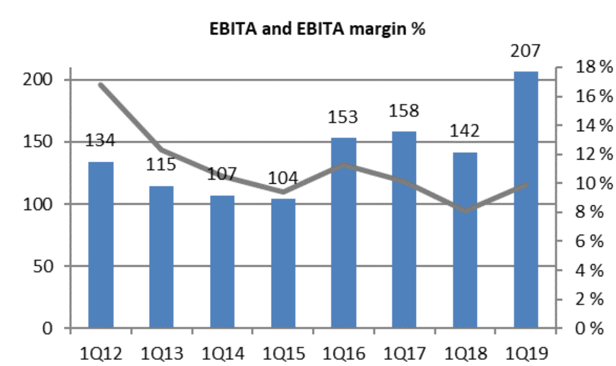
TOMRA Group

(MNOK)	1Q19	1Q18
Revenues	**2 081**	**1 754**
Gross contribution	874	722
- in %	42 %	41 %
Operating expenses	667	580
EBITA	**207**	**142**
- in %	10 %	8 %

The implementation has had limited effect on the EPS, but more significant effects on the balance sheet and cash flow statements. Full disclosure of the effects can be found in note 6 to this report.







BUSINESS AREA REPORTING

TOMRA Collection Solutions

Revenues in the business area equaled 1,042 MNOK in the first quarter, up from 934 MNOK in first quarter last year. After adjustment for currency changes, revenues were up 8%, driven by higher activity in Australia.

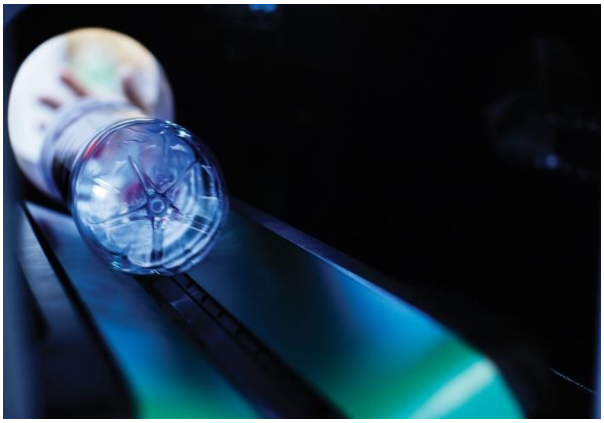
Gross margin was 40%, unchanged from last year. Operating expenses were 278 MNOK, up from 253 MNOK last year, due to currencies and preparations for new markets.

EBITA was 139 MNOK, up from 121 MNOK last year.

Europe
Currency adjusted revenues in Europe were down 2% in first quarter 2019, compared to first quarter 2018, due to somewhat lower activity in Central/Eastern Europe.

North America
Currency adjusted revenues in North America were unchanged in first quarter 2019, compared to first quarter 2018. Both machine sales and throughput-volumes were stable.

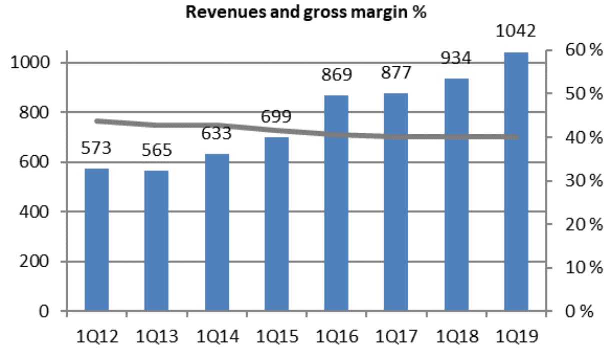
Australia (Rest of the World)
The ramp-up in New South Wales was completed in 2018 with a fleet of slightly over 1,200 RVMs installed in the state. Volumes have been good during the summer months, with substantial year-over-year growth in revenues.

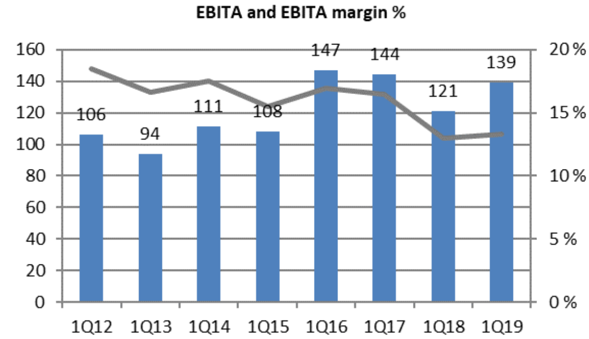


TOMRA Collection Solutions

(MNOK)	1Q19	1Q18
Revenues		
- Northern Europe	152	148
- Europe (ex Northern)	391	409
- North America	353	322
- Rest of World	146	55
Total revenues	**1 042**	**934**
Gross contribution	417	374
- in %	40 %	40 %
Operating expenses	278	253
EBITA	**139**	**121**
- in %	13 %	13 %

In Queensland, TOMRA has operated 10 modern automated depots since the scheme's commencement date of 1st November 2018.
Each depot is equipped with ~10 RVMs, located in the greater Brisbane, Gold Coast, Sunshine Coast and Toowoomba areas. The volumes have been satisfactory during first quarter 2019.





BUSINESS AREA REPORTING

TOMRA Sorting Solutions

Revenues equaled 1,039 MNOK in first quarter 2019, up 20% in local currencies, adjusted for acquisitions (BBC bought 1st March 2018). Gross margin was 44%, up from 42% in first quarter 2018.

Operating expenses were up from 307 MNOK to 365 MNOK, due to higher activity, the BBC acquisition and currency.

EBITA increased from 41 MNOK in first quarter 2018 to 92 MNOK in first quarter 2019, positively influenced by higher revenues and improved gross margins.

Order intake in first quarter 2019 was 1,104 MNOK, compared to 1,188 MNOK in first quarter last year. The order intake improved in Recycling, but was offset by a weaker Food order intake. The order backlog decreased slightly from 1,515 MNOK at the end of first quarter 2018 to 1,464 MNOK at the end of first quarter 2019.

TOMRA Sorting Solutions

(MNOK)	1Q19	1Q18
Revenues		
- Europe	403	256
- North America	326	282
- South America	33	29
- Asia	149	115
- Oceania	88	86
- Africa	40	52
Total revenues	**1 039**	**820**
Gross contribution	457	348
- in %	44 %	42 %
Operating expenses	365	307
EBITA	**92**	**41**
- in %	9 %	5 %

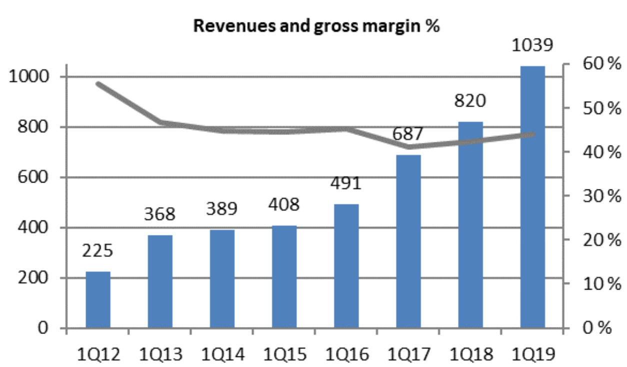
Business streams

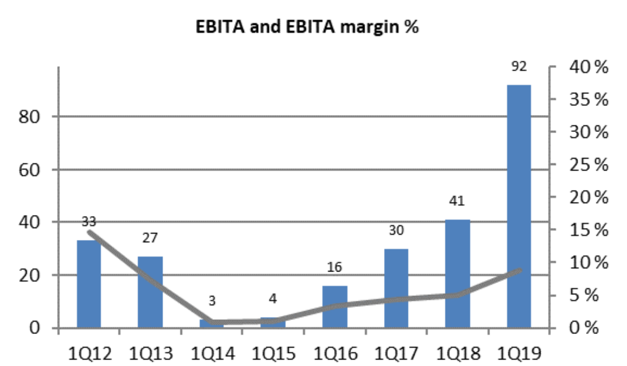
Food

Revenues in the Food business stream improved in first quarter 2019 compared to first quarter 2018.
The order backlog decreased during the same period, due to lower order intake in US and more orders delivered during the quarter.

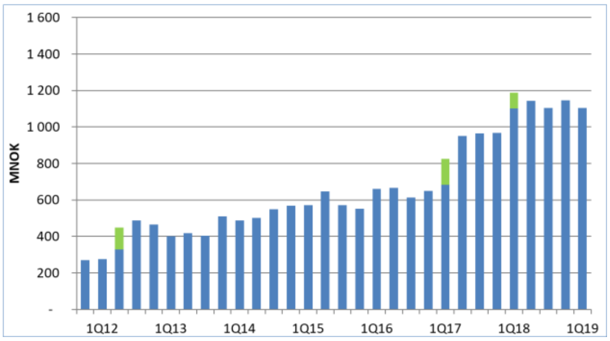
Recycling/Mining

Revenues in first quarter 2019 increased significantly compared to first quarter 2018. Order intake also increased in comparison to a strong first quarter 2018. Recycling ended the quarter with a backlog significantly up compared to end first quarter 2018. The general awareness around recycling and China's ban on import of waste is continuing to generate business opportunities.

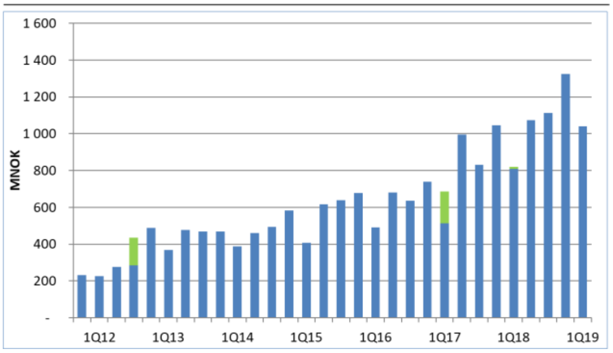




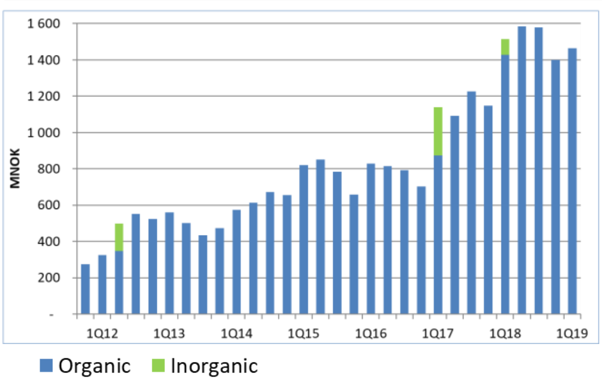
Order Intake



Revenues



Order backlog



MARKET OUTLOOK

The long term demand for better resource productivity is a result of megatrends such as population increase, a growing middle class consumer base, the emergence of e-commerce and greater urbanization. TOMRA, as a leader in sensor based solutions, is favorably positioned to capitalize on these trends.

TOMRA Collection Solutions

Overall, the business is stable in TOMRA Collection. Operating expenses will increase going forward, in preparation for new markets.

TOMRA Sorting Solutions

Currently positive momentum in Recycling and temporary somewhat slower momentum in Food.

Currency

Reporting in NOK and with some NOK cost base, TOMRA will in general benefit from a weak NOK, measured particularly against EUR. With significant revenues in USD and costs in EUR and NZD, TOMRA Sorting is exposed to USD/EUR and USD/NZD.

THE TOMRA SHARE

The total number of issued shares at the end of first quarter 2019 was 148,020,078 shares, including 284,628 treasury shares. The total number of shareholders increased from 7,975 at the end of fourth quarter 2018 to 8,247 at the end of first quarter 2019. Norwegian residents held 22% of the shares at the end of first quarter 2019.

TOMRA's share price increased from NOK 194.80 to NOK 257.00 during first quarter 2019. The number of shares traded on the Oslo Stock Exchange in the period was 15 million, up from 9 million in first quarter 2018.

SUBSEQUENT EVENTS

The annual general meeting took place 6 May 2019. An ordinary dividend of NOK 2.50 plus an extraordinary dividend of NOK 2.00 was approved, in accordance with the Board’s suggestion.

Asker, 6 May 2019
The Board of Directors
TOMRA SYSTEMS ASA

Jan Svensson
Chairman of the Board

Stefan Ranstrand
President & CEO

Condensed Consolidated interim financial statements

STATEMENT OF PROFIT AND LOSS	Note	1st Quarter		Full year
(MNOK)		2019	2018	2018
Operating revenues	(5)	**2 080,5**	**1 754,2**	**8 595,8**
Cost of goods sold		1 207,0	1 032,7	4 913,7
Gross contribution		**873,5**	**721,5**	**3 682,1**
Operating expenses		666,9	579,7	2 429,6
EBITA	(5)	**206,6**	**141,8**	**1 252,5**
Amortizations		52,0	40,4	174,1
EBIT	(5)	**154,6**	**101,4**	**1 078,4**
Net financial income		(7,4)	6,0	(45,7)
Profit before tax		**147,2**	**107,4**	**1 032,7**
Taxes		35,3	26,3	253,8
Net profit		**111,9**	**81,1**	**778,9**
Non-Controlling interest (Minority interest)		(4,0)	(5,2)	(38,6)
Earnings per share (EPS)		0,73	0,51	5,01

EBITDA - without IFRS 16	280,9	202,8	1 531,3
EBITDA - with IFRS 16	344,9		

STATEMENT OF OTHER COMPREHENSIVE INCOME	1st Quarter		Full year
(MNOK)	2019	2018	2018
Net profit for the period	**111,9**	**81,1**	**778,9**
Other compreh. income that may be recl. to profit or loss			
Translation differences	(87,9)	(185,7)	90,4
Change in accounting principle	(38,6)		
Other compreh. income that will not be recl. to profit or loss			
Remeasurements of defined benefit liability (assets)		3,6	(7,8)
Other remeasurements			(8,2)
Total comprehensive income	**(14,6)**	**(101,0)**	**853,3**
Attributable to:			
Non-controlling interest	2,4	(0,4)	46,8
Shareholders of the parent company	(17,0)	(100,6)	806,5
Total comprehensive income	**(14,6)**	**(101,0)**	**853,3**

STATEMENTS OF FINANCIAL POSITION	31 March		31 Dec
(MNOK)	2019	2018	2018
ASSETS			
Intangible non-current assets	3 765,0	3 672,8	3 820,8
Tangible non-current assets	2 280,7	995,7	1 276,3
Financial non-current assets	343,4	350,0	339,4
Inventory	1 563,2	1 276,4	1 447,5
Receivables	2 267,4	1 916,5	2 313,8
Cash and cash equivalents	475,7	596,8	397,0
TOTAL ASSETS	**10 695,4**	**8 808,2**	**9 594,8**
EQUITY & LIABILITIES			
Equity	5 059,8	4 493,4	5 076,9
Non-controlling interest	161,7	142,9	159,3
Deferred taxes	196,2	159,3	155,5
Long-term interest bearing liabilities	1 799,5	1 668,2	874,0
Short-term interest bearing liabilities	788,1	-	650,8
Other liabilities	2 690,1	2 344,4	2 678,3
TOTAL EQUITY & LIABILITIES	**10 695,4**	**8 808,2**	**9 594,8**

Condensed Consolidated interim financial statements (continued)

STATEMENT OF CASHFLOWS		1st Quarter		Full year
(MNOK)	Note	2019	2018	2018
Profit before income tax		147,2	107,4	1 032,7
Changes in working capital		(52,2)	(44,4)	(222,6)
Other operating changes		134,0	57,2	215,3
Total cash flow from operations		**229,0**	**120,2**	**1 025,4**
Cashflow from (purchase)/sales of subsidiaries		0,0	(362,8)	(362,6)
Other cashflow from investments		(136,5)	(138,8)	(714,4)
Total cash flow from investments		**(136,5)**	**(501,6)**	**(1 077,0)**
Sales/repurchase of treasury shares	(3)	0,0	0,0	32,1
Dividend paid out	(2)	0,0	0,0	(346,8)
Other cashflow from financing		4,9	388,8	167,1
Total cash flow from financing		**4,9**	**388,8**	**(147,6)**
Total cash flow for period		**97,4**	**7,4**	**(199,2)**
Exchange rate effect on cash		(18,7)	(4,1)	2,7
Opening cash balance		397,0	593,5	593,5
Closing cash balance		475,7	596,8	397,0

EQUITY (MNOK)	Paid in capital	Transl. reserve	Actuarial Gain / (Loss)	Retained earnings	Total majority equity	Minority interest
Balance per 31 December 2018	**1 066,0**	**713,3**	**(83,9)**	**3 381,4**	**5 076,8**	**159,3**
Net profit				107,9	107,9	4,0
Changes in translation difference		(86,3)			(86,3)	(1,6)
Change in accounting principle				(38,6)	(38,6)	
Remeasurement defined benefit liability					0,0	
Dividend non-controlling interest					0,0	
Remeasurements					0,0	
Treasury shares sold to employees					0,0	
Minority new consolidated companies					0,0	
Dividend to shareholders					0,0	
Balance per 31 March 2019	**1 066,0**	**627,0**	**(83,9)**	**3 450,7**	**5 059,8**	**161,7**

EQUITY	1st Quarter		Full year
(MNOK)	2019	2018	2018
Opening balance	**5 076,8**	**4 594,1**	**4 594,1**
Net profit	107,9	75,9	740,2
Translation difference	(86,3)	(180,1)	82,3
Change in accounting principle	(38,6)	0,0	0,0
Remeasurement defined benefit liability	0,0	3,6	(7,8)
Dividend non-controlling interest	0,0	0,0	(9,1)
Remasurements	0,0	0,0	(8,2)
Dividend paid	0,0	0,0	(346,8)
Net purchase of own shares	0,0	0,0	32,1
Closing balance	**5 059,8**	**4 493,5**	**5 076,8**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 Disclosure

This interim report has been prepared in accordance with IAS34, and in accordance with the principles used in the annual accounts for 2018, except for the implementation of IFRS 16 (see note 5 below). The quarterly reports do not however include all information required for a full annual financial statement of the Group and should be read in conjunction with the annual financial statement for 2018. The quarterly reports have not been audited. The quarterly reports require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ending 31 December 2018.

A number of new standards, amendments to standards and interpretations are not effective for the period ended 31 March 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
Amendment to IFRS 3 Business Combinations
Amendments to IAS 1 and IAS 8: Definition of Material
Amendments to References to Conceptual Framework in IFRS standards

TOMRA's current assessment of these new and revised standards does not indicate any material effects in the financial statements from the new requirements.

Revenue recognition: Revenues from sales and sales-type leases of the company's products are generally recognized at the time of installation. Revenues from service contracts and operating leases of the company's products are recognized over the duration of the related agreements. Other service revenues are recognized when services are provided.

Seasonality: The Material Recovery operations, to some extent the US Reverse Vending operations as well as the TCS Australian operations are influenced by seasonality. The seasonality mirrors the beverage consumption pattern, which normally is higher during the summer than during the winter.

Financial exposures: TOMRA is exposed to currency risk, as only ~2% of its income is nominated in NOK. A strengthening/ weakening of NOK toward other currencies of 10% would normally decrease/increase operating profit by 10-14%. An increase in NIBOR and EURIBOR of 1 percentage point, would increase financial expenses by ~NOK 15 million per year.

Segment reporting: TOMRA has divided its primary reporting format into two business areas: Collection Solutions and Sorting Solutions. In addition, the corporate overhead costs are reported in a separate column. 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.

- Collection Solutions consists of the business streams Reverse Vending (development, production, sales and service and lease 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 consists of the business streams Food, Recycling and Mining, all providing advanced optical sorting systems.
- Group Functions consists of costs related to corporate functions at TOMRA's headquarters

Assets and liabilities are distributed to the different business streams, except for cash, interest-bearing debt and tax-positions, which are allocated to Group Functions. There are no material revenues from transactions with other business areas. There were no material related party transactions in 2019.

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

- **EBITA** is the calculated profit (loss) for the period before (i) income tax expenses, (ii) finance income and expenses and (iii) amortization.
- **EBIT** is the calculated profit (loss) for the period before (i) income tax expenses and (ii) finance income and expenses.
- **Net interest-bearing debt** is calculated as the difference between interest-bearing debts and cash/cash equivalents. Interest-bearing debts include loans from financial institutions (current and non-current loans) as well as lease liability under IFRS 16. Cash/cash equivalents include short-term deposits, cash funds and bank accounts.
- **Currency adjusted revenues** is the revised revenues after adjusting for estimated currency effect.
- **Order backlog** is defined as the value of orders received within Tomra Sorting that has not yet been delivered (and consequently not yet taken to P/L).
- **Order intake** is defined as Order backlog at the end of a period minus Order backlog at the beginning of a period plus revenues for the relevant period
- **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 cost not directly attributable to the production of the goods sold
- **EBITA margin** is defined as EBITA divided by Revenues in percent.
- **EPS** (Earnings per share) is defined as Profit for the period attributable to the shareholders of the parent divided weighted average of outstanding shares

NOTE 2 Dividend paid

Paid out May 2018: 2.35 NOK x 147.8 million shares = NOK 346.8 million

NOTE 3 Purchase of treasury shares

Net purchase of own shares	# shares	Average price	Total (MNOK)
2018 Sold to employees	171 712	NOK 187,00	32,1
2019			

NOTE 4 Interim results

(MNOK)	1Q19	4Q18	3Q18	2Q18	1Q18
Operating revenues (MNOK)	2 081	2 467	2 247	2 128	1 754
EBITA (MNOK)	207	396	408	307	142
EBIT (MNOK)	155	348	365	265	101
Sales growth (year-on-year) (%)	19 %	21 %	21 %	8 %	12 %
Gross margin (%)	42 %	43 %	44 %	43 %	41 %
EBITA margin (%)	10 %	14 %	18 %	14 %	8 %
EPS (NOK)	0,73	1,57	1,71	1,22	0,51
EPS (NOK) fully diluted	0,73	1,57	1,71	1,22	0,51

NOTE 5 Operating segments

SEGMENT	Collection Solutions		Sorting Solutions		Group Functions		Group Total	
(MNOK)	1Q19	1Q18	1Q19	1Q18	1Q19	1Q18	1Q19	1Q18
Revenues	**1 042**	**934**	**1 039**	**820**			**2 081**	**1 754**
Gross contribution	417	374	457	348			874	722
- in %	40 %	40 %	44 %	42 %			42 %	41 %
Operating expenses	278	253	365	307	24	20	667	580
EBITA	**139**	**121**	**92**	**41**	**(24)**	**(20)**	**207**	**142**
- in %	13 %	13 %	9 %	5 %			10 %	8 %
Amortization	23	16	29	25			52	41
EBIT	**116**	**105**	**63**	**16**	**(24)**	**(20)**	**155**	**101**
- in %	11 %	11 %	6 %	2 %			7 %	6 %
Assets	4 014	2 931	5 890	4 995	816	882	10 720	8 808
Liabilities	1 084	910	1 463	1 240	2 952	2 022	5 499	4 172

NOTE 6 IFRS 16 implementation

P/L	1Q19		
	Before	IFRS 16	After
Revenues	**2 080,5**		**2 080,5**
Cost of goods sold	1 209,7	(2,7)	1 207,0
Gross contribution	**870,8**	**2,7**	**873,5**
- in %	*41,9 %*		42,0 %
Operating expenses	671,6	(4,7)	666,9
EBITA	**199,2**	**7,4**	**206,6**
- in %	*9,6 %*		9,9 %
Amortizations	52,0		52,0
EBIT	**147,2**	**7,4**	**154,6**
Net finance	2,1	(9,5)	(7,4)
Profit before tax	**149,3**	**(2,1)**	**147,2**
Taxes	35,8	(0,5)	35,3
Net profit	**113,5**	**(1,6)**	**111,9**
Minoritry interest	(4,0)		(4,0)
EPS	0,74	(0,01)	0,73

Spesifications COGS/op.exp. effects:			
Lease expenses under COGS	30,9	(30,9)	0,0
Depreciations under COGS	45,1	28,2	73,3
Total COGS effect	**76,0**	**(2,7)**	**73,3**
Lease expenses under op.exp.	33,1	(33,1)	0,0
Depreciations under op.exp.	36,6	28,4	65,0
Total op.exp. effect	**69,7**	**(4,7)**	**65,0**
EBITDA	280,9	64,0	344,9

B/S	31 March 2019		
	Before	IFRS 16	After
Intangible non-current assets	3 752,8	12,2	3 765,0
Tangible non-current assets	1 287,2	993,5	2 280,7
Financial non-current assets	343,4		343,4
Inventory	1 563,2		1 563,2
Receivables	2 267,4		2 267,4
Cash	475,7		475,7
Total assets	**9 689,7**	**1 005,7**	**10 695,4**
Equity	5 098,4	(38,6)	5 059,8
Minority interest	161,7		161,7
Deferred taxes	196,2		196,2
Interest bearing liabilities	1 543,3	1 044,3	2 587,6
Other liabilities	2 690,1		2 690,1
Total liabilities and equity	**9 689,7**	**1 005,7**	**10 695,4**
Equity %	52,6 %		47,3 %

Spesification of right-of-use assets:	
- Buildings/land	786,3
- Cars	200,8
- Machines and equipment	6,4
TOTAL	**993,5**

C/F	1Q19		
	Before	IFRS 16	After
Profit before tax	149,3	(2,1)	147,2
Change in working capital	(52,2)		(52,2)
Other operating changes	67,9	66,1	134,0
Total cashflow from operatior	**165,0**	**64,0**	**229,0**
Cashflow from investments	**(136,5)**	**0,0**	**(136,5)**
Cashflow from financing	**68,9**	**(64,0)**	**4,9**
Total cashflow for the period	**97,4**	**0,0**	**97,4**

Spesifications of effects on C/F items:	
Profit before tax	(2,1)
Other operating changes	2,1
Lease payments	64,0
Effect cashflow from operations	**64,0**
Effect on cashflow from investments	**0,0**
Lease payments	(64,0)
Effect on cashflow from financing	**(64,0)**

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 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, the 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.

The 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 lies of right-of use assets are 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, the TOMRA Groups incremental borrowing rate. Generally, the 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 the TOMRA Group is reasonably certain to exercise
- Payment of penalties for early termination of a lease unless the TOMRA Group is reasonably certain not to terminate early.

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 the TOMRA Group's estimate of the amount expected to be payable under a residual value guarantee, or if the TOMRA Group changes its assessment of whether if 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 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. The TOMRA Group recognizes the lease payments associated with theses leases as an expense on a straight-line basis over the lease term.

The movements of the TOMRA Group's right-of-use assets and lease liabilities are presented below:

Right of use assets

Amounts in NOK million	Buildings / land	Vehicles	Machines and equipment	Total
Balance at 1 Januar	816,1	217,0	5,6	1 038,7
Additions during the year	13,8	10,1	1,5	25,4
Depreciation charge for the year	(33,9)	(22,1)	(0,5)	(56,6)
Translation differences	(9,7)	(4,3)	(0,1)	(14,1)
Balance 31 March	**786,3**	**200,8**	**6,4**	**993,5**

Lease liability

Amounts in NOK million	
Balance at 1 Januar	1 089,5
New lease contracts	25,4
Lease payments	(64,0)
Interest expense	9,5
Translation differences	(16,1)
Balance at 31 March	**1 044,3**

Maturity analysis

Amounts in NOK million	
Less than one year	230,0
One to five years	524,7
More than five years	289,7
Total lease liabilities at 31 March	**1 044,3**

The effect of the P/L from lease contracts are presented below:

Amounts recognized in P/L

Amounts in NOK million	
Operating lease income	108,8
Lease expenses	
Expenses relating to short-term leases	1,1
Expenses relating to leases of low-value assets	0,2
Other lease expenses	0,2
Depreciation of right-of-use assets	**56,6**
Interest expense on lease liabilities	**9,5**

About TOMRA

TOMRA was founded on an innovation in 1972 that began with design, manufacturing and sale of reverse vending machines (RVMs) for automated collection of used beverage containers. Today TOMRA provides technology-led solutions that enable the circular economy with advanced collection and sorting systems that optimize resource recovery and minimize waste in the food, recycling and mining industries.

TOMRA has ~100,000 installations in over 80 markets worldwide and had total revenues of ~8.6 billion NOK in 2018. The Group employs ~4,000 globally and is publicly listed on the Oslo Stock Exchange. (OSE: TOM).

For further information about TOMRA, please see www.TOMRA.com

The results announcement will be broadcasted 7th of May 08:00 CEST via live webcast. Link to webcast for this and previous releases are available at https://TOMRA.com/en/investor-relations/webcasts/

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