AutoStore

Quarterly update

Q3 2024

Highlights for the quarter

Revenue and order intake development

- Q3 revenue was USD 144.2 million, slightly ahead of expectations communicated at our recent Capital Markets Day. This was on par with the same period last year and down 6.5% QoQ, impacted by continued long conversion times
- Order intake[2] was USD 143.9 million, down 5.1% YoY and on par QoQ, driven by continued long decision-making cycles among end customers
- Continued positive development in EMEA

Strong margins

- Gross margin of 73.5%, +5.3 p.p. YoY and +0.2 p.p. sequentially, driven by product mix, price optimization and favorable sourcing of raw material
- Adj. EBITDA margin[1] of 46.8% (47.4%), -0.6 p.p. YoY as a result of investments in growth initiatives, including business development and global account teams as well as marketing

Strong cash flow

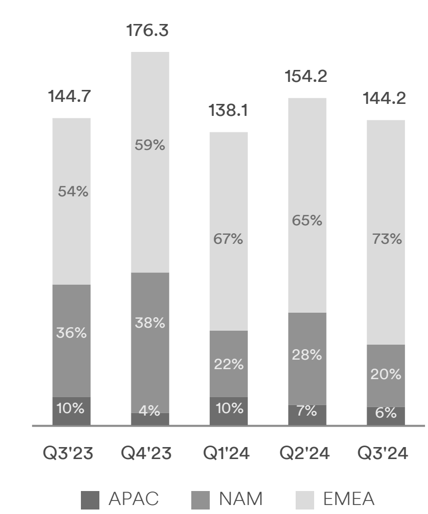
- Continued strong cash flow development with operating cash flow of USD 25.9 million compared to USD 19.5 million in Q3 2023. Simplified free cash flow conversion[1] improved YoY (3.1 p.p.), with lower CAPEX in the current quarter

Corporate developments

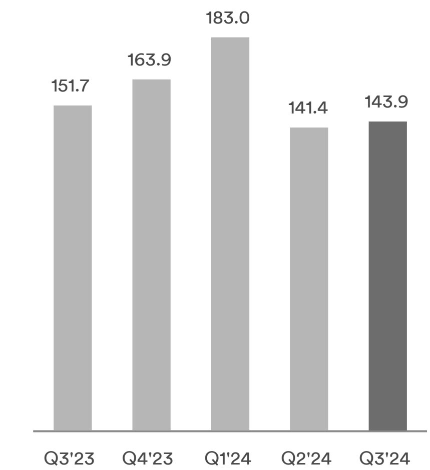
- Keith White appointed new Chief Commercial Officer, effective November 12, 2024

USD million	**Q3'24**	**Q2'24**	**Q1'24**	**Q4'23**	**Q3'23**
Revenue	144.2	154.2	138.1	176.3	144.7
Gross profit	106.0	113.0	100.5	120.7	98.8
Gross margin	73.5%	73.3%	72.7%	68.5%	68.2%
EBIT	54.0	62.6	46.2	63.1	61.7
Adjusted EBITDA[1]	67.5	75.1	63.2	84.4	68.6
Adjusted EBITDA margin[1] (%)	46.8%	48.7%	45.7%	47.9%	47.4%
Adjusted EBIT[1]	59.1	67.7	56.3	78.2	62.3
Adjusted EBIT margin[1] (%)	40.9%	43.9%	40.8%	44.3%	43.1%
Simplified free cash flow[1, 4]	55.6	57.8	48.7	71.0	54.4
Cash flow conversion[1, 4]	82.4%	77.0%	77.0%	84.1%	79.3%
Order intake[2]	143.9	141.4	183.0	163.9	151.7

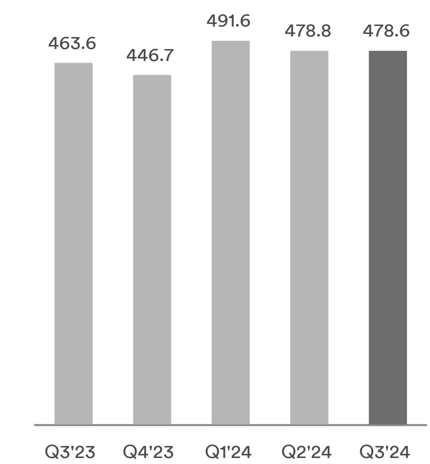
Revenue by region
USD million



Order intake[2]
USD million



Order backlog[3] development
USD million



[1] Reference is made to the APM section for further explanations and details on APM measures..
[2] Order intake is defined as value of projects where a distribution partner has received a purchase order or verbal confirmation that a specific installation will be ordered.
[3] Order backlog is defined as the total value of order intake not yet shipped and for which revenue has not yet been recognized.
[4] Simplified free cash flow is defined as adjusted EBITDA less cash CAPEX. Cash CAPEX used herein is cash flow used in purchase of property, plant and equipment, other intangible assets and development expenditures. Simplified free cash flow conversion is defined as simplified free cash flow divided by adjusted EBITDA.

Letter from the CEO

In Q3, AutoStore reported revenues of USD 144.2 million (144.7), on par with the same period last year. Gross margin continued to improve, ending at 73.5% with a correspondingly strong adjusted EBITDA margin of 46.8% (47.4%).

We closed the quarter with a solid order backlog of USD 478.6 million. Order intake came in at USD 143.9 million, down 5.1% compared to the same period last year, while it remained at the same level as the previous quarter. This reflects continued prolonged decision-making cycles among end customers and normal variations from one quarter to another.

Our customers remain committed to warehouse automation, which is reflected in our all-time-high pipeline. However, the challenging economic backdrop has led customers to take a cautious stance on the timing of these commitments. This is supported by market studies which show that the light AS/RS[1, 2] market is contracting between 11% to 13% between 2022 and 2024. Our results show that we have outgrown the market over this period and have therefore gained market share. For 2024, we expect to report revenues of between USD 575 - 600 million.

Whilst we have gained market share in a contracting market, our recent performance is not in line with the standard we hold ourselves to and with our own ambitions. As mentioned during our recent Capital Markets Day, we will continue to take actions to further strengthen our position. These actions are designed not only with our long-term strategy in mind but also to drive stronger performance in the current market.

Among the measures we've implemented is the recent hire of our new Chief Commercial Officer, Keith White who brings a wealth of experience from having led global transformation of major organizations and proven track record in driving business growth. It also includes increased commercial focus, targeted initiatives for our sales force to increase conversion, upselling to our already existing large installed base of ~1,600 sites by leveraging our operational data, as well as establishing targeted actions and priorities with our top partners, which enable increased focus on winning in today's market.

These actions aim to ensure that we continue to offer a superior value in what remains a highly underpenetrated and attractive market. In parallel, we are building a pipeline, customer relationships and market access that puts us in a great position to continue to gain market share in the medium to long term.

Meanwhile, AutoStore remains focused on profitability and cash flow. In Q3, we delivered a strong gross margin of 73.5% (68.2%), driven by the strength of our standardized product range, and further supported by price optimization and meticulous improvements in our procurement processes and supply chain. Correspondingly, the adjusted EBITDA margin remained high at 46.8% (47.4%), notwithstanding investment into our business development and global account teams as well as marketing.

All in all, warehouse automation represents a huge growth opportunity with only 15-20% of the potential market currently penetrated. Secular growth drivers including long-term e-commerce adoption, warehouse automation penetration and rising labor costs make us unwavering in our confidence in the long-term attractiveness of this market. We are well positioned to continue gaining market share over the medium to long-term, thanks to our superior product value proposition, partner network, and established relationships with over 1,100 customers covering ~1,600 AutoStore installations.

Mats Hovland Vikse
CEO

[1] Light Automated Storage & Retrieval System excluding heavy systems.
[2] Light Automated Storage & Retrieval System excluding heavy systems, office supplies, home supplies, generalist retailer, books & media.

Financial developments[2]

Results for the period

AutoStore reported stable total revenue of USD 144.2 million (144.7) in Q3 2024. The performance was impacted by continued long conversion times from backlog to revenue, as previously communicated.

Cost of materials amounted to USD 38.3 million (46.0). The gross profit was USD 106.0 million (98.8), while the gross margin increased by 5.3 p.p. YoY to 73.5%. The increase in gross margin was driven by product mix, price optimization and favorable sourcing of raw material.

Employee benefit expenses amounted to USD 19.8 million, compared to the same period last year of USD 12.9 million. Both periods included a negative cost effect from the change in provisions of social security tax on management options of USD -1.3 million (-3.7). The reductions in provisions were due to the development in the company's share price. Excluding this adjustment, employee benefit expenses increased by USD 4.5 million YoY, mainly due to increased headcounts in commercial functions.

Other operating expenses totaled USD 17.4 million (7.7). Q3 2023 was impacted by a negative cost related to the settlement with Ocado Group and associated legal fees following the USD 239.0 million expense booked in Q2 the same year. Excluding the USD 5.8 million of negative cost in Q3 2023, operating expenses increased by USD 3.9 million YoY. The increase was mainly driven by continued operational expansion, including costs related to setting up new facilities and increased commercial activity.

EBITDA[1] totaled USD 68.8 million (78.1), which corresponded to an EBITDA margin[1] of 47.7% (54.0%). Adjusted EBITDA[1] and the adjusted EBITDA margin[1] were USD 67.5 million (68.6) and 46.8% (47.4%). The developments were driven by the organizational investments referred to above.

AutoStore reported USD 4.6 million (2.9) in depreciation of tangible assets and leases and USD 10.2 million (13.5) in amortization of intangible assets. Amortization of intangible assets relates primarily to the purchase price allocation made when Thomas H. Lee Partners (THL) acquired the group in 2019.

EBIT[1] was USD 54.0 million (61.7), while adjusted EBIT[1] totaled USD 59.1 million (62.3).

Finance income in the period was USD 2.8 million (1.6), while finance cost was USD 11.3 million (12.2). Finance costs consisted of interest expenses on the group's long-term debt and a financial cost element related to the settlement with Ocado Group (discounting effect). Net foreign exchange loss was USD 7.4 million (gain of 19.5), mainly related to translation of the group's long-term debt.

The profit before tax was USD 38.1 million (70.6), which resulted in a tax expense of USD 6.9 million (15.6). The profit after tax was USD 31.1 million (55.0).

Cash flow

AutoStore generated a positive cash flow from operating activities of USD 25.9 million (19.5) in Q3 2024. The development YoY resulted from a lower EBITDA contribution of USD 9.3 million, offset by more favorable impact from working capital changes. Changes in working capital were primarily influenced by cash outflows related to the settlement with Ocado Group, which were higher in Q3 2023 compared to the current quarter, as they also included Ocado Group's legal fees from the UK High Court Hearing. Due to the nature of AutoStore's project-based business, fluctuations of trade receivables can vary from quarter to quarter. Trade receivables are driven by factors such as the geographical location of sales and related credit terms, as well as shipment timing within each period. In Q3 2023, the change in trade and other payables was mainly due to VAT payables.

Cash flow from investing activities amounted to USD -9.2 million (-12.6). The cash outflows comprised of USD 3.0 million (3.6) from purchases of property, plant and equipment and USD 8.9 million (10.7) from development expenditures and purchase of intangible assets (patents). These effects were partly offset by positive cash flows from interest on bank deposits of USD 2.6 million (1.6).

Cash outflow from financing activities was USD 11.1 million (7.6). The cash outflows primarily consisted of interest payments amounting to USD 7.7 million (7.1), mainly related to the group's interest-bearing debt.

The group held USD 279.7 million in cash as of September 30, 2024, up from USD 260.7 million as of September 30, 2023 and USD 253.3 million as of December 31, 2023.

Financial position

The group's total assets as of September 30, 2024 were USD 2,145.0 million, up from USD 2,131.8 million as of December 31, 2023. Goodwill and intangible assets reduced in the current period due to currency translation effects. This was offset by an increase in right-of-use assets and property, plant and equipment, resulting mainly from additional lease agreements and investments in facilities in Thailand and the U.S.

Current assets increased from USD 489.3 million as of December 31, 2023 to USD 537.3 million as of September 30, 2024. This development was mainly attributable to an increase in the cash reserve and inventory holdings. Trade receivables and other receivables ended at USD 121.3 million (110.7) and USD 40.4 million (42.4), respectively.

Equity increased from USD 1,274.9 million as of year-end to USD 1,338.3 million as of September 30, 2024. Equity was impacted by the positive result in the period, partially offset by translation effects of USD -34.5 million resulting from converting the financial results and positions of subsidiaries and the parent company from other currencies into USD.

Total non-current liabilities reduced to USD 604.5 million (637.1) as of September 30, 2024. The decrease was primarily explained by the payment and consequent reduction in non-current liabilities of USD 57.0 million connected to the settlement with Ocado Group. Furthermore, current liabilities reduced to USD 202.2 million (219.7) as of period-end, mainly due to reduction in the settlement liability to Ocado Group.

[1] Refer to the APM section for further explanations and details on APM measures.

[2] All subsequent numbers in parentheses refer to comparative figures for the same period last year, except for balance sheet items ("Financial position").

Corporate developments

Keith White joins AutoStore as Chief Commercial Officer, effective November 12, 2024. Keith has led the global transformation of major organizations such as Hewlett Packard Enterprise (HPE GreenLake) and Microsoft (Microsoft Azure). Most recently, he served as the Executive Vice President and General Manager of HPE GreenLake, where he spearheaded the transition from a hardware business to an edge-to-cloud platform, delivering significant business value and ROI for customers.

Outlook

AutoStore continues to see positive underlying market activity measured by number of proposals and active dialogues with customers, healthy pipeline and persistent high quality backlog.

However, the challenging economic backdrop has led customers to take a cautious stance on the timing of these commitments. This, combined with complexity of projects has led to continued long conversion times. As a result, the company expects to report full year revenue between USD 575 - 600 million.

AutoStore will continue to take actions to further strengthen its market position, not only in line with its long-term strategy, but also to drive stronger performance in the current market.

The company remains highly confident in the significant potential of the light AS/RS market driven by long-term secular trends of e-commerce adoption, rising labor costs and making automated warehouse solutions increasingly important across multiple industries.

Appendices

This report presents the financial results for AutoStore Holdings Ltd. for the third quarter of 2024. The same measurement principles as presented in the Annual Report for 2023 have been used when preparing this quarter's presented results. The report does not meet the requirements of IAS 34 Interim Financial Reporting and the figures are unaudited.

Interim condensed consolidated statement of profit/loss for the period

	Third quarter		YTD	
USD million	**2024**	**2023**	**2024**	**2023**
Revenue and other operating income	144.2	144.7	436.5	469.3
Total revenue and operating income	**144.2**	**144.7**	**436.5**	**469.3**
Cost of materials	-38.3	-46.0	-117.1	-152.0
Employee benefit expenses	-19.8	-12.9	-55.4	-53.8
Other operating expenses	-17.4	-7.7	-52.4	-294.2
Depreciation	-4.6	-2.9	-11.6	-7.7
Amortization of intangible assets	-10.2	-13.5	-37.3	-38.3
Operating profit/loss	**54.0**	**61.7**	**162.8**	**-76.7**
Finance income	2.8	1.6	7.5	8.7
Finance costs	-11.3	-12.2	-38.0	-33.1
Foreign exchange gains/(losses)	-7.4	19.5	-10.7	4.2
Profit/loss before tax	**38.1**	**70.6**	**121.6**	**-96.9**
Income tax expense	-6.9	-15.6	-25.2	23.6
Profit/loss for the period	**31.1**	**55.0**	**96.4**	**-73.3**

Interim condensed consolidated statement of financial position

USD million	30.09.2024	31.12.2023
ASSETS		
Non-current assets		
Property, plant and equipment	39.7	30.2
Right-of-use assets	62.5	50.8
Goodwill	1,029.0	1,061.9
Intangible assets	469.2	492.0
Deferred tax assets	2.0	5.7
Other non-current assets	5.3	1.9
Total non-current assets	1,607.7	1,642.5
Current assets		
Inventories	95.9	82.9
Trade receivables	121.3	110.7
Other receivables	40.4	42.4
Cash and cash equivalents	279.7	253.3
Total current assets	537.3	489.3
TOTAL ASSETS	2,145.0	2,131.8
EQUITY AND LIABILITIES		
Equity		
Share capital	34.3	34.3
Share premium	1,154.6	1,154.6
Treasury shares	-0.7	-0.7
Other equity	150.2	86.8
Total equity	1,338.3	1,274.9
Non-current liabilities		
Non-current interest-bearing liabilities	437.6	432.8
Other non-current liabilities	-	57.0
Non-current lease liabilities	55.5	47.8
Deferred tax liabilities	109.7	96.7
Non-current provisions	1.8	2.9
Total non-current liabilities	604.5	637.1
Current liabilities		
Trade and other payables	47.3	46.5
Other current liabilities	116.4	138.9
Lease liabilities	12.2	10.0
Income tax payable	10.6	7.4
Provisions	15.7	16.9
Total current liabilities	202.2	219.7
Total liabilities	806.6	856.8
TOTAL EQUITY AND LIABILITIES	2,145.0	2,131.8

Interim condensed consolidated statement of cash flow

	Third quarter		YTD	
USD million	**2024**	**2023**	**2024**	**2023**
Cash flow from operating activities				
Profit/(loss) before tax	38.1	70.6	121.7	-96.9
Adjustment to reconcile profit/(loss) before tax to net cash flow				
Depreciation and amortization	14.8	16.4	48.9	46.0
Share-based payment expense	0.6	1.4	1.5	2.0
Finance income	-2.8	-1.6	-7.5	-8.7
Finance costs	11.3	12.2	38.0	33.1
Foreign exchange gains/(losses)	7.4	-19.5	10.7	-4.2
Working capital adjustments				
Change in inventories	-5.9	0.0	-13.0	3.9
Change in trade and other receivables	-7.0	7.8	-12.0	-19.0
Change in trade and other payables	2.6	-19.0	0.8	-2.4
Changes in provisions and other current liabilities	-31.8	-47.8	-89.6	195.8
Other items				
Tax paid	-1.3	-1.0	-4.1	-10.0
Net cash flow from operating activities	**25.9**	**19.5**	**95.3**	**139.7**
Cash flow from investing activities				
Purchase of property, plant and equipment	-3.0	-3.6	-14.0	-12.3
Purchase of intangible assets[1]	-2.6	-1.5	-7.5	-4.0
Development expenditures	-6.3	-9.1	-22.1	-21.9
Interest received	2.6	1.6	7.3	8.7
Net cash flow from investing activities	**-9.2**	**-12.6**	**-36.4**	**-29.5**
Cash flow from financing activities				
Proceeds from sale of treasury shares	0.0	1.8	0.0	2.0
Payments of principal for the lease liability	-2.2	-1.5	-5.9	-3.1
Payments of interest for the lease liability	-1.2	-0.8	-2.8	-2.0
Interest paid	-7.7	-7.1	-24.2	-25.9
Net cash flow from financing activities	**-11.1**	**-7.6**	**-32.9**	**-29.0**
Net change in cash and cash equivalents	5.6	-0.8	26.1	81.1
Effect in change of exchange rate	4.8	0.5	0.3	4.7
Cash and cash equivalents, beginning of period	269.3	261.0	253.3	174.8
Cash and cash equivalents, end of period	**279.7**	**260.7**	**279.7**	**260.7**

[1]Was earlier presented as development expenditures.

Alternative Performance Measures (APMs)

To enhance investors' understanding of the company's performance, AutoStore presents certain alternative performance measures (APMs) as defined by the European Securities and Markets Authority ("ESMA") in the ESMA Guidelines on Alternative Performance Measures 2015/1057.

For more information on the descriptions and definitions of the APMs used in this report, reference is made to the Annual Report of 2023.

Adjusted EBITDA[1]

	Third quarter		YTD	
USD million	**2024**	**2023**	**2024**	**2023**
Profit/loss for the period	**31.1**	**55.0**	**96.4**	**-73.3**
Income tax	6.9	15.6	25.2	-23.6
Net financial items	15.9	-8.9	41.1	20.2
EBIT	**54.0**	**61.7**	**162.8**	**-76.7**
Depreciation	4.6	2.9	11.6	7.7
Amortization of intangible assets	10.2	13.5	37.3	38.3
EBITDA[1]	**68.8**	**78.1**	**211.7**	**-30.7**
Ocado Group litigation costs	-	-5.8	0.4	252.5
Option costs	-1.3	-3.7	-6.2	2.2
Total adjustments	**-1.3**	**-9.5**	**-5.8**	**254.8**
Adjusted EBITDA[1]	**67.5**	**68.6**	**205.9**	**224.1**
Total revenue and other operating income	144.2	144.7	436.5	469.3
EBITDA margin[1]	**47.7%**	**54.0%**	**48.5%**	**-6.5%**
Adjusted EBITDA margin[1]	**46.8%**	**47.4%**	**47.2%**	**47.7%**

Adjusted EBIT[1]

	Third quarter		YTD	
USD million	**2024**	**2023**	**2024**	**2023**
EBIT	**54.0**	**61.7**	**162.8**	**-76.7**
Ocado Group litigation costs	-	-5.8	0.4	252.5
Option costs	-1.3	-3.7	-6.2	2.2
PPA amortization	6.4	10.1	26.3	30.3
Total adjustments	**5.1**	**0.6**	**20.5**	**285.1**
Adjusted EBIT[1]	**59.1**	**62.3**	**183.3**	**208.4**
Total revenue and other operating income	144.2	144.7	436.5	469.3
EBIT margin[1]	**37.4%**	**42.6%**	**37.3%**	**-16.3%**
Adjusted EBIT margin[1]	**40.9%**	**43.1%**	**42.0%**	**44.4%**

Group litigation costs

These comprise costs incurred in connection with the Ocado Group litigation, i.e. costs linked to the company's use of external legal counsel and costs related to settlement of all claims between the parties. Adjustments only cover the litigation with Ocado Group. The company has assessed the adjustment item to be outside the normal course of the company's business, based on historical events.

Option costs

These comprise costs incurred in connection with the group's stock option schemes. The expenses are due to vesting and change in social security tax as a consequence of the development in the value of the underlying shares.

The company has deemed these costs to constitute a special item in terms of their nature and size.

PPA amortizations

These represent amortization of assets recognized as part of the purchase price allocation made when Thomas H. Lee Partners acquired the group from EQT in 2019. The company has deemed the transaction to constitute a special item, as it resulted from a change of ownership structure and hence no acquisitions were made by the company itself. No adjustments are made for PPA amortizations resulting from acquisitions through the company.

[1] Reference is made to explanation above for descriptions and details on APM measures..

AutoStore Holdings Ltd.

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