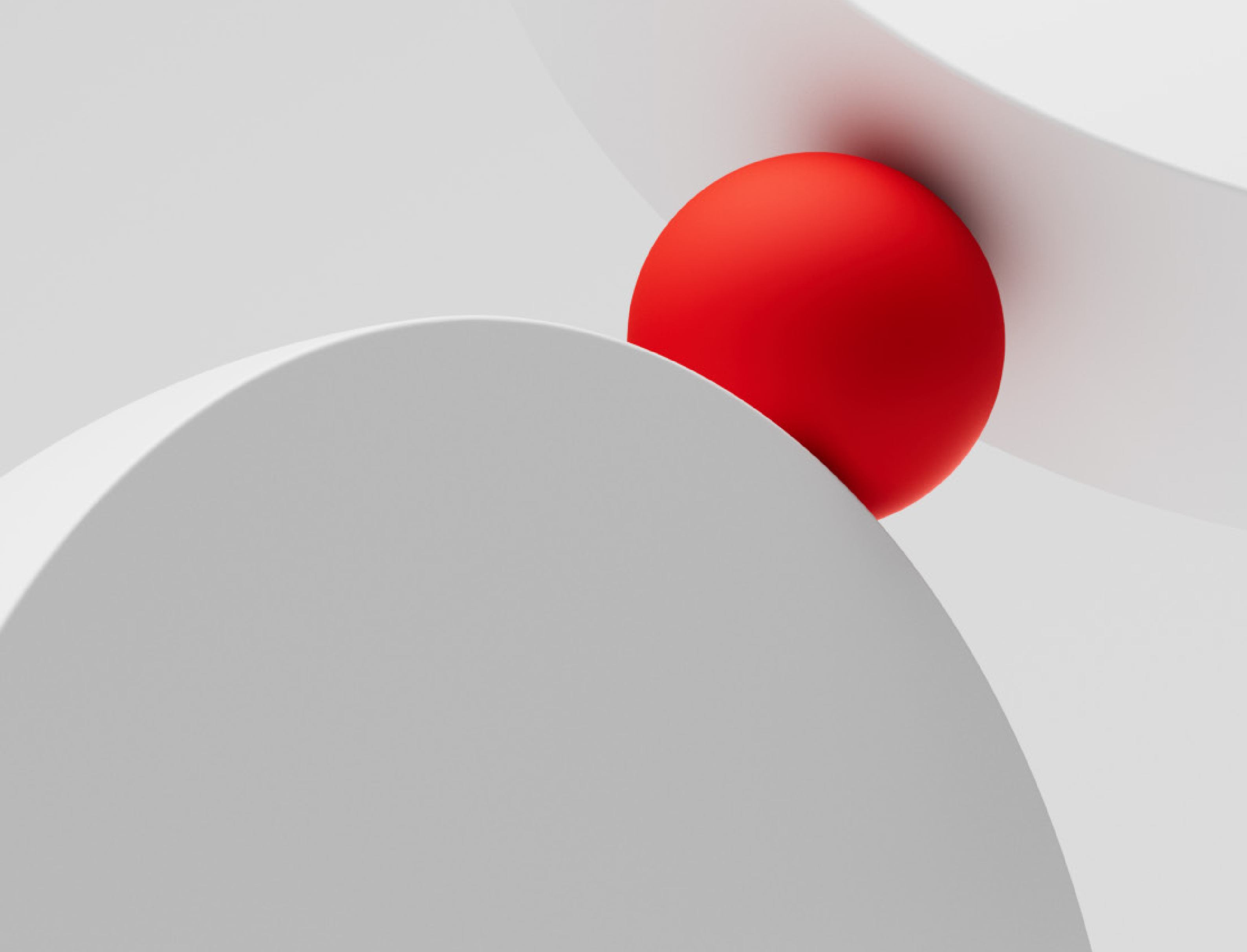
AutoStore

Annual report 2021



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Annual report
2021

An exceptional year

AutoStore Holdings Ltd.

OSE: AUTO[1]

AutoStore is a warehouse robot technology company that has invented and continues to pioneer cube storage automation, the densest order-fulfillment solution in existence. Our focus is to marry software and hardware with human abilities to shape the future of warehousing.

Employees[2]

585

64.8% growth from 2020.

Systems[3]

~900

80.6% growth from 2020.

Revenue (USD million)

327.6

AutoStore continued its exceptional growth story – underlined by 79.8% revenue growth from 2020.

Adjusted EBITDA margin*

48.4%

Delivered strong adjusted EBITDA margin* despite increased raw material prices following global supply chain issues.

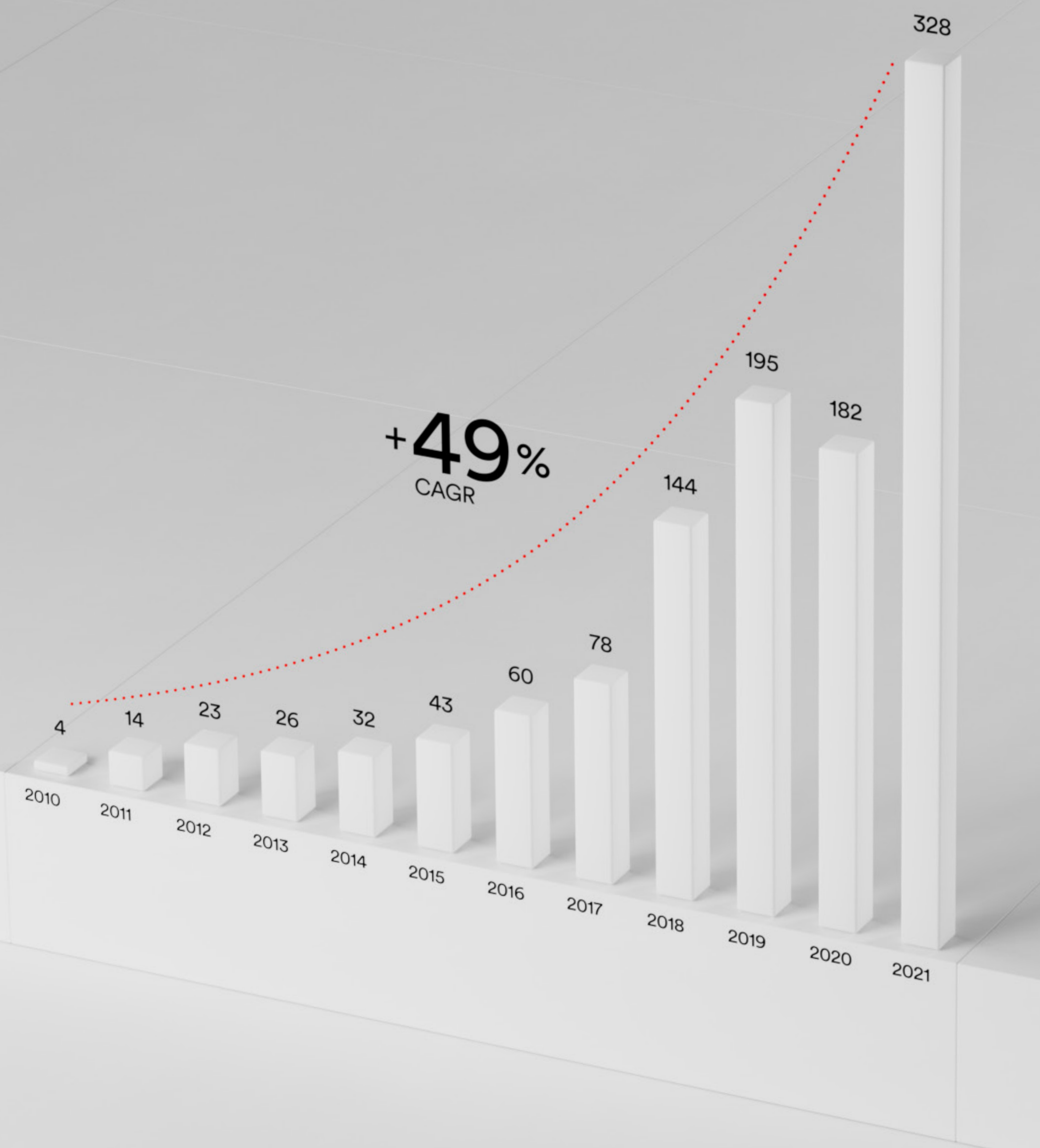
Order intake (USD million)

620.9

Order intake increased by 158.6% from 2020, driven by a significant shift and acceleration in e-commerce penetration.

* Refer to the Alternative Performance Measures (APMs) section on page 218 for further details of the adjustment items.
1 AutoStore Holdings Ltd. is a company incorporated under the laws of Bermuda.
2 Headcount as at year-end 2021.
3 As at year-end 2021. Includes contracted but not yet shipped systems.

Continuing an exceptional story – Long-term record of high revenue growth

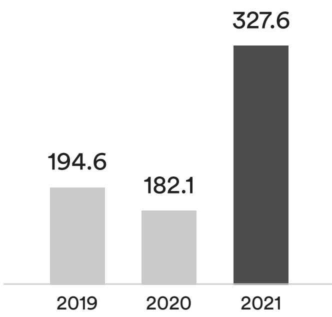


Key figures

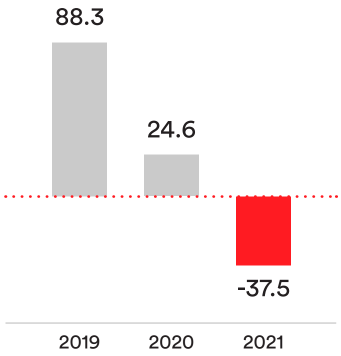
The exceptional performance in 2021 resulted in high revenue growth, strong margins and a record-high order intake and order backlog.

For further information, refer to the Board of Director's report on the company's financial performance.

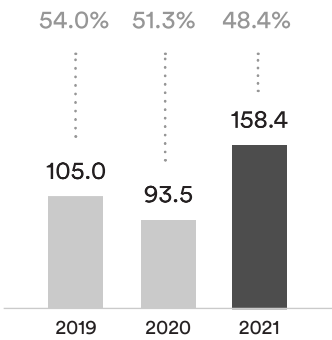
Revenue



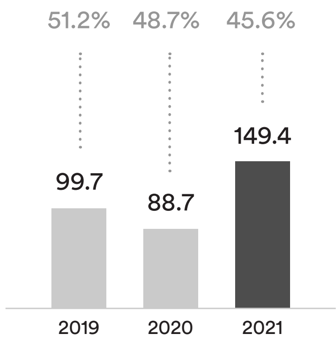
EBIT



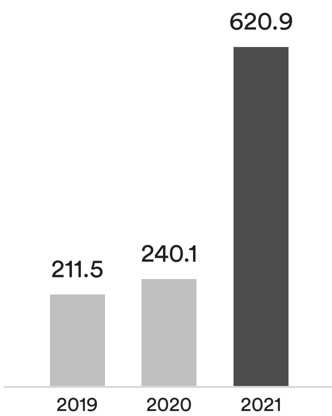
Adjusted EBITDA and margin*



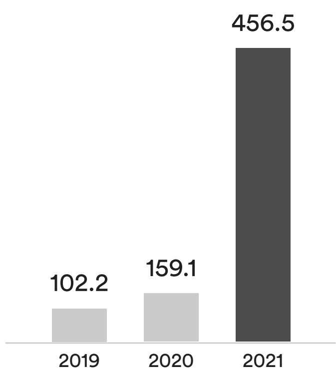
Adjusted EBIT and margin*



Order intake[1]



Backlog development[2]



* Refer to the Alternative Performance Measures (APMs) section on page 218 for further details of the adjustment items.

1 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.

2 Order backlog is defined as the total value of order intake not yet shipped and for which revenue has not yet been recognized.

Highlights of the year

Q1

locai

AutoStore acquires the warehouse management system (WMS) company Locai Solutions Inc. (Locai) to support the growth strategy in the micro-fulfillment center (MFC) segment. Locai provides digital commerce platforms to the grocery market based on artificial intelligence and machine learning technology.

AutoStore expands its European presence with new offices in Spain and Italy to support continued growth.

Q2

40%

SoftBank acquires 40% of AutoStore (April 2021), accelerating the group's global expansion with a particular emphasis on the Asia-Pacific (APAC) region.

AutoStore announces a redesigned CarouselPort with new features and benefits for improved order fulfillment in evolving warehouses.

AutoStore is named a Robotics Business Review innovation award winner in the retail/wholesale category for its grocery store MFC technology.

Q3

Innovation Hub

AutoStore officially opens its Innovation Hub, which is fitted with a combination of robotic technology and infrastructure for supply chain and retail facilities that are not found anywhere else in the world.

AutoStore wins the Retail Supply Chain & Logistics Award.

Q4

AutoStore wins the Green Supply Chain Award, which recognizes companies that prioritize sustainability as a core element of their supply chain strategy.

AutoStore successfully lists on Oslo Stock Exchange under the ticker AUTO. The listing price implied a market capitalization of approximately NOK 103.5 billion, making AutoStore the largest Norwegian IPO for the past 20 years.

AutoStore wins the Cool Vendor award at Europe's largest retail event following voting by hundreds of retailers and logistics companies. The award recognizes AutoStore as DELIVER 2021's "most respected brand with the most inspiring services."

AutoStore is named Top Software Provider by Food Logistics, which recognizes software and technology providers that ensure a safe, efficient and reliable global cold food and beverage supply chain.

Full year

AutoStore expands its partnerships with Kardex, Adameo, SoftBank Robotics, Asetec, Samsung SDS, SmartLog, StrongPoint, and Fives.

AutoStore continues to scale its organization for further growth by hiring 230 new staff.

AutoStore
Annual report
2021

A global technology champion

01

Untapped USD 230 billion TAM[1] driven by global megatrends

Global megatrends including growth in e-commerce and robotic automation, changing consumer demand and labor challenges are driving adoption and creating significant room for growth.

02

Proprietary technology

25-year track record of patented robotics technology and easy-to-use software-powered cube AS/RS[2] eco-system.

03

Modular and flexible solution that can automate any warehouse

100% standardized solutions that provide access to almost any use case, scalability and consistent high margins.

04

Global go-to-market strategy

Salesforce of over 20 distribution partners with over 2,000 sales representatives globally, supported by in-house BDMs[3].

05

Superior financial profile

Compounded annual growth rate of +49% since 2010, adjusted EBITDA margin* of ~50%, cash flow conversion* of 84%[4], and an asset-light model.

* Refer to the Alternative Performance Measures (APMs) section on page 218 for further details of the adjustment items.
[1] Theoretical addressable market for AS/RS at full penetration based on 2021 warehouse stock and market prices. Source: Premium management consulting company.
[2] Automated storage and retrieval systems.
[3] Business development managers.
[4] On average over the last three years.

Letter from the CEO


Photo: Marius Beck Dahle

Dear shareholder,

Why not store things like a Rubik's cube?
It is said that innovation always starts with a question. This is certainly true of AutoStore's cube storage automation system, which started with Ingvar Hognaland in a new electronic components warehouse on Norway's west coast in the late 1990s, asking himself what took up the most space in the facility. The answer – air – led to a further question: "Why store things like dominos when we could store them like a Rubik's cube?"

Exceeded the annual revenue target
Some 20-odd years later, the conceptual move from "airhousing" to warehousing has thus far resulted in close to 900 contracted system installations and over 35,000 robots in 45 countries, including 353 new system installations in 2021 alone. Our impressive annual revenue of USD 328 million – well above our USD 300 million target – is the result of hard work by our team and partners and illustrates the potential of our significant, underdeveloped target market, in which we expect continued high demand for fast cubic storage. Key market drivers include a strong macro-economic backdrop of rising warehouse costs and productivity pressure, accelerating e-commerce growth, a need for supply chain resiliency, and labor shortages.

“In summary, 2021 was an exceptional year for AutoStore – with significant growth and a record-high order intake. Thanks to our proven expansion strategy, strong demand across regions, end markets, and warehouse categories, we see significant opportunities for growth acceleration going forward.”

Untapped USD 230 billion market
In 2021, we made significant progress in penetrating the USD 230 billion market for automated storage and retrieval systems, increasing market access in important regions, building market share in the attractive micro-fulfillment and high throughput segments, and refining our technological leadership. We also onboarded multiple customers during the year, primarily in the groceries sector. Moreover, our new Innovation Hub allowed us to partner with customers to find innovative solutions for frozen products and different temperature zones, opening up an entirely new set of growth opportunities.

A global network delivering solutions worldwide
We have a scaled global platform with a strong blue-chip customer base and an extensive network of distribution partners. This model allows us to scale up effectively around the globe, driving sales and building a growing base of installed systems. Our network already includes more than 2,000 sales representatives, and our reach continues to extend as we recruited new local and global partners in 2021, like Kardex, Adameo, SoftBank Robotics, Asetec, Samsung SDS, SmartLog, StrongPoint, and Fives.

We are scaling up our organization for further growth, building up our in-house sales capacity by recruiting business development managers to generate leads and opportunities for partners in major markets and segments. In 2021, we welcomed 230 new colleagues, bringing the team to 585 persons at year-end.

Innovation and R&D at the heart of what we do
Our commitment to innovation is underlined by the launch of the R5+ robot, which expands our total addressable market while reducing supply chain risk. The R5+ offers a more cost-efficient solution for warehouses to manage larger items, thanks to its ability to handle bins up to 425 mm tall – functionality which was previously only offered by the premium B1 system. The R5+ is available globally and allows us to reduce lead times thanks to our more mature supply chain.

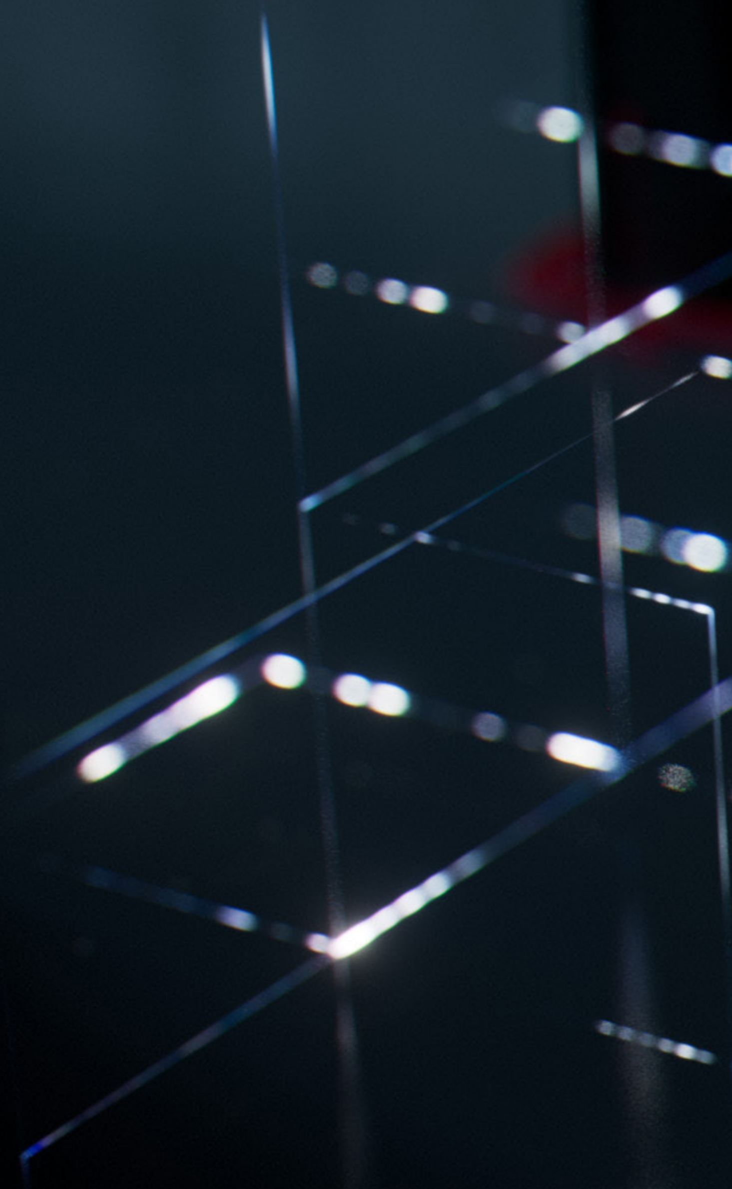
Our technology is not only a superior solution as measured by customer key performance indicators, but is also the most efficient and sustainable warehousing solution on the market. Refer to the sustainability report on page 91 for further information.

In summary, 2021 was an exceptional year for AutoStore, with significant growth and a record-high order intake. Momentum is strong going into 2022. Thanks to our proven expansion strategy, strong demand across regions, end markets and warehouse categories, and our excellent 2021 performance, we see significant opportunities for growth acceleration going forward.

My sincere thanks to you, our shareholders, for your support during an eventful year. As we like to say at AutoStore: “The journey has only just begun, and the best is yet to come.”

Karl Johan Lier
Chief Executive Officer

About the cube storage pioneers



Make the incredible happen!

Vision

We want warehouse automation to empower every business to make the incredible happen.

Mission

AutoStore saves space, time, and energy in your warehouse. So you can make the incredible happen.

Values

Lean. Transparent. Bold.

This is AutoStore

AutoStore is an innovative robotic and software technology company and the pioneer of cube storage automation, the densest warehouse order fulfillment solution available today.

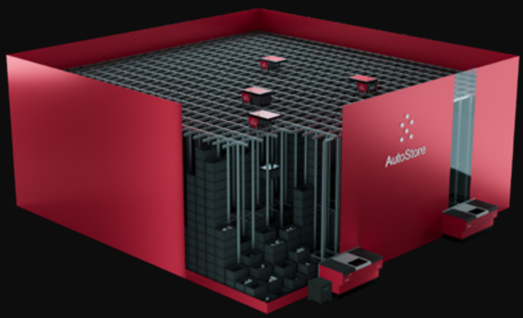
Photo: Håvard Hanasand

AutoStore believes its products and services have transformed the automated warehouse sector and defined the automated cube storage segment. In particular, through the products and services it provides, AutoStore seeks to directly address the challenges facing the rapidly growing e-commerce, retail and logistics industries, where the need to automate picking and streamline processes is critical and where the majority of such work is currently done manually.

For more than two decades, AutoStore has continued innovating while combining software, hardware and human abilities to create tailored solutions. Today, almost 900 systems, over 35,000 robots, and millions of storage bins in 45 countries are making warehouses and order fulfillment operations more productive and space-efficient. AutoStore's continuously upgraded modular system design incorporating standardized building blocks such as bins, grids, ports, robots, and software, offers high flexibility to customers and can automate almost any type of warehouse across any end market. The cube storage system allows retailers to seamlessly scale up and reduce their storage footprints by up to 75% compared to traditional storage systems with aisles and shelves, increasing storage capacity up to four times compared to manual storage solutions.

Going forward, AutoStore intends to rapidly invent, design, market, and support innovative technologies and software that will expand usage of the company's system in existing and newly addressable markets.

AutoStore Holdings Ltd. (AutoStore) is listed on the Oslo Stock Exchange (OSE: AUTO) and is subject to Norwegian securities legislation and stock exchange regulations.



Scalability

Modular

Applicable to any warehouse layout

Density

90+%
Space utilization

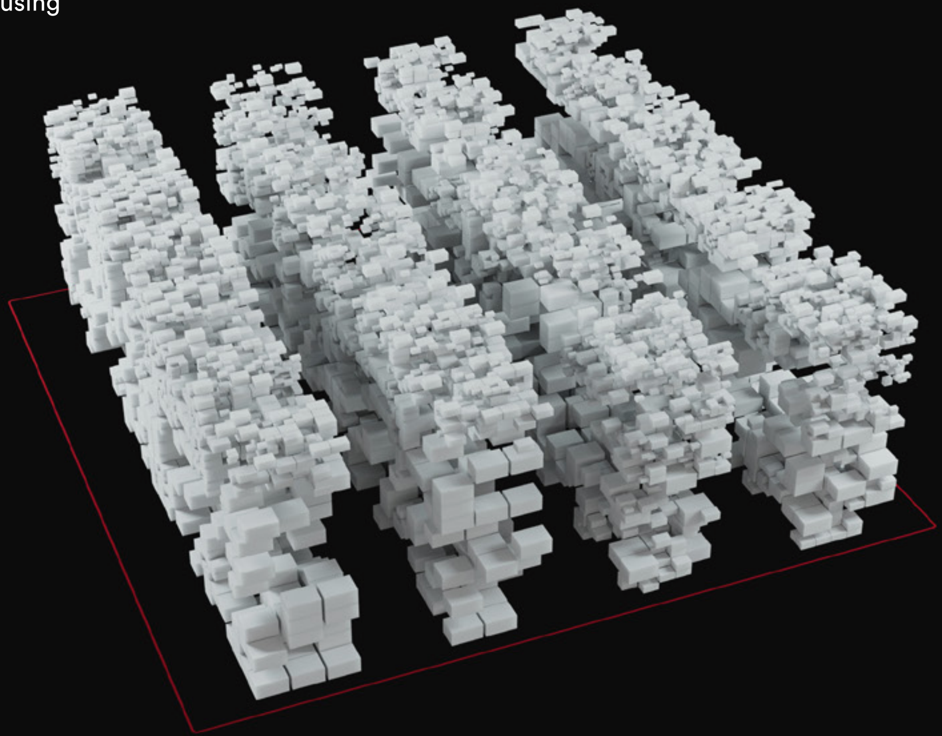
4x
Storage capacity

Reliability

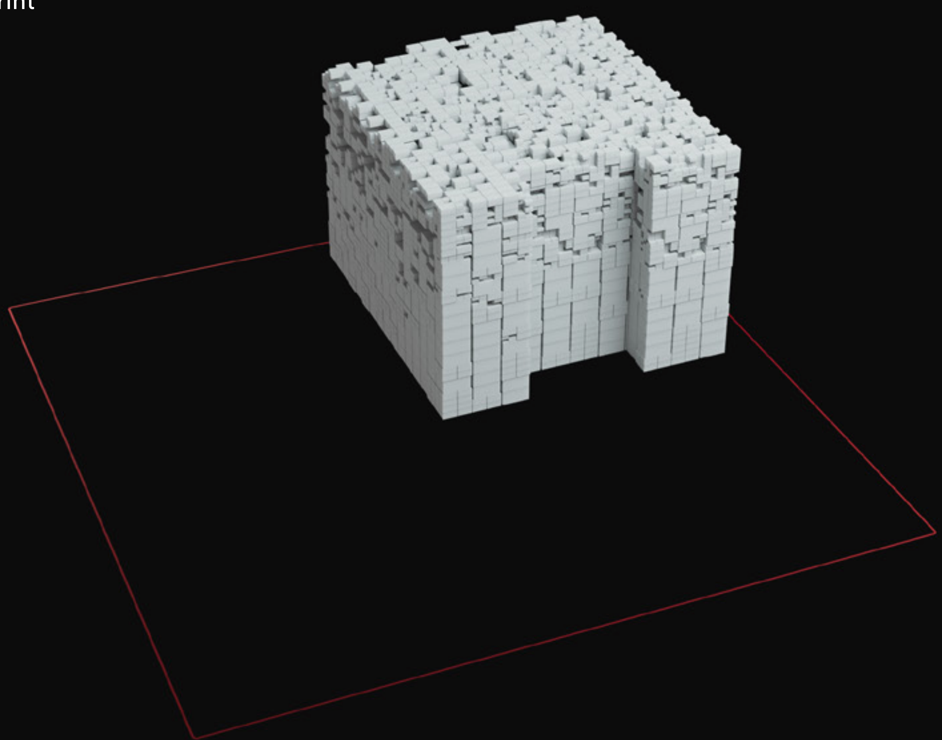
99.9%
Picking accuracy

99.7%
Uptime

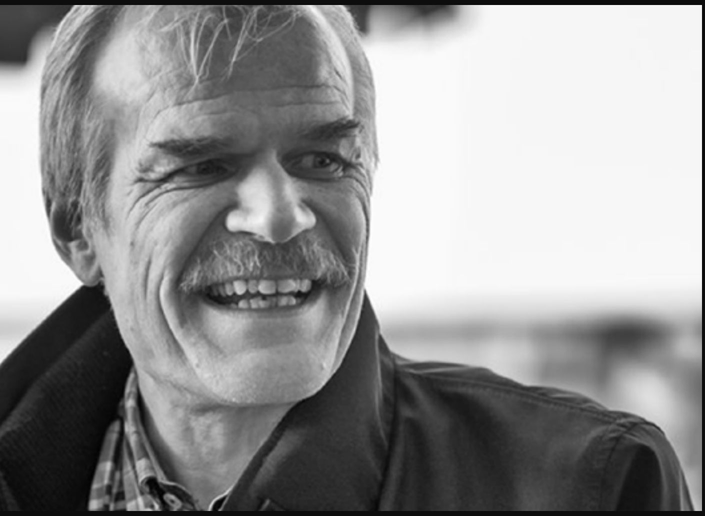
1x storage – 1x footprint
Conventional warehousing



1x storage – ¼x footprint
No airhousing



History



In the 1990s, the Hatteland Group became the largest distributor of electronic components in Northern Europe. Technical Director Ingvar Hognaland realized that traditional warehouses store far more air than products in the space between each shelf and above. This was something he considered wasteful and expensive in terms of utilities and manpower. He then thought of a solution: Make goods come to people instead of people running to fetch goods on shelves. Hognaland's desire to maximize all available space resulted in the AutoStore grid. After pioneering the first AutoStore robot for internal use, the Hatteland Group soon came to realize the system's global potential. The world's first cube storage automation system was born.

Over the course of 25 years of dedicated research and development of standardized modular products and new technologies, AutoStore has developed proprietary technology incorporating advanced concepts in artificial intelligence, mobility, navigation, and storage to build solutions with speed, stability and control in mind that make daily work more accessible, more efficient and more reliable. The pioneering spirit is an integral part of the company's DNA and its vision is to continue to invent the future of warehousing.

The AutoStore journey

1996 – 2003

1990s
The Hatteland Group successfully sold electronic components throughout Europe and continuously outgrew its warehouse.
To solve its capacity issues, Technical Director Ingvar Hognaland came up with a brilliant idea: “Why store things like dominos when we could store them like a Rubik’s cube?”

This marks the birth of cube storage automation and AutoStore.

2002
First ever AutoStore prototype in operation for Hatteland Logistics.

2004 – 2012

2004
Decision to launch AutoStore as a commercial product.
First AutoStore distributor for the Nordics established.

2005
First commercial delivery and installation.

2006
Focus on product development and improvements.

2009
Distribution network expanded to European markets.

2012
Global distribution network established.

Production facility established in Poland.

2013 – 2017

2013
1,000 robots sold.
1 million bins sold.

2014
AutoStore installations on four continents.

2015
AutoStore installations in 20 countries.

2016
140 AutoStore installations on five continents.

2016
Over 200 AutoStore installations.

AutoStore acquired by EQT.

2018 – 2021

2018
300 AutoStore installations across 28 countries.

2019
Over 400 AutoStore installations across 30 countries.

AutoStore acquired by Thomas H. Lee Partners.

2020
Over 500 AutoStore installations across 30 countries.

2021
Close to 900 AutoStore installations across 45 countries.

AutoStore acquires WMS software company Locai to support growth in the MFC space.

SoftBank acquires 40% of AutoStore.

AutoStore lists on Oslo Stock Exchange.

The robots

Speedy and reliable workers
After over two decades of innovations and incremental improvements, AutoStore robots empower some of the world's largest companies with customer-winning logistics.

The AutoStore robots tirelessly drive, dig, collect, and deliver bins to workstations. Any robot can collect any bin and deliver it to any workstation. This means efficiency and 100% accessibility of stock when it is needed. Working in large or small teams around the world, each robot is independently controlled, eliminating single points of failure and ensuring global system uptime of 99.7%.

The energy-efficient and reliable robots are segmented into two lines, Red Line and Black Line. With the R5 robot, the fifth-generation Red Line is still going strong after more than two decades.

The R5 features a reduced number of moving parts and restorative power to increase its efficiency and precision. This creates a reliable and work-hungry machine capable of delivering all day and all night. Using energy-efficient motors and running on rechargeable batteries, the R5 recharges when the battery runs low or it has no tasks to complete. Innovative technology also provides regenerative energy as the R5 works, returning power to the batteries each time the R5 lowers a bin or reduces speed.

The R5+ is the newest addition to the Red Line family and is based on the same iconic R5 technology. Designed to have extra capacity, the R5+ handles all three AutoStore bin sizes, including the tallest 425 mm bins.

The Black Line and its B1 robot feature innovative design and technology for extra performance. At almost half the size of the R5, the B1 makes room for busier robot clusters. The bin lift mechanism is mounted inside to carry bins within the robot body. The B1 never rests, not even for charging. AutoStore's proprietary BattPack technology is a state-of-the-art battery concept which allows the robot to pick up a fully charged battery whenever needed.

In modular AutoStore fashion, Black Line and Red Line modules can be combined, facilitating refined system designs in which the two work together.

Prototype

1st generation

2nd generation

3rd generation

4th generation

R5

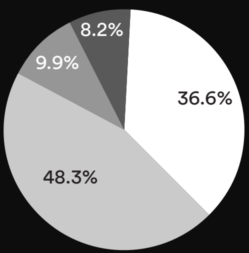
B1

R5+

AutoStore's corporate headquarter and management office along with its main research and development (R&D) location are located in Nedre Vats, Norway. AutoStore also operates two facilities in Oslo and Karmøy (both in Norway).

Furthermore, the company operates an assembly and storage facility in Koszalin, Poland. AutoStore's location in Derry, New Hampshire (U.S.) serves as a sales, service, spare parts, and storage facility. AutoStore also operates additional sales offices in numerous countries.

Employees by region[1]



- Norway
- Poland
- U.S.
- Other

Employees[1]

585

Employees in R&D[1]

150+

>70% in software

Organizational overview

Headquarter, sales, R&D and management support
Norway (Nedre Vats and Oslo)

Offices
U.S., UK, Germany, Austria, France, Italy, Spain, Japan and South Korea

Assembly and storage
Poland

[1] Headcount as at year-end 2021.

The AutoStore team

Photo: Haakon Nordvik

The company's tremendous growth and high aspirations are closely linked to its greatest asset – the AutoStore team. That is why AutoStore continued searching for more skilled employees and consistently maintained a high employee growth rate throughout 2021.

To put the company's growth into perspective, the AutoStore team consisted of just a handful of employees in Norway in 2010. Between 2018 and the end of 2021, AutoStore more than doubled its global talents to support its growth ambitions. In response to strong market growth and increasing demand for AutoStore products, the company will continue to invest in resources that it believes is necessary to build a solid foundation for the future.

The AutoStore culture

In 2021, AutoStore achieved an excellent Employee Net Promoter Score (eNPS) of 79, and respondents highlighted an inclusive and supportive environment where it is acceptable to make the occasional mistake, share ideas and ask questions. This is the essence of the AutoStore family and is underlined by the company's values – lean, transparent and bold. At AutoStore, innovation is not a buzzword but the core of living.

Anette Matre, Chief People & Information Officer, says she is impressed that AutoStore's employees have maintained their passion throughout the company's rapid growth journey, and that this has been a key factor in shaping AutoStore's unique corporate culture. "Our employees have had to adapt to a rapidly changing world and market demands, and have risen to the challenge in exemplary fashion."

Matre continues: "At AutoStore, we do not take ourselves too seriously. Despite being the leading player in a global market, we remain firmly rooted in our local region and community, and in our local culture and tradition of entrepreneurship."

Employee growth in 2021

585	230	64%
Total employees[1]	New hires	Increase from 2020

Recruitment hot zones

94	74	29
Poland	Norway	U.S.

An employer of choice

79

eNPS

Strategic growth

Looking to the future, Matre anticipates continued investment in people to meet growing demand, and ongoing efforts by AutoStore to strenghten its team in core areas to allow for expanding new capabilities.

“We will need a steady inflow of new staff in most disciplines within our research and development department, ranging from developers to mechanics, automation technicians, electronics experts, product developers, and product managers, to name a few,” Matre says.

“In addition to having the right mental approach to ownership of the product and the company, it is important to be solution-oriented, cooperative and team-oriented. Our core of research and development needs support from our sales and marketing apparatus as well as important functions to enable further commercial and technological development, in everything from finance, legal and HR, to IT and business developers and strategists.”

For AutoStore, growth also includes physical expansion, underlined by the establishment of new global offices. In 2021, the company opened offices in Spain and Italy to support increased demand in southern Europe. Likewise, the acquisition of Locai in Delaware, U.S., in early 2021 expanded the AutoStore portfolio to include warehouse management software (WMS). The acquired platform has allowed the company to expand its in-house expertise and offer an all-in-one solution in markets such as micro-fulfillment and grocery, supporting one of AutoStore’s key strategies.

“While AutoStore is expanding, our concept of family extends beyond our own company,” Matre continues, referring to the distribution partner network. “The AutoStore partner network is an extension of our team. Our investment in partner growth and success is imperative. During 2021, 1,177 people were trained through the AutoStore Academy,” explains Matre. “We would not be where we are today without their cooperation and partnership.” AutoStore is therefore committed to strengthening its partner network through training and expansion.

Focus on employees

Matre says that AutoStore’s formidable growth over the past decade has provided natural opportunities for professional learning and development throughout the group.

“We do not think that trend will reverse immediately. In addition, we are now investing significant resources in structuring development courses for all employees in line with the direction of the company. Among other things, we support further education and training when needed. We encourage employees to invest time in activities and participate in arenas that provide development opportunities beyond their normal jobs.”

“We have many initiatives underway and are ambitious in terms of providing a workplace that is challenging and rewarding for all employees, both personally and professionally. We believe that companies that prioritize investment in the growth and development of their employees will be far more successful than their competitors over time,” Matre says.

[1] Headcount as at year-end 2021.

Executive management

Karl Johan Lier
CEO

Karl Johan Lier was appointed Chief Executive Officer (CEO) of AutoStore in 2017. Before joining AutoStore, he was CEO & President of Hatteland (2008–2017), Nordic Managing Director of Arrow Electronics (2000–2008), and Chief Financial Officer of Hatteland (1993–2000).

He holds a master's degree in Finance and Accounting (CPA) from the Norwegian School of Economics and Business Administration (NHH).

Position held since: 2017
Nationality: Norwegian
Number of shares: 23,122,055[1]
Number of share options: 22,516,430

Bent Skisaker
CFO

Bent Skisaker was appointed Chief Financial Officer (CFO) of AutoStore in 2020. Before joining AutoStore, he was the Chief Financial Officer of Nel ASA, Eureka Pumps (partly Aker owned), Epax AS (partly Aker owned), Aker Oilfield Services, and Aker Seafoods ASA.

He holds a bachelor's degree (Hons.) in Business Organization from Heriot-Watt University and a master's degree in Finance and Accounting (CPA) from the Norwegian School of Economics and Business Administration (NHH).

Position held since: 2020
Nationality: Norwegian
Number of shares: 998,543[1]
Number of share options: 6,418,155

[1] Includes shares controlled by related parties.

Jenny Sveen Hovda
General Counsel

Jenny Sveen Hovda was appointed General Counsel of AutoStore in 2022. Before this, she was a partner at the Norwegian law firm Bull & Co., where she specialized in innovation, tech, software, IP, global customer scaling, and international contracts.

She holds a Master of Law degree from the University of Oslo.

Position held since: 2022
Nationality: Norwegian
Number of shares: –
Number of share options: –

Mats Hovland Vikse
CRO

Mats Hovland Vikse was appointed Chief Revenue Officer (CRO) of AutoStore in 2020. Before this, he held the position of Chief Strategy Officer. He has also been a senior advisor at MHWirth and held various positions at Aker Solutions, Aibel and Solar Norge AS.

He holds a bachelor's degree in Economics and Business Administration from BI Norwegian Business School and a master's degree in Applied Finance from the University of Stavanger.

Position held since: 2017
Nationality: Norwegian
Number of shares: 1,917,569[1]
Number of share options: 6,304,597

Carlos Fernandez
CPO

Carlos Fernandez has held the position of Chief Product Officer (CPO) of AutoStore since 2020. His previous positions within AutoStore include Director of System Design, Sales Engineer, Project Engineer, and Service Engineer. He has also worked in Field Application Engineer Support at SILICA.

He holds an Executive MBA from the IESE Business School – University of Navarra, a master's degree in Science, Electrical and Computer Engineering from the Illinois Institute of Technology, and a degree in Telecommunication Engineering from the Universidad Politécninca de Madrid.

Position held since: 2020
Nationality: Spanish
Number of shares: 2,582,288[1]
Number of share options: 2,701,970

[1] Includes shares controlled by related parties.

Jone Gjerde
COO

Jone Gjerde was appointed Chief Operating Officer (COO) of AutoStore in 2017. Before this, he served as Managing Director of AutoStore Sp. z o.o, and Chief Technology and Chief Operating Officer of AKVA Group ASA. He has also held various R&D roles at Laerdal Medical AS, ABB AS, AKVAsmart ASA, ABB AS, Norwegian Computer Industry AS, and Trallfa Robot AS.

He holds a certificate in Industrial Automation and a course qualification in Business Administration and Management from BI Norwegian Business School.

Position held since: 2017
Nationality: Norwegian
Number of shares: 612,539[1]
Number of share options: 6,304,597

Anette Matre
CPIO

Anette Matre was appointed Chief People & Information Officer (CPIO) of AutoStore in 2021. Before this, she was Chief Human Resources Officer at AutoStore. She has also held various positions at Innovation Norway, including Interim Head of People and Technology, HR and Organizational Director, HR Manager and HR Business Partner, as well as a number of positions at Shell.

She has completed three years of master's level legal studies at the University of Oslo and holds an Executive Master of Management degree with a specialization in human resource management, leadership effectiveness and management from BI Norwegian Business School.

Position held since: 2020
Nationality: Norwegian
Number of shares: 1,100,002[1]
Number of share options: 2,799,307

1 Includes shares controlled by related parties.

Business model and growth strategy

Business model and growth strategy

Unique and lean business model

R&D and IP ownership → Assembly → Sales and marketing → Shipping → Installation → Service and aftermarket support

01
Massive untapped addressable market

AutoStore believes it is a leading provider in the massive AS/RS market, with what the company considers to be the only proven and scalable cube storage technology solution. The AS/RS theoretical addressable market (TAM) is approximately USD 230 billion today (on an aggregate basis), of which approximately USD 160 billion is addressable for light AS/RS systems that AutoStore competes with today. Of the addressable light AS/RS market, approximately 85% (USD 135 billion) is composed of warehouses that have yet to be automated, implying significant white space and room for growth for AutoStore given that only close to 15% of the market is currently addressed and automated.

The market is driven by global megatrends, including growth in e-commerce and robotic automation, change in consumer demands (e.g. faster delivery requirements), and labor challenges (shortages and rising costs).

02
Proprietary technology

Over the course of 25 years of dedicated research and development, AutoStore has developed proprietary technology incorporating advanced concepts in artificial intelligence, mobility, navigation, and storage to build what it believes to be industry-leading cube storage solutions. AutoStore has full intellectual property (IP) ownership of modular best-in-class software-powered warehouse solutions. The company continuously develops its modular system, consisting of software, robots, ports, bins, and grids.

AutoStore focuses on efficient and focused research and development (R&D) efforts with a broad market roll-out potential, where close cooperation with the partner network and end customers is key to meeting end customer demand.

03
Modularity and flexible solution

The AutoStore system is a modular and 100% standardized solution that provides access to almost any use case with quick scalability and consistent high margins. The modular system design can automate almost any type of warehouse across any end market, which gives AutoStore's customers great flexibility. The end customer can build and expand their warehouses as they prefer.

Most components in the AutoStore system are sourced from multiple suppliers, whereas the final assembly with the highest value-add activity is done in-house.

04
Global go-to-market strategy

The AutoStore systems are brought to the global market in an efficient way by the company's leveraged salesforce of over 20 distribution partners with over 2,000 sales representatives, supported by AutoStore's in-house business development managers (BDMs). BDMs drive market awareness and dedicated focus in growth segments.

AutoStore's go-to-market strategy is highly scalable and leverages the strengths of each distribution partner, locally and globally.

The modular AutoStore system is installed by the company's distribution partners. The global go-to-market strategy benefits AutoStore's end customers with local aftermarket presence through local partners.

AutoStore typically manages shipping to customers at the cost of its partners. Shipment of grids and bins is handled by suppliers.

05
Superior financial profile

Consistent strong growth in revenue

AutoStore has delivered a compounded annual growth rate of +49% since 2010.

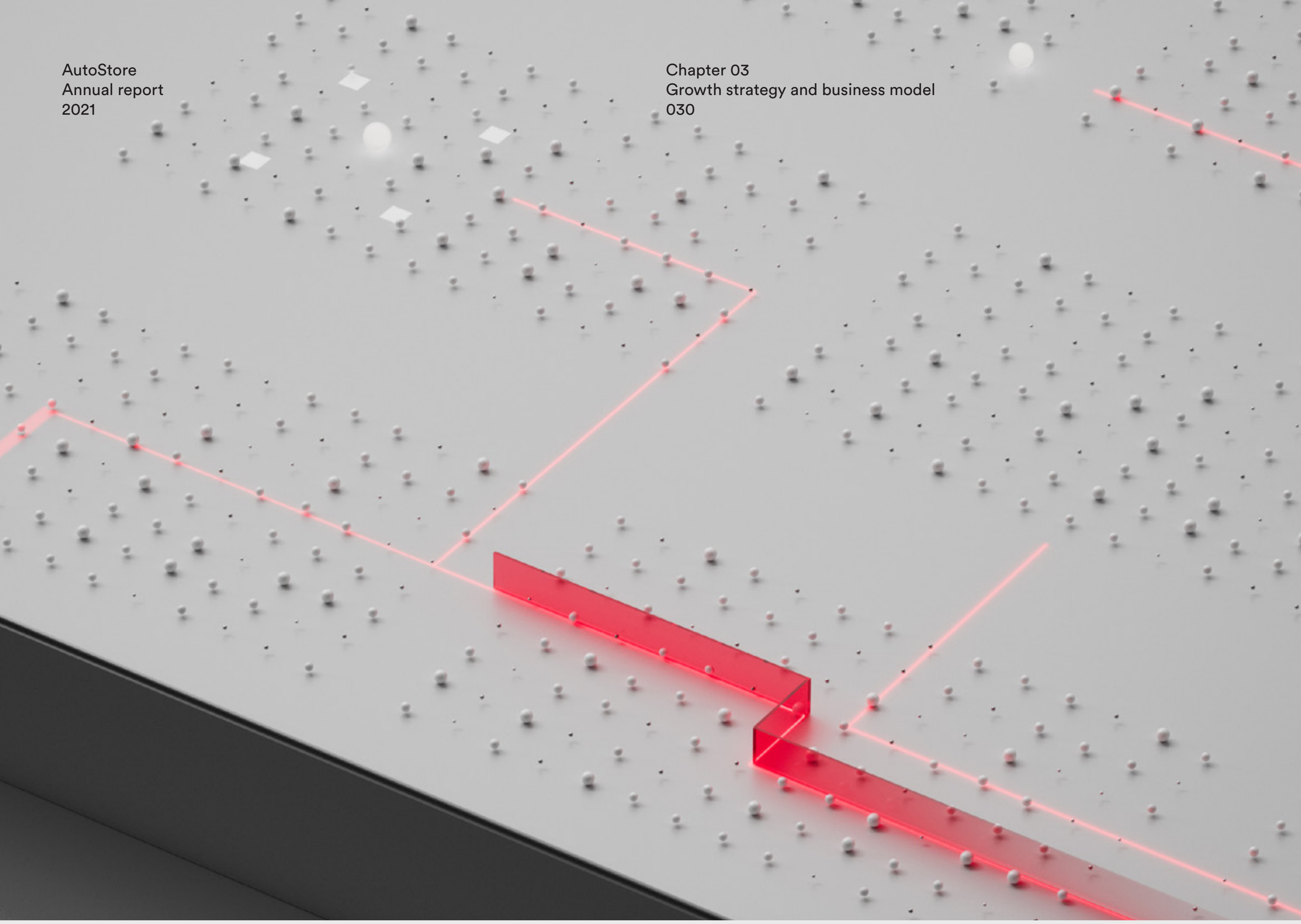
Strong and stable margin levels

Adjusted EBITDA margin* of ~50% on the standardized modular solutions delivered through the company's distribution partner network.

High cash conversion and asset-light model

Cash flow conversion* of 84% (L3Y), and an asset-light model where the majority of the company's investments relate to research and development for continued growth.

* Refer to the Alternative Performance Measures (APMs) section on page 218 for further details of the adjustment items.



Growth strategy

AutoStore's strategy builds on its competitive strengths and provides a framework for strong growth in the years ahead. The company plans to invent, design, market, and promote innovative technologies and software to expand usage of the AutoStore system in existing and newly addressable markets. The automated storage and retrieval systems (AS/RS) market is growing rapidly as a result of several underlying global megatrends that are ultimately driven by warehouse owners' demand for automated facilities. The favorable trends driving market growth include growing e-commerce, increasing automation, changing customer demand, and an enhanced sustainability focus. The addressable AS/RS market currently totals approximately USD 230 billion, including approximately USD 160 billion linked to light AS/RS systems – AutoStore's specialism. Approximately 85% of warehouses in the light AS/RS market (USD 135 billion) have yet to be automated, leaving significant room for growth.

AutoStore anticipates that these strategies will bring further growth capacity, shorter delivery times and increased supplier diversification.

Key strategic priorities include:

01 Penetrating new markets
02 Increasing WMS revenue
03 Product innovation
04 Expanding in APAC and North America
05 Increasing offerings through M&A

01

Penetrating new markets – including MFCs

AutoStore is focused on strengthening its offering in the micro-fulfillment center (MFC) segment – a key growth area. The company's products and services directly address the evolving demands of the e-commerce industry, specifically the desire for more rapid order fulfillment and delivery. Whereas consumers previously expected delivery within three to five days, delivery times now total one to two days in most cases, and same-day delivery has become standard in the groceries sector. Many retailers are therefore looking to upgrade their e-commerce capabilities with micro-fulfillment capacity to facilitate delivery within hours of order placement.

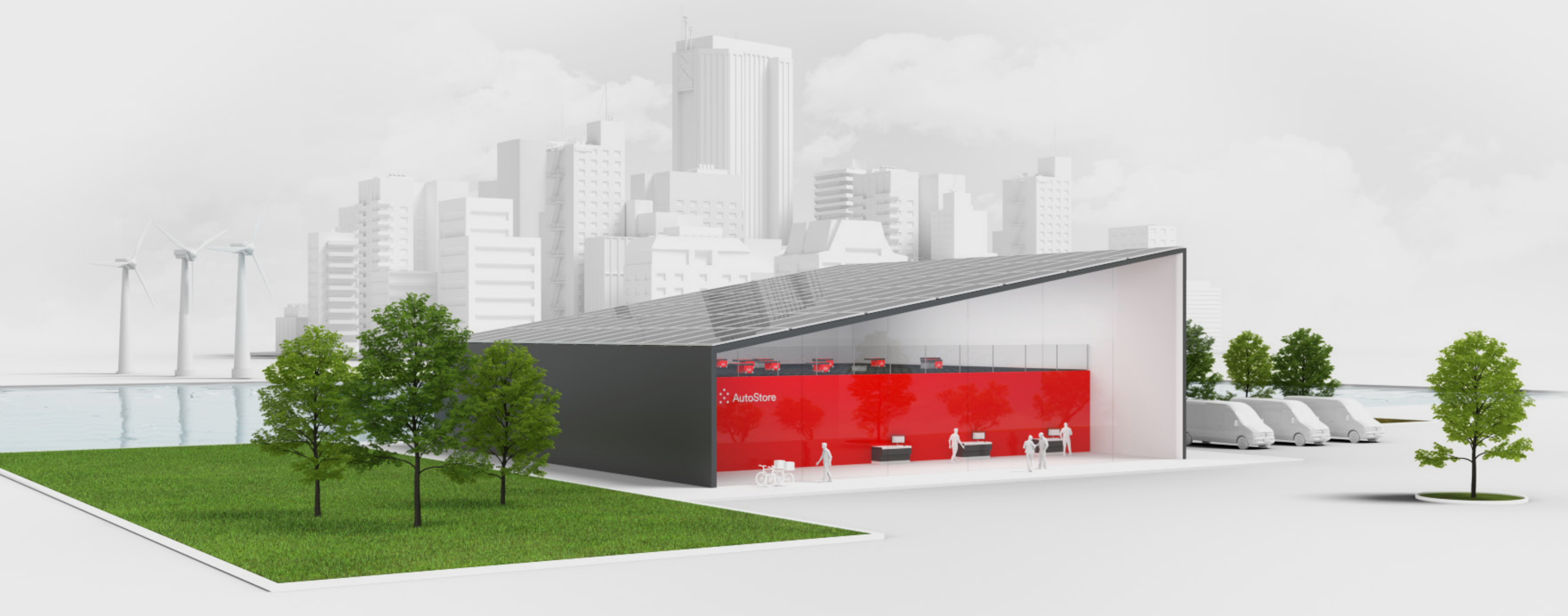
AutoStore sees its technology as an excellent option for e-commerce MFCs because it significantly increases storage density, improves operating efficiency and reduces order fulfillment times. The company's complete end-to-end solution – from warehouse management system (WMS) software to cubic storage equipment – is the best offering for MFCs in the market, and is suitable for use in both general retail verticals and the grocery MFC segment specifically.

The unique features of AutoStore's WMS solution also support multi-warehouse management and the integration of MFCs with centralized fulfillment operations.

For example, using AutoStore, associates can process e-commerce orders in less than 10 minutes and return them to the system for immediate customer collection. AutoStore's MFC solutions also have other clear advantages, such as fully configurable solutions based on standard blocks, allowing easy tailoring of operations on a client-by-client and site-by-site basis, increased order fulfillment volume within a given operational footprint, maximization of on-hand inventory while saving floor space, and enhancement of inventory control of fresh products with limited shelf life.

AutoStore therefore believes it is well-positioned to capitalize on the MFC market and the revenue it generates. The company is focused on developing new automated solutions, including efficient storage of pre-picked orders and customer-facing ports for self-collection of online orders. In addition, the company has:

- Invested research and development (R&D) resources into WMS feature development
- Increased the number of business development managers (BDMs) to address specific commercial capacity needs and provide specific MFC expertise
- Created a separate MFC business unit that provides customers an end-to-end customer journey from system installation to operation and expansion
- Recruited dedicated MFC client managers to maintain key customer relationships



02

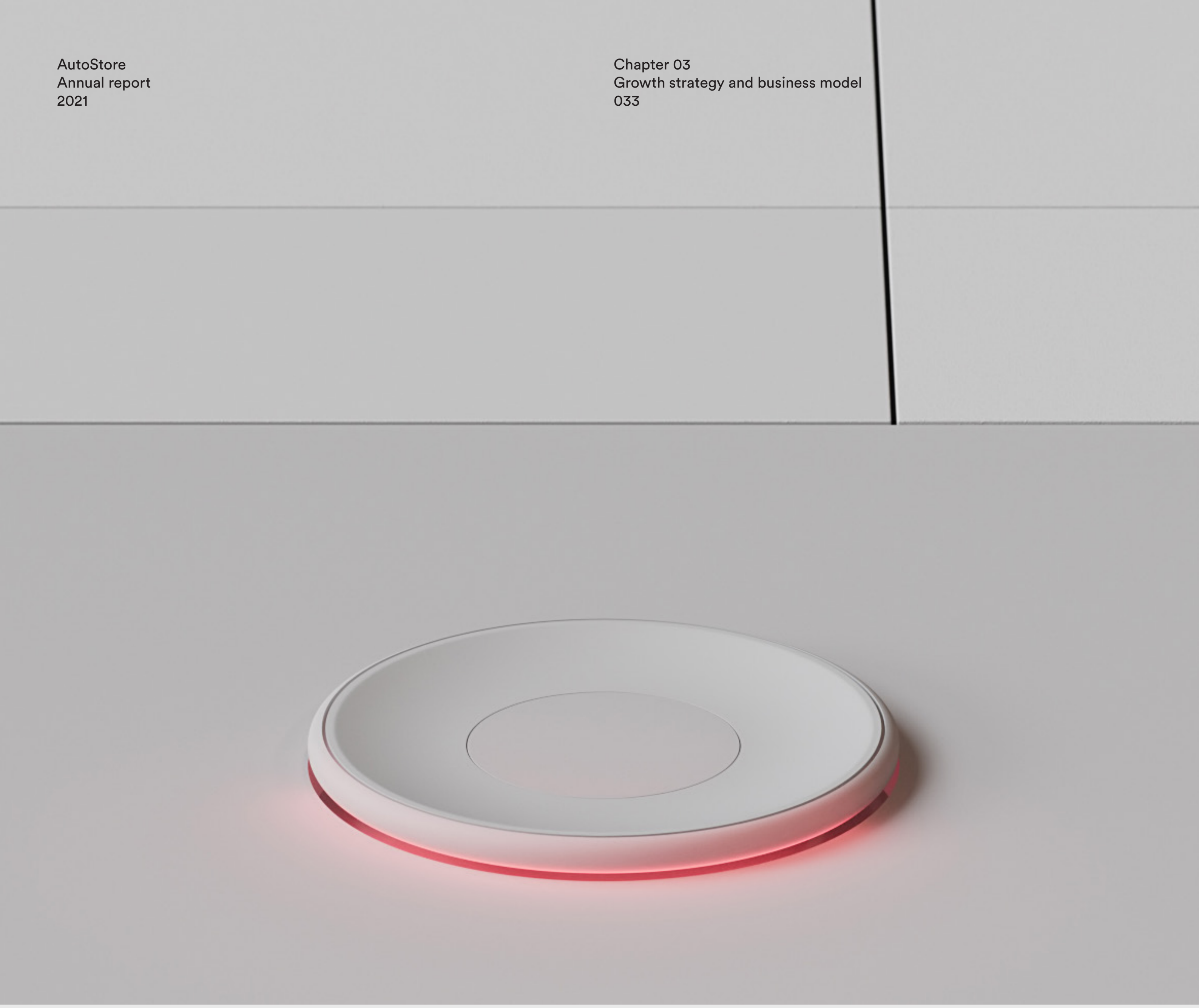
Increasing WMS revenue

The company's warehouse management system (WMS) software, when combined with its cube storage equipment, provides customers with the best end-to-end user experience and functionality of any MFC solution. The WMS application is a cloud-native, multi-tenant platform with a modern and scalable architecture driven by an application programming interface (API). As a result, the WMS application can be configured and integrated with other IT and hardware systems more quickly and efficiently.

This has several key advantages: cost-savings thanks to reduced automation deployment times, a higher level of software reliability and zero operational downtime due to software upgrades, maintenance and support activities. The WMS offers a broad set of capabilities that can be easily configured to support individual end-client and site-specific operational requirements. These include:

- Inventory put away and replenishment task management
- Intelligent MFC order waving and batching
- MFC order pick and pack task management (including exception handling and consolidation)
- MFC order consolidation and dispensing
- Inventory management and control (including a system of record orchestration)
- Labor management
- Analytics
- MFC order management system to assist operations in viewing order status, or canceling orders

AutoStore believes its ability to expand in the MFC market is supported by its established track record, as well as its constant commitment to product innovation.



03

Product innovation

Innovation and product improvement are central to AutoStore's strategy, and the company continuously seeks to refine its existing solutions and innovate, not least through ongoing development of its software solutions. AutoStore will continue expanding its research and development (R&D) operations with the aim of providing world-class solutions. The company sees continuous product development and innovation as essential components of past and future growth patterns. For example, the company's R&D focus has driven the Red Line product range to its current fifth-generation design iteration, as well as various software breakthroughs like the AutoStore Router, the Cloud Simulator and expanded WMS capabilities.

04

Expanding in APAC and North America

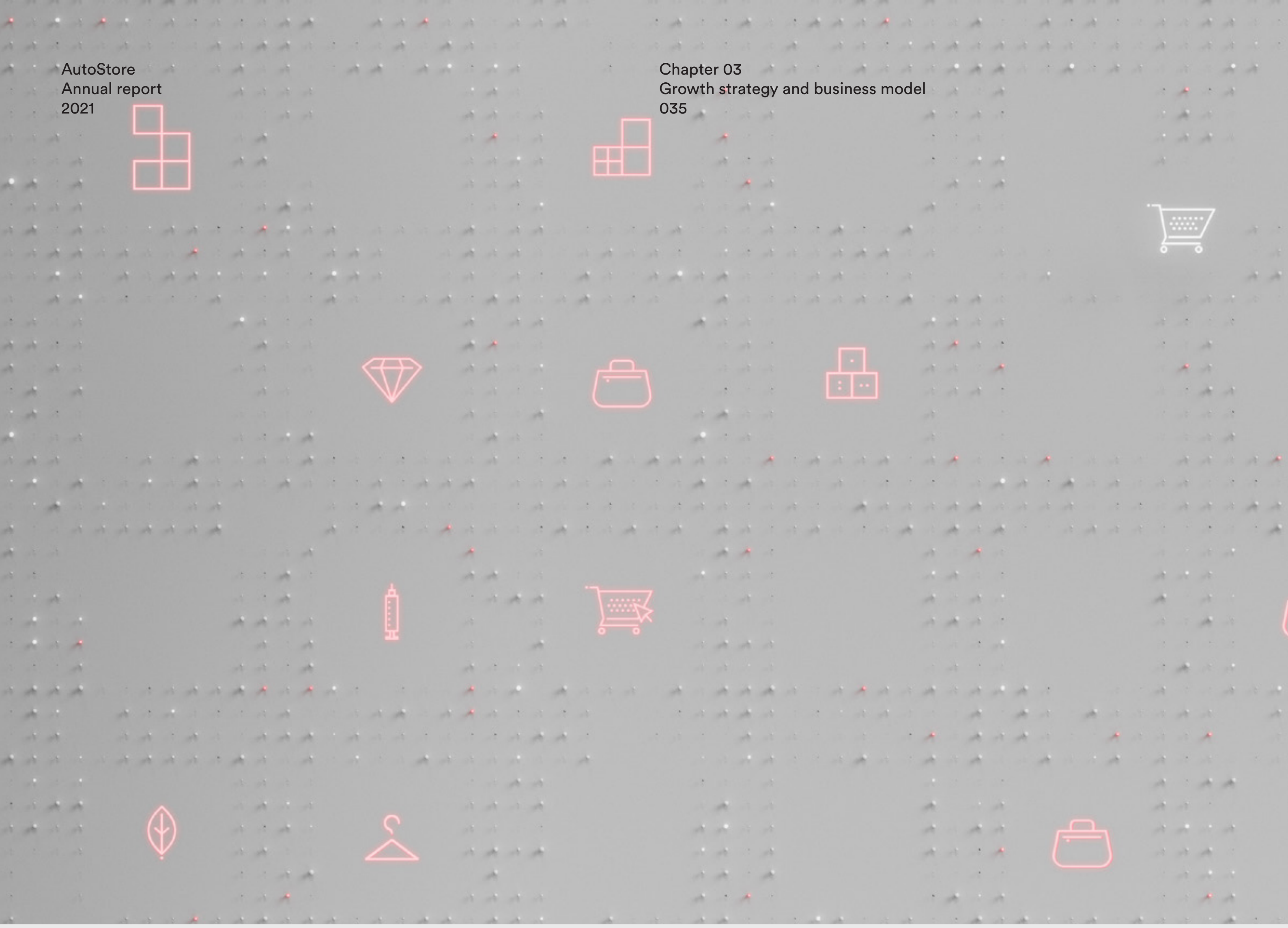
The ability to invent, test and launch new products on an ongoing basis is a major driver of AutoStore's rapid growth in the Asia-Pacific region (APAC) and North America, where the company plans to pursue continued expansion of its operations and customer base.

In each region, AutoStore focuses on tailoring its local go-to-market strategy and adding local supply capacity. The expansion has been driven by an increase in the number of partners and BDMs, and further growth in these key parameters remain a priority.

AutoStore is also benefiting from its relationship with SoftBank, one of its largest shareholders. SoftBank has over 200 portfolio companies and a strong presence in the APAC region.

The company's relationship with SoftBank provides a significant opportunity to increase access to APAC customers. In addition, AutoStore's global partnership with SoftBank Robotics – a leading service robotics company – paves the way for significant synergies related to robotic products and artificial intelligence/machine learning (AI/ML) solutions. The company intends to achieve further growth in APAC and North America by leveraging its diverse supplier base and asset-light assembly model (which requires limited investment to increase capacity) to expand local assembly footprints, increase purchase capacity of aluminum and bins, and grow the local supplier base in target regions.

AutoStore believes that expansion in these regions will be driven by the same structural trends as are currently powering demand for automation in other markets where it has an established presence.



05

Increasing offerings through M&A

The AutoStore strategy also includes offering proprietary products that the company cannot, or has yet to, produce on its own. AutoStore believes that strategic mergers and acquisitions (M&As) can help improve its product offering and expand its theoretical addressable market (TAM).

AutoStore assesses M&A opportunities based on a set of critical questions:

- Does the opportunity expand the TAM and use cases or strengthen the existing proposition?
- Does the offering integrate with existing products?
- Would in-house development of such a product be more costly and time-consuming?

The company continually scans the market for innovative players and services, and seeks to enhance its own innovation through the purchase of desirable software, technologies and businesses. The company expects horizontal expansion to encompass both software and hardware technology for AutoStore AS/RS systems and/or AutoStore WMS.

Additionally, the company believes that vertical expansion is likely to focus mainly on software and/or hardware products that are not currently part of its systems and can provide differentiation.

In 2021, AutoStore acquired Locai, located in Delaware, U.S., to broaden its offerings in the area of order fulfillment and warehouse management. During the year, AutoStore ramped up its WMS offering from 0 to 25+ employees through the Locai acquisition and organic growth.

AutoStore
Annual report
2021

Innovation at its core

Innovation and product improvements are the backbone of the AutoStore strategy. The company continuously seeks to refine existing solutions and innovate. The question is always what could be done to make the system more efficient and faster for customers.

Developments in 2021 led to the release of a new robot in early 2022, in addition to the opening of the Innovation Hub.

Patent filings

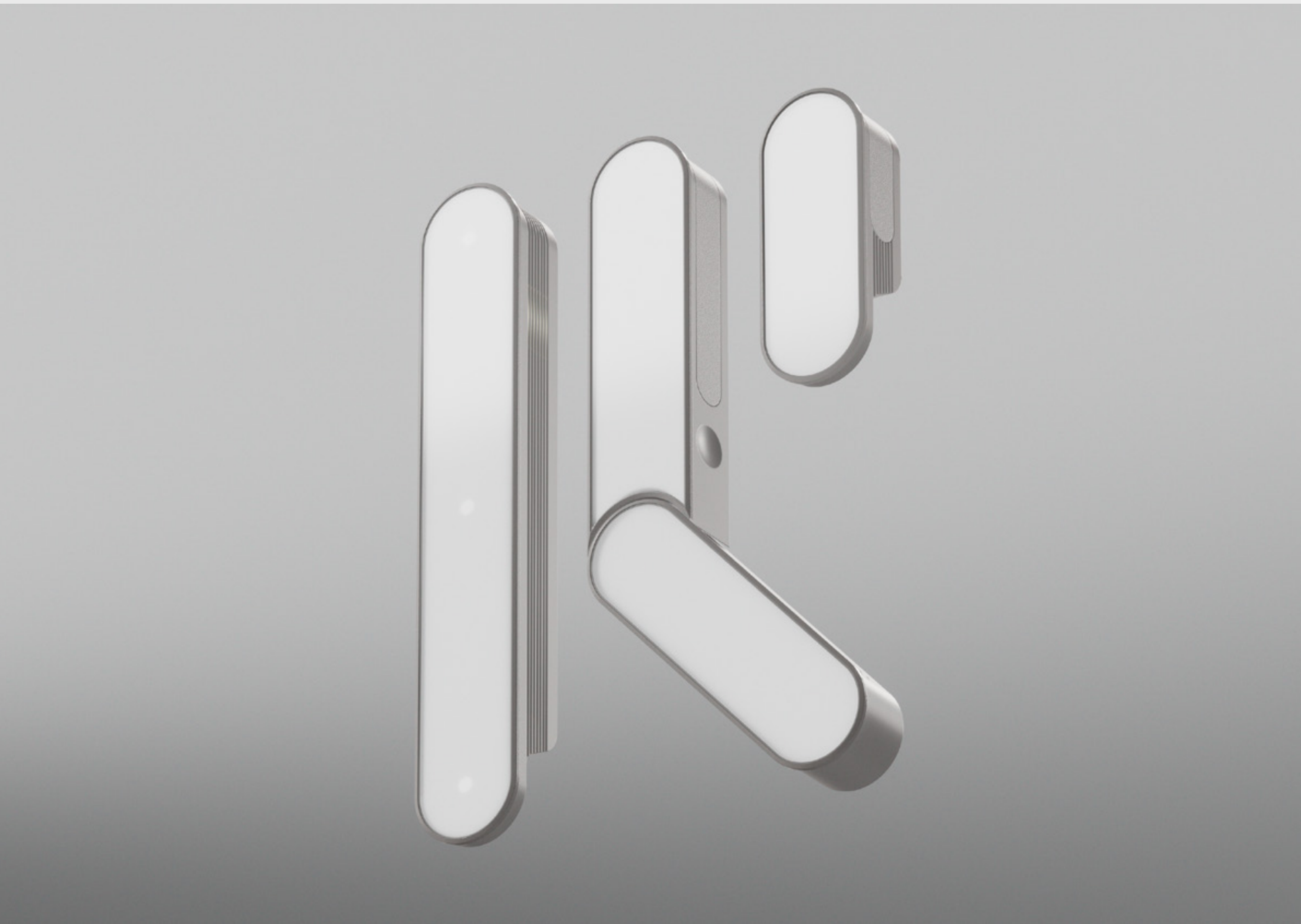
~20%

year-on-year growth.

Total patents granted

420

as at year-end 2021.



Opening of the Innovation Hub

Location	Karmøy, Norway
Size	2,050 sqm (22,066 sf)
Grand opening	August 2021

As customer service expectations grow exponentially in today's online, quick-delivery world, automation has become indispensable to the operations of global brands like Puma, Gucci and Best Buy. In line with its commitment to continued innovation – and in response to strong global demand for its solutions – AutoStore has established a specialized laboratory that allows it to test, deliver and fit out customized warehouse systems more rapidly than before. By leveraging access to industry data, proprietary technology and its extensive IP portfolio, AutoStore is developing solutions that are redefining inventory management and retail.

Dubbed the Innovation Hub, the groundbreaking laboratory was officially opened during an August 2021 ribbon-cutting overseen by Norwegian Prime Minister Erna Solberg, who remarked that, "AutoStore is an excellent example of how to achieve growth in the Norwegian private sector."

Built in just seven months in Karmøy, Norway, the laboratory features a combination of robotics technology and infrastructure for the development of supply chain and retail facilities that is unique in a global context.

With growing demand in the grocery market, AutoStore is testing several prototypes and developing state-of-the-art temperature-controlled solutions to meet the highest demands in grocery and other markets. This testing will take the AutoStore MFC solution to the next level, with three-temperature zone support, seamless order consolidation and order staging for pre-picked orders. Other testing being done at the Innovation Hub includes simulation of earthquakes to investigate the resilience of warehouses and store technology in potentially harmful situations.

The Hub allows AutoStore to run simulations and test equipment under different scenarios and conditions flexibly, in-house and under one roof. Among other things, the facility allows engineers to adjust temperatures, monitor oxygen levels of stacked bins and calculate grid structural stability.

Ivar Fjeldheim
Director of Product Compliance

Ivar Fjeldheim, Director of Product Compliance at AutoStore, oversees the electrical, fire and seismic safety testing of all AutoStore products. As a long-time employee who has worked on product development since the company's founding in 1996, he has reflected on the Hub's first year of operation, noting its significance to both AutoStore and the field of engineering as a whole.

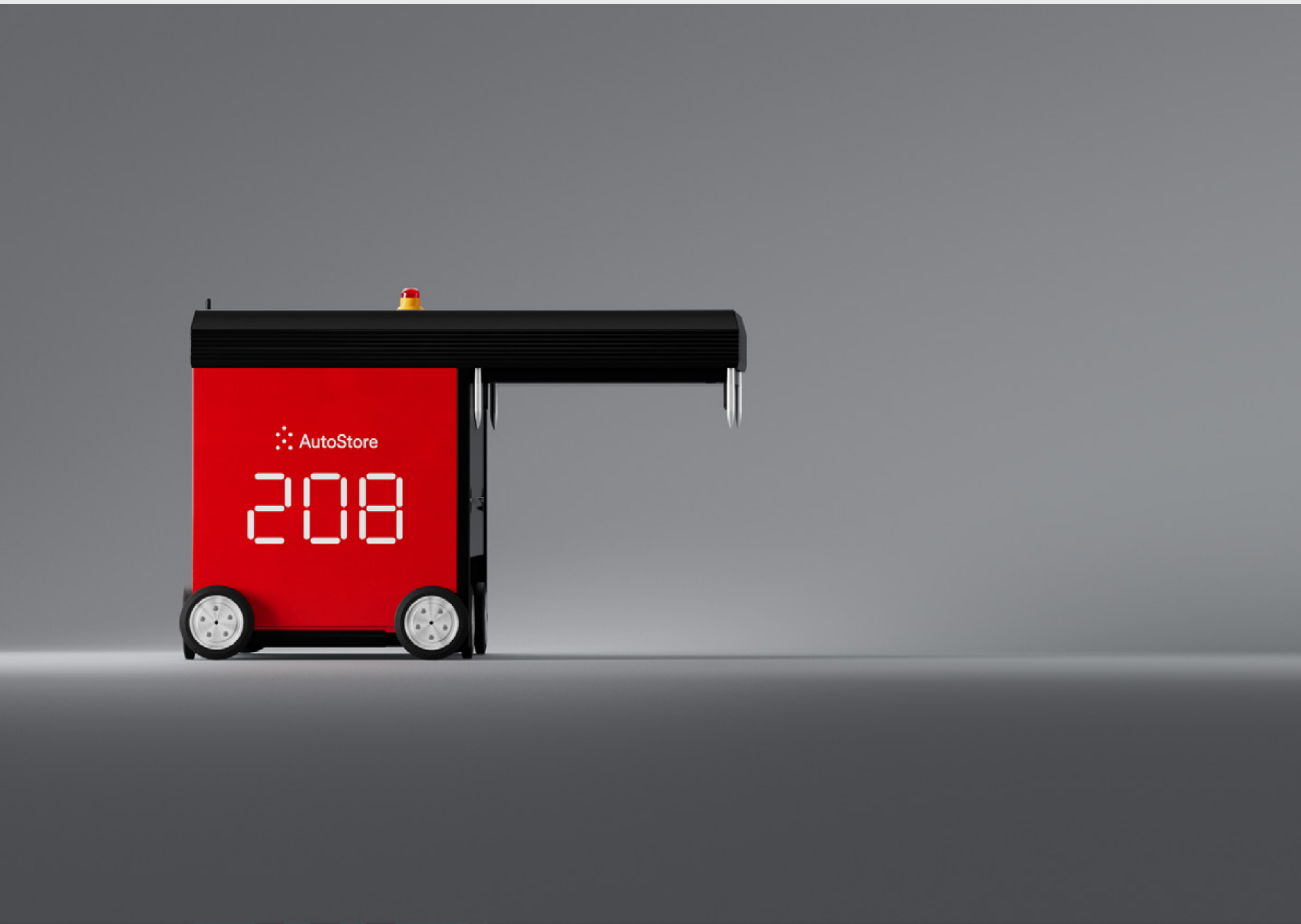
What does the Innovation Hub provide that can't be found anywhere else?
"The Hub offers the space and systems we need to monitor and control the environment in different test chambers. Some of our ideas are groundbreaking, and no external site can provide all the facilities we need. Moreover, some tests take months to complete. In other words, the Innovation Hub is a one-of-a-kind place where we can do everything under one roof and bring solutions to market much quicker than before."

How does the facility help you innovate and develop customer solutions?
"I believe it is essential to define what we mean by 'innovation'. One definition is that, 'Innovation is the practical implementation of ideas that introduce or improve products or services.' The Innovation Hub is a place where we can test new ideas before developing larger-scale solutions. Testing can relate to anything from small parts of a robot to large specialized systems. In short, we help turn ideas into practical products."

How does the Hub reflect AutoStore's vision, mission and values?
"We have always been transparent and lean both internally and toward our customers, and this is why we do so much research in different fields. One example is our work on ignition risk in cube storage systems, looking at how to control and fight fires, which has resulted in the development of a training video for firefighters in cooperation with Underwriters Laboratories (UL) in the U.S. I don't believe any other supplier of competing systems can provide this type of information to the public. We also respond actively to client requests and development priorities, and are not afraid to make mistakes, as long as we learn from them."

Launch of the R5+ robot

Underlining AutoStore's strategy, AutoStore has expanded the capability and addressable market of the Red Line by introducing the R5+ robot early in 2022. The R5+ is based on the older R5 model but has been made 100 mm taller, allowing it to carry 425 mm bins. Previously, only B1 robots could handle "425s" – the tallest bins in the AutoStore system.



R5+ fast facts

Bin sizes

220 mm | 330 mm | 425 mm

Height: 645 mm (with antenna)

Speed: 3.1 m/s | 11 km/h

Ole Alexander Mæhle
Senior Vice President of R&D

How did engineers come up with the idea for the R5+, and why is it needed?
According to AutoStore's Senior Vice President of R&D, Ole Alexander Mæhle, modifying an existing product was a quick and cost-efficient response to a market need and ongoing, pandemic-related supply chain hurdles.

"We have seen for a while that the 425 mm bin size is a key driver for customers who opt for B1 robots in their AutoStore systems. We wanted to respond to market demand for taller bins while retaining the R5's cost-efficient and robust design," Mæhle says, who oversaw the new robot's development at AutoStore headquarters in Nedre Vats, Norway.

The R5+ is an excellent option for companies that handle bulky items such as footwear and are considering cube storage automation as a way to address high-volume customer demand. The new robot provides the speed and large storage capacity these companies require at a lower price than was previously possible.

"We have fine-tuned and optimized the Red Line over many years. The product is robust and cost-effective, and offers the performance our customers need. Combined with the AS Router, it provides the necessary high throughput," Mæhle says.

Since the R5 has been in production for over 15 years, its supporting supply chain is well-established, giving prospective AutoStore customers added security.
"Like industry in general, we have faced supply chain issues this past year, and supply will continue to be a challenge in 2022. The R5+ reduces the risk of long lead- times as we can utilize a mature supply chain," Mæhle says.

"From a design standpoint, modifying an existing platform was a strategic decision aimed at securing sales as quickly as possible," Mæhle says. "The project team concluded that it would take considerably less time to expand the R5's capacity than to invent a new technology."

"The R5 is a trusted and proven technology. Our goal was to give our partners and customers the ability to support the 425 bin, and to do so quickly. We wanted to avoid making other changes at this point," he says.

Mæhle credits the design team for making the right choice and moving forward with the R5+ concept.
"In typical AutoStore fashion, the company's engineers were not only bold and confident with their ideas, but also lean and agile in their delivery," he says.

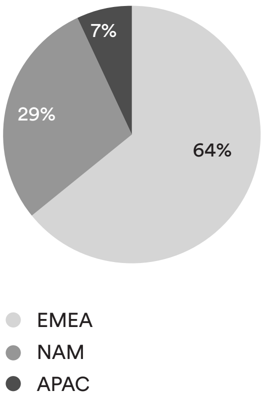
Go-to-market strategy

The strong growth in demand for AutoStore systems during 2021 was supported by AutoStore's well-established and extensive global network of partnerships. AutoStore's partners are key enablers of high growth and rapid roll-out globally as they generate leads and provide full project execution, combining in-house and third-party hardware and software to offer high value to customers.
With over 20 partners located across the globe at the end of 2021, the company's sales efforts were executed by more than 2,000 global representatives.

The partnership model allows the company to benefit from a highly scalable sales force, installation capacity and local service, maintenance and aftermarket support, which together support rapid global growth and enable high margins.

The company's global distribution partner network is supported by an internal dedicated business development team that supports lead generation, increases win rates by supporting customers through the sales process, and drives new business. As the number of business development managers (BDMs) in AutoStore increased from 19 at the end of 2020 to 33 in 2021, the volume of BDM leads simultaneously increased exponentially. In addition to generating complementary leads, BDMs manage incoming requests to AutoStore, execute marketing initiatives and build relationships across the industry. Through having its own business development team, AutoStore can qualify leads with the highest win rates and build strong relationships.

Revenue split by region[1]



Distribution partners[1]

>20

New distribution partners in 2021

8

Global sales representatives (across partners) in 2021

2,000+

Countries

45

AutoStore BDMs[1]

33

AutoStore BDMs[5]

17 EMEA
8 NAM
6 APAC

Distribution partners	Global	EMEA[2]	NAM[3]	APAC[4]
Existing partners	Swisslog Dematic Element Logic Bastian Fortna	Hörmann Reesink AM Logistics	Kuecker Pulse	LG Okamura
New partners	SoftBank Robotics Kardex	Fives Group SmartLog Strongpoint Adameo		Asetec Samsung SDS

1 As at year-end 2021.
2 Europe, the Middle East and Africa. Also includes a minor share of Latin America.
3 North America.
4 Asia-Pacific.
5 Two BDMs have a global position (not included in specific region count).

Partner model successful in creating a strong customer base

Due to its modularity, space density, throughput rate, and stock-keeping unit (SKU) flexibility, the AutoStore system can serve all end markets and all types of warehouses. Hence, the company offers its solutions to a variety of industries, including grocery, retail, third-party logistics (3PL), industrials, and healthcare. AutoStore has a large and diversified blue-chip customer base across all end markets, and today 600+ unique customers have integrated AutoStore into their mission-critical supply chains. In 2021, order intake included approximately 70% e-commerce exposure.

As the AutoStore system enables high space utilization, high throughput and cost reduction from automating labor-intensive activities, and has the capacity to enable growth, AutoStore can provide its customers with a strong return on investment (ROI). Typically, an AutoStore solution provides a payback period of one to three years. Certain customers have effectively achieved a zero payback period as a result of the significant space savings the system can provide.

Unique customers

600+

Revenue from existing customers[1]

48%

E-commerce exposure

70%

Customer ROI

1-3 years

Typical pay-back period

End market	Selected blue-chip customers		
Apparel & Sports Equipment	PUMA	crocs	Boozt
Electronics	BEST BUY	alza	KOMPLETT
3PL	ups	DHL	DB SCHENKER
Retail & Grocery	H-E-B	ASDA	Ahold Delhaize
Luxury & Personal Care	GUCCI	LONGINES	THG
Industrial	ABB	SIEMENS	BOSCH
Automotive	FEDERAL MOGUL	Continental	AGCO
Other	IKEA	Lufthansa Technik	MEDLINE

[1] As at year-end 2021.

The world's largest
AutoStore system

Boozt

"AutoStore has many advantages, such as speed, reliability, and utilization of warehouse footprint. At the end of the day, it's all about cost per transaction. We are excited to take our dedication to automation and development to the next level in cooperation with Element Logic and AutoStore."

Sven Thiessen, Chief Supply Chain Officer at Boozt

Location	Ängelholm, Sweden
Industry	Retail/e-commerce
Partner	Element Logic

1,130+

R5 robots and 20 B1 robots

1,200,000+

bins containing Boozt inventory

99.7%

uptime for the Boozt system

Company profile

Boozt – a leading Nordic online fashion and lifestyle retailer – is headquartered in Malmö, Sweden, and offers consumers more than 700 fashion and lifestyle brands, around 250 home brands and 260 beauty brands.

The world's largest AutoStore system... again and again and again

Boozt first installed the AutoStore system, empowered by Element Logic, in 2017, and has implemented several expansions since then. The first, in 2018, gave Boozt the largest AutoStore system in the world, featuring 250 R5 robots servicing 250,000 bins across almost 500,000 square feet (46,000 square meters) of storage space – just one-third of the originally used area. One year later, the system's expansion increased storage capacity through the introduction of more bins. Boozt also increased its number of R5 robots and became one of the first companies to utilize the faster B1 robot. The continual investment in AutoStore has helped Boozt increase customer satisfaction and improve workflows with a 4x reduction of the facility's storage footprint.

Following the latest expansion in 2021, Boozt now operates over 1,150 robots, 265 ports and over 1.2 million bins – maintaining its position as the largest AutoStore system. The company has also adopted the AutoStore Router software platform, which uses dynamic routing to increase robot productivity and system throughput.

Photo: Boozt

Forever Faster

PUMA

“In our business, it’s innovate or die. You’re using technology and automation and innovation to get better, or you’re going backwards. AutoStore gave us the ability to do exactly that: to get faster and more efficient, using automation.”

Bob Philon, President and CEO, PUMA North America

Location	Whitestown, Indiana
Industry	Retail/e-commerce
Partner	Bastian Solutions

175
B1 robots

200
e-commerce stock-keeping units per hour per operator

150,000
bins in use, with space to expand quickly to 305,000

700
wholesale pieces per hour per operator

360
bags per hour per workstation

Photo: Puma

Company profile
PUMA, the world’s third-largest sportswear designer and manufacturer, supplies athletes across the globe with a wide range of sporting products. The company motto – Forever Faster – applies to both PUMA’s athlete customers and the speed with which the company delivers orders.

Forever Faster
In 2019, PUMA decided it needed to expand its inventory space and more effectively reach 75% of its East Coast customer base. The result was a new distribution center outside Indianapolis, Indiana.

According to PUMA North America President and CEO Bob Philon, Forever Faster means “getting the orders out as quickly as possible, and the AutoStore system helps us do that.”

The Indianapolis facility features the AutoStore B1 robot and 425mm bins specifically designed for taller stock such as footwear. The expandable grid currently houses 150,000 bins but can hold up to 305,000, enabling PUMA to ramp up stock levels quickly in response to increased demand and during peak shopping seasons.

“The AutoStore system is significantly faster,” relates Melissa Curry, Regional VP of Operations at PUMA’s third-party logistics partner NFI Cal Cartage. “It has allowed us to ship more e-commerce orders this past November than in the entire history of the account.”

Eat Well and Live Well

Rohlik Group

Location	Prague, Czech Republic
Industry	Online Grocery & Delivery
Partner	Element Logic & Swisslog

€45 million
to be invested, with a potential investment of up to €400 million by 2025

15,000
stock-keeping units per fulfillment center in ambient and chilled areas

3x
increased picking productivity

600+
R5 robots fulfilling over 30,000 orders per day

60%
more storage space

Photo: Rohlik

Company profile
The Rohlik Group is a dynamic and rapidly growing company, and one of Europe's leading online grocery delivery services. Founded by entrepreneur Tomáš Cupr in 2014, it delivers on his vision and passion that people should "Eat Well and Live Well". The Rohlik Group is already active in the Czech Republic (Rohlik.cz), Hungary (Kifli.hu), Austria (Gurkerl.at), and Germany (Knuspr.de), and will launch under the Sezamo brand in Romania, Italy, and Spain in 2022. Rohlik attained unicorn status in 2021.

Fast delivery of its extensive range of 17,000+ high-quality products is one of Rohlik's key offerings, and the company's success is closely linked to its use of world-leading delivery and logistics solutions. In some countries, orders are delivered as soon as within 90 minutes of placement, with a delivery window as precise as 15 minutes.

Eat Well and Live Well
Rohlik will install AutoStore in its fulfillment centers around Europe, increasing its picking efficiency and capacity utilization. This year, AutoStore systems empowered by Element Logic will be installed at the group's Munich and Hamburg locations, and further AutoStore installations empowered by Swisslog are planned for Vienna and Prague.

Rohlik will invest €45 million in its first phase of automation, with up to €400 million to be invested in further fulfillment centers by 2025. Automation is a key growth driver and factor in increasing the efficiency of Rohlik's supply chain by securing even faster delivery and better future customer service. The group's investment in AutoStore systems is in line with its tech-based investment focus and is a key element in Rohlik's rolling improvement and innovation process.

The AutoStore share

Shareholder information

AutoStore was listed on the Oslo Stock Exchange on 20 October 2021 (OSE: AUTO). The listing price of NOK 31 per share implied a market capitalization of approximately NOK 103.5 billion. The company's share capital was USD 34.3 million at the end of 2021, divided into 3,428,540,429 shares with a nominal value of USD 0.01 each. AutoStore has one class of shares.

As at 31 December 2021, the market value of the company's shares was NOK 119.3 billion, based on a price per share of NOK 34.78. The share price closed 2021 at 12.2% above the NOK 31 share price at the time of listing. The highest daily closing price since listing was NOK 45.20, while the lowest daily closing price was NOK 29.98. The daily average trading volume was 3,252,104 in 2021. This corresponded to an average daily turnover of NOK 118.4 million.

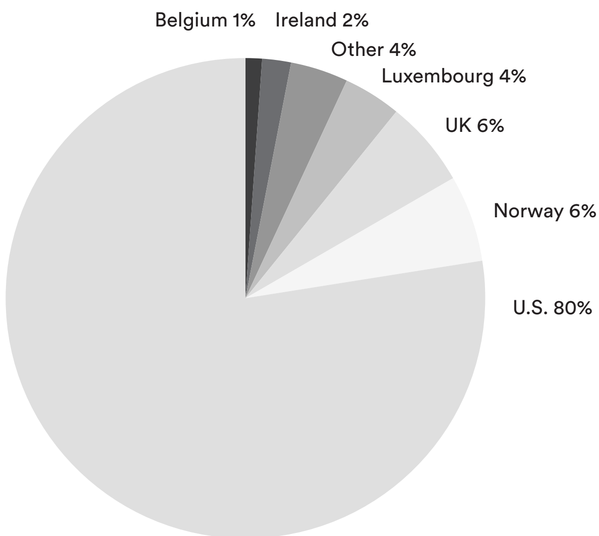
Shareholder distribution and major shareholders

The IPO has substantially broadened AutoStore's shareholder base, both in terms of the number of investors and in terms of geographical footprint. The number of shareholders was 7,392 at the end of 2021, including 371 foreign shareholders holding 94% of the company. The majority of the shareholders as at year-end 2021 were from the U.S., Luxembourg, Norway, Bermuda, Ireland, and Sweden. AutoStore's three largest shareholders are Alpha LP (38.3%), part of SoftBank Group Corp, Thomas H. Lee Partners Fund VIII (33.6%), and EQT (3.62%) which are registered under nominee accounts. The 20 largest shareholders together owned 91.6% of the company's shares.

Shareholders are primarily institutions, private, and small- and medium-sized companies. Several employees of AutoStore, including key management personnel, hold shares and share options in the company.

For further information, refer to page 51 and note 4.8 in the consolidated financial statements.

Distribution of shareholders as at year-end 2021[1]



[1] The shareholder information is from the Euronext VPS share register.

Shareholders as at 31 December 2021[1]		Number of shares	Shares of total	Country
1	The Bank of New York Mellon	1,321,295,717	38.54%	United States
2	Bank of America, N.A.	1,133,350,367	33.06%	United States
3	State Street Bank and Trust Comp	141,188,997	4.12%	United States
4	Terminator Holding S.a.r.l	123,970,423	3.62%	Luxembourg
5	Autostore Holdings Ltd.	90,547,342	2.64%	Bermuda
6	JPMorgan Chase Bank, N.A., London	67,832,799	1.98%	United States
7	Alecta Pensionsforsakring	63,085,161	1.84%	Sweden
8	Citibank, N.A.	28,214,710	0.82%	Ireland
9	Lyngneset Invest AS	23,122,055	0.67%	Norway
10	State Street Bank and Trust Comp	22,192,409	0.65%	United States
11	Brown Brothers Harriman & Co.	18,411,700	0.54%	Ireland
12	RBC Investor Services Trust	15,461,931	0.45%	Canada
13	State Street Bank and Trust Comp	15,339,900	0.45%	United States
14	Automate Investment II AS	14,482,166	0.42%	Norway
15	Jakob Hatteland Holding AS	10,950,000	0.32%	Norway
16	Polysys AS	10,800,000	0.32%	Norway
17	J.P. Morgan Bank Luxembourg S.A.	10,688,371	0.31%	Luxembourg
18	Credit Suisse (Luxembourg) S.A.	10,209,869	0.30%	Luxembourg
19	State Street Bank and Trust Comp	10,113,779	0.29%	United States
20	The Northern Trust Comp, London Br	9,400,000	0.27%	Finland

1 The shareholder information is from the Euronext VPS share register.

Board of Director’s report

Photo: Thomas Berge, Adobe Stock

Unless otherwise stated, this report discusses the development of AutoStore Holdings Ltd. (referred to as "AutoStore group", "the company" or "the group"). AutoStore is headquartered in Nedre Vats, Norway. The company has offices in Norway, the U.S., the UK, Germany, Austria, France, Italy, Spain, Japan, South Korea, and Poland. To learn more about AutoStore and the nature of the business, refer to the "About the cube storage pioneers" section of this report.

Figures in brackets denote the corresponding period for the previous year.

Adjusted figures are presented in the Alternative Performance Measures (APMs) section of this report on page 218, including definitions, descriptions and reconciliations of adjustments.

Financial results

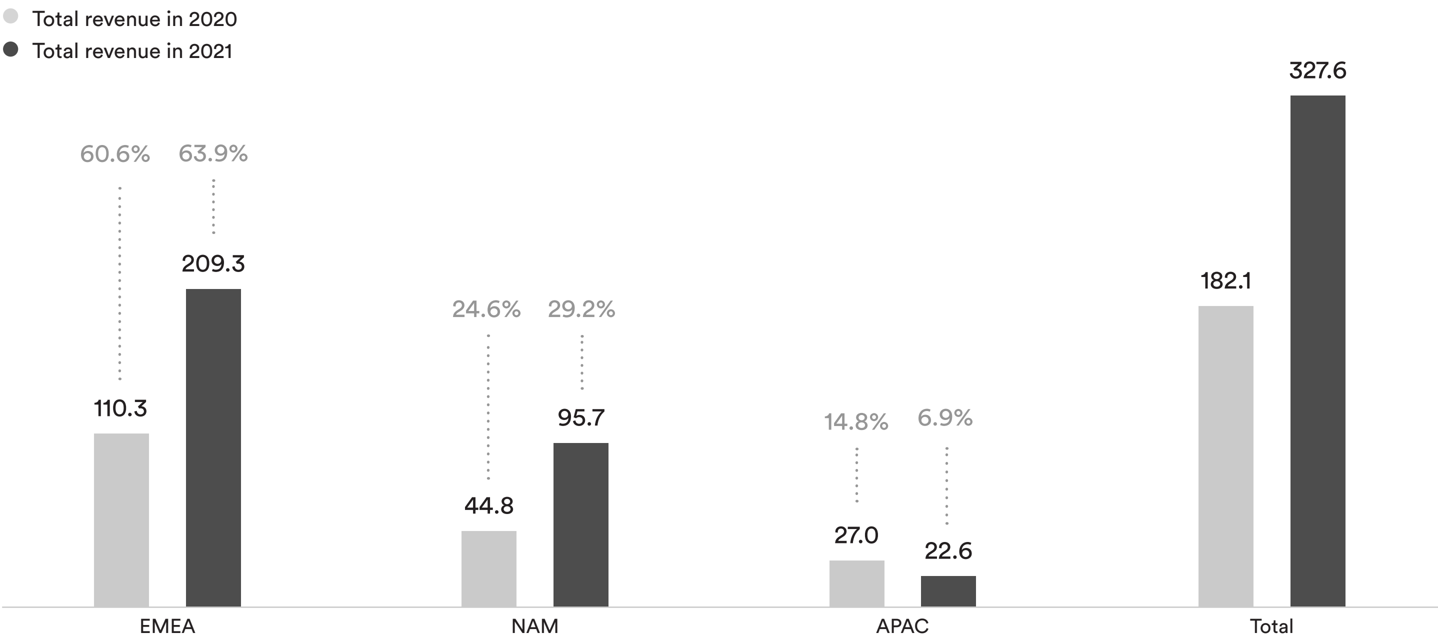
Results for the year

For the full year 2021, the group reported total revenue of USD 327.6 million (2020: USD 182.1 million), representing year-on-year growth of 79.8% driven by acceleration in the e-commerce market and resulting demand for efficient logistics and automation. The majority of total revenue is attributable to sales of the AutoStore system.

Revenues in the Europe, Middle East and Africa (EMEA) region increased from USD 110.3 million in 2020 to USD 209.3 million in 2021, equating to annual growth of 89.7%. The group also continued to expand in North America, improving revenues to USD 95.7 million (2020: USD 44.8 million), corresponding to year-on-year growth of 113.5%. Revenues in the Asia-Pacific (APAC) region totaled USD 22.6 million in 2021, down 16.4% from USD 27.0 million in 2020. The drop in APAC is attributable, not least, to reduced activity due to strict Covid-19 regulations throughout 2021. APAC revenues are expected to grow strongly in 2022, driven by the order backlog and new partners added in 2021.

Cost of materials increased to USD 107.8 million (2020: USD 52.1 million) in 2021. The increase is mainly attributable to higher sales volumes and increases in raw material prices, primarily in the second half of 2021.

Employee benefit expenses increased to USD 102.3 million (2020: USD 26.2 million) in 2021, primarily due to the group's growth from 355 to 585 employees between December 2020 and December 2021. The increase also includes provisions and payables linked to option costs and social security costs on management options totaling USD 62.3 million (2020: USD 7.5 million), necessitated by the increased value of the company's shares as at 31 December 2021. The company has treated these costs as an adjustment item. Refer to the Alternative Performance Measures (APMs) section on page 218 for further details.



Numbers denoted in % reflect share of revenues.

Other operating expenses increased to USD 96.9 million (2020: USD 29.2 million) in 2021. A significant proportion of the increase comprised litigation costs of USD 34.0 million related to the Ocado IP infringement case, transaction costs of USD 28.4 million linked to the IPO completed in October 2021, and fees of USD 13.2 million paid under an advisory services agreement terminated at the time of the IPO. The company has treated these costs as an adjustment item. Refer to the Alternative Performance Measures (APMs) section on page 218 for further details.

EBITDA for 2021 amounted to USD 20.6 million (2020: USD 74.7 million), while adjusted EBITDA*/adjusted EBITDA margin* (taking the above adjustment items into account), totaled USD 158.4 million (2020: USD 93.5 million), or 48.4% (2020: 51.3%). The main reason for the lower adjusted EBITDA margin* was higher raw material prices resulting from global supply chain issues.

Most of the adjusted-for expenses are expected to reduce significantly in the near future. Costs related to the Ocado IP infringement case are deemed to be non-operational, and are not expected to remain on the same level in the longer term. Refer to the Alternative Performance Measures (APMs) section on page 218 for further details of the adjustment items.

AutoStore reported USD 4.5 million (2020: USD 3.3 million) in depreciation and USD 53.7 million (2020: USD 46.8 million) in amortization of intangible assets in 2021, resulting in an operating profit/loss (EBIT) of USD -37.5 million (2020: USD 24.6 million) and adjusted EBIT* of USD 149.4 million (2020: USD 88.7 million). The adjusted EBIT* reflects developments in adjusted EBITDA*, in addition to the adjustment of amortization of assets recognized as part of the purchase price allocation (PPA) made when Thomas H. Lee Partners acquired a stake of the group from EQT.

Finance income and finance costs for 2021 totaled USD 19.2 million (2020: USD 0.1 million) and 41.2 million (USD 51.2 million), respectively. Changes mainly relate to foreign exchange exposure on the group's long-term loans in currencies other than the functional currency. The loss before tax was USD 59.5 million (2020: USD 26.6 million), while the loss after tax for 2021 was USD -50.1 million (USD 21.1 million).

Loss for the period	**Year**	
USD million	**2021**	**2020**
Revenue	327.6	182.1
Cost of materials	-107.8	-52.1
Employee benefit expenses	-102.3	-26.2
Other operating expenses	-96.9	-29.2
EBITDA	**20.6**	**74.7**
Adjusted EBITDA*	**158.4**	**93.5**
Depreciation	-4.5	-3.3
Amortization of intangible assets	-53.7	-46.8
EBIT	**-37.5**	**24.6**
Adjusted EBIT*	**149.4**	**88.7**
Finance income	19.2	0.1
Finance costs	-41.2	-51.2
Loss before tax	**-59.5**	**-26.6**
Income tax expense[1]	9.4	5.5
Loss for the period	**-50.1**	**-21.1**

* Refer to the Alternative Performance Measures (APMs) section on page 218 for further details of the adjustment items.
[1] AutoStore reported tax income in 2021 and 2020, and the reported numbers are thus positive.

Cash flows and financial position

AutoStore generated cash flows from operating activities of USD 80.7 million for the full year 2021, down from USD 83.5 million in 2020. Cash flows from operating activities were reduced by a lower EBITDA contribution and an increase in inventory to meet demand, but were partially offset by the timing of incoming and outgoing cash from accounts receivable and other payables related to social security tax on management options.

Cash flows from investing activities were USD -35.9 million in 2021, compared to USD -19.3 million in 2020. Expenditure was driven by R&D investments focused on refinement and optimization of current and new products and the software portfolio. The majority of the group's investments relate to R&D and are classified as development expenditure in the cash flow statement. In addition, AutoStore acquired all shares in Locai Solutions Inc. during the year, with a cash effect of USD 5.0 million.

Cash flows from financing activities of USD 56.4 million (2020: USD -40.1 million) mainly comprised IPO proceeds less repayments of long-term debt. The group held USD 146.9 million in cash at the end of 2021, up from USD 50.1 million at the end of 2020.

Cash flows	**Year**	
USD million	**2021**	**2020**
Cash flows from operating activities	80.7	83.5
Cash flows from investing activities	-35.9	-19.3
Cash flows from financing activities	56.4	-40.1
Net change in cash and cash equivalents	**101.2**	**24.1**
Cash and cash equivalents, beginning of period	50.1	22.9
Effect of change in exchange rate	-4.4	-0.7
Translation effect from change in currency from EUR to USD	-	3.7
Cash and cash equivalents, end of period	**146.9**	**50.1**

As at 31 December 2021, the group's total assets amounted to USD 2,129.0 million (2020: USD 2,054.2 million), with intangible assets and goodwill totaling USD 604.0 million (2020: USD 644.1 million) and USD 1,224.2 million (2020: USD 1,256.0 million), respectively. Inventory grew to USD 51.4 million (2020: USD 29.1 million), reflecting increased demand for AutoStore's offerings, while trade receivables and other receivables ended at USD 46.5 million (2020: USD 43.8 million) and USD 21.5 million (2020: USD 6.0 million), respectively. Cash and cash equivalents were USD 146.9 million at the end of 2021, up from USD 50.1 million at the end of 2020.

Equity increased from USD 1,157.1 million at the end of 2020 to USD 1,391.2 million on 31 December 2021, mainly due to the issue of shares in the IPO completed in October 2021. AutoStore had an equity ratio of 65.3% at the end of 2021 (2020: 56.3%).

Current liabilities increased to USD 152.3 million (2020: USD 46.7 million). These mainly comprise provisions and payables linked to social security tax on management options and a provision in respect of Ocado litigation costs.

Non-current liabilities decreased from USD 850.4 million to USD 585.6 million from 31 December 2020 to 31 December 2021, mainly due to repayment of long-term debt using IPO proceeds. AutoStore repaid its USD 183.6 million Second Lien facility in full, and also repaid EUR 46.1 million of its EUR 290 million First Lien Facility (B EUR loan).

Financial position	Year	
USD million	**31 December 2021**	**31 December 2020**
Goodwill	1,224.2	1,256.0
Intangible assets	604.0	644.1
Other non-current assets	34.6	25.0
Total non-current assets	**1,862.8**	**1,925.2**
Total current assets	**266.2**	**129.0**
Total assets	**2,129.0**	**2,054.2**
Total equity	**1,391.2**	**1,157.1**
Non-current interest-bearing liabilities	435.6	692.2
Other non-current liabilities	150.0	158.2
Current interest-bearing liabilities	0.7	2.8
Other current liabilities	151.6	43.8
Total liabilities	**737.8**	**897.0**
Total equity and liabilities	**2,129.0**	**2,054.2**

Corporate developments

Acquisition of Locai
In 2021, AutoStore acquired Locai Solutions Inc. in Delaware, U.S., through its subsidiary AutoStore Systems Inc. Locai delivers digital commerce platforms to the grocery market based on artificial intelligence and machine learning technology. The acquisition has broadened AutoStore's offering to include order fulfillment and warehouse management software for standalone AutoStore solutions.

Photo: Marius Beck Dahle

Establishment of Spain and Italy offices
AutoStore established a subsidiary in Madrid in 2021, headed by Carlos Martin Pineda. As General Manager and Business Development Director, Pineda will be responsible for driving sales on the Iberian Peninsula.

The company also established a subsidiary in Milan headed by Francesco Mantegna, who has been appointed General Manager and Business Development Director and will be responsible for further accelerating sales in the Italian market.

SoftBank investment in AutoStore
SoftBank acquired 40% of AutoStore in April 2021. The acquisition is expected to accelerate AutoStore's global expansion, with particular emphasis on the APAC region.

Listing on Oslo Stock Exchange
On 20 October 2021, AutoStore was successfully listed on Oslo Stock Exchange under the ticker AUTO. The shares were priced at NOK 31 per share, implying a market capitalization of approximately NOK 103.5 billion, making AutoStore the largest Norwegian IPO in the past 20 years.

Scaling up the organization
AutoStore continued to ready the organization for further growth, making 230 new hires and appointing a new Chief Operating Officer, General Counsel and Investor Relations Officer.

Operational highlights

Launch of CarouselPort 4.0
AutoStore announced a redesign of the CarouselPort product that includes new features and benefits for improved order fulfillment in evolving warehouses.

Opening of the Innovation Hub
AutoStore officially opened its Innovation Hub, which is fitted with a combination of robotic technology and infrastructure for supply chain and retail facilities that are not found anywhere else in the world. The Hub's purpose is to strengthen AutoStore's technology development and position in the MFC segment by facilitating testing of solutions developed for global retailers and their stores and warehouses.

Price increase
AutoStore announced a price adjustment of 7.5% on AutoStore products, effective for new orders from 1 December 2021.

Partner network expansions
AutoStore expanded its partnership with Kardex, Adameo, SoftBank Robotics, Asetec, Samsung SDS, SmartLog, StrongPoint, and Fives in 2021. The expansion is an important growth driver and gives AutoStore increased market access, domain competence and capacity both globally and in different markets.

Photo: Marius Beck Dahle

Personnel and administration

At the end of 2021, the group had 585 employees (2020: 355) – 417 men and 168 women. AutoStore reorganized its management team in connection with the IPO, with Mats Hovland Vikse being appointed Chief Revenue Officer after serving as Chief Strategy Officer since October 2017. Anette Matre, the group's Chief Human Resources Officer since June 2020, was appointed Chief People & Information Officer in June 2021.

For further information, refer to the sustainability report 2021 on page 91 of this report.

Photo: Håvard Nordvik

Research and development

Through 25 years of dedicated research and development (R&D) focused on standardized modular products, AutoStore has developed proprietary technology incorporating advanced machine learning, mobility, navigation, and storage solutions to build what it considers to be industry-leading cube storage products.

The company believes that its future success depends on its ability to continue developing new products and product accessories, as well as enhancements to and applications for AutoStore's existing products. AutoStore will continue investing in research and development to respond to and anticipate customer needs. AutoStore always puts customers at the centre of its R&D work, from early discovery efforts to product development and subsequent release of proprietary solutions. The company's disciplined R&D process also involves analyzing new markets and applications, competitors and other technology groups. AutoStore values input from end customers and distribution partners. The group reported USD 28.2 million (2020: USD 13.6 million) in development expenditure in 2021.

Sustainability

AutoStore is dedicated to operating sustainably, improving working conditions for customer workforces and developing environmentally friendly and energy-efficient solutions.

The company's environmental, social and governance initiatives also focus on employee wellbeing, health and safety, and on ensuring that AutoStore's corporate governance activities reflect the group's core values of integrity and responsibility. The company is continuously working to reduce the overall environmental footprint of both its own activities and those of its customers. AutoStore's systems are highly energy-efficient, and the bins and materials used in AutoStore systems are all recyclable at end of life. Additionally, the storage density of AutoStore's solutions allows storage space to be reduced by up to 75%, thereby reducing emissions linked to electricity consumption, heating and construction.

The company is constantly looking for ways to reduce its environmental impact. AutoStore intends to continue improving the energy efficiency of its products and solutions and reducing the environmental footprint of its office locations. The company also plans to make itself accountable for energy consumption occurring outside its organization, thereby facilitating reporting of energy-intensive upstream and downstream activities.

The company reports on its sustainability work and performance in accordance with the Global Reporting Initiative (GRI). The next section contains a summary of sustainability work done and results achieved in 2021. For further information, refer to the sustainability report 2021 on page 91.

Photo: Lane Erickson, Adobe Stock

Occupational health and safety, including Covid-19

Providing safe and healthy working conditions for its employees is a high priority for AutoStore. The company has a direct and indirect ability and responsibility to minimize health and safety risks through its policies and processes, and by adopting a proactive approach to health and safety in the working environment.

AutoStore's health and safety policies and processes are outlined in its Employee Handbook and Code of Conduct. The company continuously seeks to improve health and safety at its office locations and production facility by enforcing regulations and communicating with employees about health and safety risks and hazards. AutoStore has appointed one HSE representative in Poland and one in Norway. In addition, a safety representative has been appointed for the head office in Norway, and the production facility in Poland has a dedicated fire chief.

AutoStore's CEO bears overall responsibility for health and safety in the company, together with the Managing Director in Poland and the Managing Director in the U.S. As one of the main objectives of the Norwegian Working Environment Act is to ensure that employees participate in and influence the design of their own working environment, employees at AutoStore have been involved in the development, implementation and evaluation of the company's occupational health and safety management system.

The sick leave rate was 1.5% in Norway and 3.2% for the rest of AutoStore's offices in 2021. The company registered 14 incidents during the reporting period, of which three involved robot assembly, two related to heavy lifting, and two were linked to balancing on the grid. The other injuries were minor. None of the incidents resulted in permanent injuries.

AutoStore remains focused on Covid-19 and precautionary measures for all employees.

Business ethics and integrity

AutoStore is directly and indirectly exposed to ethical risks through its global business operations. In order to mitigate such risks, the company seeks to ensure that good corporate governance, as well as anti-corruption policies and respect for human rights, are priority areas and followed up on a regular basis. Working with suppliers, customers and employees across borders, AutoStore has a direct and indirect ability and responsibility to make sure that the company maintains a proactive approach to ethics, including assessing operations for risks related to corruption as well as providing sufficient information to and training employees.

AutoStore has zero tolerance for corruption. The company operates in compliance with national and international laws and regulations, including (but not limited to) the Human Rights Act, the Money Laundering Act and the Penal Code with related regulations. The company does not operate in any countries with a higher perceived corruption risk according to the Corruption Perception Index (CPI).

Our ethical guidelines are described in the company's Code of Conduct, which is our key governing document for everyone who works for or on behalf of AutoStore. The Code of Conduct was updated in 2021, and the company has also implemented a 'read and confirm' option for the new Code of Conduct in the company's HR system. In 2022, the company will get all employees to confirm that they have read and understood the Code of Conduct.

Diversity and inclusion

Companies face increasing expectations regarding corporate action on, and transparency about, diversity and equal employment opportunities. AutoStore is committed to building a world class workforce and to make sure the company's selection processes actively foster equal opportunities and diversity.

The company prohibits discrimination in any form, whether based on political views, union membership, sexual orientation, disability, and/or age. In addition to complying with the Norwegian Working Environment Act, AutoStore also operates in accordance with the Norwegian Gender Equality Act – which protects staff against gender-based discrimination – and the Norwegian Anti-Discrimination Act, which guards against discrimination on the grounds of ethnicity, religion and similar factors.

AutoStore's workforce grew by 230 employees (64.8%) in 2021. To date, 572 employees (97.8%) are permanently hired, while 5 (0.9%) are part-time employees, and 8 (1.4%) are temporary hires. The proportion of women grew from 27% to 29% in 2021, and AutoStore will continue to focus on equalizing the gender balance.

230
new employees in 2021

98%
permanently hired

29%
of employees are women

Photo: Håvard Nordvik

Climate

As a manufacturing business, AutoStore's business activities have both direct and indirect environmental impacts. The company's main environmental impacts are linked to transportation, energy use, business travel, purchased goods and services and waste generation. To mitigate AutoStore's environmental footprint, environmental precautions are considered throughout the production and distribution chain, from raw material production to retail. The company is continuously working to reduce the overall environmental footprint of its operations.

AutoStore started climate accounting in 2021 using CEMAsys' digital solution. In 2021, AutoStore had total greenhouse gas emissions of 372,660.9 tons of CO_2 equivalents (tCO_2e), including 17.8 tCO_2e in Scope 1 (company-owned vehicles), 718.8 tCO_2e in Scope 2 (electricity) and 371,924.3 tCO_2e in Scope 3 (business travel, purchased goods and services and waste). A full climate report for 2021 can be found on the company's website.

Corporate governance statement

The Board of Directors is committed to ensuring trust in the company and enhancing shareholder value through effective decision-making and open communication between the Board of Directors, management, shareholders, and other stakeholders.

The company's corporate governance framework is intended to decrease business risk, maximize value and ensure efficient and sustainable resources utilization for the benefit of shareholders, employees and society at large. The corporate governance framework is subject to annual review and discussion by the Board of Directors. AutoStore complies with the Norwegian Code of Practice for Corporate Governance. For further information, refer to the Board of Director's corporate governance report on page 75, as well as the investor section of AutoStore's website (www.autostoresystem.com/investor).

The AutoStore share

AutoStore was listed on the Oslo Stock Exchange on 20 October 2021 (OSE: AUTO). Its share capital was USD 34.3 million at the end of 2021, divided into 3,428,540,429 shares with a nominal value of USD 0.01. AutoStore has one class of shares.

AutoStore aims to inform all interested parties of important events and the company's development through quarterly and annual reports, financial presentations, capital market days, stock exchange notices, and other company updates. Further information can be found in the investor section of AutoStore's website at www.autostoresystem.com/investors.

Photo: Marius Beck Dahle

Dividend policy

Any future proposal by the Board of Directors to declare a dividend will be subject to applicable laws and factors such as the company's financial position, operating results, capital requirements, contractual restrictions, general business conditions, and other considerations the Board deems relevant.

The company will consider dividend distributions in the future in the context of its medium-term leverage policy not to exceed two times net debt divided by adjusted EBITDA, and investment opportunities at hand. In determining annual dividend levels, and in order to maintain necessary strategic flexibility, the Board of Directors will take into consideration not only legal requirements but also investment plans, capital expenditure plans, restrictions under the company's debt facilities, and financing requirements.

The Board of Directors does not propose any dividend payment for the fiscal year 2021.

Risks

AutoStore is exposed to risks and uncertainty factors that may affect some or all group activities. The company is exposed to financial, market and operational risks, as well as risks related to technology, implementation and operation of installed systems. A thorough presentation of applicable risks and uncertainty factors can be found in the IPO prospectus from October 2021. No significant changes have occurred since that date, other than a continued focus on litigation following the ongoing litigation process against Ocado and an increased focus on operational supply chain risk as a result of the increased global supply chain issues related to the Russian invasion of Ukraine.

Operational risks
The company actively manages risks related to the quality, design and assembly of its products, in addition to risks related to R&D activities and to the development of and economic lifecycle of the company's products.

As a robotics and software technology developer, AutoStore is subject to potential cyber-attacks and therefore commissions regular on-site security and vulnerability assessments by third-party security specialists. The company also conducts annual penetration testing of the group IT infrastructure, with a particular focus on cyber security.

The company relies on logistics integrators to distribute and/or sell its systems, and has therefore built strong and longstanding partnerships with distributors. Further, the group's manufacturing strategy entails outsourcing of non-core activities like production of system components to skilled third-party manufacturers. Outsourcing manufacturing allows AutoStore to focus its engineering expertise on robot design. The group's third-party suppliers and manufacturers – located primarily in Poland, Germany, Estonia, Sweden, and Norway – are key operational factors. The company's supply chain is primarily managed through supplier contracts, and operations are highly dependent on the availability and quality of certain materials, parts and components.

AutoStore gives high priority to protecting its intellectual property and other proprietary rights through patents, trademarks, copyrights, trade secrets, license agreements, confidentiality agreements, and other contractual measures. AutoStore is subject to legal proceedings and claims arising in the ordinary course of business. In this respect, the group is currently involved in infringement cases with Ocado, as described in the section "Events after the reporting period" of this report.

Financial risks
The company's international business activities, supply chain and global distribution network expose it to foreign exchange risks and translation risks. Foreign exchange risk primarily relates to revenues and expenses denominated in foreign currencies, external financing through interest-bearing liabilities and investments in foreign subsidiaries.

The financial risk of the company is largely offset by the company’s ordinary operations, as revenue currency exposure is partially offset by currency exposure on operational costs and financing.

Market risks

AutoStore operates in a competitive market that is evolving rapidly and is subject to changing technologies, shifting customer needs and expectations, and a high probability of new, competing products. The need for businesses to increase the efficiency of their warehousing activities and reduce capital spend on labor has resulted in increasing adoption of warehouse automation in global supply chains. The trend toward automated warehousing is impacting the competitive landscape, and will continue to do so. Increased customer-driven demand for AS/RS solutions and technological advancements are attracting competitors to the AS/RS market.

The company has some operations in emerging markets. The AS/RS market is highly susceptible to product enhancements and technological developments, and a potential consequence of operating in emerging markets is that AutoStore may have difficulties in evaluating its business and its future prospects and successfully implementing its business plan.

AutoStore’s operations are affected by global economic conditions. The Covid-19 pandemic has negatively impacted the global economy, disrupted consumer spending and global supply chains, and created significant volatility and disruption of financial markets. Furthermore, the Russian invasion of Ukraine in February 2022 increases the risk of negative impacts on the global economy. Downturns in economic conditions and uncertainties regarding future economic prospects may impact the company’s operative markets negatively, as well as suppliers and their production.

The imposition of new barriers to free trade would negatively impact production, costs of production and sales throughout AutoStore’s value chains. The group’s international operations are dependent on favorable trade relations and conditions in the countries in which customers and suppliers operate. If countries in which AutoStore does business, maintains assembly facilities, sources supplies or sells products, services and solutions adopt protectionist trade policies – such as trade/import restrictions, punitive tariffs, sanctions, protectionist measures, boycotts, export controls, or government subsidies – this could materially and adversely affect the company’s ability to operate in those markets, including its ability to ship and transport products and/or increase costs.

Events after the reporting period

Ocado litigation

US Proceedings

On 1 October 2020, AutoStore sued Ocado and Tharsus Group for infringement of five patents in the U.S. International Trade Commission ("ITC") to stop importation of the Ocado Smart Platform into the United States. AutoStore filed a parallel suit in the U.S. District Court for the Eastern District of Virginia ("EDVA") seeking an injunction and money damages. The EDVA judge stayed the case pending resolution of the ITC investigation. On 13 December 2021, the ITC issued an Initial Determination ("ID") finding that Ocado and Tharsus infringed three AutoStore patents but that the asserted claims of those patents were invalid based on a narrow legal issue. AutoStore petitioned the full Commission for review of the non-final decision on 30 December 2021. On 10 March 2022, the Commission affirmed the ID and terminated the investigation. AutoStore intends to appeal the decision, which does not impact AutoStore's ability to sell its products anywhere.

On 17 January 2021, Ocado sued AutoStore in the U.S. District Court for the District of New Hampshire ("DNH"), asserting that AutoStore's Red Line and Black Line systems infringe three of Ocado's U.S. patents and seeking an injunction and money damages. On 23 April 2021, Ocado added a fourth patent. On 6 October 2021, Ocado sued AutoStore in the same court on a fifth patent. The DNH consolidated the cases. AutoStore has responded with counterclaims and affirmative defences. Discovery is ongoing and a jury trial will commence on 5 December 2023.

Ocado also sued AutoStore in the U.S. District Court for the Eastern District of Virginia ("EDVA") on 2 February 2021, alleging that AutoStore's EDVA and ITC suits violated antitrust laws and tortiously interfered with Ocado's relationship with The Kroger Company. Ocado seeks money damages and to enjoin AutoStore from enforcing its patents against Ocado and from obtaining patents in the same families. On 5 April 2021, the Court stayed the case pending resolution of the ITC case.

During the ITC investigation, Ocado filed Inter Partes Review ("IPR") petitions challenging the validity of the asserted AutoStore patents. The United States Patent & Trademark Office ("USPTO") denied three of Ocado's petitions. The USPTO is expected to issue its decisions by 3 June 2022 and 28 June 2022 on the remaining two.

AutoStore filed IPR petitions against three of the Ocado patents asserted in DNH. The USPTO declined to institute proceedings on the first IPR; and is expected to decide whether to institute proceedings for the remaining two IPRs by July and September 2022.

UK Proceedings

On 1 October 2020, AutoStore sued Ocado and Tharsus in the High Court of Justice of England and Wales on six AutoStore European Patents (UK), seeking an injunction and money damages. AutoStore has since sharpened its case to focus on three patents. Ocado has maintained its revocation claims against those three patents, as well as two of the remaining three patents. The trial was heard from 15 March to 12 April 2022 and judgment is expected in 3-4 months. In January 2022, AutoStore introduced another patent into the proceedings, a trial for which is scheduled to start around 24 April 2023.

In November 2020, AutoStore commenced an entitlement action against Ocado Innovation Limited ("OIL") before the United Kingdom Intellectual Property Office. This action has been transferred to the High Court of Justice of England and Wales. And, in July 2021, AutoStore also commenced an entitlement action against OIL, which has since been withdrawn. UKIPO is still considering costs.

The UK proceedings will have no impact on AutoStore's ability to sell its products in the UK or elsewhere.

German Proceedings

In March 2021, Ocado filed infringement claims in the Mannheim Regional Court and the Munich Regional Court on two German utility models. AutoStore intends to defend these claims, for which statements of defence have been filed. Invalidity actions against the two utility models have also been filed in the German Intellectual Property Office. All four German infringement actions against AutoStore (two in Munich and two in Mannheim) have been stayed pending the outcome of AutoStore's invalidity actions against the utility models in the German Intellectual Property Office. Decisions on those validity proceedings are expected in late 2022 or early 2023.

Russian invasion of Ukraine
AutoStore condemns, in the strongest possible terms, the military attacks on Ukraine by the Russian government. In light of the the ongoing war, AutoStore has halted all sales activities to companies in Russia and stopped all marketing activities and other initiatives directed at the Russian market.

In general, AutoStore expects a very limited direct impact on operations from the invasion. Sales activity has been low in the involved countries, and AutoStore does not expect this to change in the upcoming period. AutoStore does not have any employees in these countries.

As regards its supply chain, AutoStore does not source any materials directly from suppliers in Ukraine or Russia.

However, it expects to see some indirect effects related to sub-suppliers, especially regarding aluminum – a key input factor in the AutoStore grid. Overall, the aluminum market was constrained prior to the invasion, largely due to high European energy prices. The invasion has put further pressure on the energy market. In addition, Russia is a global supplier of raw materials used in aluminum production, and the global supply and price of aluminum may thus also be affected. Overall, AutoStore expects these factors to have an impact on the cost of AutoStore grid parts.

AutoStore is continuously monitoring this situation and may use options to increase the price towards end customers to recover some of the reduction in margins.

Outlook

AutoStore is an innovative robotics and software technology company and a pioneer of cubic storage automation. The company operates in the rapidly-growing warehouse automation industry and the even faster-growing cube storage segment.

AutoStore develops warehouse solutions for the future while facilitating space-saving, boosting performance and reducing labor and energy costs for customers. AutoStore is in a strong position to leverage global megatrends in the e-commerce and automation industries. Rapid growth, changing consumer demand, the emergence of MFCs, and a general need for more sustainable and efficient solutions constitute a strong platform for accelerating growth.

AutoStore's momentum is illustrated by its growth and performance. Despite a tight market situation for certain parts and materials, the company is confident in its ability to deliver solutions in line with its own revenue guidance. The tight market situation will have some short-term impact on margins. AutoStore will continue following developments in Ukraine and related global supply chain challenges in 2022.

The company's record-high order intake and order book provide significant revenue visibility, and AutoStore expects revenues to total USD 550-600 million in 2022. A medium-term growth rate of ~40% remains realistic.

Responsibility statement and going concern

From the Board of Directors and CEO of AutoStore
The Board of Directors and CEO of AutoStore confirm that, to the best of their knowledge, the consolidated financial statements for 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position, and profit or loss of the company and the company taken as a whole.

The accounting policies applied by management include a significant degree of estimates and assumptions or judgments as described in note 1 in the consolidated financial statements.

We also confirm that, to the best of our knowledge, the annual report includes a true and fair review of the development, performance and financial position of the business and the position of the company, together with a description of the principal risks and uncertainties facing the company, in accordance with the requirements of the Norwegian Securities Trading Act, section 5-5a, and associated regulations.

In accordance with section 3-3 of the Norwegian Accounting Act, the Board of Directors confirms that the accounts have been prepared on a going concern basis and that the going concern assumption applies and is appropriate.

Oslo, 28 April 2022

The Board of Directors of AutoStore Holdings Ltd.

James C. Carlisle
Co-chair

Samuel Merksamer
Co-chair

Kristin Skogen Lund
Board member

Hege Skryseth
Board member

Viveka Ekberg
Board member

Andreas Hansson
Board member

Michael K. Kaczmarek
Board member

Nils Magnus Tornling
Board member

Ram Trichur
Board member

Karl Johan Lier
Chief Executive Officer

Board of Directors

James C. Carlisle
Co-chair

James Carlisle is a managing director, Head of Technology & Business Solutions Vertical and Head of Automation Fund at Thomas H. Lee Partners. Prior to joining Thomas H. Lee in 2000, James worked in the Financial Institutions Group at Goldman, Sachs & Co.

He holds an MBA from Harvard Business School and a bachelor's degree in Operation Research from Princeton University.

Director of AutoStore since: 2021
Nationality: U.S.
Member of: Remuneration committee
Independent of executive management
Current directorships: Fortna Inc., Auction.com Inc., Material Handling Systems Inc. and House of Design Inc.
Previous directorships: Agencyport Inc., Ten-X LLC, Iheartmedia Inc., Massachusetts Eye & Ear Infirm and Foundation of Massachusetts Eye & Infirmary Inc.
Number of shares in AutoStore: 0[1]
Board meetings attended: 2/2

Samuel Merksamer
Co-chair

Samuel Merksamer was a managing director at SoftBank Investment Advisers until recently. Before joining SoftBank Investment Advisers in 2019, he was a partner and co-founder of the investment adviser Caligan Partners LP. Samuel has also previously been a managing director at Icahn Capital L.P and Icahn Enterprises.

He holds an AB degree from Cornell University.

Director of AutoStore since: 2021
Nationality: U.S.
Member of: –
Independent of executive management
Current directorships: Transocean Ltd.
Previous directorships: N/A
Number of shares: 0[2]
Board meetings attended: 2/2

Michael K. Kaczmarek
Board member

Michael Kaczmarek is a managing director at Thomas H. Lee Partners. Before joining Thomas H. Lee in 2016, he was Vice President at Rockbridge Growth Equity, where he was responsible for sourcing, evaluating and executing transactions as well as an active director of various portfolio companies. Michael has also been an associate at Pamlico Capital, where he specialized in the business and technology services and communications industries.

He holds a BA degree in Finance from Michigan State University.

Director of AutoStore since: 2021
Nationality: U.S.
Member of: Audit committee and remuneration committee
Independent of executive management
Current directorships: FourKites Inc., OnePointOne, Fortna Inc., Material Handling Systems Inc., Auction.com Inc. and House of Design Inc.
Previous directorships: Ten-X Commercial, Gas Station TV, Triad Retail Media and Protect America
Number of shares: 0[1]
Board meetings attended: 2/2

[1] Thomas H. Lee Partners controls 1,133,350,367 shares.
[2] SoftBank controls 1,314,076,591 shares.

Kristin Skogen Lund
Board member

Kristin Skogen Lund is CEO of Schibsted ASA. Before joining Schibsted in 2018, she was CEO of the Confederation of Norwegian Enterprise (NHO).

She holds an MBA degree from INSEAD and a bachelor's degree in International Studies and Business Administration from the University of Oregon.

Director of AutoStore since: 2021
Nationality: Norwegian
Member of: Remuneration committee
Independent of executive management and main shareholders
Current directorships: Stiftelsen Oslo-Filharmonien, Finn.no AS and Adevinta ASA
Previous directorships: Telefonaktiebolaget LM Ericsson
Number of shares: 6,451
Number of RSUs: 14,516
Board meetings attended: 2/2

Andreas Hansson
Board member

Andreas Hansson was a managing director in the SoftBank Group until recently. Before joining SoftBank Investment Advisers in 2017, he was Technical Assistant to the President of Product Groups at Arm Ltd.

He holds a PhD in Electrical Engineering from Eindhoven University of Technology and an MSc in Computer Engineering from Lund University.

Director of AutoStore since: 2021
Nationality: Swedish
Member of: Remuneration committee
Independent of executive management
Current directorships: Kahoot! ASA, THG Plc. and Kigen Ltd.
Previous directorships: Cambridge Mobile Telematics and EnergyVault
Number of shares: 0[2]
Board meetings attended: 2/2

Nils Magnus Tornling
Board member

Nils Magnus Tornling is a partner, Head of Norway and Head of Global Industrial Tech Sector at EQT Partners. Before joining EQT Partners in 2016, Nils Magnus worked in the Corporate Finance department at ABG Sundal Collier, most recently as joint Head of Investment Banking and Head of Equity Capital Markets.

He holds an M.Sc. in Finance from the Norwegian School of Management.

Director of AutoStore since: 2021
Nationality: Norwegian
Member of: Audit committee
Independent of executive management
Current directorships: EQT Partners AS, NMT Invest AS, Remedy Bidco AS, Boligsameiet Lille Borgen Vei 12, Norwegian Institute of Directors, and SWIB Holding AB
Previous directorships: Tosiva AS, Boligsameiet Lille Borgen Vei 12, Terminator Bidco AS, HusCompagniet A/S and Nordic Aviation Capital A/S
Number of shares: 0[3]
Board meetings attended: 2/2

[1] Thomas H. Lee Partners controls 1,133,350,367 shares.
[2] SoftBank controls 1,314,076,591 shares.
[3] EQT controls 123,970,423 shares.

Hege Skryseth
Board member

Hege Skryseth is CEO of Kongsberg Digital AS and an EVP of its parent company, Kongsberg Gruppen ASA. Prior to joining Kongsberg Digital AS in 2013, Hege was CEO of Microsoft Norway and Geodata.

She holds an MBA degree from the Norwegian School of Economics and Business Administration (NHH), a bachelor's degree in Management from BI Norwegian Business School and a degree in computer science from the Norwegian School of Information Technology (NITH).

Director of AutoStore since: 2021
Nationality: Norwegian
Member of: –
Independent of executive management and main shareholders
Current directorships: Analyse AS, Tomra Systems ASA and Netcompany AS
Previous directorships: Abelia, Norconsult AS, Norconsult Holding AS and the Confederation of Norwegian Business Enterprise (NHO)
Number of shares: 0
Number of RSUs: 14,516
Board meetings attended: 1/2

Ram Trichur
Board member

Ram Trichur is a partner at SoftBank Investment Advisers. Before joining SoftBank in 2018, Ram was the co-founder and president of Whisk. He has also been a consultant at McKinsey & Company and GE Healthcare Performance Solutions.

He holds an MBA degree from Columbia University.

Director of AutoStore since: 2021
Nationality: U.S.
Member of: Audit committee
Independent of executive management
Current directorships: Cambridge Mobile Telematics
Previous directorships: N/A
Number of shares: 0[2]
Board meetings attended: 2/2

Viveka Ekberg
Board member

Viveka Ekberg has extensive experience as the chair and a board member of various listed and unlisted companies and foundations. Her current roles include chairing the audit committees of the listed companies Lindab International AB and Haldex AB.

She holds an MSc in Business from the Stockholm School of Economics.

Director of AutoStore since: 2021
Nationality: Swedish
Member of: Audit committee (chair)
Independent of executive management and main shareholders
Current directorships: Haldex AB, Lindab International AB, Apolea Holding AB, Dellner Couplers Group AB, Cubera Private Equity AS, CAAM Fund Services AB, Skagen AS, Areim AB, SPP Pension & Försäkring AB, Nordic Communications Group AB and Insamlingsstiftelsen Kvartal
Previous directorships: Svolder AB, Magnolia Bostad AB, C.A.G Group AB, Iver Holding AB, Nordic Cross Asset Management AB, Apoteket AB:s Pensionsstiftelse, Piab Group AB, SPP Spar AB, BlueStep Bank AB, Estea AB, the foundation Centrum för rättvisa insamlingsstiftelse and the foundation Stiftelsen Affärsvärlden
Number of shares: 96,774
Number of RSUs: 14,516
Board meetings attended: 2/2

[2] SoftBank controls 1,314,076,591 shares.

Corporate governance report

Corporate governance statement

Good corporate governance provides the basis for long-term value creation for the benefit of shareholders, employees, and other stakeholders. The Board of Directors of AutoStore has adopted a set of governance principles to ensure a clear division of roles between the Board, executive management and shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance.

As AutoStore complies with the Norwegian Accounting Act, the company follows the annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. The Accounting Act may be found (in Norwegian) on www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on 14 October 2021, may be found on www.nues.no.

AutoStore's 2021 corporate governance statement follows below. The statement was approved by the Board of Directors on 28 April 2022.

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01 Implementing and reporting on corporate governance

The Board of Directors of AutoStore is committed to building a trust-based relationship between the company and its shareholders and other stakeholders. The Board of Directors and management team shall follow the recommendations of the Norwegian Code of Practice for Corporate Governance (hereafter the "Code"). AutoStore believes that good corporate governance involves transparent and trustful cooperation between all parties involved with the group and its business. This includes the company's shareholders, AGM, Board of Directors and executive management team, employees, customers, suppliers, and other business partners, as well as public authorities and society at large.

The company has adopted and implemented a corporate governance regime effective from the date the listing application was sent to the Oslo Stock Exchange (11 October 2021). The corporate governance policy is based on and largely aligned with the Code. The corporate governance policy includes the following deviations from the Code:

- Deviation from section 2 "Business": In accordance with common practice for Bermudan incorporated companies, the objectives of the company are not specifically described in the company's Memorandum of Association but are stated to be unrestricted. This is a wider and more general description of the company than recommended by the Code.
- Deviation from section 3 "Equity and dividends": Pursuant to Bermuda law and in accordance with common practice for Bermudan exempted companies, the Board of Directors may issue any authorized but unissued shares in the company, subject to the bye-laws and any resolution of the company's shareholders to the contrary. Furthermore, the company may purchase its own shares for cancellation or acquire them as treasury shares in accordance with the Bermuda Companies Act. The powers of the Board of Directors to issue and purchase shares (for cancellation or to be held as treasury shares) are not limited to specific purposes or to a specified period as recommended in the Code.
- Deviation from section 6 "General Meetings": Pursuant to common practice for Bermudan incorporated companies, the company's bye-laws stipulate that the chair of the Board of Directors shall chair general meetings at which he/she is present unless otherwise resolved by the general meeting. In this respect, the company deviates from section 6 of the Code. However, the company has procedures in place to ensure that an independent person is available to chair the general meeting or agenda item concerning the chair personally, or in the absence of the chair.
- Deviation from section 7 "Nomination Committee": AutoStore shall have a nomination committee as stipulated in section 125 of the company's bye-laws. The nomination committee will be established, and its members elected, at the first annual general meeting of the company in 2022.
- Deviation from section 8 "Board of Directors: composition and independence": Pursuant to the bye-laws, the chair of the Board of Directors will be elected by the Board of Directors, not by the general meeting.

The Board of Directors has not adopted any resolutions in 2021 which are deemed to have a material impact on the group's corporate governance regime.

AutoStore's overall corporate governance principles can be found on AutoStore's website at www.autostoresystem.com/investors/corporate-governance#corporate-governance-policy.

02 Business

AutoStore is an innovative robotic and software technology company, as well as the pioneer of cube storage automation. The company operates in the rapidly growing warehouse automation industry and the even faster-growing cube storage segment. Founded in 1996, the company believes its products and services have transformed the automated warehouse sector and defined the automated cube storage segment. The company seeks to address challenges facing the rapidly growing e-commerce, retail and logistics industries, where the need to automate picking and streamline processes is critical and 90% of such work is currently done manually. The company's business strategy is described further in the "Board of Director's report".

In accordance with common practice for Bermudan incorporated companies, the objectives of the company are not specifically described in the company's Memorandum of Association but are stated to be unrestricted. This is wider and more extensive than recommended by the Code. The Board of Directors has defined objectives, strategies and risk profiles for the company's business activities to ensure the creation of value for its shareholders. These objectives, strategies and risk profiles are evaluated annually by the Board of Directors.

For AutoStore, sustainability is as much about the solutions, products and services it offers as about how it runs its business and treats its employees. The company considers it very important to stay true to its values. AutoStore has introduced an environmental, social and governance (ESG) tracking program, and is issuing its annual sustainability report together with the annual report for 2021.

03 Equity and dividends

The company's registered share capital as at 31 December 2021, consisted of 3,428,540,429 shares. The company's strategy does not provide for dividend distributions at this stage of the business development process. The Board considers that AutoStore has a capital structure that is appropriate for its objectives, strategy and risk profile.

Any future proposal by the Board of Directors to declare dividends will be subject to applicable laws and will be dependent on a number of factors, including the company's financial position, operational performance, capital requirements, contractual restrictions, general business conditions, and other factors the Board of Directors may deem relevant. The company will consider possible future dividend distributions by reference to its medium-term leverage policy and investment opportunities at hand.

The Board of Directors does not propose any dividend payment for the fiscal year 2021.

Pursuant to Bermuda law and common practice for Bermudan incorporated companies, the Board of Directors may issue any authorized but unissued shares in the company on such terms and conditions as it may determine, subject to the bye-laws and any resolution of the shareholders to the contrary. Pursuant to Bermuda law and in accordance with common practice for Bermudan incorporated companies, the powers of the Board of Directors to issue shares are not limited to specific purposes or to a specified period as recommended in the Code.

04 Equal treatment of shareholders and transactions with close associates

As at the date of this report, the company's share capital is USD 34,285,404, divided into 3,428,540,429 shares with a nominal value of USD 0.01.

On 20 October 2021, AutoStore executed a successful initial public offering and listed the AutoStore share on Oslo Stock Exchange. In line with the Board authorization granted at the general meeting of the company on 28 September 2021, the Board deemed it necessary to waive existing shareholders' pre-emptive right in connection with the IPO.

Transactions between AutoStore and its related parties – including members of the Board or persons employed by the company either personally or through companies belonging to related parties – must be based on terms achievable in an open, free and independent market, or on a third-party valuation. The Board and executive management are committed to ensuring equal treatment of all the company's shareholders, and that transactions with related parties take place on an arm's length basis. Major transactions with related parties must be approved by the general meeting.

05 Shares and negotiability

AutoStore's shares are listed on the Oslo Stock Exchange under the ticker AUTO and are freely transferable. The bye-laws do not impose any restriction on the negotiability of the shares. There are no general restrictions on the purchase or sale of shares by members of AutoStore's management as long as they comply with the regulations on insider trading and in the Market Abuse Regulation (MAR). The company's management team, as well as a group of 16 mid-level managers, have entered into lock-up undertakings with the company for a period of 12 months (management team) or six months (mid-level managers) after the IPO date (20 October 2021). Pursuant to the lock-up undertaking, management is entitled, but not obliged, to sell down pro-rata with the Thomas H. Lee shareholder group during the lock-up period.

06 General meetings

All shareholders have the right to participate in general meetings – the company's highest decision-making body. The Board ensures that shareholders can attend and participate in general meetings. The 2022 annual general meeting will take place in Oslo, Norway, on 19 May 2022. The company's financial calendar is published via Oslo Stock Exchange and in the investor relations section of AutoStore's website.

The company seeks to enable as many shareholders as possible to attend annual general meetings. A complete notice of meeting must be sent to shareholders no later than 21 calendar days before the event. The notice must include sufficient supporting documentation to give shareholders an adequate basis for evaluating all matters to be considered at the meeting. The notice shall also include information on attendance and voting procedures. The notice and all documents will be made available or sent to the shareholders by electronic communication, to the extent allowed in AutoStore's articles of association. Shareholders may vote on each individual matter, including on each individual candidate nominated for election.

The members of the Board have the right to be present at the general meeting as a necessary. The company's auditor shall normally be present at general meetings. The company will set the deadline for registering attendance as close to the meeting as possible. Shareholders who intend to attend a general meeting must inform the company in writing before the deadline specified in the notice of meeting. The deadline may not be set more than five days before the general meeting. Shareholders may be denied admission if they fail to notify their attendance by the deadline.

Shareholders may participate in general meetings by telephone, electronic means, other communication facilities, or other means that permit all participants in the meeting to communicate simultaneously and instantaneously. Participation by such means is deemed to constitute personal attendance. The Board of Directors may decide to convene a general meeting as an electronic meeting, provided that there are systems in place to ensure that the company can conduct, monitor and control participation and voting. The Board may decide that shareholders may vote in writing, including by electronic means, during a specified period before the general meeting. The Board may lay down guidelines for such advance voting provided that the notice of meeting details the adopted guidelines.

General meetings will, as of the bye-laws, be chaired by the chair of the Board. The Board decides whether it is appropriate to engage an external chair to chair the meeting. The company's board instructions encourage Board members and the CEO to attend. The chair of the nomination committee, once established, will attend meetings at which the election and remuneration of directors and members of the nomination committee are to be considered. Minutes of general meetings are published as soon as practicable via the Oslo Stock Exchange reporting system (www.newsweb.no, ticker code: AUTO) and in the investor relations section of AutoStore's website.

07 Nomination committee

AutoStore shall have a nomination committee, as stipulated in the company's bye-laws section 125. The shareholders elect the board chair and the members of the nomination committee, and decide their remuneration. It is anticipated that the nomination committee will be established, and its members will be elected at the first annual general meeting of the company in 2022. The objectives, responsibilities and functions of the nomination committee shall be in compliance with rules and standards applicable to the company, as described in the company's "Instructions for the Nomination Committee" to be adopted by the general meeting at the annual general meeting in 2022. AutoStore will inform shareholders of the composition of the nomination committee and applicable deadlines for submitting proposals. The members of the committee shall be independent of the Board of Directors, management team and AutoStore employees.

The nomination committee shall communicate with shareholders, the Board of Directors and the company's executive personnel regarding proposed candidates for election to the Board. The members of the committee should reflect the interests of shareholders in general. The nomination committee should explain why it is proposing each individual candidate.

Unless otherwise decided by the general meeting, the nomination committee may have two to four members appointed by shareholders for a two-year term at a general meeting. Shareholders, the Board and and members of the nomination committee may propose candidates for election to the Board and the nomination committee, provided that the proposals are compliant with any applicable nomination committee guidelines or corporate governance rules adopted by the company at a general meeting.

Shareholders, board members and the nomination committee may also propose any person for election to the Board of Directors in accordance with the bye-laws. The nomination committee may or may not recommend any candidates suggested or proposed by any shareholder, the Board or any member of the nomination committee in accordance with any applicable nomination committee guidelines or corporate governance rules adopted by the company at a general meeting. The nomination committee may issue recommendations on the suitability of candidates for election to the Board and the nomination committee, as well as on the remuneration of Board and nomination committee members. The shareholders at any general meeting may adopt guidelines on the duties of the nomination committee.

08 Board of Directors: composition and independence

The Board of Directors is responsible for overall management of the company. The Board shall consist of between three and eleven members, as decided by the general meeting. AutoStore currently has nine board members. The Board will be composed so as to ensure that it has the expertise, capacity and diversity needed to achieve the company's goals, handle its main challenges, and promote the common interests of all shareholders.

Furthermore, it is desirable that a number of board members be based in Norway. Board members shall be willing and able to work as a team so that the Board can work efficiently as a collegiate body. The Board is composed so that it can act independently of any special interests. A majority of the board members are independent of the company's executive management and material business connections. Neither the CEO nor any member of the executive management, are members of the Board of Directors.

Six of the current nine board members are men, and three (33%) are women. As AutoStore strives to adhere to Norwegian law, the company is seeking to increase the proportion of women board members to at least 40%.

All board members are elected by the shareholders at a general meeting. Pursuant to the company's bye-laws, the SoftBank and Thomas H. Lee Partners shareholders (as defined in the bye-laws) have the right to appoint between one and three board members based on their respective beneficial shareholdings, provided that they beneficially own at least 10% of the company's shares. Board members may not serve for more than two years at a time, but may be re-elected. The board chair is appointed from among the board members by a majority of the board members.

Board members are encouraged to own shares in AutoStore to promote alignment of the financial interests of shareholders and board members. To that end, board members are discouraged from entering into hedging transactions designed to limit the financial risk associated with owning shares in the company.

09 The work of the Board of Directors

The Board of Directors produces an annual plan for its own work, with a particular focus on objectives, strategy and implementation. Further, the Board has adopted instructions for its own work and the work of executive management which concentrate the division of internal responsibilities and duties. The objectives, responsibilities and functions of the Board and the CEO shall continue to be in compliance with rules and standards applicable to the company, as described in the company's "Rules of procedure for the Board of Directors".

The Board's primary responsibilities are to participate in the development and approval of the company's strategy, perform necessary monitoring functions and act as an advisory body for the executive management team. In general, the Board shall involve itself in all matters significant to the company's financing, long-term development and general operational performance.

Approving the company's overall strategy, business plans and budgets shall be a key priority for the Board of Directors. The board members shall keep themselves fully updated on the company's operational and financial development. In addition, the Board shall supervise management of the company's business in general and may issue instructions to the CEO when necessary. The Board shall be responsible for all other duties which are attributed to the board pursuant to laws, and the board shall keep itself informed about and make decisions on all matters which management deems important or necessary.

As part of its ordinary business operations, AutoStore have entered into transactions with related parties who are not members of the group during the financial year. Related-party transactions are made on terms equivalent to those that prevail in arm's length transactions and are made only if such terms can be substantiated. The Board of Directors are working to control that these transactions are following this requirement.

Each member of the Board of Directors has a general duty to avoid situations in which he or she has or can have a direct or indirect interest that conflicts with, or may conflict with, the company's interests. A member of the Board of Directors who is directly or indirectly interested in a contract or proposed contract or arrangement with the company shall declare the nature of such interest as required by the Bermuda Companies Act. A board member who has declared his or her interest in accordance with the foregoing may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum for such meeting unless disqualified to doing so by the chair or by a vote of the majority of the board members in attendance where such declaration is made. Notwithstanding the foregoing, a Director shall not vote, be counted in the quorum or act as chair at a meeting in respect of (A) his or her appointment to hold any office or place of profit with the company or anybody corporate or other entity in which the company owns an equity interest or (B) the approval of the terms of any such appointment or of any contract or arrangement in which he/she is materially interested (otherwise than by virtue of his or her interest in shares, debentures or other securities of the company), with certain exemptions as set out in the bye-laws.

In order to ensure a more independent consideration of matters of a material character in which the chairman of the board is, or has been, personally involved, the Board's consideration of such matters should be chaired by some other member of the board.

The Board is committed to ensuring that transactions with third parties take place on an arm's length.

From the first day of trading on 20 October 2021 to 31 December 2021, two board meetings were held, as well as several board workshops and committee meetings. The company records each board member's attendance at board meetings. All board members attended the first board meeting of the year, and eight out of nine board members attended the second meeting.

One board member was absent due to illness.

The Board established an audit committee and remuneration committee in 2021, while the nomination committee will be established in 2022 as described in section 7. The remuneration committee had one meeting in 2021 since the first day of trading in October 2021. During the meeting, the remuneration committee completed preparatory work with the company's long term incentive plan. The audit committee held two meetings in 2021 since the initial public offering of the company. After inaugurating the audit committee, the chair of the audit committee, Viveka Ekberg, made account for the purpose of the audit committee and its formal responsibilities, also outlined in the instructions for the audit committee. An annual plan for the committee was also adopted. The audit committee and the external auditors, among other tasks, discussed the external audit plan and the view of internal control requirements.

	Board of Directors	**Audit committee**	**Remuneration committee**
Members	James C. Carlisle (Co-chair) Samuel Merksamer (Co-chair) Michael K. Kaczmarek Kristin Skogen Lund Andreas Hansson Nils Magnus Tornling Hege Skryseth Ram Trichur Viveka Ekberg	Viveka Ekberg (chair) Michael K. Kaczmarek Nils Magnus Tornling Ram Trichur	James C. Carlisle (chair) Michael K. Kaczmarek Kristin Skogen Lund Andreas Hansson

10 Risk management and internal control

The Board of Directors has a responsibility to ensure that the company has sound and appropriate internal control systems in place in view of the scope and nature of the group's activities. Implementing effective internal control and risk management systems improves the group's protection against situations that could damage its reputation or financial standing. Effective and proper internal controls and risk management are important for building and maintaining trust, achieving AutoStore's objectives, and, ultimately creating value for the group and its shareholders.

The audit committee supports the Board of Directors ensure that internal procedures and systems for effective corporate governance are in place.
The Chief Financial Officer reports directly to the audit committee on matters such as financial reporting, financial risks, internal controls over financial reporting, and corresponding compliance aspects.

Financial reporting risks, controls and processes
AutoStore's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Internal controls over financial reporting (ICFR) and associated activities are designed to manage financial reporting risks and provide a basis for giving stakeholders reasonable assurance. The Chief Financial Officer is responsible for and supervises governance frameworks and operations in the areas of financial reporting and ICFR. AutoStore's ICFR framework is based on the COSO 2013 Internal Controls Integrated Framework. The ICFR framework is implemented through a risk-based and top-down approach, ensuring that AutoStore's activities, accounts and management are subject to adequate control.

Enterprise risk management
Responsibility for supervising enterprise risk management rests with the Chief Financial Officer. AutoStore has established a systematic and uniform approach to risk management throughout the group. Risk assessments are carried out and discussed with the executive management team before reporting to the audit committee on a regular basis.

By implementing an effective internal control system, AutoStore is better equipped to manage commercial risk, operational risk, the risk of legislative and regulatory breaches, and other risks that may be material to the company. Management and the Board of Directors are mindful of the correlation between the company's internal control systems and effective risk management. The internal control system addresses the organization and execution of AutoStore's financial reporting, and includes guidelines on the company's integration of stakeholder considerations into value creation.

The Board of Directors reviews the company's most important areas of risk exposure annually. The review details any material shortcomings or weaknesses in AutoStore's internal controls and how risks are being managed. The Board of Directors' report describes the company's main risks as they relate to AutoStore's financial reporting. This includes the company's control environment, risk assessments, control activities and information, communication, and follow-up.

The Board of Directors is obligated to stay updated on the company's financial situation and continuously evaluate whether equity and liquidity are adequate relative to the risk associated with the company's activities. Further, the Board will take immediate action if the company's equity or liquidity are deemed inadequate at any time.

The company's executive management reports frequently to the Board of Directors on both operational and financial matters. The purpose of such reporting is to give that the Board sufficient supporting information for decision-making, and to enable it to respond quickly to changing conditions. Board meetings are held at least quarterly, and the Board was provided with management reports at least monthly throughout 2021.

Financial performance has been reported on quarterly since the IPO, in accordance with the company's financial calendar.

11 Remuneration of the Board of Directors

The remuneration arrangements of the Board of Directors is decided by the shareholders at the annual general meeting, based on the recommendation of the remuneration committee. Board remuneration reflects (1) the responsibility and expertise of each board member, (2) the complexity of the company and the group's business, and (3) the time invested by each board member in board work and any committee work.

The renumeration of the Board of Directors is independent of the financial performances of the company. Options are not issued to members of the Board of Directors. The company has, however, granted restricted stock units (RSUs) to board members.

No board member (and no company associated with a board member), performed any specific paid assignment for AutoStore beyond the board appointment in 2021. The annual report provides details of all elements of the remuneration and benefits received by each member of the Board of Directors. This includes a specification of any consideration paid to members of the Board of Directors in addition to their ordinary board remuneration, including service on board committees. The list of this specification can be found on page 163.

AutoStore Holdings Ltd. and its subsidiaries are covered by directors and officers liability insurance. The insurance indemnifies directors and officers for defense costs and potential legal liability arising out of claims made against them while serving on a Board of Directors and/or as an officer. The insurance renews annually, and the sum insured was USD 100 million as at 31 December 2021.

12 Remuneration of executive personnel

The company's executive remuneration guidelines as set out in the "Instructions for the Remuneration Committee" support the company's prevailing strategy and values. The guidelines are presented and will be voted for at the annual general meeting and include the main principles for AutoStore's remuneration policy as well as contribute to aligning the interests of shareholders and executive management.

Performance-related executive remuneration is linked to value creation for shareholders or the company's profit over time. The arrangements are intended to incentivize company performance and incorporates quantifiable factors under the influence of management. The company shall have a maximum limit of the remuneration to executive personnel that are depending on the financial performance of the company.

The principles for governing executive salaries, remuneration and benefits of are reviewed by the remuneration committee and finally approved by the Board of Directors. The Board of Directors produces an annual remuneration report for inclusion in the company's annual report on how the salary and remuneration of the CEO are determined in addition to the remuneration strategy for the executive management, as well as provide an account of the company's remuneration policy.

13 Information and communication

Based on the Norwegian Code, AutoStore has adopted guidelines for its reporting of financial and other information based on transparency and taking into account the rules on good stock exchange practice and general requirement of equal treatment in the securities market. The company is obliged to continually provide its shareholders, Oslo Stock Exchange, and the financial market in general with timely and precise information about the group and its operations. This information shall be published via the stock exchange's reporting system (www.newsweb.no, ticker code: AUTO) and on autostoresystem.com/investors.

Relevant information is provided in annual, quarterly and half-year reports, press releases, notices to the stock exchange, and through published investor presentations in accordance with what is deemed appropriate and required at any given time. The company will clarify its long-term potential, including strategies, value drivers and risk factors. The company shall maintain an open and proactive policy for investor relations, a website designed to incorporate compliance and corporate governance practices, and AutoStore will hold regular presentations in connection with annual and interim results.

The company has during 2021 published an annual, electronic financial calendar with an overview of dates for important events, such as the annual general meeting, interim financial reports and public presentations. The calendar and information therein are available in English. Subject to any applicable exemptions that are invoked, AutoStore will promptly disclose all inside information.

In any event, the company will provide information about certain decisions, e.g. by the Board of Directors and the general meeting concerning dividends, mergers/demergers, or changes to the share capital. AutoStore also has in place a policy on whom in the Board of Directors and executive management is entitled to publicly speak on behalf of the company on various subjects. Furthermore, the company has a contingency plan on how to respond to events of a particular character of interest to the media.

14 Takeovers

The Board of Directors has established the main principles for its actions in the event of a takeover offer. In a takeover process, should it occur, the Board and the executive management team each have an individual responsibility to ensure that AutoStore's shareholders are treated equally and that there are no unnecessary interruptions to the company's business activities. If an offer is made for the company's shares, the Board of Directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the board's statement. The Board has a particular responsibility in ensuring, to the extent possible, that the shareholders have sufficient information and time to assess the offer.

In the event of a takeover process:

- The Board of Directors will not seek to hinder or obstruct any takeover offer for the company's operations or shares unless they have valid and particular reasons for doing so.
- The Board of Directors shall not exercise mandates or pass any resolutions with the intention of obstructing the takeover offer unless this is approved by the general meeting following announcement of the bid.
- The Board of Directors shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the company.
- The Board of Directors shall not enter into an agreement with any offer that limits the company's ability to arrange other offers for the company's shares unless it is self-evident that such an agreement is in the common interst of AutoStore and its shareholders.
- The Board of Directors and executive management shall not invoke measures with the intention of protecting their own personal interests at the expense of the interests of shareholders.
- The Board of Directors shall strive to ensure that neither inside information about the company nor any other information that must be assumed to be relevant for shareholders in a bidding process, remains unpublished.

In the event of a takeover bid, the Board of Directors will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Norwegian Code of Practice for Corporate Governance unless there are reasons not to do so. This includes obtaining a valuation from an independent expert. On this basis, the Board of Directors will seek to make a recommendation as to whether the shareholders should accept the bid or not. Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting.

15 Auditor

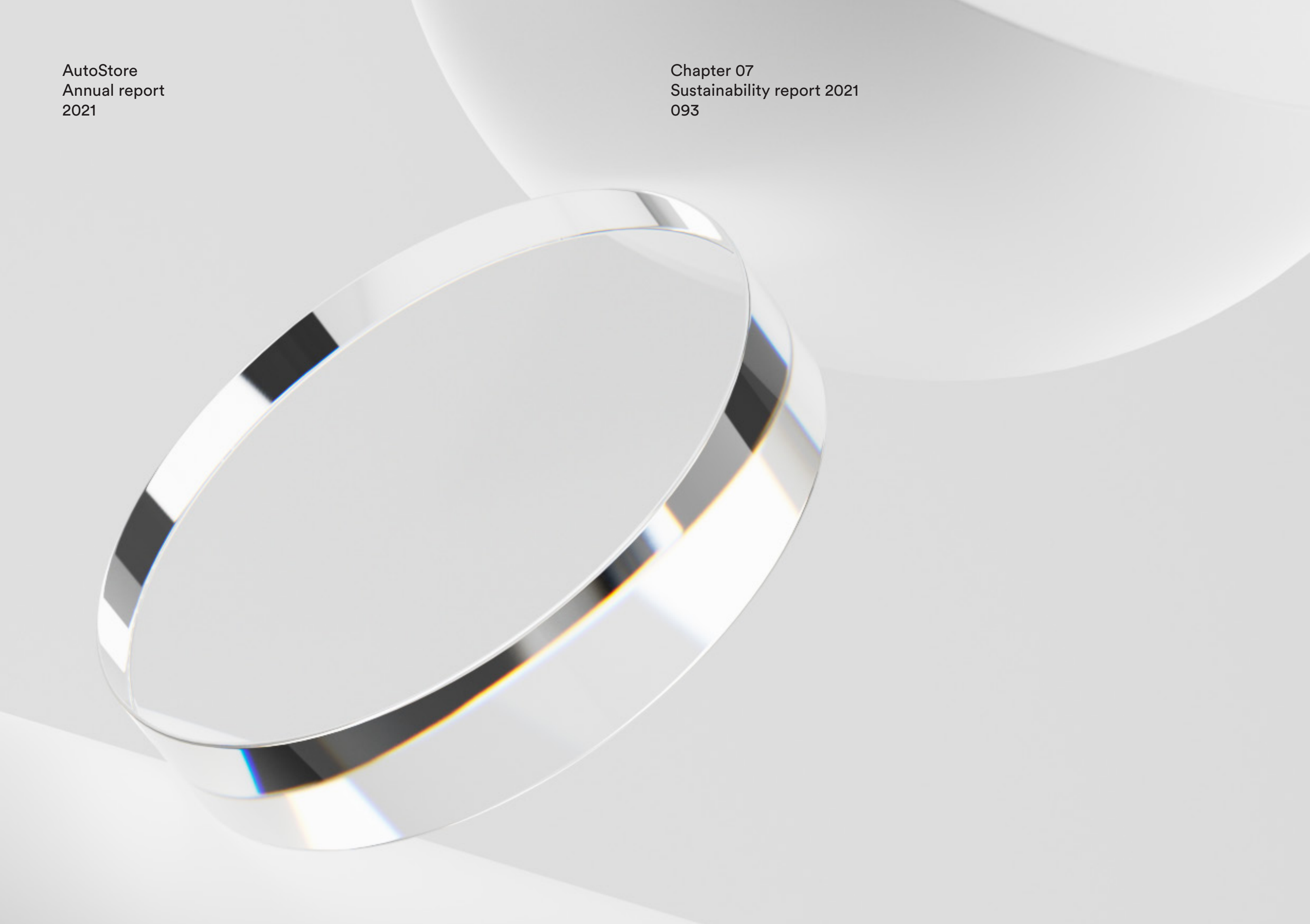
The company's external auditor presents an overall audit plan for for AutoStore to the audit committee annually. Deloitte has been the external auditor for the fiscal year 2021. Deloitte's involvement with AutoStore in 2021 is related to the following:

- Attended meetings of the Board of Directors, management team, and audit committee, discussing the annual accounts, accounting principles, assessment of any important accounting estimates, and other matters of importance.
- Conducted a review of the company's internal control procedures, including identification of weaknesses and proposals for improvement, if any.
- Held meetings with the audit committee in which no representative of the executive management is present.
- Confirmed its independence of AutoStore and provided an overview of non-audit services provided to the company.
- Presented the main features of the audit.
- During the year, Deloitte attended two meetings with the audit committee.

The Board reports the total external audit fees, split between audit and non-audit services, to the general meeting annually for approval. The annual general meeting approves principles of the auditor’s fees for the company.

Sustainability report 2021

Sustainability report 2021



About this report

This is the second sustainability report issued by AutoStore Holdings Ltd. (AutoStore), and relates to the reporting period 1 January to 31 December 2021. The report has been prepared in accordance with the Global Reporting Initiative's (GRI) Standards for sustainability reporting. The GRI content matrix can be found at the end of this document and in the GRI database.

AutoStore's sustainability report has been reviewed and approved by the Board of Directors (the Board). The claims and data in this report have not been audited by a third party.

For information about this report and its content, please contact ESG-responsible, Chief People & Information Officer, Anette Matre: anette.matre@autostoresystem.com.

Letter from the CEO

On our mission to impact the world's sustainability through our world class solutions

Photo: Marius Beck Dahle

In 2021, the Covid-19 pandemic had an ongoing significant impact on businesses and society worldwide. At AutoStore, our primary focus has been the health and safety of our employees, and we have responded to this global crisis with resilience, innovation and care for our colleagues.

We continued to develop our already strong corporate culture in 2021 through our health and wellness program 'OneAutoStore', with the aim of promoting tools to improve the overall working environment. We want to ensure that employees thrive, succeed and enjoy spending time at work. We also carried out employee surveys which showed that our staff are highly satisfied with their place of work and – most importantly – that they feel part of the AutoStore family.

Diversity and equal employment opportunities are topics which there are increasing expectations for corporate action and transparency. These expectations have only grown larger during the last year, which is a development we welcome. For us, diversity has been part of our nature – it's how we do things. But as we grow, we see the need to also work more structured around this, as well as making sure that diversity, equity and inclusion also come naturally in all our locations, not just in Norway where our headquarter is located, and our culture was born and bred. As such, we are making incremental changes on many levels day-by-day, from increasing the percentage of women in AutoStore from 27% to 29% in total from 2020 to 2021, or from going from 0% female board members in 2020 to 33% in 2021. While these are examples of steps in the right direction, we will continue to work structured on this topic also heading into 2022 and beyond to make sure that we have data to support that diversity and equal employment opportunities are as true as we know it to be here in AutoStore.

In addition, we realize that great momentum is best achieved with others. We need joint efforts and collaboration on such an important and all-encompassing topic.

“Developing energy efficient solutions is at the heart of our business.”

In 2021, AutoStore therefore joined the Ada project which aims to increase the number of women working in the tech industry. My promise to all the talented people working in AutoStore and our stakeholders in general is that we will continue the focus and attention on equalizing the gender balance in the company going forward as well as focus on diversity, equity and inclusion as a whole.

2021 was also marked by an increased focus on climate and the environment. The UN Sustainable Development Goals and the EU Taxonomy have continued to guide sustainable development in Europe, and the COP26 meeting in Glasgow put sustainability firmly at the top of national and corporate agendas worldwide. In the EU, buildings account for 40% of energy consumption and 36% of greenhouse gas emissions, and improving building energy efficiency is therefore key to achieving the ambitious goal of carbon-neutrality by 2050 and this is where we can contribute.

As a manufacturing business, AutoStore’s activities have both direct and indirect environmental impacts. In 2021, we initiated climate accounting on Scope 1, 2 and 3 emissions. Although our climate accounts are not yet comprehensive, we have taken an important first step. Going forward, we will adopt ambitious climate goals and map out how we can promote climate adaption and mitigation as described in the EU Taxonomy.

AutoStore’s warehouse robots use a variety of energy sources to stay operational and effective, and pick and deliver the right product at the right time. However, as our robots require no ventilation, heating, cooling and lighting, they consume exceptionally low amounts of energy compared to traditional storage solutions. Moreover, optimized recharging schedules allow us to avoid excessive charging, and the robots’ regenerative energy function recovers battery charge during braking and bin lowering. Developing such energy efficient solutions lies at the heart of our business. **Our mission has always been, and remains, to make a strong impact on the path to a more sustainable world and future for all.**

We reached a major milestone when we listed on the Oslo Stock Exchange in October 2021. This step has increased the number of AutoStore stakeholders, and we are highly aware of the expectations we face from investors with regard to environmental, social and governance topics. As a global company with close to 900 installations delivered in 45 countries, a large and diverse customer and supplier base, and 585 employees at the end of 2021, we recognize that we have a significant impact on the communities in which we operate.

Such influence comes with responsibility. Our value chain exposes us to direct and indirect ethical risks, and acting ethically and lawfully at all times is a key reputational factor. We have zero tolerance for illegal business practices and are developing an external whistleblowing mechanism for reporting irregularities which will soon be available on AutoStore’s external webpages. The whistleblowing channel is already available on our internal webpages.

Also in 2021, we updated our Code of Conduct and prepared a dedicated anti-corruption policy. Our next priority is to communicate the policy proactively to all stakeholders and provide staff training. We consider that the combination of a strong corporate culture, awareness training and good governance mechanisms helps reduce ethical risks and ensures a proactive approach to any misconduct.

At AutoStore, we regard sustainability measurement, management and reporting as long-term value drivers that help build resilience across the business. Ongoing identification and addressing of sustainability issues is a key aspect of delivering on our value creation strategy. Even more, we believe that our products and solutions will help our customers and partners meet their goals for a more sustainable world, and as such – through our wide network of partners – AutoStore can make a strong impact on our worlds path to a more sustainable future.

Karl Johan Lier
Chief Executive Officer

About AutoStore

About AutoStore

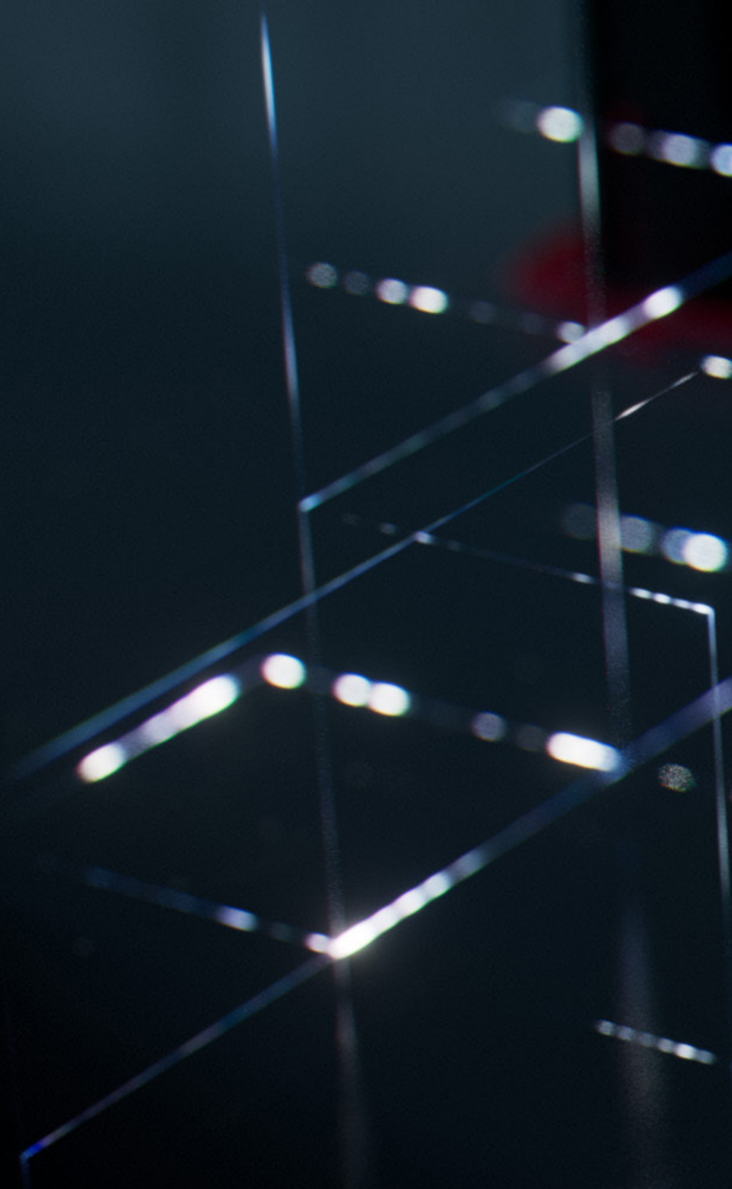
Founded in 1996, AutoStore is a robot technology company that has invented and continues to pioneer cube storage automation, the densest order-fulfillment solution in existence. The company's objective is to marry software and hardware with human abilities to shape the future of warehousing. To date, the company has installed close to 900 systems encompassing 35,000 robots in 45 countries and in a wide range of industries. All sales are designed, installed, serviced, and made by a network of qualified logistics system integrators called partners.

Demand for automated storage and fulfillment solutions that take up less space but still offer high-storage density is growing. AutoStore's systems reduce storage footprint by as much as 75% compared to traditional aisle-and-shelf systems, thereby boosting storage capacity by up to 4x.

20+
Partners

~900
Systems

45
Countries



Make the incredible happen!

Vision

We want warehouse automation to empower every business to make the incredible happen.

Mission

AutoStore saves space, time, and energy in your warehouse. So you can make the incredible happen.

Values

Lean. Transparent. Bold.

Locations

AutoStore is headquartered in Nedre Vats, Norway, and has a production facility and three warehouses in Poland as well as a warehouse in the U.S. The company's workforce is spread across the UK, U.S., France, Japan, Germany, Austria, South Korea, Italy, Spain, Singapore, Canada, and Sweden.

At the end of 2021, AutoStore had 585 employees, of whom 417 were men and 168 women.

Locations	Number of employees 2020	Number of employees 2021
Norway	140	214
UK	1	6
U.S.	29	58
Poland	171	265
France	1	6
Japan	3	5
Germany	8	13
Austria	1	5
South Korea	1	5
Italy[1]	-	2
Spain[1]	-	1
Singapore[1]	-	1
Canada[1]	-	3
Sweden[1]	-	1
Total	**355**	**585**

● Countries where AutoStore has its operation

[1] Offices established in 2022.

Key figures

Revenue

USD 327.6 million

Adjusted EBITDA*

USD 158.4 million

Equity ratio

65.3%

AutoStore is listed on the Oslo Stock Exchange (OSE) under the ticker AUTO.

* Refer to the Alternative Performance Measures (APMs) section on page 218 for further details of the adjustment items.

Economic impact and tax information

AutoStore creates value in the countries in which it operates, both directly through the payment of taxes, dividends and wages and indirectly through the purchase of goods and services from local suppliers.

In 2021, labor costs amounted to USD 102.3 million, including capitalized R&D expenses. Labor costs accounted for 31.2% of sales revenue. The company purchased goods and services valued at USD 107.8 million, and taxes paid by the group came to USD 24.7 million.

Tax paid by country[2]	2020	2021
Norway	12.00	15.11
UK	0.05	-
U.S	0.17	0.72
Poland	7.30	8.48
France	1.20	0.05
Japan	-	0.03
Germany	0.20	0.23
Austria (New)	-	0.06
South Korea	-	-
Italy (New)	-	0.01
Spain (New)	-	0.02
Total	**20.92**	**24.71**

[2] Taxes are calculated from corporate income tax, social security tax, payroll tax and other taxes paid directly to governmental institutions by the entities.

Sectors served

AutoStore's expertise is automated storage and retrieval. The company serves a range of different sectors, with a significant exposure to e-commerce sectors.

Grocery

Automating operations and warehousing allows suppliers to deliver an efficient online service and concentrate on providing great in-store experiences.

Retail/e-commerce

Facilitating faster delivery and increased energy efficiency. AutoStore brings retailers closer to customers by providing flexibility to scale where the market is, ensuring that companies keep up with market trends and maintain visibility.

Third Party Logistics (3PL)

Warehouse automation strengthens service offerings by allowing users to increase data visibility and reduce labor costs. It also gives 3PLs flexibility to scale according to customer demand and provide a service that adapts to business developments. Customers can be added or amended without having to rebuild the entire warehouse.

Industrials

Increasing supply-chain resilience means fewer setbacks like stock losses and errors, and thus that more customers can count on seamless delivery.

Healthcare

Maximizing the use of space allows more production to be brought onshore and increases total visibility and control over the supply chain.

Supply chain

Corporate governance

AutoStore's business activities and internal operations are conducted with a high level of integrity and with a clear ambition to be a responsible company, acting ethically and lawfully in every segment of our value chain.

"Ensuring good corporate governance is of essential importance to both AutoStore and its Board of Directors. We strongly believe that good governance leads to ethical business practices, which in turn will lead to financial viability and trust."

Magnus Tornling, board member

The company seeks to comply with applicable laws and regulations, promote and respect human rights and act in a socially responsible manner. Robust corporate governance provides a foundation for long-term value creation for the benefit of employees, shareholders and other stakeholders.

The Board has adopted governance principles to ensure a clear division of roles between the Board, management and shareholders. AutoStore is also subject to the Norwegian Code of Practice for Corporate Governance (NUES) issued by the Norwegian Corporate Governance Board. The NUES Code is designed to ensure that companies listed on regulated markets in Norway regulate the division of roles between shareholders, directors and executive management more comprehensively than required by legislation.

The 2021 corporate governance statement has been approved by the Board and can be found in the relevant section of AutoStore's Annual report for 2021.

The annual general meeting is AutoStore's supreme governing body, and therefore also the primary opportunity for shareholders to influence the company's sustainability policy. AutoStore's Board bears ultimate responsibility for the company's sustainability practices, and the sustainability report is discussed and approved by the Board. The management team is responsible for AutoStore's strategy, development and day-to-day work, and thus also for compliance with legislation, regulations and the company's Code of Conduct, as well as appropriate and effective initiatives to ensure goal achievement.

The CEO is responsible for groupwide implementation and enforcement of the Code of Conduct, while departmental managers are responsible for implementing and enforcing it in their respective departments.

AutoStore's stakeholders

AutoStore's stakeholders

AutoStore last conducted a stakeholder analysis in November 2020 under the auspices of an interdisciplinary working group composed of employees representing finance, HR and management, as well as external advisors.

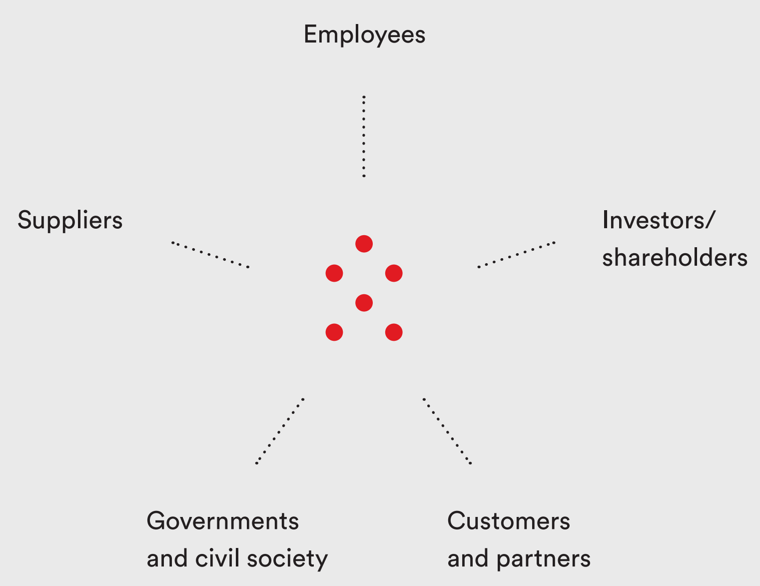
Employees
AutoStore's employees are primary stakeholders who both directly affect and are directly affected by AutoStore's internal policies and activities.

Investors/shareholders
AutoStore's investors are primary stakeholders and directly affect the company's priorities and strategic direction.

Customers and partners
AutoStore's customers directly affect the company economically, and customer expectations guide AutoStore's sustainability priorities.

Governments and civil society
Governments and regulatory authorities have a direct and indirect impact on AutoStore and its operating conditions. Local communities are indirectly affected by the company's activities through job creation, tax payments and environmental impact.

Suppliers
Suppliers are affected by AutoStore directly in financial terms, and indirectly by the company's focus on responsible business practices and resulting expectations on suppliers.



Stakeholder dialogue

AutoStore seeks to maintain active dialogue with stakeholders to strengthen its links with and understanding of the communities in which it operates. Stakeholder dialogue is also a tool for detecting, investigating and managing potential risks. Stakeholder dialogue is both a means and an end in itself, as systematic dialogue is a key objective of the GRI Standards and forms part of the GRI Management Approach.

The company's approach to sustainability is based on the stakeholder dialogue conducted in November 2020.

External advisors have facilitated this dialogue on behalf of AutoStore, conducting phone/video interviews with representatives from key stakeholder groups such as employees, customers, shareholders, and suppliers. The stakeholder dialogue process also included document reviews and industry-level sustainability overviews.

The company will maintain an active dialogue with all stakeholder groups for the purpose of future sustainability reports.

Stakeholder group	Expected of AutoStore	Arena for dialogue
Employees	– Provide a healthy and safe working environment for employees – Comply with laws and regulations in terms of ethical business operations, human rights and anti-corruption	– Folder/leaflet – Website – Email – Working environment committee meetings – Employee survey
Investors/shareholders	– Comply with laws and regulations in terms of workers' rights, human rights and anti-corruption	– Reporting – Board meetings – Questionnaires – Direct communication
Customers and partners	– Ensure responsible sourcing of materials and focus on a circular economy and proper waste management – Energy-efficient operations	– Newsletter – Training – Website – Quarterly business reviews
Governments and civil society	– Ensure responsible sourcing of materials and focus on a circular economy and proper waste management	– Written communication – Documentation through online system
Suppliers	– Comply with laws and regulations in terms of ethical business operations, human rights and anti-corruption	– Folder/leaflet – Website – Email – Supply chain management through supplier evaluation forms and yearly audits of critical suppliers

Materiality assessment

AutoStore's materiality assessment is based on the stakeholder dialogue. The materiality assessment was conducted by the group's in-house sustainability task force, which comprised of employees representing HR, finance and management. The task force identified the following material topics:

- **Ethics and integrity, including anti-corruption**
- **Working environment, including HSE and diversity**
- **Environment, including energy use and material use and disposal**

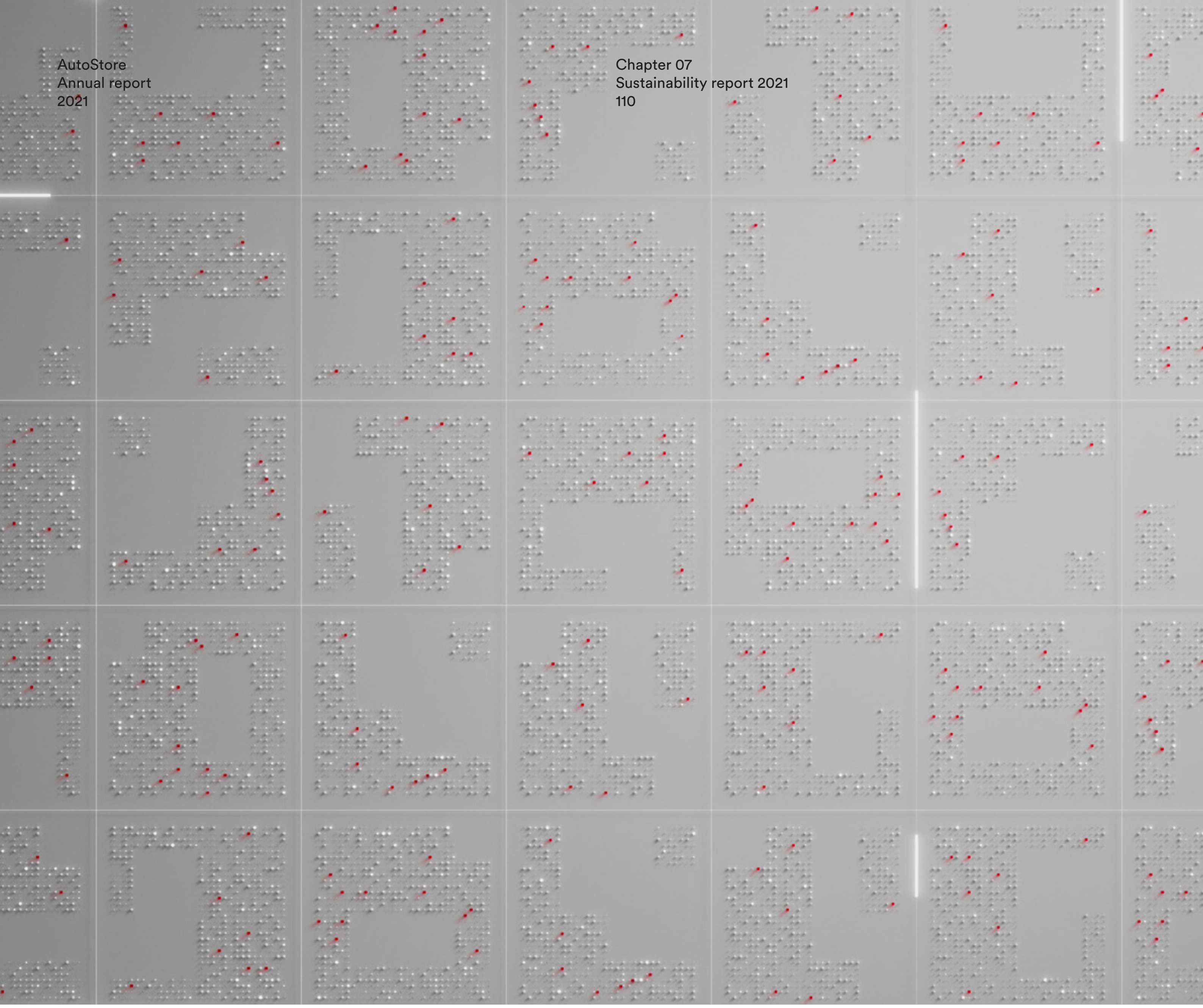
The results are presented in the following materiality matrix, with topics considered material for AutoStore shown in the upper right section.

Influence on stakeholder assessment and decisions

	Moderate	Significant	Material
Material			– Energy use and efficiency – Material use and disposal – Business ethics – Anti-corruption – Working environment – Health and safety in the workplace – Diversity and inclusion
Significant		– Local value creation – Training and development – CO2 emissions	– Social and labour conditions – Data privacy and security
Moderate	– Certifications – UN Sustainable development goals		

Significance of economic, environmental and social impacts

Reporting on material topics



Reporting on material topics

The suggested overarching sustainability topics and their relevance to AutoStore is described in greater detail on the next few pages. This includes an explanation of why each topic is considered material, as well as the company's current performance and future goals/KPIs. These chapters include reporting according to GRI 205 Anti-corruption, GRI 401 Employment, and GRI 405 Diversity and Equal Opportunity.

Business ethics and integrity

AutoStore is directly and indirectly exposed to ethical risks through its global business operations. To mitigate such risks, the company has to prioritize good corporate governance – including anti-corruption policies and respect for human rights – and ensure regular follow-up. Working with suppliers, customers and employees across borders allows AutoStore to promote a proactive approach to ethics, including through assessment of corruption risk, awareness-raising, and staff training.


Photo: Zbigniew Wantuch

"Our reputation for integrity and transparency are some of our most important assets. AutoStore prioritizes good corporate governance, and we expect the same high standards of those who represent us. We know that good corporate governance will contribute to the greatest value creation for all stakeholders over time."

Hiva Ghiri, VP Investor Relations

Anti-corruption

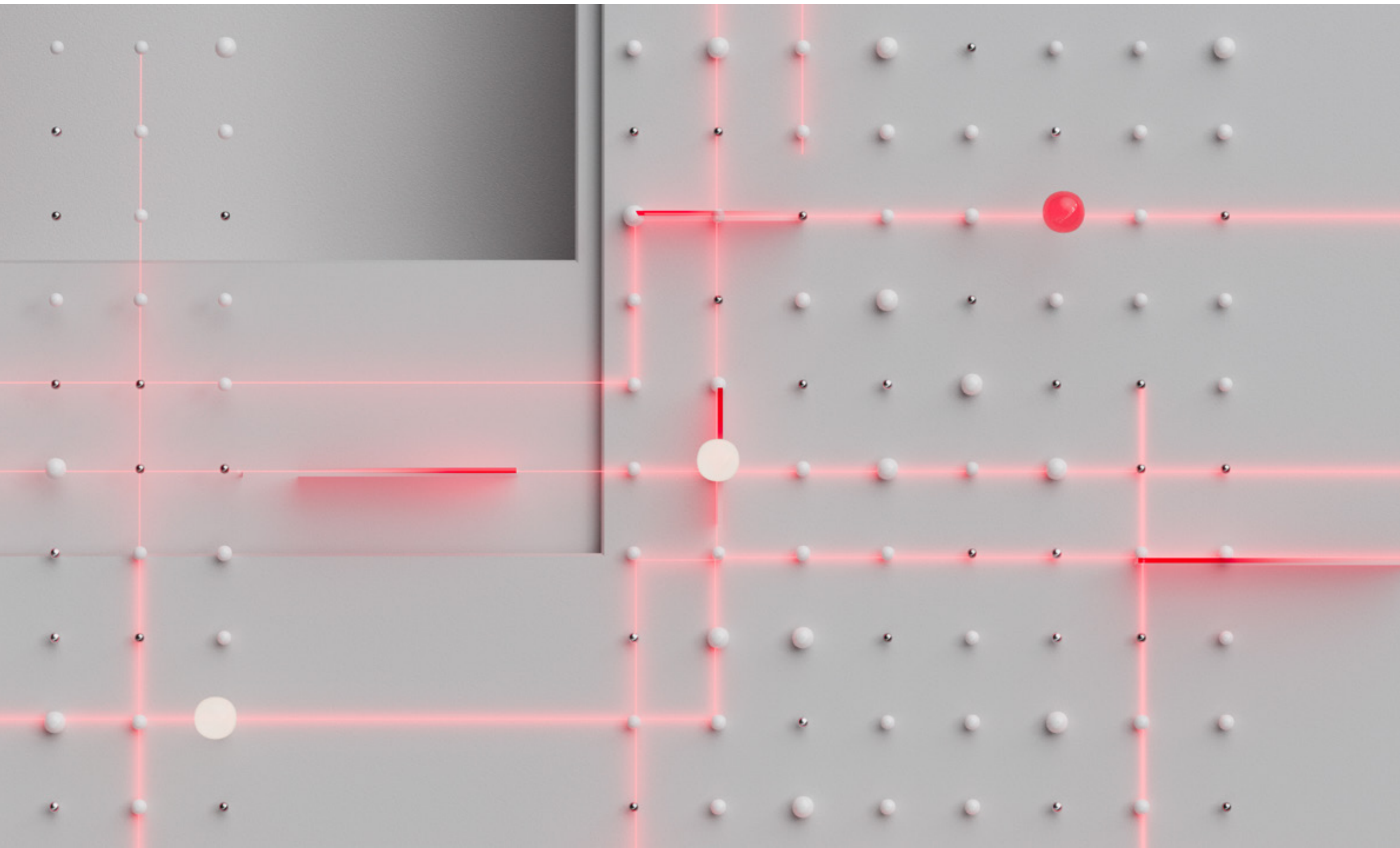
AutoStore has zero tolerance for corruption. The company operates in compliance with national and international laws and regulations, including (but not limited to) the Norwegian Human Rights Act, Anti-Money Laundering Act and Penal Code with related regulations. The company does not operate in any countries with a higher perceived corruption risk according to the Corruption Perception Index (CPI).

Our ethical guidelines are set out in our Code of Conduct, the key governing document for all persons working for or on behalf of AutoStore. The Code of Conduct was updated in 2021, and now includes a 'read and confirm' option in the HR system which all staff will be required to complete in 2022.

AutoStore adopted a dedicated anti-corruption policy in 2021 which contains detailed information on topics such as corruption and bribery, fraud, conflicts of interest, money laundering, confidentiality, insider information, and insider dealing. The next steps include adoption of the anti-corruption policy by AutoStore's Board and providing refresher training for AutoStore's governing bodies and employees.

All employees are required to understand and identify potential conflicts of interest, and all staff have been informed of their responsibilities in such cases. The company has also signed an agreement with Traliant, which will provide active and engaging e-learning to all employees on relevant topics, including the Code of Conduct and the anti-corruption policy.

While AutoStore's CEO bears primary responsibility for compliance with the Code of Conduct, all employees – including AutoStore's Board of Directors – have an obligation to familiarize themselves and comply with the Code's requirements.



Purchasing of goods and services – AutoStore and its suppliers

AutoStore's suppliers must comply with applicable laws and regulations in all countries in which they operate, deliver and/or sell goods and services. Where local legal requirements are less stringent than international standards, suppliers are required to comply with the most up-to-date international standards.

In 2021, AutoStore adopted supply chain business ethics requirements for purchases of goods and services. These requirements include information on topics such as labor and social conditions (including forced and child labor), working hours and compensation, non-discrimination, health and safety, the environment, business ethics (including corruption, bribery and money laundering), and data protection.

The company actively communicates its anti-corruption policies and procedures to business partners and suppliers. As of 2021, the supply chain business ethics requirements are communicated to and incorporated into contracts with all new suppliers, and suppliers are required to confirm that they have read and understood them. By year-end 2021, 63% of AutoStore suppliers had signed the document. The aim is to have all critical suppliers (i.e. suppliers producing AutoStore-designed parts) sign the document in 2022.

Before signing contracts with partners and suppliers, AutoStore conducts risk assessments and evaluations covering anti-corruption, business ethics and human rights. For critical suppliers, such risk assessments are carried out annually. During the assessments, AutoStore asks suppliers to submit all necessary and/or required documents to confirm compliance with the Code of Conduct.

Suppliers are also screened by reference to AutoStore's audit checklist, which covers topics such as management policies, quality management standards (QMS), training and motivation of employees, finance, and product and process safety. The audit checklist was updated in 2021, and is currently used in all supplier audits.

AutoStore is not currently a member of any external business ethics initiatives, but has established its own quality process and applies in-house quality assurance reporting guidelines.

Reporting irregularities

Employees are required to report all ethical issues or matters that could entail breach of laws and thus legal liability, loss of value or reputational harm to AutoStore to their nearest line manager, the Chief Exectuive Officer and/or the Chief People & Information Officer. Such reports must include a comprehensive written statement setting out the relevant circumstances.

In 2021, AutoStore signed an agreement with SafeCall to provide an external whistleblowing mechanism. The mechanism will allow employees to report any wrongdoing by the company or its employees in areas such as:

- Bribery and corruption
- Bullying
- Compliance breaches
- Discrimination
- Environmental breaches
- Fraud/theft
- Harassment
- Health and safety breaches

The external whistleblowing mechanism does not replace internal reporting processes, but is intended as an alternative for employees who do not wish to use internal options. Staff awareness-raising and training on whistleblowing are planned for 2022, as is an update of AutoStore's external website to include a page for reporting concerns.

When a report is filed, HR promptly initiates an investigation, contacting relevant parties to fully understand what has happened and consider or recommend necessary actions and/or follow-up procedures. Compliance with confidentiality, labor law and data protection requirements is a top priority, and documents are stored in accordance with relevant requirements. Once an investigation is completed, relevant corrective measures are implemented and a summary report is communicated to relevant parties (including management).

There were no confirmed incidents of corruption in 2021. Zero contracts were terminated or not renewed due to corruption-related violations. AutoStore is not aware of any legal cases regarding corruption being brought against the company or its employees in the reporting period.

Goals and targets for business ethics and integrity

Topic	2021 goals	Status		2022 goals
Reporting concerns	Establish an anonymous and external whistleblowing mechanism.	**Completed** Agreement signed with SafeCall and external whistleblowing mechanism established.		Provide training on how and when to report irregularities by reference to internal policies and through the external whistleblowing mechanism. Update the external website with a page for reporting concerns.
Suppliers and business partners	Communicate our anti-bribery policy to partners and suppliers more proactively and provide this information when signing contracts with new suppliers.	**Ongoing** The Supply Chain Business Ethics Requirements have been sent to all suppliers. To date, 63% of critical suppliers have signed the Supply Chain Business Ethics Requirements.		Update and publish the Supply Chain Business Ethics Requirements on AutoStore's website. 100% of critical suppliers have signed the Supply Chain Business Ethics Requirements.
Code of Conduct	Initiate regular e-learning on the Code of Conduct for existing employees and incorporate this into the onboarding process for new employees.	**Not started** Regular learning has been postponed due to revision of the Code of Conduct and implementation of a new HR system. Training will continue in 2022.		100% completion rate for Code of Conduct training for new and existing employees. 100% of employees have signed the Code of Conduct. Publish the Code of Conduct on AutoStore's external website.
External initiatives		**New.**		Become a UN Global Compact signatory.
Governance		**New.**		Set up ESG governance structure. Start reporting according to GRI 412 Human Rights.

Working environment

“Our people is our most valuable asset. Having a supportive working environment that fuels our people’s and our organization’s growth is of vital importance to the continued success and journey for AutoStore, also going forward.”

Anette Matre, Chief People and Information Officer

Photo: Truls Qvale

Employees make up a key stakeholder group that is directly affected by and has a high impact on AutoStore’s operations and business success. The ability to attract and retain skilled workers and maintain a safe and healthy working environment is critical to both the company and its stakeholders. AutoStore can impact the working environment directly through its policies, or indirectly through active dialogue with employees, employee representatives and/or unions.

AutoStore operates in accordance with local working environment acts in all countries where it is located, and the company’s internal guidelines on the working environment and workers’ rights are set out in the Employee Handbook, which also contains information on work regulations and health and safety.

The company has two employee representatives in Poland and three in Norway, who are responsible for conveying information and/or concerns about the working environment to management. Employee representatives frequently participate in discussions with management on matters such as salary negotiations and pension schemes.

The company has also formed a work environment committee (WEC) mandated to ensure and proactively promote working conditions in all locations that are satisfactory from an HSE and welfare perspective. The WEC meets annually or as required to investigate and discuss non-conformances, findings from the annual working environment survey and rates of absence. The WEC is also responsible for setting and following up yearly KPIs and targets relating to health and safety.

Many of AutoStore’s employees in Norway are members of Tekna (the Norwegian Society of Graduate Technical and Scientific Professionals) or other relevant unions. Union membership is less frequent in other countries where AutoStore is present. The company does not have a collective bargaining agreement for employees, but AutoStore’s remuneration policy is set out in both the Employee Handbook and the Department Managers Handbook.

AutoStore's values

AutoStore's vision, mission and values shape the why, what and how of our business activities. They drive our decisions and inform the AutoStore company culture. Our values are used actively when onboarding new employees and are a major element of day-to-day internal communications.

AutoStore's company structure is egalitarian, with an open-door policy among leaders and managers. The working environment is generally perceived to be good, and employees are encouraged to share their opinions on how the working environment can be improved.

AutoStore was not involved in any legal proceedings regarding the working environment or employment issues during the reporting period.

Lean

We continuously strive to create more customer value with fewer resources and the elimination of waste, while maintaining full focus on quality, delivery, and cost.

Transparent

We approach tasks with a focused mind and promote team-work through transparency and open dialogue. We are fair and easy to do business with.

Bold

We are here to change the industry for the better through great innovations. We have the creativity, courage and willingness to take risks.

OneAutoStore

In 2021, AutoStore introduced a company health and wellness program – 'OneAutoStore'. The objective of OneAutoStore is to provide and promote tools to improve the overall working environment to ensure that employees thrive and enjoy spending time at work.

Through the OneAutoStore program, employees complete surveys, participate in digital sessions and webinars on topics like the working environment and mental resilience, and partake in other activities such as global relays, social events and team building in different locations (e.g. corporate soccer, biking, etc).

OneAutoStore is designed to encourage employees to share their stories, input and opinions on the internal working environment. Examples include naming suggestions for the group's intranet and creating Christmas-greeting videos. Such measures help build a strong corporate culture in which everyone feels part of the AutoStore family. Line managers have also been coached by a psychologist on focusing on and building awareness of team members' mental health and wellbeing.

Through the program, the company has also identified partners to help promote general employee wellbeing. In 2021, AutoStore partnered with the Swedish active clothing brand Houdini as part of encouraging a healthy lifestyle and helping people to stay active. The partnership gives employees the opportunity to choose training gear – sponsored by the company – that fits their personal style and training preferences.

Employee survey

The company conducts employee surveys every other year. In 2021, this was done for employees in all locations except Poland, with participation rate of 79%. The survey asked employees about topics such as job autonomy, collaboration, bullying and harassment, dialogue with management, communication and information, and their sense of growth and belonging.

The company plans to conduct employment engagement surveys with employees in all locations in 2022, as well as frequent Pulse surveys.


Photo: Marius Beck Dahle

Key highlights from the 2021 employee survey

Positive trend on all questions

91%

reported being very satisfied with their place of work.

90%

stated that they feel they can speak up even though they are not part of the management team.

86%

said that they feel part of the AutoStore family.

81%

were very or highly likely to recommend AutoStore as an employer to others.

Development programs for employees and line managers

AutoStore designed a brand-new people development program in 2021, with the aim of increasing employee retention and instilling a culture of continuous learning. The new program supports on-the-job training, drives a strong feedback culture, and has an overarching focus on shared responsibility for personal- and professional development. Line managers set clear expectations, but each person is accountable for their own growth. The program comprises five components: Goal Setting, Huddles (informal check-ins), Mid-Year review, Year-End Review and Development Discussions. HR launches the individual components and partners with line managers to deliver a valuable experience to each employee.

Line managers are enrolled in the Leadership Awareness Program (LAP), which was introduced in Q4 2021. The LAP program is designed to support line managers in all aspects of their responsibilities, but also to align and build a coherent approach to leadership throughout the organization. Three formal trainings are arranged throughout the year, and one formal training was completed in 2021.

Photo: Haakon Nordvik

Recruitment policy and strategy

In 2021, AutoStore developed a recruitment strategy and policy to ensure that hiring practices are aligned with overall company strategy. The goal when recruiting is “to deliver an engaging candidate experience, fit for purpose and in line with the company strategy”, which encompasses the following objectives:

- AutoStore shall have a recruitment process that is global, with minor local adjustments
- The company shall build a selection process based on best practices and research
- AutoStore shall enhance the company’s values and culture and promote equality and diversity by focusing on objective selection criteria
- Specifically, AutoStore shall adopt best practices to reduce bias and prejudice in recruitment

Specific steps in support of the overall recruitment goals are taking ownership of recruitment processes by increasing in-house involvement in recruitment and focusing on establishing strong partnerships with external suppliers that understands the company’s needs and culture and comply with ethical and quality standards.

AutoStore has invested in additional in-house recruitment resources, recruitments tools, and training on recruitment and selection for both HR professionals and hiring managers. The company has successfully introduced an HR system that includes an applicant-tracking module to ensure ownership of recruitment processes, talent acquisition and employer branding. The company will focus on the employer value proposition and the Group’s values in all aspects of internal and external communication and processes.

New hires and employee turnover [3]

Newly hired employees

			2020			2021
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Total number of newly hired employees	74 (80%)	18 (20%)	92 (100%)	162 (64%)	92 (36%)	254 (100%)
Newly hired employees in Norway	44 (78%)	12 (21%)	56 (100%)	62 (77%)	19 (23%)	81 (100%)
Newly hired employees in Europe (excluding Norway)	18 (82%)	4 (18%)	22 (100%)	62 (50%)	62 (50%)	124 (100%)
Newly hired employees in the rest of the world	12 (86%)	2 (14%)	14 (100%)	37 (79%)	10 (21%)	47 (100%)

Employee turnover

Number of employees that have left the company[4]	–	–	–	29	22	51

[3] Grey lines indicates that the company has not been able to collect data.
[4] Total turnover in 2021 was 10.9%, which is calculated as the number of employees leaving the company, divided by the average number of employees in 2021.

Diversity and inclusion

Companies face increasing expectations regarding corporate action on, and transparency about, diversity and equal employment opportunities. AutoStore is committed to building a world class workforce and to make sure the company's selection processes actively foster equal opportunities and diversity.

The company prohibits discrimination in any form, whether based on political views, union membership, sexual orientation, disability, and/or age. In addition to complying with the Norwegian Working Environment Act, AutoStore also operates in accordance with the Norwegian Gender Equality Act – which protects staff against gender-based discrimination – and the Norwegian Anti-Discrimination Act, which guards against discrimination on the grounds of ethnicity, religion and similar factors.

AutoStore's workforce grew by 230 employees (64.8%) in 2021. To date, 572 employees (97.8%) are permanently hired, while 5 (0.9%) are part-time employees and 8 (1.4%) are temporary hires.

The proportion of women grew from 27% to 29% in 2021, and AutoStore will continue to focus on equalizing the gender balance. The Board, which did not include any women in 2020, gained three female members in 2021, bringing the ratio of women directors to 33%.

Photo: Haakon Nordvik

230

new employees in 2021

29%

of employees are women

33%

of board members are women

Pursuant to its activity duty for employers (aktivitets- og redegjørelsesplikt), AutoStore is reporting the following employee data:

Gender balance

AutoStore's workforce			**2020**			**2021**
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Total workforce	259 (73%)	96 (27%)	355 (100%)	417 (71%)	168 (29%)	585 (100%)
Management	6 (75%)	2 (25%)	8 (100%)	5 (83%)	1 (17%)	6 (100%)
Board of Directors	8 (100%)	0 (0%)	8 (100%)	6 (67%)	3 (33%)	9 (100%)
Norway	127 (85%)	22 (15%)	149 (100%)	171 (80%)	41 (20%)	212 (100%)

Part-time and temporary hires

AutoStore's workforce			**2020**			**2021**
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Total workforce, full-time employees	257 (74%)	92 (26%)	349 (100%)	401 (70%)	171 (30%)	572 (100%)
Total workforce, part-time employees	2 (33%)	4 (67%)	6 (100%)	3 (60%)	2 (40%)	5 (100%)
Temporary hires	1 (100%)	0 (0%)	1 (100%)	6 (75%)	2 (25%)	8 (100%)
Total number of involuntary part-time employees, Norway	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)

Parental leave

AutoStore's workforce in Norway			**2020**			**2021**
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Permanent employees on leave	8	0	8	14	1	15
Total number of weeks	36	0	36	150	3.2	153.2

Salary distribution (excluding Poland) [5, 6]

AutoStore's workforce	2020		2021	
	% of female	% gender difference in salary	% of female	% gender difference in salary
Total workforce	–	–	19%	89.8%
Total managers	–	–	14%	89.9%
Total employees	–	–	19%	92.2%

Temporary and part time employees receives the same benefits as full time employees. The general data protection regulation (GDPR) puts limits on what organisations can do with personal data. Although AutoStore is required to provide a statistical mapping on gender equality, Bufdir (The Norwegian Directorate for Children, Youth and Family Affairs) states that there must be at least five of each gender in a subgroup to publish the results regarding gender pay.

Hence, the numbers in the salary table above is presented at high level for the company, which has been discussed with company representatives.

Guidelines for remuneration for leading individuals will be discussed and approved in the annual general meeting (AGM) in May 2022.

Age distribution

Employee's age	2020			2021		
	Under 30	30–50	Over 50	Under 30	30–50	Over 50
Company total	82 (23%)	248 (70%)	25 (7%)	165 (28%)	360 (61%)	60 (10%)
Management	0 (0%)	3 (33%)	5 (66%)	0 (0%)	3 (50%)	3 (50%)
Board of Directors	0 (0%)	3 (37.5%)	8 (62.5%)	0 (0%)	6 (67%)	3 (33%)

[5] Grey lines indicates that the company has not been able to collect data.
[6] Ratio of the basic salary and remuneration of women to men for each employee category. Bonus and overtime not included.

Diversity and equality initiatives

In 2021, AutoStore initiated collaboration with Ada, a Norwegian organization working to increase the number of women obtaining technological qualifications. As part of this collaboration, AutoStore will participate in the Girl Project, which promotes the recruitment and retention of women technology students.

AutoStore is continuously working to improve its job postings to attract a diverse range of applicants. The company is consciously revising its communications and using images and wording known to attract female applicants and candidates with a minority or international background. All job postings and advertisements are written in English.

The company is currently developing a diversity policy for implementation in 2022, and will also develop a social media strategy with the aim of reaching a wider and more diverse audience.

At present, five members of AutoStore's management group are Norwegian, while one is Spanish. Four board members are U.S citizens, three are Norwegian and two are Swedish. Overall, more than 25 nationalities are represented in AutoStore's workforce.

Photo: Klaus Vedfelt, Getty Images

AutoStore joins Ada

In 2021, AutoStore initiated collaboration with Ada – a project aimed at increasing the number of women in tech.

The Ada project started at the Faculty of Information Technology and Electrical Engineering at NTNU – the Norwegian University of Science and Technology.

It connects businesses and students with the aim of creating valuable networks and making students aware of their career opportunities. The overarching goal is to inspire women technology students and thus increase the number of women working in the tech industry.

AutoStore began working with Ada in Q4 2021. The formal partnership will start in 2022, and the company is looking forward to engaging with women tech students to build a more diverse workforce.

Photo: Kai T. Dragland, NTNU

Occupation health and safety

Securing safe and healthy working conditions for its employees is a high priority for AutoStore. The company has a direct and indirect opportunity and responsibility to minimize health and safety risks through its policies and processes, and by adopting a proactive approach to work-related health and safety.

AutoStore's health and safety policies and processes are outlined in the Employee Handbook and the Code of Conduct. The company continuously seeks to improve health and safety in its offices and at its production facility by enforcing regulations and communicating with employees about health and safety risks and hazards. AutoStore has appointed one HSE representative in Poland and one in Norway. A safety representative has also been appointed for the Norwegian headquarters, while the production facility in Poland has a fire chief.

AutoStore's CEO bears overall responsibility for health and safety in the company, together with the Managing Director in Poland and the Managing Director in the U.S. As one of the main objectives of the Norwegian Working Environment Act is to ensure that employees participate in and influence the design of their own working environment, employees at AutoStore have been involved in the development, implementation and evaluation of the company's occupational health and safety management system.

Photo: RUNSTUDIO, Getty Images

Risks and opportunities

AutoStore's employees, particularly at the production facility and the three storage facilities in Poland and the one storage facility in the U.S, are exposed to health and safety risks such as heavy lifting, fire and fall incidents, cuts, collisions and noise damage, as well as moving forklifts and exposure to potential toxic emissions when working with lead-acid and lithium-ion batteries that could get damaged. At the sales offices and headquarters in Norway, HSE risks are primarily linked to the negative impact of sedentary work. Extensive working from home during the Covid-19 pandemic has potentially further increased these risks. To reduce strain from static sitting positions, all employees have a desk they can raise to a standing position, and office chairs are ergonomically adaptable. In Norway, AutoStore employees have access to licensed medical professionals through the medical insurance.

The company is continuously working to improve its working environment through training and active communication with employees on health and safety risks. New staff undergo training during onboarding and are introduced to fire-safety regulations during their first week at work. Employees in Poland complete periodic training tailored to their actual work position in accordance with Polish laws and regulations.

AutoStore holds annual fire drills at the production site in Poland, as well as regular fire training by professional firefighters. In 2021, 86% of employees completed fire training. The most recent training event took place in September and October 2021, with a further event planned for 2022.

Fire safety training in Poland 2021

"The role of education in fire safety is extremely important because, in the end, it is the people that make the difference. Taking part in firefighting training held by the fire brigade at our facility was a great opportunity to increase my fire safety awareness."

Anna Witkowska
Production team leader, Poland

Photo: Karolina Magnowska, Deber Studio

AutoStore's ambition is to experience zero damage or injury to people, materials and the environment. Maintaining a comprehensive overview of all incidents and accidents that may occur in AutoStore's working environment is therefore critically important. This is why the company continuously monitors incidents and injuries and practices intensive monitoring of workstations at high-risk production sites. AutoStore employees report incidents to their direct supervisors, who in turn report to HSE representatives.

In 2021, 14 incidents were reported by AutoStore's employees. Three of the incidents were related to robot assembly, two were related to heavy lifting, and two incidents were connected to balancing on the grid. The other injuries were of minor character. None of the incidents led to permanent injuries. In all cases, AutoStore's safety procedures have been followed, and new routines have been set in place where necessary. When needed, the incident is discussed in a wider group and additional safety training is organized.

The sick leave rate in Norway was 1.5% in 2021, a low figure in a national context. For the rest of the world, the sick leave rate was 3.2% during the reporting period.

Injury rate [7, 8]

AutoStore's workforce	2020			2021		
	Norway	Europe	Rest of the world	Norway	Europe	Rest of the world
Injury rate	2,097	–	–	935	3,344	2,778
Work injuries (total number)	3	–	–	2	10	2
LTI (lost time injuries, number of injuries that have led to sick leave)	0	–	–	0	880 hours (Poland)	1
Deaths caused by work injuries	0	–	–	0	0	0

7 Grey lines indicates that the company has not been able to collect data.
8 Injury rate is calculated as the number of new cases of injury during the calendar year divided by the number of workers in the reference group during the year, multiplied by 100,000.

AutoStore systems

As the company develops robotic storage and fulfillment systems featuring fast-moving parts and components, workers face potential health and safety risks such as pinch point hazards and fire risk. While customers bear formal responsibility for health and safety in their individual working environments, AutoStore seeks to reduce such risks indirectly by actively informing and communicating with customers.

AutoStore always provides customers/partners with relevant fire-safety guidelines and recommendations. Ongoing full-system fire tests are conducted for customers in both Europe and the U.S., including testing of sprinkler configurations, height ratios relative to overhanging ceilings and compact storage-unit density. Testing shows that, even during storage of high-density combustible materials, fire risk is limited by a lack of oxygen in the storage grid. To AutoStore's knowledge, there were no fire incidents at any of its storage facilities in 2021.

Inside the EMC test chamber (Awitar) at RISE in Sweden.
Photo: RISE.

Regarding other directives, AutoStore complies with:

- **LVD – Low Voltage Directive:** This test exposes modules to artificial faults and stresses to ensure that heat does not develop and become an ignition source or present a risk to personnel.
- **EMC – Electromagnetic Compatibility Directive:** This test is performed to ensure that modules do not adversely affect other machines and are not affected by electro magnetic radiation. The extensive examination includes testing for antistatic interference.
- **EU Machinery Directive:** This directive is intended to ensure that machinery is safe to use and does not present a risk of physical injury to users.
- **RED – Radio Equipment Directive:** As some AutoStore products incorporate radio transceivers, it is extremely important that legally-established frequency wavelengths are not breached. This test covers transmitter power and the frequency range of products.
- **ETL – Electrical Testing Laboratory:** The ETL Mark is recognized as proof that a product complies with North American safety standards, and is accepted by authorities and code officials across the US and Canada as proof of compliance with established industry standards. The mark is accepted by retail buyers for purchasing purposes, while consumers recognize it as a symbol of safety.

Goals and targets for the working environment

Topic	2021 goals	Status		2022 goals
Employee surveys	Increase the frequency of employee surveys from every two years to every eighteen months.	**Completed.** Employee survey conducted in 2021 and is planned for 2022.		Conduct the employee survey in all countries, including Poland. KPI response rate: at least 85% in 2022. In addition to annual employee engagement surveys, AutoStore will also carry out Pulse surveys throughout the year.
Fire safety	Hold a fire drill in Poland.	**Completed.** Fire drill held in Poland in September and October 2021.		Arrange fire drills twice a year.
Occupational health and safety	Continued focus on Covid-19 and precautionary measures for all employees.	**Completed.** The company has maintained its focus on precautionary measures relating to the Covid-19 pandemic throughout 2021.		Zero vision for work-related incidents. Start preparations for ISO 45001 occupational Health and Safety certification and obtain such certification in 2023.
Working environment		**New.**		Continue developing the OneAutoStore program and consider ways to improve it. Continue developing the LAP development program and consider ways to improve it.
Diversity initiatives		**New.**		Continue to attract and retain more women and talents with a diverse background. Strengthen efforts related to equal opportunities by actively promoting and participating in the Ada Girl project.

Environment

As a manufacturing business, AutoStore's business activities have both direct and indirect environmental impacts. The company's main environmental impacts are linked to transportation, energy use, business travel, purchased goods and services and waste generation.

To mitigate AutoStore's environmental footprint, environmental precautions are considered throughout the production and distribution chain, from raw material production to retail. The company is continuously working to reduce the overall environmental footprint of its operations.

"Having full overview of our climate impact is important to us. At AutoStore, we are constantly searching for new ways to reduce our environmental footprint and sourcing sustainable material where we can. Reusable transport packaging and minimizing waste are two areas we work with."

Adam Sidorowicz
Improvement & Special Project Manager

Photo: Karolina Magnowska, Deber Studio

Climate accounting

AutoStore started climate accounting in 2021 using CEMAsys' digital solution, and a full climate report can be found on the company's website. The input data in the report is based on consumption data from internal and external sources, which are converted into tonnes CO2-equivalents (tCO2e). The analysis is based on the international standard; *A Corporate Accounting and Reporting Standard,* developed by the Greenhouse Gas Protocol Initiative (GHG Protocol), which is the most widely used and recognised international standard for measuring greenhouse gas emissions and which also forms the basis for the ISO standard 14064-I.

In 2021, AutoStore had total greenhouse gas emissions of 372,660.9 tons of CO2 equivalents (tCO2e). The data included is collected from AutoStore locations with more than 15 employees, including the company's offices in Norway, Poland and the US, as well as the production facility in Poland.

Climate accounting

Emissions	**2021**	**Percentage of total emissions**
Scope 1	17.8 tCO2e	Less than 0.1%
Scope 2	718.8 tCO2e w	0.2% of total emissions
Scope 3	371,924.3 tCO2e	99.8% of total emissions

Scope 1 emissions include consumption of fossil fuels from company-owned vehicles. Total consumption of diesel in 2021 is 4,460 liters and 3,400 liters petrol, amounting to 17.8 tCO2e in 2021.

Scope 2 emissions include measured use of electricity in company-owned or leased locations with more than 15 employees and amounts to 593.6 tCO2e in 2021. AutoStore did not purchase Guarantees of Origins or Renewable Energy Certificates for electricity use in 2021, therefore, location-based emission factors are used.

Using energy more efficiently and opting for renewable sources is an essential part of combating climate change and reducing the organization's overall environmental footprint.

AutoStore has made some changes at its headquarters in Norway to reduce energy consumption, including installing LED lighting and motion sensors to prevent unnecessary energy use outside of working hours.

Scope 3 includes emissions from business travel, measured in the number of flight trips per region (397.1 tCO2e), the production of products purchased or acquired by the company (371,517.4 tCO2e), and reported waste in kilo divided into different waste fractions, as well as treatment methods (9.7 tCO2e).

Energy use in AutoStore products

AutoStore's warehouse robots utilize different energy sources to stay operational and effective, and to pick and deliver the right product at the right time. However, the robots are very energy efficient compared to traditional storage solutions, as they are not dependent on ventilation, heating, cooling and lighting.

An AutoStore storage system with ten robots uses approximately the same amount of energy as a vacuum cleaner operating for the same amount of time.
The robots not only recharge themselves at the right time to avoid excessive charging, but also has regenerative energy functions to recharge their batteries whenever they lower a bin or reduce speed.

AutoStore helps customers reduce storage requirements. In addition, the company is exploring how to bring to the market energy efficient storage solution for customers storing goods in temperature-controlled environments, like frozen.

Material use and disposal

AutoStore uses a range of materials in the production of its storage systems, and efficient use of these materials is a core aspect of operating sustainably. Our storage solutions are made from durable materials, ensuring a long lifespan. Plastics and aluminum play the most significant role in our production, and a breakdown of purchased goods and services in 2021 is provided in the table below[9].

Purchased goods and services

Category	2020	2021	% change from previous year
Purchased goods and services total	**63,457.9**	**371,517.9**	**485.5%**
Plastic avg. (virgin, rubber)	58,960.4	362,447.9	514.7%
Plastic avg. (virgin)	-	9.0	100.0%
Aluminium, recycled	1,756.0	3,727.8	112.3%
Batteries Li-ion	1,930.2	2,284.7	18.4%
Steel, stainless	810.6	1,337.4	65.0%
Copper, recycled	0.6	0.1	-76.7%
Brass	-	76.4	100.0%
PCB	-	936.7	100.0%
Other material inputs	-	77.6	100.0%
Cable, unspecified	-	95.0	100.0%
Wood material, virgin	-	524.7	100.0%

All materials used in our storage solutions are primary raw materials which can be recycled when the system is no longer in use. So far, none of AutoStore's installations have been recycled as all remain in use, but the company is in dialogue with its bin producers regarding the recycling of bins, and also requires all partners to have the knowledge and technology (in-house or via a third party) required to accept AutoStore bins at end-of-life, to regrind them and reuse the material in new products.

Unrecyclable waste and hazardous materials (such as electrical components and lithium-ion batteries) are discarded in an environmentally sustainable manner through our partner in Poland, EKOSAN Sp. Z.o.o. In 2022, AutoStore plans to install new assembly lines to expand capacity at the factory in Poland and will consider different recycling/waste procedures as part of the project. This work is expected to be completed by the end of 2022.

[9] All numbers less than 0.1 is marked with "-".

Packaging

Packaging protects products against external damage. While the company does not currently reclaim packaging, customers are encouraged to recycle and provided with information on how to do so.

In 2021, AutoStore focused on improving its reuse and recycling of production materials, and took various steps to implement reusable packaging:

- The company currently uses PE foam to protect painted or coated metal sheets (a typical element in AutoStore's products) during transport. As PE foam is not recyclable and hard to separate, the company has developed a prototype textile lattice intended to replace the PE foam. The new lattice will eliminate approximately 4 tonnes of PE foam and 26 tonnes of cardboard divider per year.

- Cardboard dividers have previously been used for internal transport and storage of PCB boards. As the dividers often got damaged, they have been replaced with reusable separators which will eliminate 0.6 tonnes of cardboard waste per year.

- In 2021, AutoStore ordered 23 new reusable pallet boxes for use in packing of parts from suppliers and transport to the production line. Once emptied, the boxes can be easily folded and sent back to suppliers for reuse.

- AutoStore has adopted a solution for transporting smaller parts directly from suppliers to production flow racks. The solution can be used for most mechanical parts and will reduce or eliminate the use of EUR pallets.

- Ball bearings are used in most AutoStore products, including robots, ports and service vehicles. At present, each ball bearing is wrapped in plastic and carboard for protection during transport and storage. The company is therefore considering more sustainable alternatives, including a prototype batch of ball bearings packed in plastic tubes containing 10, 20 or 50 bearings, depending on size.

AutoStore and the EU Taxonomy

In 2019, the European Union presented the Green Deal, a set of policy initiatives encompassing several environmental targets, including a climate-neutral Europe by 2050.

In response to the challenge of greenwashing, the lack of a common definition of sustainable investment and the absence of sustainability considerations in investment decision-making, the EU has decided to implement a classification system – or “taxonomy” – of sustainable activities that includes criteria for when activities may be definedas sustainable.

AutoStore will start screening business activities by reference to the taxonomy in 2022, and map relevant technical criteria, directives and standards.

Environmental goals and targets

Topic	2021 goal	Status	2022 goal
Climate accounting	In addition to reporting on energy consumption within the organization, report on energy consumption outside the organization, including upstream and downstream activities. Prepare climate accounts covering direct and indirect emissions (Scope 1, 2 and 3).	**In progress** The company has expanded reporting on Scope 1, 2 and 3 in 2021.	The company will provide additional Scope 2 and 3 emissions data in 2022.
Governance	Further improve the energy efficiency of products and review and prepare an energy efficiency plan for office locations. Consider offsetting/buying green certificates or guarantees of origin to lower GHG emissions.	**In progress** Initiated climate accounting relating to Scope 2 emissions for locations with more than 15 employees. The company has launched climate accounts in 2021 and will review green certificates or guarantees of origin in 2022.	Starting the process of preparing for ISO 14001 Environmental Management certification. Target: Certification to be obtained in 2023.
Materials	Source sustainable materials for use in production and explore ways to minimize waste and material use.	**In progress** AutoStore has started sourcing sustainable packaging materials. This work will continue in 2022. The company has initiated dialogue with its waste collector and has begun mapping waste generation at the factory in Poland. Recycling options are being considered.	When designing the new assembly lines, the company will review and make a plan for recycling and waste handling at the factory in Poland.
EU Taxonomy		**New.**	Start screening business activities by reference to the taxonomy, and map relevant directives and standards.

UN Sustainable Development Goals

Selected Sustainable Development Goals	Selected targets
5 GENDER EQUALITY	**Target 5.1** End all forms of discrimination against all women and girls everywhere. **Target 5.5** Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
8 DECENT WORK AND ECONOMIC GROWTH	**Target 8.2** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors. **Target 8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. **Target 8.8** Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Target 9.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
10 REDUCED INEQUALITIES	**Target 10.2** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. **Target 10.4** Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

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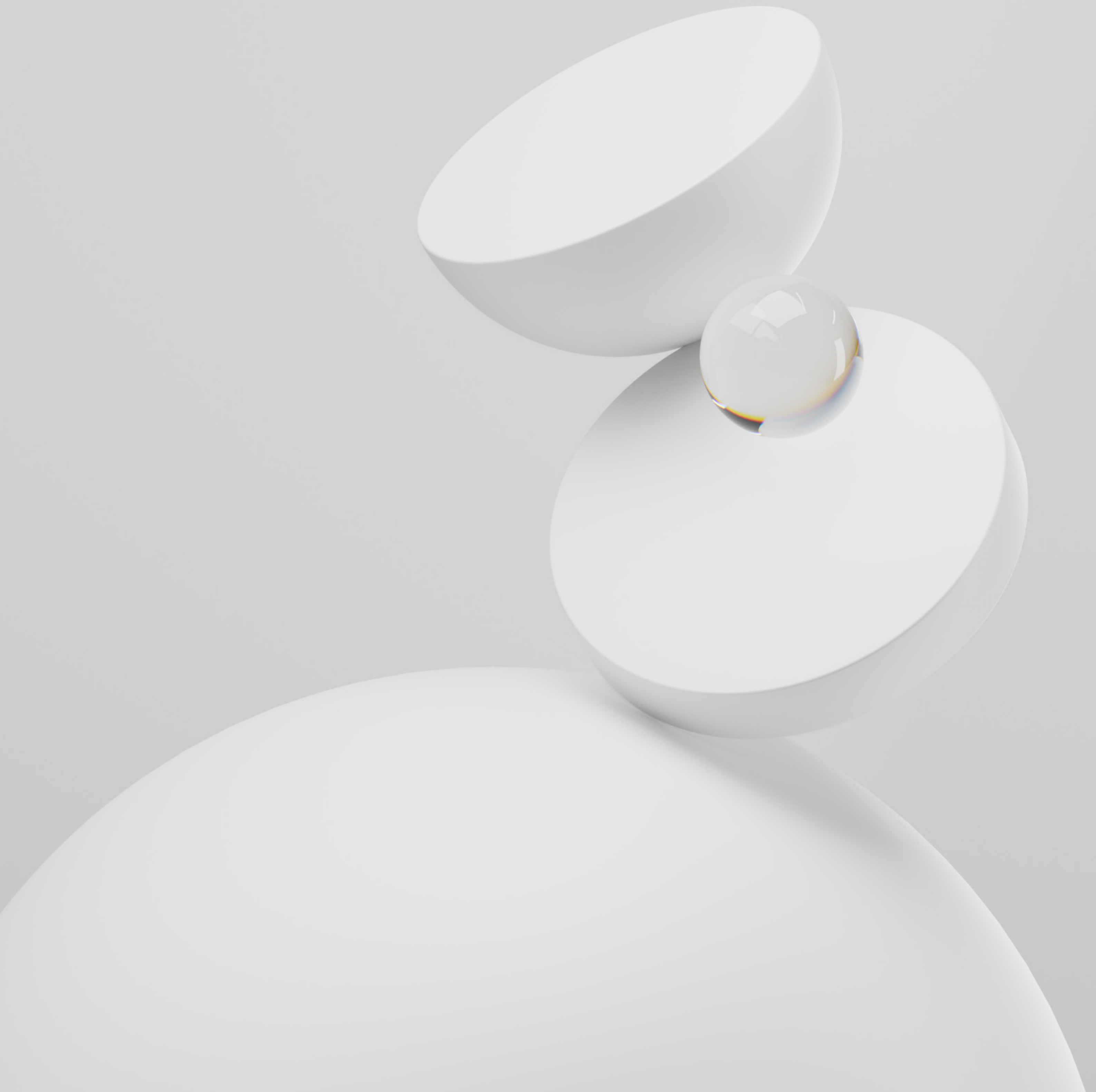

Consolidated financial statements 2021

Contents

Consolidated statement of comprehensive income

For the periods ended 31 December

USD million	**Notes**	**2021**	**2020 [1]**
Revenue	2.1	325.8	180.6
Other operating income	2.3	1.8	1.6
Total revenue		**327.6**	**182.1**
Cost of materials	2.4	-107.8	-52.1
Employee benefit expenses	2.5	-102.3	-26.2
Other operating expenses	2.6	-96.9	-29.2
Depreciation	3.1-3.4	-4.5	-3.3
Amortization of intangible assets	3.1-3.4	-53.7	-46.8
Operating profit/loss		**-37.5**	**24.6**
Finance income	4.5	19.2	0.1
Finance costs	4.5	-41.2	-51.2
Loss before tax		**-59.5**	**-26.6**
Income tax expense [2]	5.1	9.4	5.5
Loss for the period		**-50.1**	**-21.1**
Other comprehensive income/loss			
Items that subsequently will not be reclassified to profit or loss:			
Exchange differences on translation of parent company		-16.5	-
Total items that will not be reclassified to profit or loss		-16.5	-
Items that subsequently may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		-41.2	30.9
Total items that may be reclassified to profit or loss		-41.2	30.9
Other comprehensive income/loss for the period		**-57.7**	**30.9**
Total comprehensive income/loss for the period		**-107.8**	**9.8**
Loss attributable to:			
Equity holders of the parent		-50.1	-21.1
Total comprehensive income/loss attributable to:			
Equity holders of the parent		-107.8	9.8
Earnings per share			
Basic earnings per share (USD)	6.3	-0.015	-0.007
Diluted earnings per share (USD)	6.3	-0.015	-0.007

[1] Restated to reflect the change in presentation currency from EUR to USD (note 1.2).

[2] AutoStore reported tax income in 2021 and 2020, and the reported numbers are thus positive.

Consolidated statement of financial position

USD million	Notes	31.12.2021	31.12.2020 [1)]	01.01.2020 [1)]
Non-current assets				
Property, plant and equipment	3.1	11.2	10.4	5.8
Right-of-use assets	3.2	11.6	13.2	11.1
Goodwill	3.3	1,224.2	1,256.0	1,220.5
Intangible assets	3.4	604.0	644.1	661.1
Deferred tax assets	5.1	8.7	1.2	0.3
Other non-current assets	4.1	3.0	0.2	0.1
Total non-current assets		**1,862.8**	**1,925.1**	**1,898.9**
Current assets				
Inventories	2.4	51.4	29.1	22.2
Trade receivables	2.7	46.5	43.8	60.5
Other receivables	2.7	21.5	6.0	5.5
Cash and cash equivalents	4.4	146.9	50.1	22.9
Total current assets		**266.2**	**129.0**	**111.2**
TOTAL ASSETS		**2,129.0**	**2,054.2**	**2,010.1**
Equity				
Share capital	4.8	34.3	35.2	35.2
Share premium	4.8	1,154.6	1,139.1	1,139.1
Treasury shares		-0.9	-	-
Other equity		203.2	-17.2	-31.4
Total equity		**1,391.2**	**1,157.1**	**1,143.0**
Non-current liabilities				
Non-current interest-bearing liabilities	4.2	435.6	692.2	661.1
Non-current lease liabilities	3.2	12.9	14.7	13.7
Deferred tax liabilities	5.1	127.1	134.2	140.3
Non-current provisions	7.1	10.0	9.3	5.0
Total non-current liabilities		**585.6**	**850.4**	**820.1**
Current liabilities				
Trade and other payables	2.8	95.8	28.5	20.4
Interest-bearing liabilities	4.2	0.7	2.8	3.5
Lease liabilities	3.2	3.6	3.7	2.7
Income tax payable	5.1	0.7	0.1	11.5
Provisions	7.1	51.5	11.5	9.0
Total current liabilities		**152.3**	**46.7**	**47.1**
Total liabilities		**737.8**	**897.0**	**867.2**
TOTAL EQUITY AND LIABILITIES		**2,129.0**	**2,054.2**	**2,010.1**

[1)] Restated to reflect the change in presentation currency from EUR to USD (note 1.2).

Consolidated statement of financial position (continued)

Oslo, 28 April 2022

James C. Carlisle Co-chair	**Samuel Merksamer** Co-chair	**Kristin Skogen Lund** Board member	**Hege Skryseth** Board member
Viveka Ekberg Board member	**Andreas Hansson** Board member	**Michael K. Kaczmarek** Board member	**Nils Magnus Tornling** Board member
	Ram Trichur Board member	**Karl Johan Lier** Chief Executive Officer	

Consolidated statement of cash flows

For the periods ended 31 December

USD million	Notes	2021	2020 [1]
Cash flows from operating activities			
Loss before tax		-59.5	-26.6
Adjustments to reconcile loss before tax to net cash flow:			
Depreciation and amortization	3.1-3.4	58.1	50.1
Share-based payment expense	7.4	2.7	4.0
Finance income	4.5	-19.2	-0.1
Finance costs	4.5	41.2	51.2
Working capital adjustments:			
Changes in inventories		-22.3	-4.6
Changes in trade and other receivables		-21.0	20.8
Changes in trade and other payables		67.3	5.8
Changes in provisions and other liabilities		42.6	-1.5
Other items:			
Tax paid		-9.2	-15.6
Net cash flows from operating activities		**80.7**	**83.5**
Cash flows from investing activities			
Purchase of property, plant and equipment	3.1	-2.8	-6.0
Proceed from sale of property, plant and equipment	3.1	-	0.2
Purchase of shares in subsidiaries, net of cash acquired	6.2	-5.0	-
Development expenditures	3.4	-28.2	-13.6
Interest received	4.5	0.1	0.1
Net cash flows from investing activities		**-35.9**	**-19.3**
Cash flows from financing activities			
Proceeds from issuance of equity	4.8	340.0	0.1
Transaction costs on issue of shares		-8.5	-
Repayment of long-term debt	4.2, 4.3	-236.9	-
Repayment of short-term debt	4.2, 4.3	-	-3.7
Payments for the principal portion of the lease liability	3.2, 4.3	-2.8	-2.1
Payments for the interest portion of the lease liability	3.2, 4.3	-0.9	-0.8
Interest paid	4.5	-32.7	-33.7
Other financial expenses	4.8	-1.8	-
Net cash flows from financing activities		**56.4**	**-40.1**
Net change in cash and cash equivalents		101.2	24.1
Effect of change in exchange rate		-4.4	-0.7
Cash and cash equivalents, beginning of the year	4.4	50.1	22.9
Translation effect from change in currency from EUR to USD		-	3.7
Cash and cash equivalents, end of the year	4.4	**146.9**	**50.1**

[1] Restated to reflect the change in presentation currency from EUR to USD (note 1.2).

ACCOUNTING POLICIES

The consolidated statements of cash flows are prepared using the indirect method. Cash flows in foreign currencies are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

Consolidated statement of changes in equity

USD million	Share capital	Share premium	Treasury shares	Other equity: Other capital reserves	Other equity: Cumulative translation differences	Other equity: Retained earnings	Total equity
Balance at 1 January 2021 [1]	**35.2**	**1,139.1**	**-**	**4.3**	**20.9**	**-42.4**	**1,157.1**
Profit/loss for the period	-	-	-	-	-	-50.1	**-50.1**
Other comprehensive income/loss	-	-	-	-	-57.7	-	**-57.7**
Total comprehensive income/loss	**-**	**-**	**-**	**-**	**-57.7**	**-50.1**	**-107.8**
Issue of share capital January (note 4.8) [3]	0.2	10.7	-	-	-	-	**11.0**
Exercise of share options 13 April (note 4.8)	0.5	-	-	-	-	-	**0.5**
Issue of share capital 12 October (note 4.8) [3]	0.1	13.2	-	-	-	-	**13.2**
Cancellation of shares 13 October (note 4.8) [3]	-0.0	-	-	-	-	-	**-0.0**
Capital reorganization [2]	-3.7	-	-	-	-	3.7	**-**
Issue of treasury shares 14 October (note 4.8) [4]	2.0	-	-2.0	-	-	-	**-**
Sale of treasury shares 20 October (note 4.8)	-	-	0.9	-	-	321.8	**322.7**
Exercise of share options 20 October	-	-	0.2	-	-	-	**0.2**
Transaction costs	-	-8.5	-	-	-	-	**-8.5**
Share-based payments	-	-	-	2.7	-	-	**2.7**
Balance at 31 December 2021	**34.3**	**1,154.6**	**-0.9**	**7.0**	**-36.7**	**233.1**	**1,391.2**

USD million	Share capital	Share premium	Treasury shares	Other equity: Other capital reserves	Other equity: Cumulative translation differences	Other equity: Retained earnings	Total equity
Balance at 1 January 2020 [1]	**35.2**	**1,139.1**	**-**	**-**	**-10.0**	**-21.4**	**1,143.0**
Profit/loss for the period	-	-	-	-	-	-21.1	**-21.1**
Other comprehensive income/loss	-	-	-	-	30.9		**30.9**
Total comprehensive income/loss	**-**	**-**	**-**	**-**	**30.9**	**-21.1**	**9.8**
Issue of share capital (note 4.8)	0.0	0.05	-	-	-	-	**0.1**
Share-based payments (note 2.5)	-	-	-	4.3	-	-	**4.3**
Balance at 31 December 2020 [1]	**35.2**	**1,139.1**	**-**	**4.3**	**20.9**	**-42.4**	**1,157.1**

[1] Restated to reflect the change in the presentation currency from EUR to USD (note 1.2).

[2] The legal structure of the group was changed in October 2021. A new company, AutoStore Holdings Ltd., was established to serve as the parent company of the group subsequent to an internal reorganization. The pre-IPO shareholders of the group contributed all its shares in Automate Holdings S.à r.l to AutoStore Holdings Ltd. in exchange for newly issued shares in AutoStore Holdings Ltd. As a result, AutoStore Holdings Ltd. was the new parent company of the group from this date. Retained earnings of the group has been reclassified against share capital. See note 1.1 for more information.

[3] Issue of share capital in Automate Holdings S.à r.l.

[4] Issue of share capital in AutoStore Holdings Ltd.

The exchange differences relate to the translation of results and financial position of subsidaries as well as the parent company with functional currencies different than USD to the presentation currency. As the group has large net investments in subsidiaries with NOK as the functional currency, the depreciation of NOK compared to USD has resulted in negative translation differences being recognized in 2021 (USD -57.7 million).

Translation differences related to translation of the parent company from NOK to USD are presented as not reclassifiable to profit or loss, while translation differences related to the translation of foreign operations are presented as reclassifiable to profit or loss in the statement of other comprehensive income.

1.1 Corporate information

The financial statements of AutoStore Holdings Ltd. (referred to as “AutoStore group”, “the company” or “the group”) for the year ended 31 December 2021 were authorized for issue by the Board of Directors on 28 April 2022. AutoStore Holdings Ltd., is a public limited liability company, and has shares traded on Oslo Stock Exchange, with the ticker symbol AUTO. AutoStore Holdings Ltd. was incorporated in Bermuda on 31 August 2021 and became the parent company of the group as a consequence of an internal reorganization prior to listing on Oslo Stock Exchange. The company’s registered office is located at Park Place, 55 Par La Ville Road, Third Floor, Hamilton HM11, Bermuda. The group’s corporate headquarters are located at Stokkastrandvegen 85, 5578 Nedre Vats, Norway.

The AutoStore group is an innovative robotic and software technology provider and a pioneer of cube storage automation. The group operates in the rapidly growing warehouse automation industry and in the even faster-growing cube storage segment. AutoStore develops warehouse solutions for the future and helps its customers to enable space-saving and increase performance while reducing labor and energy costs.

The company was listed on Oslo Stock Exchange on 20 October 2021. The shares of AutoStore Holdings Ltd. were priced at NOK 31 per share in the offering. The price implied a market capitalization of approximately NOK 103.5 billion, making AutoStore the largest Norwegian IPO for the past 20 years. AutoStore sold 87,096,774 treasury shares in connection with the offering, raising an amount of NOK 2.7 billion (see note 4.8 for more information).

The internal reorganization resulting in AutoStore Holdings Ltd. being the new parent company of the group took place in October 2021, through the former shareholders of Automate Holdings S.à r.l contributing their shares in the former parent in exchange for the same number of shares in AutoStore Holdings Ltd. The group has accounted for the reorganization as a continuity, which means that AutoStore Holdings Ltd.’s consolidated accounts incorporate the assets and liabilities of the existing group at their precombination carrying amounts. Thus, comparative information is based on historical figures for the Automate Holdings S.à r.l group. See further description in note 1.4.

Reference is made to note 6.1 for a list of subsidiaries, where the largest entity in the group is AutoStore AS, registered in Norway. In Q1 2021, the group incorporated a subsidiary in Spain and acquired Locai Solutions Inc. in the U.S. Further, in Q2 2021, the group incorporated a new branch in Italy.

As the parent company is incorporated in Bermuda, the Norwegian FSA has granted AutoStore an exemption for including the separate financial statements of AutoStore Holdings Ltd. as part of the annual report.

1.2 Basis of preparation

The consolidated financial statements of the group comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and additional requirements in the Norwegian Securities Trading Act.

The consolidated financial statements have been prepared on a historical cost basis and represent the first consolidated financial statements of AutoStore Holdings Ltd. Further, the financial statements are prepared based on the going concern assumption. The group has not experienced any significant impact on its business due to Covid-19. Despite the pandemic situation, sales are growing and the group continues to have a strong liquidity situation.

All figures are presented in millions (000,000), except when otherwise indicated. In the statement of comprehensive income, income/gains are presented as positive amounts and expenses/costs are presented as negative amounts. In the notes, both income and expenses are presented as positive numbers, except for note 2.2, which is presented the same way as in the statement of comprehensive income.

AutoStore has selected a presentation in which the description of accounting policies, as well as estimates, assumptions, and judgmental considerations, are disclosed in the notes to which the policies relate.

Presentation and functional currency
The consolidated financial statements are presented in US dollar (USD), while the functional currency of the parent company and some of the largest subsidiaries is Norwegian kroner (NOK). For each entity, the group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency.

In 2021, the group has changed its presentation currency from EUR to USD to provide the primary users of the financial statements with more convenient information. The group has restated prior periods for this voluntary presentational change in line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The group has included a second comparative statement in the consolidated statement of financial position in line with IAS 1, presentation of financial statements. Both historically and for presentation purposes in 2021, income and expenses, as well as other comprehensive income, are translated to USD at the respective monthly average exchange rates prevailing for the relevant periods. Assets, liabilities and total equity are translated at closing exchange rates prevailing on the respective balance sheet dates. Share capital and share premium are translated with historical rates. Any resulting exchange differences from translation from functional currency to presentation currency are recognized in other comprehensive income ("OCI").

Climate change
As a manufacturing business, AutoStore's business activities have both direct and indirect environmental impacts. The group's main impact on the environment is through the use of raw materials, waste generation and energy use. To mitigate the group's environmental footprint, environmental precautions are considered throughout the production and distribution chain, from raw material production to retail. The company is continuously working to reduce the overall environmental footprint of our operations.

The group assesses where climate risks could have a significant impact on its financial statements and related estimates, and pays special attention to the possible future introduction of environmental regulation which could potentially increase future production costs. If the group is not able to increase its energy efficiency or adjust prices to address any increased production costs accordingly, the group's future margins may decrease. Such potential impacts of climate change are continuously considered in the cash flow forecasts in assessing value-in-use amounts. However, as of 31 December 2021, climate risk is not expected to have any significant impact on the group's assets or liabilities.

1.3 New and amended standards and intepretations

With the exception of the change in presentation currency, the group has not made any accounting policy changes in 2021.

The group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the group in 2021. The group does not currently hold any derivatives nor applies hedge accounting. The group intends to use the practical expedients in future periods if they become applicable (i.e. upon planned replacement of LIBOR as the benchmark rate for one of the group's long term loans in 2023).

Covid-19-Related Rent Concessions beyond 30 June 2021: Amendments to IFRS 16 Leases

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - Amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification.

As of 31 December 2021, the group has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued and relevant for the group, but not yet effective, up to the date of issuance of the group's financial statements are disclosed below. The group intends to adopt these new and amended standards and interpretations when they become effective, i.e. no new standards and amendments are early adopted. Adopting the standards not yet effective are not expected to have any material impact on the group's financial performance or financial position.

- Amendments to IFRS 3 - Reference to the Conceptual Framework - effective in 2022 financial statements
- Amendments: IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities - effective in 2022 financial statements
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - effective in 2023 financial statements
- Amendments to IAS 8: Definition of Accounting Estimates - effective in 2023 financial statements
- Amendments to IAS 1: Disclosure of Accounting Policies - effective in 2023 financial statements
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use - effective in 2022 financial statements
- Amendments to IAS 37: Onerous Contracts - Costs of Fulfilling a Contract - effective in 2022 financial statements
- IFRS 17 Insurance Contracts - effective in 2022 financial statements
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - effective in 2023 financial statements
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction - effective in 2023 financial statements
- Amendments to IFRS 1: Subsidiary as a first-time adopter - effective in 2022 financial statements
- Amendments to IAS 41: Taxation in fair value measurements - effective in 2022 financial statements

1.4 Significant judgments, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management that include a significant degree of estimates and assumptions or judgments that may have the most significant effect on the amounts recognized in the financial statements, are summarised below:

Estimates and assumptions:

- Impairment testing of intangible assets (note 3.5)
- Useful lives of intangible assets (note 3.4 and note 6.2)
- Share-based payments (note 7.4)

A detailed description of the significant estimates and assumptions are included in the individual note where applicable.

Accounting judgments:

- Capitalization of development costs (note 3.4)
- Accounting for group internal reorganization pre-IPO (note 1.4)
- Accounting for IPO-related expenses (note 2.6)

A detailed description of the significant accounting judgments are included in the individual note where applicable.

Accounting for group internal reorganization pre-IPO

On 14 October 2021, the former owners of Automate Holdings S.à r.l exchanged their shares in the company through a share-for-share transaction (contribution in kind) receiving the exact same number of shares in AutoStore Holdings Ltd., which was a NewCo at that time, resulting in AutoStore Holdings Ltd. being the new parent company of the AutoStore group. As the shareholder structure of the group remained unchanged, the reorganization was considered a common control transaction outside the scope of IFRS 3 Business Combinations.

Further, as AutoStore Holdings Ltd. was a NewCo, it issued shares as consideration, the reorganization was unconditional of the subsequent IPO, and the shareholder structure remained the exact same, the reorganization was considered to be a transaction with no economic substance, and in reality only a continuity of the old Automate Holdings S.à r.l group. Based on this assessment, the reorganization has been accounted for in the following way:

- In the consolidated financial statements, AutoStore Holdings Ltd. has incorporated all the assets and liabilities of the existing Automate Holdings S.à r.l at their precombination values
- AutoStore Holdings Ltd.'s consolidated financial statements include Automate Holdings S.a.r.l group's full-year results (including comparatives), even though the transaction occurred in October 2021
- The equity of the group represents the equity of Automate Holdings S.a.r.l group until the reorganization, when paid in capital of the group is exchanged to represent the paid in capital of AutoStore Holdings Ltd.

2.1 Revenue from contracts with customers

The principal business activities of the group are to develop and manufacture an automated warehouse system based on robotics, referred to as “the AutoStore system”. The AutoStore system has a variety of applications, and the modularity creates high flexibility and eliminates most limitations to scalability. The AutoStore system is distributed and sold through distributors (or partners), where the distributors are AutoStore’s customers. The distributors are responsible for the installation of the system and any subsequent service towards the end-user of the AutoStore system.

ACCOUNTING POLICIES

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services.

At contract inception, the group identifies and determines the performance obligations in the contract. A performance obligation is a promise to transfer to the customer a good or a service (or a bundle of goods or services) that is distinct.

The group’s revenue from contracts with distributors relates to the sales of modules of the AutoStore system and related services connected to the AutoStore system. The AutoStore system consists of different modules for warehouse storage and handling. The AutoStore system includes, but is not limited to: grid, port, robot, AutoStore Control System, and spare parts, referred to as components of the AutoStore system. Each component of the AutoStore system is considered to be distinct performance obligations and accounted for separately.

Revenue from components of the AutoStore system is recognized at a point in time when the components are delivered to the distributor, except for maintenance and upgrades of the AutoStore Control System which is recognized over time. Rendering of services consists of services related to the AutoStore system. Revenue from rendering services is recognized when the services are performed.

When a third party is involved in providing goods and services to the customer, the group determines whether the group acts as a principal or agent in these transactions. The group generally acts as a principal. For freight or shipment of components of the AutoStore system (freight element), the group acts as an agent in these transactions as the nature of the group’s promise is to arrange for the shipping service on behalf of the distributor. Revenue for the shipping service is recognized at a point in time when the shipping service is arranged on a net basis.

After identifying the performance obligations in the contract, the transaction price is determined. The transaction price is the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer. In determining the transaction price, the group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and any consideration payable to the customer.

The group allocates the total transaction price in portion to the stand-alone selling prices of each promised goods or service in the contract. The group also considers whether other promises are separate performance obligations, such as service type of warranties, to which a portion of the transaction price needs to be allocated. Warranties that are not providing any additional service to the customer are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Variable consideration

If the consideration in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal, in the amount of cumulative revenue recognized, will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2.1 Revenue from contracts with customers (continued)

Disaggregated revenue information

The group's revenue from contracts with customers has been disaggregated and presented in the tables below:

USD million	**2021**	**2020**
Major products and services		
AutoStore system	325.3	178.6
Rendering of services	0.4	2.0
Total revenue	**325.8**	**180.6**
Geographic information		
Norway	16.5	7.1
Nordics, excl. Norway	57.1	24.1
Germany	69.6	35.5
Europe, excl. Nordics and Germany	65.0	42.7
U.S.	92.4	43.9
Asia	22.5	26.8
Other	2.7	0.5
Total revenue	**325.8**	**180.6**
The geographic information is based on the customers country of domicile.		
Timing of revenue recognition		
Goods transferred at a point in time [1]	318.5	174.9
Goods and services transferred over time [1]	7.2	5.7
Total revenue	**325.8**	**180.6**

[1] Starting on 1 January 2021, recurring license fees are presented as part of "goods and services transferred over time" while previously presented as "goods transferred at a point in time". USD 3.71 million in 2020 have been correspondingly reclassified from point in time to over time. This is only a presentational change in the above table, i.e. total revenue recognized in 2020 remains unchanged.

2.1 Revenue from contracts with customers (continued)

Revenue streams

AutoStore system
The AutoStore system consists of several performance obligations, i.e. components of the AutoStore system as described above, which are accounted for separately. Revenue from components of the AutoStore system is recognized when the distributor obtains control over the components which is generally upon shipment. The components have stand-alone selling prices which represent their individual fair values.

The group may also upon request provide upgrades and maintenance of the AutoStore Control System component, which originally is sold as technical equipment with an integrated on-premise software license. Through a monthly license fee, upgrades and maintenance of the AutoStore Control System are made available for the end-user of the AutoStore system. Revenue from maintenance and upgrades is recognized on a monthly basis over the subscription period.

Payment is generally due within 30 to 60 days after delivery. Some contracts provide distributors with discounts that give rise to variable consideration and the recognition of a refund liability. The discount is allocated to the components sold and provision is made based on components delivered. Revenue recognized at the point of delivery is only recognized for an amount of the consideration that reflects the consideration the group expects to ultimately be entitled to. The variable consideration is re-assessed at the end of each reporting period and recognized as (or when) the uncertainty is subsequently resolved.

Variable consideration
To estimate the variable consideration for the discounts, the group applies the expected value method. The group then applies the requirements on constraining estimates of variable consideration and recognizes a refund liability for the discounts. The refund liability for discounts is presented in note 7.1.

Warranties
The group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Reference is made to the accounting policy for provisions and disclosure of assurance-type warranties in note 7.1.

Rendering of services
Upon request by the distributor, the group may provide additional services such as installation, maintenance, and training of personnel, in connection to the delivery of components of the AutoStore system. These services are treated as separate performance obligations and are satisfied over time because the distributor simultaneously receives and consumes the benefits provided by the group. The group recognizes revenue on the basis of hours incurred.

Contract balances
As most of the group's revenues are recognized and invoiced upon delivery, the group does not have any significant contract balances except for trade receivables. The group presents its trade receivables arising from contracts with customers separately from other receivables. Accounting policies for trade receivables are presented in note 2.7.

2.2 Segment information

The chief operating decision-maker (CODM) of the AutoStore group, which is defined as the Board of Directors, monitors the operating results of the group as one business unit for the purpose of making decisions about resource allocation and performance assessment, hence only one segment is reported. Segment performance is evaluated with main focus based on total revenue, gross margin, and EBITDA. Total revenue is measured consistently with the total of revenue and other operating income in the statement of comprehensive income, while gross margin and EBITDA are defined below.

Geographical markets
For information on the group's geographical markets, reference is made to note 2.1 Revenue from contracts with customers.

Information about major customers
The group's two largest customers (distribution partners) accounted for 55% of the group's total revenue in 2021 (33% and 22% each). AutoStore's distribution partners in turn sell to end customers.

USD million	**2021**	**2020**
Revenue	325.8	180.6
Other operating income	1.8	1.6
Total revenue	**327.6**	**182.1**
Cost of materials	-107.8	-52.1
Gross margin	**219.7**	**130.0**
Employee benefit expenses	-102.3	-26.2
Other operating expenses	-96.9	-29.2
EBITDA	**20.6**	**74.7**

Gross margin is the group's revenue and other operating income less cost of materials.

Other operating expenses significantly increased in 2021 compared to 2020 mainly due to costs related to the Ocado IP infringement case (note 7.2) and IPO transaction costs and fees (note 7.3). Employee benefit expenses significantly increased in 2021 compared to 2020 due to the increase in headcount and increased social security tax payments and provisions related to the group's share-based payment program as a result of the IPO and increased underlying share price at year-end (note 7.4).

USD million	**2021**	**2020**
Loss for the period	-50.1	-21.1
Income tax expense	-9.4	-5.5
Finance income	-19.2	-0.1
Finance costs	41.2	51.2
Depreciation	4.5	3.3
Amortization of intangible assets	53.7	46.8
EBITDA	**20.6**	**74.7**

EBITDA is the group's loss for the period after adding back the income tax expense, finance costs, depreciation and amortization, and deducting the finance income.

2.2 Segment information (continued)

In the table below, non-current assets are broken down by geographical areas based on the location of the operations.

Balance sheet items

USD million	**31.12.2021**	**31.12.2020**	**01.01.2020**
Assets	2,129.0	2,054.2	2,010.1
Liabilities	737.8	897.0	867.2
Equity	1,391.2	1,157.1	1,143.0

Non-current operating assets

USD million	**31.12.2021**	**31.12.2020**	**31.12.2019**
Located in Norway	1,844.0	1,916.2	1,891.7
Located in foreign countries	7.0	7.6	7.2
Total non-current operating assets	**1,851.0**	**1,923.8**	**1,898.9**

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets and intangible assets.

Revenue from major customers

USD million	**2021**	**2020**
Element Logic Group	107.0	48.3
Swisslog Group	72.7	45.4
Other external customers	146.2	86.8
Total revenue from external customers	**325.8**	**180.6**

2.3 Other operating income

ACCOUNTING POLICIES

Other operating income is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is received. Income is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

USD million	**2021**	**2020**
Freight	1.6	0.4
Other operating income	0.2	1.2
Total other operating income	**1.8**	**1.6**

2.4 Inventories

ACCOUNTING POLICIES

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: Purchase cost on a first-in/first-out basis (FIFO)
- Finished goods and work in progress: Cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

USD million	**31.12.2021**	**31.12.2020**	**01.01.2020**
Raw materials	28.9	13.4	13.0
Work in progress	0.1	0.0	0.6
Finished goods	22.4	15.7	8.9
Total inventories (gross)	**51.4**	**29.1**	**22.4**
Provision for obsolete inventories	-	-0.0	-0.2
Total inventories at the lower of cost and net realisable value	**51.4**	**29.1**	**22.2**

During the reporting period, the group has recognized USD 101.5 million of inventories as an expense. No write-down expenses for inventories are recognized in 2021.

2.5 Employee benefit expenses

ACCOUNTING POLICIES

Employee benefit expenses comprise all types of remuneration to all employees of the group (i.e. full-time, part-time, permanent, casual, or temporary staff and directors and other management personnel) and are expensed when earned.

Ordinary salaries can be both fixed pay and hourly wages, and are earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. The employer's national insurance contribution (social security) is calculated and expensed for all payroll-related costs including pensions. Pension contributions are earned on a monthly basis. Other employee expenses consist of other benefits such as insurance, cars and telephones, and remuneration to the Board of Directors.

Pensions

The group has a defined contribution pension plan for its Norwegian employees that satisfies the statutory requirements in the Norwegian law on required occupational pension ("Lov om obligatorisk tjenestepensjon").

The program is a defined contribution plan. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations for the group.

USD million	2021	2020
Salaries	35.0	15.5
Social security costs	64.3	5.9
Pension costs	1.8	1.0
Other employee expenses	1.2	3.9
Total employee benefit expenses	**102.3**	**26.2**
Average number of full time employees (FTEs)	486	325

Remuneration to the Board of Directors

Remuneration to the members of the Board is determined by the Annual General Meeting ("AGM"). The remuneration reflects the Board's responsibilities, expertise, time, and commitment. External members of the Board of Directors of AutoStore Holdings Ltd. are partly compensated through option instruments, RSU (restricted stock options), granted upon the parent company's IPO on 20 October 2021. Vesting period is two years from the grant date. The conditions for these grants and the terms and assumptions are disclosed in note 7.4.

The Board of Directors of the parent company was established in connection with the company's listing in October 2021.

Remuneration to executive management

The Board of AutoStore Holdings Ltd. determines the principles applicable to the company's policy for compensation to the executive management teams. The Board is directly responsible for determining the CEO's salary and other benefits. The company's executive management team includes the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Chief Operating Officer ("COO"), the Chief People & Information Officer ("CPIO"), the Chief Revenue Officer ("CRO"), the General Counsel, and the Chief Product Officer ("CPO").

Remuneration committee

The Board of Directors has, subject to and with effect from the listing, established a remuneration committee composed of four board members. The members of the remuneration committee shall be appointed for a one-year term. The appointed members of the remuneration committee are James C. Carlisle (Co-chair), Michael K. Kaczmarek, Andreas Hansson, and Kristin Skogen Lund. The primary purpose of the remuneration committee is to assist the Board of Directors in matters relating to remuneration of the executive management of the group, as well as reviewing recruitment policies, career planning and management development plans, and preparing matters relating to other material employment issues in respect of the executive management.

2.5 Employee benefit expenses (continued)

The remuneration committee shall report and make recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

Principles for determining salary
The main principle for determining salary for each executive management member has been a fixed annual salary with the addition of benefits in kind such as telephone, insurance, and internet subscription. The fixed salary has been determined based on the following factors: competitive salary level, scope of work and responsibilities, as well as an assessment of the business and individual performance.

Pension
All executive management members are enrolled in the defined contribution pension scheme.

Share incentive programs
Members of the executive management team have been granted share options under the company's share incentive program, as described in note 7.4.

Bonus
In 2021, management is eligible for an annual bonus of up to 15% of their annual gross salary based on the achievement of certain targets. The group includes these bonus payments in the basis for calculation of holiday pay.

Loans and guarantees
The company has not granted any loans, guarantees, or made any other similar commitments to any of its board members or members of management.

No member of the Board of Directors or management is entitled to benefits upon termination of their position.

Remuneration to executive management 2021

USD million	**Salary**	**Bonus**	**Pension**	**Other compensation**	**Total remuneration**
Karl Johan Lier (CEO)	0.37	0.00	0.01	0.03	**0.41**
Bent Mathias Skisaker (CFO)	0.26	0.04	0.01	0.00	**0.31**
Jone Gjerde (COO)	0.20	0.03	0.01	0.00	**0.25**
Anette Matre (CPIO)	0.18	0.03	0.01	0.01	**0.24**
Mats Hovland Vikse (CRO)	0.24	0.05	0.01	0.00	**0.30**
Carlos Roman Fernandez (CPO)	0.18	0.03	0.01	0.00	**0.22**
Total remuneration	**1.4**	**0.2**	**0.1**	**0.0**	**1.7**

Remuneration to executive management 2020

USD million	**Salary**	**Bonus**	**Pension**	**Other Compensation**	**Total remuneration**
Karl Johan Lier (CEO)	0.34	0.00	0.03	0.03	**0.39**
Bent Mathias Skisaker (CFO) [1]	0.23	0.00	0.02	0.00	**0.25**
Jone Gjerde (COO)	0.18	0.02	0.01	0.00	**0.22**
Anette Matre (CPIO) [2]	0.16	0.00	0.01	0.01	**0.18**
Helge Olsen (CSO)	0.19	0.03	0.01	0.00	**0.23**
Gro Anita Klungtveit (CAO) [3]	0.16	0.00	0.01	0.00	**0.17**
Mats Hovland Vikse (CRO) [4]	0.16	0.02	0.01	0.00	**0.19**
Carlos Roman Fernandez (CPO) [5]	0.16	0.02	0.01	0.00	**0.19**
Total remuneration	**1.6**	**0.1**	**0.1**	**0.0**	**1.8**

[1] Appointed Chief Financial Officer in May 2020.
[2] Appointed Chief People & Information Officer (CPIO) in July 2021. Prior to this, Chief Human Resources Officer since June 2020.
[3] Chief Financial Officer until May 2020.
[4] Appointed Chief Revenue Officer in July 2021. Prior to this, Chief Strategy Officer since October 2017.
[5] Appointed Chief Product Officer in June 2020.

2.5 Employee benefit expenses (continued)

Remuneration to the Board of Directors 2021

USD million	**Title**	**2021**
James C. Carlisle	Co-chair	-
Samuel Merksamer	Co-chair	-
Andreas Hansson	Board member	-
Hege Skryseth	Board member	0.03
Kristin Skogen Lund	Board member	0.03
Magnus Tornling	Board member	-
Michael K. Kaczmarek	Board member	-
Ram Trichur	Board member	-
Viveka Ekberg	Board member	0.03
Total remuneration		**0.1**

Shares held by the Board of Directors 2021

Number	**Title**	**2021**
James C. Carlisle	Co-chair	-
Samuel Merksamer	Co-chair	-
Andreas Hansson	Board member	-
Hege Skryseth	Board member	-
Kristin Skogen Lund	Board member	6,451
Magnus Tornling	Board member	-
Michael K. Kaczmarek	Board member	-
Ram Trichur	Board member	-
Viveka Ekberg	Board member	96,774
Total shares		**103,225**
Total shares outstanding in AutoStore Holdings Ltd.		3,428,540,429
Ownership % by the Board of Directors		**0.0%**

Shares held by executive management 2021

Number	**Title**	**2021**
Karl Johan Lier	CEO	23,122,055
Bent Mathias Skisaker	CFO	998,543
Jone Gjerde	COO	612,539
Anette Matre	CPIO	1,100,002
Mats Hovland Vikse	CRO	1,917,569
Carlos Roman Fernandez	CPO	2,582,288
Total shares		**30,332,996**
Total shares outstanding in AutoStore Holdings Ltd.		3,428,540,429
Ownership % by executive management		**0.9%**

2.5 Employee benefit expenses (continued)

RSUs held by the Board of Directors 2021 (note 7.4)

Number	**Title**	**2021**
James C. Carlisle	Co-chair	-
Samuel Merksamer	Co-chair	-
Andreas Hansson	Board member	-
Hege Skryseth	Board member	14,516
Kristin Skogen Lund	Board member	14,516
Magnus Tornling	Board member	-
Michael K. Kaczmarek	Board member	-
Ram Trichur	Board member	-
Viveka Ekberg	Board member	14,516
Total RSUs		**43,548**
Total share options outstanding in AutoStore Holdings Ltd.		88,744,288
% of RSUs/share options outstanding owned by the Board of Directors		**0.0%**

Share options held by executive management 2021 (note 7.4)

Number	**Title**	**2021**
Karl Johan Lier	CEO	22,516,432
Bent Mathias Skisaker	CFO	6,418,157
Jone Gjerde	COO	6,304,599
Anette Matre	CPIO	2,799,307
Mats Hovland Vikse	CRO	6,304,600
Carlos Roman Fernandez	CPO	2,701,972
Total share options		**47,045,067**
Total share options outstanding in AutoStore Holdings Ltd.		88,744,288
% of share options outstanding owned by executive management		**53.0%**

Shares held by executive management 2020

Number	**Title**	**2020**
Karl Johan Lier	CEO	36,004,980
Gro Anita Klungtveit	CAO	630,000
Helge Olsen	CSO	1,560,000
Bent Mathias Skisaker	CFO	-
Jone Gjerde	COO	312,000
Anette Matre	CPIO	-
Mats Hovland Vikse	CRO	2,487,040
Carlos Roman Fernandez	CPO	3,000,000
Total shares		**43,994,020**
Total shares outstanding in Automate Holdings S.à r.l.		3,162,987,200
Ownership in % by executive management		**1.4%**

2.5 Employee benefit expenses (continued)

Share options held by executive management 2020 (note 7.4)

Number	**Title**	**2020**
Karl Johan Lier	CEO	41,599,897
Gro Anita Klungtveit	CAO	11,647,971
Helge Olsen	CSO	11,647,971
Bent Mathias Skisaker	CFO	11,647,971
Jone Gjerde	COO	11,647,971
Anette Matre	CPIO	4,991,988
Mats Hovland Vikse	CRO	11,647,971
Carlos Roman Fernandez	CPO	4,991,988
Total share options		**109,823,728**
Total share options outstanding in Automate Holdings S.à r.l.		163,071,600
% of share options outstanding owned by executive management		**67.3%**

2.6 Other operating expenses

ACCOUNTING POLICIES

Other operating expenses are recognized when they occur and represent a broad range of operating expenses incurred by the group in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, employee benefit expenses, depreciation and amortization.

USD million	2021	2020
Meetings, travel and representation expenses	1.8	1.5
Lease expenses	1.5	2.3
Business services expenses	2.5	1.2
IT costs	5.4	2.8
Marketing and distribution expenses	4.1	2.7
Consulting expenses	78.1	16.2
Other operating expenses	3.4	2.4
Total other operating expenses	**96.9**	**29.2**

Other operating expenses increased by USD 67.7 million in 2021 compared to 2020. The increase is driven by litigation costs related to the Ocado IP infringement case (note 7.2), transaction and advisory related costs in connection with the group's IPO process completed in October 2021, and termination fee paid to former owners (note 7.3).

The group's research and development expenditure recognized as an expense during the reporting period was USD 14.5 million in 2021 and USD 6 million in 2020.

SIGNIFICANT ACCOUNTING JUDGMENTS

The group has incurred significant financial, legal and consulting fees in relation to the listing on Oslo Stock Exchange. The group has applied judgment in the consideration on whether these costs should be treated as operating expenses or deducted directly from equity. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. This means that costs incurred by AutoStore that would have incurred regardless of a successful IPO are not booked against equity.

Further, through the IPO, AutoStore simultaneously listed its existing equity and additional newly issued shares. The total cost of the IPO has been allocated between the newly issued shares and the existing shares on a rational basis (i.e. by reference to the ratio of the number of new shares to the number of total shares), with only the proportion relating to the issue of new shares being deducted from equity. Total transaction costs deducted directly from equity as part of the IPO process amounts to USD 8.5 million. The remaining IPO related costs are booked as "Other operating expenses" or "Employee benefit expenses" when employee related.

USD million	2021	2020
Audit fee	0.6	0.6
Other advisory services	1.0	0.4
Total auditor fees (excl. VAT)	**1.6**	**1.0**

2.7 Trade and other receivables

ACCOUNTING POLICIES

Trade and other receivables

The group's trade receivables consist solely of amounts receivable from revenue contracts with customers. Trade receivables are generally on terms of 30 to 60 days. Other receivables consist of value-added tax ("VAT") receivables and prepaid expenses which are expected to be realized or consumed in the normal operating cycle within twelve months after the reporting period.

Trade and other receivables are financial assets initially recognized at fair value and subsequently at amortized cost using the effective interest-rate method. Trade and other receivables are subject to impairment by recognizing an allowance for expected credit losses.

Expected credit losses

The group recognizes an allowance for expected credit losses (ECLs) for its financial assets. ECLs are based on the cash flows that the group expects to receive. For trade receivables, the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The group bases the allowance of its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

USD million	**31.12.2021**	**31.12.2020**	**01.01.2020**
Trade receivables from customers at nominal value	46.5	43.8	60.5
Allowance for expected credit losses	-	-0.0	-
Total trade receivables	**46.5**	**43.8**	**60.5**

USD million	**31.12.2021**	**31.12.2020**	**01.01.2020**
Prepaid rent and other expenses	5.5	0.3	0.6
VAT receivable	12.4	1.6	3.8
Other	3.7	4.2	1.2
Total other receivables	**21.5**	**6.0**	**5.5**

USD million		**31.12.2021**	**31.12.2020**	**01.01.2020**
Allowance for expected credit losses				
At 1 January 2021	Debt instruments at amortized cost	**0.0**	**-**	**-**
Additions through acquisition	Debt instruments at amortized cost	-	0.0	0.0
Provision for expected credit losses	Debt instruments at amortized cost	-	-	-
At 31 December 2021	Debt instruments at amortized cost	**0.0**	**0.0**	**0.0**

The group has not recognized any provision for expected credit losses. The group operates in a B2B market and sells its products to distribution partners. The group's distribution partners include some of the largest players in the automated warehousing market including, among others, Swisslog, Bastian Solutions, Element Logic, Dematic, Fortna, Okamura, and SoftBank Robotics. The group has not experienced any significant losses in the past.

As of 31 December, the aging analysis of trade receivables is as follows:

	Trade receivables				
USD million		Past due but not impaired			
Aging analysis of trade receivables	**Not due**	**< 30 days**	**31-60 days**	**> 60 days**	**Total**
Trade receivables 31 December 2021	41.7	3.6	0.6	0.6	**46.5**
Trade receivables 31 December 2020	37.5	4.1	2.1	0.0	**43.8**
Trade receivables 1 January 2020	57.0	2.4	1.1	0.1	**60.5**

For details regarding the group's procedures on managing credit risk, reference is made to note 4.7. Information on when the group considers a financial asset (such as a trade receivable) to be in default and when these assets are written off are described in note 4.1.

2.8 Trade and other payables

ACCOUNTING POLICIES

Trade and other payables are liabilities, i.e. present contractual obligations arising from a result of past events where settlement is expected to result in an outflow of resources (payment). Trade payables consist of invoices for goods and services where the group has received the significant risks and rewards of ownership as of 31 December 2021. Other payables mainly consist of VAT, withholding payroll and social security tax.

Trade and other payables are measured at fair value upon initial recognition and subsequently at amortized cost. Trade and other payables are expected to be settled within the normal operating cycle within twelve months after the reporting period.

USD million	**31.12.2021**	**31.12.2020**	**01.01.2020**
Trade payables	47.5	26.2	17.0
VAT payable	0.2	0.9	1.9
Withholding payroll taxes and social security	48.1	1.2	0.7
Other payables	-	0.1	0.8
Total trade and other payables	**95.8**	**28.5**	**20.4**

For trade and other payables aging analysis, reference is made to note 4.3.

3.1 Property, plant and equipment

ACCOUNTING POLICIES

Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The residual values, useful lives, and methods of depreciation of PP&E are reviewed at each financial year-end and adjusted prospectively, if appropriate.

The group assesses, at each reporting date, whether there is an indication that property, plant and equipment may be impaired, see note 3.5 for further information.

USD million	**Fixtures and fittings**	**Transportation tools**	**Office machinery and equipment**	**Total**
Acquisition cost 1 January 2020	**5.3**	**0.2**	**0.6**	**6.2**
Additions	3.3	0.1	2.3	**5.6**
Disposals	-0.2	-	-0.1	**-0.3**
Currency translation effects	1.0	-0.0	0.1	**1.2**
Acquisition cost 31 December 2020	**9.4**	**0.3**	**2.9**	**12.6**
Additions	2.4	-	0.4	**2.8**
Disposals	-	-	-	**-**
Currency translation effects	-	-	-	**-**
Acquisition cost 31 December 2021	**11.8**	**0.3**	**3.3**	**15.4**
Accumulated depreciation 1 January 2020	**0.3**	**0.0**	**0.1**	**0.4**
Depreciation for the year	1.1	0.1	0.4	**1.5**
Impairment for the year	0.3	-	0.1	**0.3**
Disposals	-	-	-0.1	**-0.1**
Currency translation effects	0.0	0.0	0.0	**0.0**
Accumulated depreciation 31 December 2020	**1.7**	**0.1**	**0.4**	**2.2**
Depreciation for the year	1.5	0.0	0.4	**2.0**
Impairment for the year	-	-	-	**-**
Disposals	-	-	-	**-**
Currency translation effects	-	-	-	**-**
Accumulated depreciation 31 December 2021	**3.3**	**0.1**	**0.8**	**4.2**
Carrying amount 1 January 2020	**5.0**	**0.2**	**0.5**	**5.8**
Carrying amount 31 December 2020	**7.7**	**0.2**	**2.5**	**10.4**
Carrying amount 31 December 2021	**8.5**	**0.2**	**2.5**	**11.2**
Economic life (years)	3-7	5	3-7	
Depreciation plan		Straight-line method		

3.2 Right-of-use assets and related lease liabilities

ACCOUNTING POLICIES

At the inception of a contract, the group assesses whether the 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. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- The supplier does not have a substantive right to substitute the asset throughout the period of use
- It has the right to obtain substantially all of the economic benefits from the use of the asset
- It has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the contract period

Group as a lessee

At the commencement date, the group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low-value assets

For these leases, the group recognizes the lease payments as operating expenses in the consolidated statement of comprehensive income.

Measuring the lease liability

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that is not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise:

- Fixed lease payments, less any lease incentives received
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in and index or rate.

The group presents its lease liabilities as separate line items in the consolidated statement of financial position. Cash flows related to payments for the principal portion of the lease liability are classified within financing activities.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset includes the corresponding amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and initial direct costs incurred.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, plant and equipment (note 3.5). The right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Depreciation is calculated on a straight-line basis.

The group presents its right-of-use assets as separate line items in the consolidated statement of financial position.

3.2 Right-of-use assets and related lease liabilities (continued)

The group's leased assets

The group leases several assets, mainly office buildings and production facilities in Norway, Poland, and the U.S. Additionally, the group leases a small number of transportation tools (cars and trucks). The group also leases machinery and equipment, however, these are expensed as incurred as they are either considered short-term or of low value. The right-of-use assets recognized are presented in the table below:

USD million	**Trans-portation tools**	**Office buildings and production facilities**	**Total**
Carrying amount of right-of-use assets 1 January 2020	**0.0**	**11.1**	**11.1**
Addition of right-of-use assets	-	3.5	**3.5**
Depreciation of right-of-use assets	-0.0	-1.8	**-1.8**
Currency translation effect	-	0.4	**0.4**
Carrying amount of right-of-use assets 31 December 2020	**0.0**	**13.2**	**13.2**
Addition of right-of-use assets	0.1	1.4	**1.5**
Depreciation of right-of-use assets	0.0	-2.5	**-2.5**
Currency translation effect	0.0	-0.6	**-0.6**
Carrying amount of right-of-use assets 31 December 2021	**0.1**	**11.6**	**11.6**
Lease term or remaining useful life	2-3 years	3-9 years	
Depreciation plan	Straight-line	Straight-line	

USD million	**2021**	**2020**
Expenses in the period related to practical expedients and variable payments		
Short-term lease expenses	0.6	0.3
Low-value assets lease expenses	-	-
Variable lease expenses in the period (not included in the lease liabilities)	0.1	0.3
Total lease expenses in the period	**0.7**	**0.6**

The lease expenses in the period related to short-term leases, low-value assets, and variable lease payments are included in other operating expenses in the consolidated statement of comprehensive income, and the payments are presented in the group's operating activities in the consolidated statement of cash flows.

3.2 Right-of-use assets and related lease liabilities (continued)

The group's lease liabilities

USD million	31.12.2021	31.12.2020	01.01.2020
Undiscounted lease liabilities and maturity of cash outflows			
Less than one year	5.2	3.5	2.7
One to three years	15.0	9.4	7.7
More than three years	11.1	8.0	9.8
Total undiscounted lease liabilities	**31.3**	**21.0**	**20.1**

USD million	Notes	2021	2020
Summary of the lease liabilities in the financial statements			
At beginning of period		18.4	16.4
Additions through acquisition		-	-
New and remeasured leases recognized during the year		1.6	3.5
Cash payments for the principal portion of the lease liability	4.2	-2.8	-2.0
Cash payments for the interest portion of the lease liability	4.2	-0.9	-0.8
Interest expense on lease liabilities	4.5	0.9	0.8
Currency translation effects	4.5	-0.7	0.5
Total lease liabilities		**16.5**	**18.4**
Current lease liabilities in the statement of financial position		3.6	3.7
Non-current lease liabilities in the statement of financial position		12.9	14.7
Total cash outflow for the year ended 31 December 2021		-3.6	-2.8

Inflation adjustments
In addition to the lease liabilities presented above, the group is committed to pay variable lease payments for its office buildings and manufacturing facilities mainly related to future inflation adjustments in Norway, U.S. and Poland which are not included in the initial calculation of lease liabilities. The lease liability and right-of-use asset will be adjusted when the inflation adjustment has a cash flow effect.

Extension and termination options
The group has certain lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the group's business needs. Management applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for the group to exercise either the renewal or termination option. After the commencement date, the group reassesses the lease term if there is a significant event or change of circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The group includes the renewal period for leases as a part of the lease term for leases where management is reasonably certain to exercise the option to renew the leases. Furthermore, the periods covered by termination options are included as part of the lease term only when the options are reasonably certain not to be exercised. As most of the group's contracts represent relatively standardized office facilities, extension options are in most cases not taken into consideration when determining the lease term when the initial contract term is five years and above.

Other matters
The group's leases do not contain provisions or restrictions that impact the group's dividend policies or financing possibilities. Further, the group does not have significant residual value guarantees related to its leases.

Lease commitments not yet commenced
As of 31 December 2021, the group has five lease contracts that has not yet commenced, of which four are related to office buildings and production facilities, and one is related to transportation tools. The future lease payments for these non-cancellable lease contracts are USD 4.8 million within one year, USD 17.2 million within five years and USD 1.7 million after five years.

The group does not have any other significant exposure related to its leases which requires further disclosures.

3.3 Goodwill

ACCOUNTING POLICIES

Recognized goodwill orginates from the acquisition of AutoStore by Thomas H. Lee Partners in 2019 and the acquisition of Locai in 2021, see note 6.2 for further information.

Goodwill is an intangible asset which may not individually be recognized as an intangible asset due to the requirements in IAS 38 Intangible Assets. The value of goodwill is primarily related to synergies, assembled workforce and their competency to generate and commercialize new technology as well as high growth expectations. Goodwill also arises due to the requirement to recognize deferred tax liabilities for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The goodwill from the acquisitions of AutoStore in 2019 and Locai in 2021 was allocated to the AutoStore system CGU. The key assumptions used to determine the recoverable amount of the CGU are disclosed in note 3.5.

USD million	**Note**	**Goodwill**
Gross amount 1 January 2020		**1,220.5**
Additions through acquisition	6.2	-
Currency translation effects		35.6
Gross amount 31 December 2020		**1,256.0**
Additions through acquisition		9.2
Currency translation effects		-41.0
Gross amount 31 December 2021		**1,224.2**
Accumulated impairment 1 January 2020		**-**
Impairment for the year	3.5	-
Accumulated impairment 31 December 2020		**-**
Impairment for the year	3.5	-
Accumulated impairment 31 December 2021		**-**
Carrying amount 1 January 2020		**1,220.5**
Carrying amount 31 December 2020		**1,256.0**
Carrying amount 31 December 2021		**1,224.2**

3.4 Other intangible assets

Nature of the group's intangible assets
At the acquisition of AutoStore by Thomas H. Lee Partners in 2019, the group recognized intangible assets for: technology, trademarks, patents, and customer relations. Subsequently, the group has recognized intangible assets comprising of internal development projects related to the AutoStore system. In connection with the acquisition of Locai in 2021, the group has recognized intangible assets comprising software and technology.

ACCOUNTING POLICIES
Intangible assets acquired in a business combination
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Government grants
Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

The group's government grants relate primarily to compensation for research and development which are recognized as a reduction in capitalized assets and decreases the future amortization expense.

SIGNIFICANT ACCOUNTING JUDGMENTS
Capitalization of internal development costs
Development expenditures on an individual project, which represent new applications/technology, are recognized as an intangible asset when the group can demonstrate:
- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during devopment

Other costs are classified as research and are expensed as incurred. These expenses are disclosed in note 2.6.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when the asset is available for its intended use and is amortized over the period of expected future benefit. When an asset is available for its intended use, it is reclassified from internal development to the respective relevant asset class.

Initial capitalization of direct costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied, and the expected period of benefits. The assessment of when product development is capitalized is highly subjective, as the outcome of these projects may be uncertain.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS
Useful lives of intangibles
The useful lives of intangible assets are assessed as either finite or indefinite and may in some cases involve considerable assessments. Intangible assets with indefinite useful lives are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are

3.4 Other intangible assets (continued)

considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of comprehensive income in the line for amortization of intangible assets. A potential change in remaining useful life of an intangible asset would have resulted in increased or decreased amortization expense and a corresponding decrease or increase in profit and equity.

Trademarks that have existed for a long period of time and have a sound reputation at the time of acquisition are assessed as having an indefinite useful life, and are not amortized. An indefinite useful life means that it is not possible to estimate the foreseeable period over which the asset is expected to generate net cash inflows for the entity. Only trademarks that are purchased through the acquisition of companies are capitalized in the consolidated financial statements.

See note 3.5 for impairment considerations and annual testing of the group's intangible assets with indefinite useful lives. No general indicators for impairment of intangible assets were identified in the current or prior period, however an impairment of USD 0.1 million has been recognized in 2020 for a development project that was discontinued.

The group's classification of intangible assets

Software and technology

The value of the group's intangible assets primarily relates to the underlying robot/robot technology and the integrated software that controls and optimizes the performance of every robot and moving part in the system. The underlying base technology was recognized through the acquisition of AutoStore by Thomas H. Lee Partners in 2019. Base technology capitalized through the PPA is amortized over the expected useful life of 25 years. New products and features being developed with shorter expected useful life using this base technology, is generally amortized over 5 years. In 2021, USD 3.6 million in intangible assets related to the Locai acquisition has been capitalized.

Internal development

Internal developed assets are amortized from the time when the assets are available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management and reclassified to either software and technology (amortized over 5 years) or patents. The group started to reclassify development costs to relevant assets classes from 2021.

Patents

The patents are intangible assets arising from legal rights. Patens are amortized over 13-18 years which is the period of the contractual or other legal rights and the period (determined by economic factors) over which the group expects to obtain economic benefits from the asset.

Customer relationships

Customer relationships were recognized through the acquisition of AutoStore in 2019 and represent the value of the company's distributor relationships at the time of the acquisition. Customer relationships is amortized on a straight-line basis over 5 years being the estimated useful life of benefit from the acquisition date of customer relationships.

Trademarks

Trademarks is recognized through the acquisition of AutoStore in 2019. Trademarks have indefinite useful life and are tested for impairment annually.

3.4 Other intangible assets (continued)

USD million	Trade-marks	Software and technology	Patents rights	Customer relationships	Develop-ment	Total
Acquisition cost 1 January 2020	**6.7**	**458.4**	**87.9**	**123.8**	**4.4**	**681.2**
Additions	-	-	-	-	13.3	**13.3**
Currency translation effects	0.2	12.0	2.2	1.8	1.6	**17.9**
Acquisition cost 31 December 2020	**6.9**	**470.4**	**90.2**	**125.6**	**19.4**	**712.5**
Additions through acquisitions	-	3.6	-	-	-	**3.6**
Additions	-	-	-	-	28.2	**28.2**
Reclassification	-	23.1	4.4	-	-27.5	**-**
Currency translation effects	0.3	-11.1	0.9	-2.4	-6.2	**-18.4**
Acquisition cost 31 December 2021	**7.2**	**486.1**	**95.4**	**123.2**	**13.9**	**725.8**
Accumulated amortization 1 January 2020	**-**	**7.6**	**2.0**	**10.3**	**0.0**	**20.0**
Amortization for the year	-	17.3	4.5	23.1	1.6	**46.5**
Currency translation effects	-	0.6	0.2	1.0	0.0	**1.7**
Accumulated amortization 31 December 2020	**-**	**25.4**	**6.8**	**34.3**	**1.6**	**68.2**
Amortization for the year	-	22.6	5.7	25.3	0.0	**53.7**
Reclassification	-	1.3	0.3	-	-1.6	**-**
Currency translation effects	-	-0.1	-0.0	-0.1	0.0	**-0.2**
Accumulated amortization 31 December 2021	**-**	**49.3**	**12.8**	**59.6**	**0.0**	**121.6**
Carrying amount 1 January 2020	**6.7**	**450.7**	**85.9**	**113.5**	**4.4**	**661.1**
Carrying amount 31 December 2020	**6.9**	**445.0**	**83.4**	**91.3**	**17.7**	**644.1**
Carrying amount 31 December 2021	**7.2**	**436.7**	**82.7**	**63.7**	**13.9**	**604.0**
Economic life (years)	Indefinite	5-25	13-18	5.0		
Amortization plan	N/A		Straight-line		N/A	

New additions recognized during 2021 relate to USD 28.2 million of internal development costs and USD 3.6 million of software and technology related to the Locai acquisition (note 6.2). Internal development costs of USD 27.5 million are reclassified to software and technology and patents.

3.5 Impairment considerations

ACCOUNTING POLICIES

At the reporting date, the group assesses whether there are external or internal indicators of impairment of property, plant and equipment ("PP&E"), right of use assets, intangible assets, and goodwill. Impairment indicators will typically be changes in market developments, competitive situations and technological developments. The group has goodwill and trademarks with indefinite useful lives (see note 3.3 and 3.4) and internal development projects in progress which are tested for impairment annually or more often when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, assets, except goodwill, are grouped together into the smallest group of assets that generates independent cash flows (cash-generating units, CGUs). Goodwill is allocated to the cash-generating units that are expected to benefit from the synergies of the combination.

Impairment is determined by assessing the recoverable amount of each CGU. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length terms, for similar assets or observable market prices less incremental costs for disposing of the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses recognized in respect of CGUs are first allocated to reduce the carrying amount of any goodwill, any remaining amount is then allocated to reduce the carrying amounts of the other assets in the unit. Impairment losses are reversed if the loss no longer exists for intangible and fixed assets, while impairment losses relating to goodwill cannot be reversed in future periods.

IMPAIRMENT ASSESSMENT OF PP&E, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS WITH FINITE USEFUL LIFE

When reviewing for indication of impairment of PP&E, right-of-use assets and intangible assets with a finite useful life, the group considers the relationship between the estimated market capitalization of the group and its book value. In addition, the group considers factors such as the industry growth, impact of general economic conditions, changes to technological and legal environment, the group's market share, and performance compared to previous forecasts in this assessment, among other factors. No impairments have been recognized to the group's PP&E, right-of-use assets and intangible assets with finite useful life on 31 December 2021.

IMPAIRMENT ASSESSMENT OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

The group performs an impairment test of goodwill and assets with indefinite useful life on 31 December or when circumstances indicate that the carrying value may be impaired.

AutoStore system - CGU

The AutoStore group is being monitored as one unit by management in the acquiring structure and operates as a separate business. Cash flows are reported in the same format as the quarterly and annual reports, on a group level.

Following the acquisition by Thomas H. Lee Partners in July 2019 and the acquisition of Locai in 2021, the goodwill was allocated to one CGU (the "AutoStore" CGU). The group has determined one operating segment, i.e. AutoStore system, according to IFRS 8 Operating Segments which is the same level as the CGU determined for the goodwill impairment test. The AutoStore system is currently the smallest identifiable group of assets that generates cash inflows to the group, and these are largely independent of the cash inflows from other assets. As the group's trademark is an intangible asset with an indefinite useful life that does not generate largely independent cash inflows, impairment is tested based on the AutoStore system CGU and any impairment is made proportionate to the asset's carrying amount.

3.5 Impairment considerations (continued)

Basis for determining the recoverable amount
The CGU's recoverable amount has been determined based on its 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. The cash flows are derived from the detailed budget and forecast calculations for the next five years approved by the Board of Directors. Restructuring activities and significant future investments are excluded from the budgets. A long-term growth rate is calculated and applied to project future cash flows after the forecast period. The recoverable amount is sensitive to revenue growth in the forecast period, the discount rate, expected future cash flows, and the terminal growth rate.

The table below outlines the carrying amounts of goodwill and intangible assets with indefinite useful lives and intangible assets not yet commenced amortization, which are tested for impairment annually:

USD million	**31.12.2021**	**31.12.2020**	**31.12.2019**
AutoStore system - CGU			
Goodwill	1,224.2	1,256.0	1,220.5
Trademarks	7.2	6.9	6.7
Internal development projects in progress	13.9	17.7	4.4
Total carrying amount	**1,245.3**	**1,280.7**	**1,231.6**

The recoverable amount is sensitive to revenue growth in the forecast period, the discount rate, expected future cash flows, and the terminal growth rate (further described below). The recoverable amount of the cash generating unit is higher than its carrying amount and no impairment loss is recognized in the period. The carrying amount of the CGU includes goodwill, intangible assets and trademarks together with other operational assets and net working capital. Management believes that no reasonably possible change in the key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount. The result of the annual impairment test is further supported by a P/B-level of 9.7 on traded shares as at 31 December 2021.

3.5 Impairment considerations (continued)

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Impairment testing of goodwill, trademarks and internal development projects in progress
The calculation of value in use for the AutoStore system CGU is most sensitive to the following assumptions:

- Compounded annual growth rate (CAGR) of sales in the forecast period
- Operating cash flow margin
- Pre-tax discount rate
- Terminal growth rate

CAGR of sales in the forecast period
The expected growth in operating revenues is based on the expected high growth in the industry and AutoStore's market share. The growth forecast is based on management's expectations of future conditions in the markets, including the entry of new participants to the market.

Operating cash flow margin
The operating cash flow margin is determined based on an analysis of historical levels of revenues, cost of goods sold (COGS) and operating expenses, while forward-looking estimates are derived using scenario-weighted assumptions for these profit and loss/cash flow measures.

Pre-tax discount rate
The discount rate, which is set to 10.7% as at 31 December 2021, reflects the current market assessment of the risks specific to the CGU. The pre-tax discount rate for the group is estimated based on the weighted average cost of capital (WACC).

Terminal growth rate
The terminal growth rate, which is set to 1.5% as at 31 December 2021, is the estimated long-term rate of growth in the economy where the business operates, aligned with long-term global inflation targets.

Climate-related matters
The group constantly monitors the latest government regulation in relation to climate-related matters. As of 31 December 2021, no regulation has been passed that will impact the group. The group will adjust the key assumptions used in value-in-use calculations and sensitivity to changes in assumptions should a change be required.

4.1 Overview of financial instruments

ACCOUNTING POLICIES
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial instruments
The group's financial instruments are grouped in the following categories:

Financial assets
Financial assets measured subsequently at amortized cost: Includes mainly trade and other receivables and cash and cash equivalents.

All of the group's financial assets are part of the group's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the "Solely Payments of Principal and Interest ("SPPI") test, constituting debt instruments measured at amortized cost.

Financial liabilities
Financial liabilities measured subsequently at amortized cost: Represent the group's interest-bearing liabilities as well as non-interest-bearing liabilities such as trade payables.

The group does not have derivative financial instruments. None of the group's financial liabilities are designated as at fair value through profit or loss, i.e. they are all measured at amortized cost.

Initial recognition and subsequent measurement

Financial assets and liabilities at amortized cost
The group's financial assets and liabilities are initially recognized at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at amortized cost using the effective interest rate method ("EIR"). Gains and losses are recognized in profit or loss upon impairment when the instruments are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortization is included as finance costs in the statement of comprehensive income.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Impairment of financial assets
Financial assets measured at amortized cost are considered for impairment by recognizing an allowance for expected credit losses (ECLs). The group applies a simplified approach (as applicable for trade receivables) in calculating ECLs, where the group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The group bases its ECLs on its historical losses, adjusted for forward-looking factors specific to the debtors and the economic environment (e.g. market trends, default rates in the retail market etc.). See note 4.7 for further information related to the management of credit risk.

The group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the group may also consider a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial instruments
A financial asset is derecognized when the rights to receive cash flows from the asset have expired, the group has transferred its rights to receive cash flows from the asset or the group has assumed an obligation to pay the received cash flows in full under a "pass-through" arrangement.

4.1 Overview of financial instruments (continued)

Derecognition of financial instruments (continued)
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

IBOR reform
The group has non-current interest bearing loans and borrowings with indexed interest rates based on EURIBOR and LIBOR. As a consequence of the IBOR reform, LIBOR is expected to be discontinued as a benchmark rate June 2023 and will be replaced by new benchmark rates, known as alternative Risk Free Rates (RFRs). EURIBOR is already reformed, and no further changes are expected as of this date. The group is continuously monitoring the situation and working on replacing the LIBOR with a reformed benchmark rate, however as of 31 December 2021, the group does not expect any significant effects on the group's financial reporting as a result of the IBOR reform.

The carrying amount of the group's financial assets and liabilities are presented in the tables below:

USD million	**Note**	**Financial instruments at amortized cost**	**Total**
Assets			
Loans and recievables			
Trade receivables	2.7	46.5	**46.5**
Cash and cash equivalents	4.4	146.9	**146.9**
Other non-current assets		3.0	**3.0**
Total financial assets 31 December 2021		**196.4**	**196.4**
Liabilities			
Interest-bearing loans and borrowings, including trade payables			
Non-current interest-bearing liabilities	4.2	435.6	**435.6**
Current interest-bearing liabilities	4.2	0.7	**0.7**
Trade payables	2.8	47.5	**47.5**
Non-current lease liabilities	3.2	12.9	**12.9**
Current lease liabilities	3.2	3.6	**3.6**
Total financial liabilities 31 December 2021		**500.3**	**500.3**

Significant finance income and finance costs arising from the group's financial instruments are disclosed separately in note 4.5.

4.1 Overview of financial instruments (continued)

USD million	Note	Financial instruments at amortized cost	Total
Assets			
Loans and recievables			
Trade receivables	2.7	43.8	**43.8**
Cash and cash equivalents	4.4	50.1	**50.1**
Other non-current assets		0.2	**0.2**
Total financial assets 31 December 2020		**94.1**	**94.1**
Liabilities			
Interest-bearing loans and borrowings, including trade payables			
Non-current interest-bearing liabilities	4.2	692.2	**692.2**
Current interest-bearing liabilities	4.2	2.8	**2.8**
Trade payables	4.1	17.0	**17.0**
Non-current lease liabilities	3.2	14.7	**14.7**
Current lease liabilities	3.2	3.7	**3.7**
Total financial liabilities 31 December 2020		**730.4**	**730.4**

USD million	Note	Financial instruments at amortized cost	Total
Assets			
Loans and recievables			
Trade receivables	2.7	60.5	**60.5**
Cash and cash equivalents	4.4	22.9	**22.9**
Other non-current assets		0.1	**0.1**
Total financial assets 31 December 2019		**83.5**	**83.5**
Liabilities			
Interest-bearing loans and borrowings, including trade payables			
Non-current interest-bearing liabilities	4.2	661.1	**661.1**
Current interest-bearing liabilities	4.2	3.5	**3.5**
Trade payables	4.1	17.0	**17.0**
Non-current lease liabilities	3.2	13.7	**13.7**
Current lease liabilities	3.2	2.7	**2.7**
Total financial liabilities 31 December 2019		**698.0**	**698.0**

There are no changes in classification and measurement for the group’s financial assets and liabilities.

4.2 Interest-bearing liabilities

USD million	Maturity	Interest rate	31.12.2021	31.12.2020	01.01.2020
Senior Facilities: Facility B (EUR) [1]	30.07.26	EURIBOR+2.50%	276.3	355.9	326.8
Senior Facilities: Facility B (USD) [1]	30.07.26	LIBOR+3.25%	167.0	167.0	167.0
Facilities: Second Lien (SL) Facility (USD) [1]		LIBOR+7.75%	-	183.6	183.6
Capitalized fees - Facility B + SL Facility			-7.7	-14.2	-16.2
Total non-current interest-bearing loans and borrowings			**435.6**	**692.2**	**661.1**

[1] The Facilities have an interest rate floor of 0%, as such the base rate may not be negative.

On 8 November 2021, the group repaid in full the Second Lien facility of USD 183.6 million with use of the IPO proceeds.

The Senior Facilities: Facility B (EUR) + Facility B (USD) + Revolving Facility and Second Lien Facility, together with the Credit Agreement, were negotiated during 2019 in connection with the acquisition of Terminator Bidco AS by Automate Bidco AS. The Credit Agreement was signed on 22 July 2019 and the group received the funds on 31 July 2019.

On 8 November 2021, the group also partially repaid the First Lien Facility B EUR loan of EUR 290 million with use of proceeds from the IPO. A total of EUR 46.1 million of the loan was repaid. Capitalized fees of approximately USD 4.6 million related to the repaid loans have been expensed during Q4 2021 as well as a termination fee of USD 1.1 million. Due to the successful completion of the IPO and reduced leverage for the group, the margins on both First Lien / Facility B loans have been reduced in Q4 2021 according to the loan agreement.

The Senior Facilities: Facility B is due at 30 July 2026 and Facilities: Second Lien was originally due at 30 July 2027.

USD million	Maturity	Interest rate	31.12.2021	31.12.2020	01.01.2020
Senior Facilities: Facility B (EUR) [1]	30.07.26	EURIBOR+2.50%	0.7	0.9	1.0
Senior Facilities: Facility B (USD) [1]	30.07.26	LIBOR+3.25%	-	0.6	0.9
Facilities: Second Lien Facility (USD) [1]		LIBOR+7.75%	-	1.3	1.6
Total current interest-bearing loans and borrowings			**0.7**	**2.8**	**3.5**

[1] The Facilities have an interest rate floor of 0%, as such the base rate may not be negative.

In November 2021, the group established a new revolving credit facility (RCF) that may be drawn at any time up to USD 150 million. The revolving facility bears interest at a rate of LIBOR +2.00%. The group has not drawn any amounts on the RCF as of 31 December 2021. Management has assessed that the fair value of interest-bearing loans and borrowings are not significantly different from their carrying amounts.

4.2 Interest-bearing liabilities (continued)

Secured non-current debt of USD 448.5 million consists of long-term interest-bearing loans and borrowings of USD 435.6 million and USD 12.9 million of the long-term portion of leasing liabilities. The group has pledged shares and bank accounts in the subsidiaries AutoStore AS, AutoStore Technology AS, Automate Bidco AS and Automate Holdco I AS to the credit institutions as security for the USD 435.6 million long-term interest-bearing loans and borrowings. The lease liabilities of USD 12.9 million are secured with the leasing institution having security in the underlying leasing objects.

The assets pledged by the group as security for its interest-bearing loans and borrowings are presented in the table below:

USD million	31.12.2021	31.12.2020	01.01.2020
Secured balance sheet liabilities			
Non-current interest-bearing loans and borrowings	436.3	695.0	664.7
Balance sheet value of assets pledged as security for secured liabilities			
Property, plant and equipment	11.2	10.4	5.8
Right-of-use assets	11.6	13.2	11.1
Intangible assets	604.0	644.1	661.1
Other non-current assets	3.0	0.2	0.1
Inventories	51.4	29.1	22.2
Trade receivables	46.5	43.8	60.5
Other receivables	21.2	5.2	5.5
Cash and cash equivalents	66.8	34.5	19.7
Total assets pledged as security for interest-bearing loans and borrowings	**815.8**	**780.5**	**786.0**

The group has not given any guarantees to or on behalf of third parties in the current and previous period.

Covenant requirements

The new revolving credit facility contains a “springing” financial covenant which is set at a senior secured net leverage ratio of 6.75:1.00. The financial covenant under the new revolving credit facility will be tested on a semi-annual date if, at that semi-annual date, the cash drawings under the new revolving credit facility (subject to certain carve-outs and net cash and cash equivalents of the group) exceeds 40% of the total commitments under the new revolving credit facility.

The credit agreements contain certain additional “incurrence” covenants that are tested upon the occurrence of an event rather than on an ongoing basis and which limit, among other things, the company’s use of capital. These covenants can only be violated as a result of voluntary action, including but not limited to (i) incurring debt; (ii) paying a dividend or otherwise distributing value outside the restricted group; (iii) making a non-controlling investment; (iv) selling an asset; (v) completing certain mergers; (vi) granting a guarantee of third-party indebtedness; (viii) making a loan to a third party; (ix) permitting a dividend blocker; (x) entering into a transaction with an affiliate; or (xi) granting a lien. Each of these covenants are subject to customary carve-outs, permissions and certain debt baskets and for so long as the group remains listed with a Senior Secured Net Leverage that does not exceed 3.50x, the restrictions specified in paragraphs (i) to (x) (inclusive) are suspended.

Based on above, no covenant testing was required as at 31 December 2021.

4.3 Aging of financial liabilities

Contractual undiscounted cash flows from financial liabilities are presented below:

USD million	Less than 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Lease liability (note 3.2)	2.6	2.6	15.0	11.1	**31.3**
Non-current interest-bearing loans and borrowings (note 4.2) [1]	6.2	6.2	24.7	461.8	**498.8**
Current interest-bearing loans and borrowings (note 4.2)	0.7	-	-	-	**0.7**
Trade payables (note 2.8)	**47.5**	**-**	**-**	**-**	**47.5**
Total 31 December 2021	**57.0**	**8.8**	**39.6**	**472.9**	**578.3**

USD million	Less than 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Lease liability (note 3.2)	1.8	1.8	9.4	8.0	**21.0**
Non-current interest-bearing loans and borrowings (note 4.2) [1]	19.6	19.6	78.2	823.8	**941.1**
Current interest-bearing loans and borrowings (note 4.2)	2.8	-	-	-	**2.8**
Trade payables (note 2.8)	**26.2**	**-**	**-**	**-**	**26.2**
Total 31 December 2020	**50.5**	**21.4**	**87.6**	**831.8**	**991.2**

USD million	Less than 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Lease liability (note 3.2)	1.3	1.3	7.7	9.8	**20.1**
Non-current interest-bearing loans and borrowings (note 4.2) [1]	19.5	19.5	78.2	833.7	**950.9**
Current interest-bearing loans and borrowings (note 4.2)	3.5	-	-	-	**3.5**
Trade payables (note 2.8)	**17.0**	**-**	**-**	**-**	**17.0**
Total 1 January 2020	**41.3**	**20.8**	**85.9**	**843.5**	**991.5**

[1] Cash flows disclosed for non-current interest-bearing loans and borrowings also include estimated interest payments based on current level of interest.

4.3 Aging of financial liabilities (continued)

Reconciliation of changes in liabilities incurred as a result of financing activities in 2021

				Non-cash changes			
USD million	**31.12. 2020**	**Additions through acquisition**	**Cash flow effect**	**Foreign exchange movement**	**New leases recognized**	**Other changes**	**31.12. 2021**
Lease liabilities (note 3.2)	18.4	-	-3.6	-0.7	1.6	0.9	**16.5**
Non-current interest-bearing loans and borrowings - The Facilities (note 4.2)	692.2	-	-266.8	-22.6	-	32.7	**435.6**
Current interest-bearing loans and borrowings (note 4.2)	2.8	-	-2.8	-	-	0.7	**0.7**
Total liabilities from financing	**713.4**	**-**	**-273.2**	**-23.3**	**1.6**	**34.3**	**452.8**

Reconciliation of changes in liabilities incurred as a result of financing activities in 2020

				Non-cash changes			
USD million	**01.01. 2020**	**Additions through acquisition**	**Cash flow effect**	**Foreign exchange movement**	**New leases recognized**	**Other changes**	**31.12. 2020**
Lease liabilities (note 3.2)	16.4	-	-2.9	0.5	3.5	0.8	**18.4**
Non-current interest-bearing loans and borrowings - The Facilities (note 4.2)	661.1	-	-33.7	31.1	-	33.7	**692.2**
Current interest-bearing loans and borrowings (note 4.2)	3.5	-	-3.5	-	-	2.8	**2.8**
Total liabilities from financing	**681.1**	**-**	**-40.1**	**31.7**	**3.5**	**37.3**	**713.4**

Cash flow effects related to non-current interest-bearing loans and borrowings disclosed above include both principal payments (or proceeds from issuance of new debt) and interest payments.

4.4 Cash and cash equivalents

ACCOUNTING POLICIES

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

USD million	**31.12.2021**	**31.12.2020**	**01.01.2020**
Bank deposits, unrestricted	109.7	49.3	22.3
Bank deposits, restricted	37.2	0.8	0.7
Total cash and cash equivalents	**146.9**	**50.1**	**22.9**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

For more information on the group's credit facilities, see note 4.2.

4.5 Finance income and finance costs

ACCOUNTING POLICIES

Interest income and interest expenses on loans and receivables are calculated using the effective interest method.

Foreign currency gains or losses are reported as foreign exchange loss or foreign exchange gain in financial income or financial expense, except for currency translation effects from investments in foreign subsidiaries which are presented within other comprehensive income (OCI) . For other accounting policies related to the underlying financial instruments, reference is made to note 4.1.

Interest expense on lease liabilities represents the interest rate implicit in the lease or the incremental borrowing rate used to measure the lease liabilities recognized in the balance sheet. For further disclosures, see note 3.2.

USD million		**2021**	**2020**
Finance income			
Foreign exchange gain		19.2	-
Interest income	Financial assets	0.0	0.1
Total finance income		**19.2**	**0.1**
Finance costs			
Foreign exchange loss		-	11.9
Interest expenses (note 4.2)	Interest-bearing loans and borrowings	30.6	36.3
Amortized cost (note 4.2)	Interest-bearing loans and borrowings	6.5	2.0
Interest on lease liability (note 3.2)	Other financial liabilities	0.9	0.8
Other financial expenses	Interest-bearing loans and borrowings	3.2	0.2
Total finance costs		**41.2**	**51.2**

Net finance income/costs for 2021 was USD -22.0 million compared to -51.1 million in 2020. The main difference relates to changes in foreign exchange gain/loss on the group's long-term loans in currencies other than the functional currency.

Interest costs decreased in 2021 compared to 2020 due to the repayment of the Second Lien Facility of USD 183.6 million, however, the reduction has been offset by the 4.6 million expense of capitalized fees and 1.1 million in early repayment fee related to the repaid Second Lien Facility.

4.6 Fair value measurement

ACCOUNTING POLICIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value disclosures

Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and the current risk-free interest rates.

Interest-bearing loans and borrowings

The fair values of the group's interest-bearing loans and borrowings are determined by using the Discounted Cash Flow (DCF) method using a discount rate that reflects the issuer's borrowing rate at the end of the reporting period. The fair values of the group's interest-bearing loans and borrowings are in most cases similar to carrying amount, as the interest rates are floating and as the own non-performance risk as of 31 December 2021 was assessed to be insignificant.

Set out below is a comparison, by class, of the carrying amounts and fair values of the group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

USD million	**Date**	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Liabilities disclosed at fair value						
Interest-bearing loans and borrowings (note 4.2)	31 December 2021	436.3	436.3		X	
Interest-bearing loans and borrowings (note 4.2)	31 December 2020	695.0	695.0		X	
Interest-bearing loans and borrowings (note 4.2)	31 December 2019	664.7	664.7		X	

The type and nature of the group's funding did not change in 2021 compared to 2020, therefore a transfer between levels did not occur.

4.7 Financial risk

Overview

The group is exposed to a range of risks affecting its financial performance, including market risk, financial risk, credit risk, and liquidity risk. The group seeks to minimize potential adverse effects of such risks through sound business practise, risk management and hedging. At the current time, the liquidity risk of the group is assessed as low based on the operating cash flows, scheduled repayments of debt, and the availability of credit facilities.

Risk management is carried out by management under policies approved by the Board. The Board reviews and agrees on policies for managing each of these risks, which are summarized below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's Senior Facilities which have base interest rates in LIBOR and EURIBOR. The group does not currently hedge the base interest rates. The current interest rate environment is low and the group may enter into contracts to offset some of the risks depending on the future expected interest rates.

For information on the IBOR reform and the group's assessment, see note 4.1.

Interest rate sensitivity

The sensitivity to a possible change in interest rates, with all other variables, held constant, on the group's profit before tax, is illustrated below. In calculating the sensitivity analyses, the group assumes that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective financial risks.

USD million	**Increase / decrease in basis points**	**Increase / decrease in profit before tax**	**Increase / decrease in equity** [1]
31 December 2021	+/- 100	4.4	-
31 December 2020	+/- 100	6.9	-

[1] The group has no financial instruments through OCI and hence the effects on equity are zero.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The group's international business activities, supply chain and global distribution network expose it to foreign exchange transaction risk and translation risk. The group's risk of changes in foreign exchange rates relates primarily to the group's operating activities (revenues and expenses denominated in a foreign currency), external financing through interest bearing liabilities and the group's net investment in foreign subsidiaries.

The group's presentation currency is USD. Accordingly, changes in the value of the currencies in which it generated revenues and incurs costs in relation to USD affect the group's overall revenue, profit or loss and financial position.

Transactional risk arises when the group's entities enter into transactions in currencies different than the entities' functional currencies. A significant part of revenues are denominated in USD and EUR, with a smaller portion in NOK. Furthermore, a significant amount of the materials used in the group's production are sourced from suppliers located in countries that have adopted Zloty ("PLN") and EUR. The group's suppliers are generally paid in EUR in addition to PLN, as such the group has significant costs in EUR and PLN. A large portion of the group's operations are conducted in Norway, where transactions to a large extent is made in NOK and as such the group has significant costs in NOK.

In case of unfavorable exchange rate fluctuations, such as a strong currency in the country of a supplier, and the group due to competitive pressure being unable to raise its prices, the

4.7 Financial risk (continued)

group may face reduced gross margins leading to a decline in net results and a competitive disadvantage. Products and services provided and invoiced to the group in markets with weaker local currencies may also lead to lower profit margins which could have an adverse effect on the group's business, results of operations, financial condition and cash flow.

The group tries to limit its foreign currency exposure through having similar currencies for its revenues and operating expenses. The group's interest bearing liabilities are also denominated in the same foreign currencies; EUR and USD, thus, the group has a natural hedge which reduces the impact from currency fluctuations in these currencies. The group does not hedge currency exposure with the use of financial instruments at the current time, but monitors the net exposure over time.

Foreign currency sensitivity
The following table illustrates the sensitivity of the group's financial instruments denominated in a foreign currency to a hypothetical increase or decrease in the foreign exchange rates in the period, holding all other variables constant:

USD million	**Date**	**Change in FX rate**	**Increase / decrease in profit before tax**	**Increase / decrease in equity** [1]
Increase / decrease in NOK/USD	31 December 2021	+/- 10%	16.7	-
Increase / decrease in NOK/EUR	31 December 2021	+/- 10%	27.6	-

USD million	**Date**	**Change in FX rate**	**Increase / decrease in profit before tax**	**Increase / decrease in equity** [1]
Increase / decrease in NOK/USD	31 December 2020	+/- 10%	33.3	-
Increase / decrease in NOK/EUR	31 December 2020	+/- 10%	34.6	-

[1] The group has no financial instruments through OCI and hence the effects on equity are zero.

4.7 Financial risk (continued)

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is mainly exposed to credit risk from its operating activities.

In order to offset the risk on trade receivables, the company has entered into a credit insurance agreement. Additionally, the group manages its credit risks by trading only with recognized, creditworthy third parties (mainly distributors/partners). It is the group's policy that all customers wishing to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. The group obtains sufficient collateral (where appropriate) from customers as a means of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis, with the result that the group's exposure to losses has been insignificant and the overall credit risk is assessed as low (i.e. the group has not experienced any losses in the past).

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurances. For an overview of the ageing of trade receivables and the expected credit losses recognized for trade receivables, refer to note 2.7.

Liquidity risk
Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. The group monitors its risk to a shortage of funds by monitoring its working capital, overdue trade receivables and establishing credit facilities.

The group's business requires access to significant credit and guarantee lines and other financing instruments. Its business could be negatively affected if the group is unable to meet its capital requirements in the future, for example as a result of weak financial market environments, a significant deterioration of its credit standing, a breach of or default under a credit facility agreement, or if access to capital becomes cost prohibitive. The group's business activities could also be negatively affected if its customers or suppliers do not have access to financing on economically viable terms.

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities and the Senior Facilities agreement to finance working capital and investments. The group has flexible debt financing through a Revolving Credit Facility as part of the Senior Facilities and may further draw funds or establish additional incremental revolving facilities if deemed necessary (see note 4.2). Additionally, the group has a significant positive cash flow from operating activities which limits its liquidity risk.

An overview of the maturity profile of the group's financial liabilities with corresponding cash flow effect is presented in note 4.3.

4.8 Equity and shareholders

For the purpose of the group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the group's capital management is to ensure that it maintains a healthy working capital and financial stability in order to support its growing business operations and to maximize shareholder value.

The group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, perform prepayments of debt, or draw on short-term credit.

In order to achieve this overall objective, the group's capital management, amongst other things, aims to ensure that it reinvests or returns excess cash flows from operations that are not necessary to maintain a healthy operating working capital to its investors. There has been no breach of the financial covenants in the current or previous period. Reference is made to note 4.2.

Issued capital and reserves:

Share capital in AutoStore Holdings Ltd.	Number of shares authorized and fully paid	Par value per share (USD) [1]	Financial position (USD million)
At 1 January 2020	**3,162,987,200**	**0.01**	**35.24**
Share issuance 3 January 2020	330,000	0.01	0.00
At 31 December 2020	**3,163,317,200**	**0.01**	**35.24**
Share issue at 4 January 2021	9,279,444	0.01	0.11
Share issue at 22 January 2021	9,810,000	0.01	0.12
Share issue at 13 April 2021 (exercise of share options)	41,113,780	0.01	0.49
Share issue at 12 October	6,220,005	0.01	0.07
Cancellation of shares at 13 October	-1,200,000	0.01	-0.01
Capital reorganization 14 October	-	-	-3.74
Share issue at 14 October (treasury shares)	200,000,000	0.01	2.00
At 31 December 2021	**3,428,540,429**	**0.01**	**34.29**

[1] Par value per share of Automate Holdings S.à r.l. was 0.01 EUR, while par value per share of AutoStore Holdings Ltd. is 0.01 USD.

The table above presents the shares in Automate Holdings S.à r.l. until the reorganization on 14 October 2021. From this date, the number of shares and share capital presented represent the share capital of AutoStore Holdings Ltd. AutoStore Holdings Ltd. was incorporated on 31 August 2021 with an initial share capital of USD 100. The above-presented shares are issued and fully paid, and include a total of 90,547,342 treasury shares as of 31 December 2021. The authorized share capital of AutoStore Holdings Ltd. is USD 42,500,000, consisting of 4,250,000,000 shares.

On 20 October 2021, AutoStore Holdings Ltd. announced the successful completion of its initial public offering (IPO) on Oslo Stock Exchange. AutoStore sold 87,096,774 treasury shares in connection with the offering, raising an amount of NOK 2.7 billion.

Reconciliation of the group's equity is presented in the statement of changes in equity.

4.8 Equity and shareholders (continued)

Shareholders of the group (Automate Holdings S.à r.l.)

Shareholders	Total shares	Ownership	Voting rights
THL Fund VIII	2,742,630,900	87%	87%
Other shareholders	420,686,300	13%	13%
At 31 December 2020	**3,163,317,200**	**100%**	**100%**

Shareholders of the group (AutoStore Holdings Ltd.)

Shareholders	Country	Account type	Total shares	Ownership	Voting rights
The Bank of New York Mellon	United States	Nominee	1,321,295,717	38.54%	38.5%
Bank of America, N.A.	United States	Nominee	1,133,350,367	33.06%	33.1%
State Street Bank and Trust Comp	United States	Nominee	141,188,997	4.12%	4.1%
Terminator Holding S.a.r.l	Luxembourg	Ordinary	123,970,423	3.62%	3.6%
Autostore Holdings Ltd.	Bermuda	Ordinary	90,547,342	2.64%	2.6%
JPMorgan Chase Bank, N.A., London	United States	Nominee	67,832,799	1.98%	2.0%
Alecta Pensionsforsakring	Sweden	Ordinary	63,085,161	1.84%	1.8%
Citibank, N.A.	Ireland	Nominee	28,214,710	0.82%	0.8%
Lyngneset Invest AS	Norway	Ordinary	23,122,055	0.67%	0.7%
State Street Bank and Trust Comp	United States	Nominee	22,192,409	0.65%	0.6%
Brown Brothers Harriman & Co.	Ireland	Nominee	18,411,700	0.54%	0.5%
RBC Investor Services Trust	Canada	Nominee	15,461,931	0.45%	0.5%
State Street Bank and Trust Comp	United States	Nominee	15,339,900	0.45%	0.4%
Automate Investment II AS	Norway	Ordinary	14,482,166	0.42%	0.4%
Jakob Hatteland Holding AS	Norway	Ordinary	10,950,000	0.32%	0.3%
Polysys AS	Norway	Ordinary	10,800,000	0.32%	0.3%
J.P. Morgan Bank Luxembourg S.A.	Luxembourg	Nominee	10,688,371	0.31%	0.3%
Credit Suisse (Luxembourg) S.A.	Luxembourg	Nominee	10,209,869	0.30%	0.3%
State Street Bank and Trust Comp	United States	Nominee	10,113,779	0.29%	0.3%
The Northern Trust Comp, London Br	Finland	Nominee	9,400,000	0.27%	0.3%
Other shareholders			287,882,733	8.40%	8.4%
At 31 December 2021			**3,428,540,429**	**100%**	**100%**

The shareholder information is from the VPS share register. The account of The Bank of New York Mellon is controlled by Alpha LP, part of SoftBank Group Corp. The account of Bank of America is controlled by THL Fund VIII.

Shares held by executive management or the Board at the end of the reporting period are summarized in note 2.5.

4.8 Equity and shareholders (continued)

Distribution to shareholders

ACCOUNTING POLICIES

The group recognizes a liability to make distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the group. As per the corporate laws of Norway, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

The group did not pay dividends to shareholders during the twelve months period ended 31 December 2021 or the twelve months period ended 31 December 2020. There are no proposed dividends as of the date of authorization of this annual report.

Share price information 31 December 2021	
Share price 31 December 2021 (NOK)	34.78
Number of shares	3,428,540,429
Market capitalization 31 December 2021 (NOK)	119,244,636,121
USD/NOK exchange rate at 31 December 2021	8.82
Market capitalization 31 December 2021 (USD)	13,519,524,381

5.1 Taxes

ACCOUNTING POLICIES

Current income tax
Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the group operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity (OCI) and not in the statement of profit or loss.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5.1 Taxes (continued)

USD million	31.12.2021	31.12.2020	01.01.2020
Current income tax expense			
Tax payable	9.8	1.9	11.5
Tax payable subsidiaries prior to acquisition	-	-	-1.0
Adjustment for income tax payable for previous years	-	2.4	0.1
Change deferred tax/deferred tax assets (ex. OCI effects) [1]	-19.1	-10.2	-8.6
Currency effects	0.0	0.4	0.0
Total income tax expense	**-9.4**	**-5.5**	**2.0**

USD million	31.12.2021	31.12.2020	01.01.2020
Current income tax payable consists of:			
Income tax payable for the year as above	9.8	1.9	11.5
- of which paid in fiscal year	-9.1	-1.8	-
Income tax payable	**0.7**	**0.1**	**11.5**

USD million	31.12.2021	31.12.2020	01.01.2020
Deferred tax assets			
Property, plant and equipment	0.4	0.4	-0.0
Other current assets	0.6	-0.1	-0.2
Liabilities	-39.2	-5.7	-0.4
Losses carried forward (including tax credit)	0.0	-0.0	-0.5
Basis for deferred tax assets	**-38.2**	**-5.4**	**-1.1**
Calculated deferred tax assets	8.9	1.2	0.3
Deferred tax assets not recognized	-0.2	-	-
Net deferred tax assets recognized in balance sheet	**8.7**	**1.2**	**0.3**

USD million	31.12.2021	31.12.2020	01.01.2020
Deferred tax liabilities			
Property, plant and equipment (including leased assets)	4.0	0.7	0.6
Intangible assets	553.7	624.7	656.0
Other current assets	-0.3	0.3	0.7
Liabilities	33.4	-5.1	-5.3
Basis for deferred tax liabilities	**590.7**	**620.6**	**651.9**
Calculated deferred tax liabilities	127.1	134.2	140.3
Deferred tax not recognized	-	-	
Net deferred tax liabilities recognized in balance sheet	**127.1**	**134.2**	**140.3**

[1] Change in deferred tax in balance sheet, adjusted for currency translation effects of USD -4.4 million in 2021.

Deferred tax liabilities mainly relate to intangible assets recognized through the acquisition of AutoStore in 2019 (refer to note 6.2.)

5.1 Taxes (continued)

The group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 17% to 27%, which results in a difference between the statutory income tax rate in Norway and the average tax rate applicable to the group. The average tax rate for the group's deferred tax assets is 23.2% for 2021 and 22.2% for 2020. The average tax rate for the group's deferred tax liabilities is 21.5 % for 2021 and 21.6% for 2020. A reconciliation of the differences between the theoretical tax expense under the rate applicable in Norway and the actual tax expense is as follows:

USD million	**2021**	**2020**
Profit before taxes	**-59.5**	**-26.6**
Tax expense 22% (tax rate, Norway)	-13.1	-4.5
Permanent differences [1]	4.5	-0.9
Change to prior year tax expense	-	2.2
Effects of foreign tax rates	-0.7	-1.9
Currency effects	-	0.3
Other adjustments	-0.2	-0.8
Recognized income tax expense	**-9.4**	**-5.5**

[1] The corporate tax rate in Norway (22%) is used as a starting point, as the parent company AutoStore Holdings Ltd. is considered a Norwegian entity for taxation purposes.

6.1 Interests in other entities

ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of AutoStore Holdings Ltd. and its subsidiaries as of 31 December 2021. The subsidiaries are consolidated when control is achieved as defined by IFRS 10 Consolidated Financial Statements. Specifically, the group controls an investee if, and only if, the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. However, the group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Profit or loss and each component of OCI is attributed to the equity holders of the parent of the group. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the group are eliminated in full-on consolidation.

The group does not have ownership in joint arrangements as defined by IFRS 11 Joint Arrangements, other associates, interests in unconsolidated structured entities, or interests in unconsolidated subsidiaries that require disclosure under IFRS 12 Disclosure of Interests in Other Entities.

Group structure

The legal structure of the group was changed in October 2021 as a consequence of an internal reorganization. Reference is made to note 1.1 and note 1.4. In Q1 2021, the group incorporated a subsidiary in Spain and acquired Locai Solutions in the U.S. (see note 6.2). Further, the group incorporated a new branch in Italy.

6.1 Interests in other entities (continued)

The subsidiaries of AutoStore Holdings Ltd. are presented below:

Consolidated entities	Office	Currency	Shareholding	Group's voting ownership share
Automate Holdings S.à r.l.	Luxembourg	EUR	100.0%	100.0%
Automate Intermediate Holdings 1 S.à r.l.	Luxembourg	EUR	100.0%	100.0%
Automate Intermediate Holdings 2 S.à r.l.	Luxembourg	EUR	100.0%	100.0%
Automate HoldCo 1 AS	Norway	NOK	100.0%	100.0%
Automate BidCo AS	Norway	NOK	100.0%	100.0%
Terminator BidCo AS	Norway	NOK	100.0%	100.0%
AutoStore AS	Norway	NOK	100.0%	100.0%
AutoStore Technology AS	Norway	NOK	100.0%	100.0%
AutoStore Sp. Z o.o.	Poland	PLN	100.0%	100.0%
AutoStore System Incorporated	USA	USD	100.0%	100.0%
AutoStore System Limited	UK	GBP	100.0%	100.0%
AutoStore SAS	France	EUR	100.0%	100.0%
AutoStore System GmbH	Germany	EUR	100.0%	100.0%
AutoStore System K.K.	Japan	JPY	100.0%	100.0%
AutoStore System Ltd.	South Korea	KRW	100.0%	100.0%
AutoStore System AT GmbH	Austria	EUR	100.0%	100.0%
AutoStore System	Italy	ITL	100.0%	100.0%
AutoStore System	Spain	EUR	100.0%	100.0%
Locai Solutions Inc.	USA	USD	100.0%	100.0% [1)]

[1)] Owned 100% by AutoStore Systems Inc.

All subsidiaries are included in the consolidated statement of financial position.

6.2 Business combinations

ACCOUNTING POLICIES

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Determining whether a particular set of assets and activities is a business should be based on whether the integrated set is capable of being conducted and managed as a business by a market participant.

Business combinations are accounted for according to IFRS 3 Business Combinations using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at acquisition date according to IFRS 13 Fair Value Measurement, and the amount of any non-controlling interests in the acquiree. For each business combination, the group elects whether to measure the non-controlling interests in the acquiree at fair value or the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss.

Goodwill arises in a business combination when the fair value of consideration transferred exceeds the fair value of identifiable assets acquired less the fair value of identifiable liabilities assumed. Goodwill acquired in a business combination is allocated to each of the group's cash-generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units, and tested subsequently for impairment.

Acquisitions in 2021

On 25 January 2021, the group signed an agreement to acquire all shares in Locai Solutions Inc. through its subsidiary AutoStore Systems Inc. Locai is a software company located in Delaware, U.S., providing digital commerce platforms to the grocery market based on artificial intelligence and machine learning technology. The acquisition of Locai broadens AutoStore's offerings to include order fulfillment and warehouse management software for stand-alone AutoStore solutions. The acquisition was accounted for as a business combination under IFRS 3 Business Combinations.

The consideration comprises shares issued by the company of USD 7.0 million and 5.0 million in cash. As per the PPA, the group has recognized USD 3.6 million in software and technology, USD 9.2 million in goodwill, and USD 0.8 million in deferred taxes. Goodwill includes the value of expected synergies arising from the acquisition and assembled workforce, which are not separately recognized. None of the goodwill recognized is expected to be deductible for income tax purposes. The goodwill is allocated to the CGU "AutoStore system". References are made to note 3.5.

Transaction costs of USD 0.6 million were expensed and are included in other operating expenses.

From the date of acquisition, Locai Solutions Inc. contributed USD 0.36 million of revenue and USD 0.08 million to profit before tax of the group. If the combination had taken place at the beginning of the year, revenue and profit before tax of the group would have been the same.

6.2 Business combinations (continued)

USD million	**Fair value recognized on acquisition**
Non-current assets	
Technology and software	3.6
Total non-current assets	**3.6**
Non-current liabilities	
Deferred tax liability	0.8
Total non-current liabilities	**0.8**
Total identifiable net assets at fair value	2.8
Purchase consideration	12.0
Goodwill arising on acquisition	**9.2**
Purchase consideration	
Cash consideration	5.0
Share issue	7.0
Total consideration	**12.0**
Analysis of cash flows on acquisition	
Net cash acquired (included in the cash flows from investing activities)	0.0
Cash paid (included in the cash flows from investing activities)	5.0
Net cash flows from acquisition	**5.0**

The group did not have any acquisitions in 2020.

6.3 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that might be issued under the equity-settled share-based option program.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

USD million	**2021**	**2020**
Continuing operations	-50.1	-21.1
Loss attributable to ordinary equity holders of the parent for basic earnings	**-50.1**	**-21.1**
Shares outstanding (in millions)	**31.12.2021**	**31.12.2020**
Weighted average number of ordinary shares for basic EPS	3,235.3	3,163.3
Weighted average number of ordinary shares adjusted for the effect of dilution	3,235.3	3,163.3
Earnings per share	**2021**	**2020**
Basic earnings per share (USD)	-0.015	-0.007
Diluted earnings per share (USD) [1]	-0.015	-0.007

[1] The group has equity-settled share-based options (see note 7.4), however, as all of the potential ordinary shares from these share-based options are anti-dilutive (due to the reported loss in both periods in the consolidated group), the diluted earnings per share is the same as basic earnings per share. The potential ordinary shares are disclosed in note 2.5.

7.1 Provisions

ACCOUNTING POLICIES

Provisions are liabilities with uncertain timing or amount and are recognized when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party.

Refund liability

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the group ultimately expects it will have to return to the customer.

The group classifies provisions in the following categories:

- Assurance-type warranties: A provision for expected warranty claims on products sold during the year, based on experience of the level of repairs and returns
- Onerous shared cost: A provision for the unfavorable terms related to the service element (shared cost) in a lease agreement. The provision includes the expected future payments above the market rate for these services discounted to present value
- Social security for share-based payments: Contains a provision for the accrued social security on share options and restrictive share units which will be paid when the options are exercised/fully vested
- Salary-related costs: Contains a provision for accrued holiday pay, unspent vacation days, accrued bonuses, restructuring, and other salary-related accruals
- Refund liability: A provision for the discounts to be refunded to customers (distributors) after the reporting date. The provision is recognized as variable consideration by applying the expected value method to the discount based on historical sales and specific forward-looking factors. See note 2.1 for further descriptions

A provision is made and calculated based on management assumptions at the time the provision is made and is updated as and when new information becomes available. All provisions are reviewed at the end of the financial year.

7.1 Provisions (continued)

Reconciliation of provisions:

USD million	Assurance-type warranties	Onerous shared cost	Social security for share-based payments	Salary related costs	Refund liability	Other provisions	Total
At 1 January 2020	**0.3**	**5.3**	**-**	**1.9**	**5.9**	**0.6**	**14.0**
Additions through acquisitions	-	-	-	-	-	-	**-**
Additional provisions made	0.3	-	3.5	2.2	3.9	4.6	**14.6**
Amounts used	-0.3	-0.6	-	-2.0	-6.0	-0.6	**-9.5**
Currency translation effects	0.0	0.4	0.3	0.2	0.4	0.4	**1.7**
At 31 December 2020	**0.4**	**5.1**	**3.8**	**2.4**	**4.2**	**5.0**	**20.8**
Additions through acquisitions	-	-	-	-	-	-	**-**
Additional provisions made	0.2	-	58.1	6.7	5.1	6.8	**76.9**
Amounts used	-0.4	-0.6	-22.2	-2.4	-4.2	-5.0	**-34.7**
Currency translation effects	-0.0	-	-1.0	-0.1	-0.1	-0.2	**-1.4**
At 31 December 2021	**0.2**	**4.5**	**38.7**	**6.6**	**5.0**	**6.7**	**61.6**
Current provisions	0.2	0.6	33.4	6.6	5.0	5.8	**51.5**
Non-current provisions	-	3.9	5.3	-	-	0.9	**10.0**

The increase of provisions in the reporting period is mainly related to the recognition of expected social security for share-based payments. In 2021, the group has recognized SST expenses of USD 58.1 million related to the option program, of which USD 12.2 million were paid in May 2021 and USD 10.4 million were paid in January 2022 related to options exercised as part of the IPO on 20 October 2021. The provision for social security for share-based payments will be settled when the options are exercised. References are made to note 7.4.

The onerous shared cost provision is expected to be settled at the end of 2028 with approximately similar amounts each year.

7.2 Other commitments and contingencies

ACCOUNTING POLICIES

Other commitments and contingencies

Contingent liabilities are not recognized in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the possibility of an outflow of economic resources is considered remote.

Contingent assets are not recognized in the annual accounts but are disclosed when an inflow of economic benefits is considered probable.

Other commitments

The group does not have other significant commitments to be disclosed.

Assets pledged as security and guarantee liabilities

For assets pledged as security and guarantee liabilities, reference is made to note 4.2.

Legal claims - the Ocado litigation

U.S. Proceedings

On 1 October 2020, AutoStore sued Ocado and Tharsus Group for infringement of five patents in the U.S. International Trade Commission ("ITC") to stop importation of the Ocado Smart Platform into the United States. AutoStore filed a parallel suit in the U.S. District Court for the Eastern District of Virginia ("EDVA") seeking an injunction and money damages. The EDVA judge stayed the case pending resolution of the ITC investigation. On 13 December 2021, the ITC issued an Initial Determination ("ID") finding that Ocado and Tharsus infringed three AutoStore patents but that the asserted claims of those patents were invalid based on a narrow legal issue. AutoStore petitioned the full Commission for review of the non-final decision on 30 December 2021. On 10 March 2022, the Commission affirmed the ID and terminated the investigation. AutoStore intends to appeal the decision, which does not impact AutoStore's ability to sell its products anywhere.

On 17 January 2021, Ocado sued AutoStore in the U.S. District Court for the District of New Hampshire ("DNH"), asserting that AutoStore's Red Line and Black Line systems infringe three of Ocado's U.S. patents and seeking an injunction and money damages. On 23 April 2021, Ocado added a fourth patent. On 6 October 2021, Ocado sued AutoStore in the same court on a fifth patent. The DNH consolidated the cases. AutoStore has responded with counterclaims and affirmative defences. Discovery is ongoing and a jury trial will commence on 5 December 2023.

Ocado also sued AutoStore in the U.S. District Court for the Eastern District of Virginia ("EDVA") on 2 February 2021, alleging that AutoStore's EDVA and ITC suits violated antitrust laws and tortiously interfered with Ocado's relationship with The Kroger Company. Ocado seeks money damages and to enjoin AutoStore from enforcing its patents against Ocado and from obtaining patents in the same families. On 5 April 2021, the Court stayed the case pending resolution of the ITC case.

During the ITC investigation, Ocado filed Inter Partes Review ("IPR") petitions challenging the validity of the asserted AutoStore patents. The United States Patent & Trademark Office ("USPTO") denied three of Ocado's petitions. The USPTO is expected to issue its decisions by 3 June 2022 and 28 June 2022 on the remaining two.

AutoStore filed IPR petitions against three of the Ocado patents asserted in DNH. The USPTO declined to institute proceedings on the first IPR; and is expected to decide whether to institute proceedings for the remaining two IPRs by July and September 2022.

UK Proceedings

On 1 October 2020, AutoStore sued Ocado and Tharsus in the High Court of Justice of England and Wales on six AutoStore European Patents (UK), seeking an injunction and money damages. AutoStore has since sharpened its case to focus on three patents. Ocado has maintained its revocation claims against those three patents, as well as two of the remaining three patents. The trial was heard from 15 March to 12 April 2022 and judgment is expected in 3-4 months. In January 2022, AutoStore introduced another patent into the proceedings, a trial for which is scheduled to start around 24 April 2023.

7.2 Other commitments and contingencies (continued)

In November 2020, AutoStore commenced an entitlement action against Ocado Innovation Limited ("OIL") before the United Kingdom Intellectual Property Office. This action has been transferred to the High Court of Justice of England and Wales. And, in July 2021, AutoStore also commenced an entitlement action against OIL, which has since been withdrawn. UKIPO is still considering costs.

The UK proceedings will have no impact on AutoStore's ability to sell its products in the UK or elsewhere.

German Proceedings
In March 2021, Ocado filed infringement claims in the Mannheim Regional Court and the Munich Regional Court on two German utility models. AutoStore intends to defend these claims, for which statements of defence have been filed. Invalidity actions against the two utility models have also been filed in the German Intellectual Property Office.
All four German infringement actions against AutoStore (two in Munich and two in Mannheim) have been stayed pending the outcome of AutoStore's invalidity actions against the utility models in the German Intellectual Property Office. Decisions on those validity proceedings are expected in late 2022 or early 2023.

7.3 Related-party transactions

Related parties are group companies, major shareholders, members of the Board, and management in the parent company and the group subsidiaries. Note 6.1 and 4.8 provide information about the group structure, including details of the subsidiaries and the holding company. Significant agreements and remuneration paid to the Board for the current and prior period appear in note 2.5.

All transactions within the group or with other related parties are based on the principle of arm's length.

The following table provides the total amount of transactions that have been entered into with related parties (outside the group) for the relevant financial year:

USD million	**Amounts received from related parties**	**Payments made to related parties**	**Receivable from related parties**	**Payable to related parties**	**Total 2021**
THL Managers VIII, LLC	-	7.7	-	-	**7.7**
SoftBank/EQT	-	-	-	5.5	**5.5**
Total related-party transactions	**-**	**7.7**	**-**	**5.5**	**13.2**

The above payments relate to management fee paid to majority owners for advisory services to the group. The agreement was terminated in connection with the IPO, and the group recognized a termination fee in Q3 2021 in accordance with the contracts.

USD million	**Amounts received from related parties**	**Payments made to related parties**	**Receivable from related parties**	**Payable to related parties**	**Total 2020**
THL Managers VIII, LLC	-	2.3	-	-	**2.3**
Total related-party transactions	**-**	**2.3**	**-**	**-**	**2.3**

7.4 Share-based payments

ACCOUNTING POLICIES

The group has share-based programs for its key employees which are accounted for as equity-settled transactions. The share option program for key employees gives the employee the right to purchase shares in the ultimate parent company AutoStore Holdings Ltd.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performances and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee. Where an award is canceled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The share options are anti-dilutive in 2020 and 2021 due to the reported losses in both periods in the consolidated group, thus the potential ordinary shares and the earnings per share computation are not affected (see note 6.3).

Social security tax on options is recorded as a liability and is recognized over the estimated vesting period (see note 7.1).

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Social security contributions

The group recognizes a liability for social security contributions in respect of options to be exercised. The amount of the liability is dependent on the number of options that are expected to be exercised (that is, vesting conditions are taken into account). The expense is allocated over the period from the grant date to the end of the vesting period. From the end of the vesting period to the date of actual exercise, the liability is adjusted by reference to the current market value of the shares (that is, fair value of the liability at the end of the reporting period). Social security contribution is calculated for the intrinsic value of the options (share price - strike value) over the vesting period.

Valuation assessment

The group has engaged OptioIncentives to perform valuation calculations for the options program for both the fair value at grant date, subsequent measurement and the ongoing calculation for social security contribution. The following will assess the reasonableness of the model applied, inputs to the model, recalculation of the fair value at grant date, and an assessment of OptioIncentive as a third-party service provider. The fair value of the share options is estimated at the grant date using the Black-Scholes-Merton model and a Monte Carlo Simulation for the performance options, taking into account the terms and conditions on which the share options were granted.

7.4 Share-based payments (continued)

Option programs

In 2019, the group entered into option agreements, awarding non-transferable options to, inter alia certain key employees. In total, 163,338,159 options have been issued to 25 option-holders, each option with a strike price equal to the fair market value of the underlying shares at the time the options were issued, which at the time was EUR 0.33, equivalent to USD 0.38 per option. The options are divided into service (33%) and performance (67%) options.

In connection with closing of the SoftBank SPA in 2021, 100% of the performance options were deemed vested immediately prior to closing of the SoftBank SPA. Further, all service options were deemed vested as if they had vested on a quarterly basis. The unvested service options shall continue to vest on a quarterly basis (i.e. 5% each quarter) from the grant date until the fifth anniversary. In connection with the closing of the transactions contemplated by the SoftBank SPA, the option-holders were provided with the opportunity to exercise approximately 40% of their vested options and, as a result, sell the underlying shares to SoftBank.

The service requirement of all options shall be deemed satisfied immediately prior to (but subject to the consummation of) a change of control, given that the option holder is, and has been, continuously employed by and continues to provide services to the group through the date of such consummation, and as otherwise set forth in an option agreement.

The options were previously granted by Automate Holdings S.à r.l. As part of the internal reorganization of the group, options that are not exercised have been rolled over to AutoStore Holdings Ltd. with the same terms and conditions.

RSU

External members of the Board of Directors of AutoStore Holdings Ltd. are partly compensated through option instruments, RSU (restricted stock options), granted upon the parent company's IPO on 20 October 2021. Vesting period is two years from grant date.

The expense recognized for employee services received during the year is shown in the following table:

USD million	2021	2020
Expense arising from equity-settled share-based payment transactions	-2.7	-3.9
Total expense arising from share-based payment transactions	**-2.7**	**-3.9**

USD 2.7 million is the IFRS 2 cost of the options. This expense is based on estimated fair value of the options on grant date and recognized over the vesting period. In addition, the group has recognized SST expenses of USD 60.1 million related to the option program, of which USD 12.2 millon were paid in May 2021 and USD 10.4 million were paid in January 2022 related to options exercised as part of the IPO on 20 October 2021.

Movements during the year

The following table illustrates the number and movements in share options during the year:

Number	2021	2020
Outstanding at 1 January	**163,071,600**	**146,431,641**
Granted during the year	310,077	18,303,955
Forfeited during the year	-	1,663,996
Exercised during the year [1)]	74,637,389	-
Expired during the year	-	-
Outstanding at 31 December	**88,744,288**	**163,071,600**
Fully vested, not yet exercised at 31 December	58,247,282	31,283,110

[1)] The exercised options all had a strike price of EUR 0.33 and the share price on the date of exercise was EUR 1.8 for the 49,887,080 options exercised on 13 April 2021. As part of the listing on 20 October 2021, an additional number of 24,750,309 options were exercised, at a share price of EUR 3.05/NOK 31. The outstanding options on 31 December were 88,744,288, of which 66% are fully vested.

For more information on the share option program, reference is made to the group's consolidated financial statements for the year ended 31 December 2020.

7.4 Share-based payments (continued)

The weighted average remaining contractual life for the share options outstanding as of 31 December 2021 was 7.4 years. The weighted average fair value of options granted during the year was USD 0.09. The exercise price for all options outstanding at the end of the year was USD 0.40.

The following tables list the inputs to the models used for the options program for the year ended 31 December 2021:

	2021 Service options	2021 Performance options	2021 RSU
Weighted avg. fair values at the measurement date	$0.09	$0.03	$3.54
Dividend (%)	-	-	-
Expected volatility	25%	25%	25%
Risk-free interest rate	1.01%	1.25%	1.16%
Expected life of share options (years)	3.6	5.0	2.0
Weighted average share price	$0.40	$0.40	$3.54
Model used	Black-Scholes-Merton	Monte Carlo Simulation	Monte Carlo Simulation

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

The expected volatility is based on historical data for comparable companies as the group has a limited number of share transactions. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

7.5 Events after the reporting period

ACCOUNTING POLICIES
If the group receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, the group will assess if the information affects the amounts that it recognizes in the group's consolidated financial statements. The group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the group will not change the amounts recognized in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Non-adjusting events

Business impact from the Russian invasion of Ukraine
AutoStore condemns, in the strongest possible terms, the military attacks on Ukraine by the Russian government. In light of the the ongoing war, AutoStore has halted all sales activities to companies in Russia and stopped all marketing activities and other initiatives directed at the Russian market.

In general, AutoStore expects a very limited direct impact on operations from the invasion. Sales activity has been low in the involved countries, and AutoStore does not expect this to change in the upcoming period. AutoStore does not have any employees in these countries.

As regards its supply chain, AutoStore does not source any materials directly from suppliers in Ukraine or Russia. However, it expects to see some indirect effects related to sub-suppliers, especially regarding aluminum – a key input factor in the AutoStore grid. Overall, the aluminum market was constrained prior to the invasion, largely due to high European energy prices. The invasion has put further pressure on the energy market. In addition, Russia is a global supplier of raw materials used in aluminum production, and the global supply and price of aluminum may thus also be affected. Overall, AutoStore expects these factors to have an impact on the cost of AutoStore grid parts.

AutoStore is continuously monitoring this situation and may use options to increase the price towards end customers to recover some of the reduction in margins.

Ocado litigation
Please refer to note 7.2 for events after the reporting period related to the Ocado litigation case.

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To the General Meeting of AutoStore Holdings Ltd

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of AutoStore Holdings Ltd and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company since its incorporation in Bermuda Registrar of Companies on 31st August 2021, for the accounting year 2021.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Revenue recognition

Key audit matter	How the matter was addressed in the audit
The Group reported total revenues of 327.6 million USD in 2021 (2020: 182.1 million USD). Refer to note 2.1 to the Group financial statements for a description of the revenue recognition principles and various revenue streams of the Group. AutoStore records revenue according to IFRS 15, Revenue from Contracts with Customers, including following the 5-step model therein. Under IFRS 15, management must determine the separate performance obligations, assign values thereto based on the selling prices of goods or services in separate transactions under similar conditions to similar customers (the "stand-alone selling price") and determine when performance obligations are satisfied. These are assessments which involve Management judgments. Auditing revenue recognition is complex due to the judgements involved in the 5-step model of IFRS 15 and the large (and increasing) number of individual sales transactions during the year. Further, we have identified significant risk related to cut-off assessments, given revenue is a key performance indicator in external communication and guiding of revenue is provided by management to the market. Because of the level of risk and judgements involved, a high degree of audit focus was required related to the judgements in the 5-step model and in the cut-off testing.	To understand how the Group recognises and makes judgements around revenue recognition, we performed walkthroughs of the Group's revenue processes by interviewing process owners, obtained samples of contracts with customers and obtained client prepared IFRS 15 accounting memo. We did this to obtain an understanding of the performance obligations with customers and nature of transactions and to assess the design and implementation of the controls management has put in place over the revenue recognition process. We evaluated management's accounting policies and judgements related to the 5-step model under IFRS 15 based on our understanding of the customer contracts and assessed whether the revenue recognition methodology is consistent with IFRS 15. For significant revenue streams, our audit procedures included the following substantive testing: • Selection of a sample of recorded revenue transactions and tested these for occurrence, accuracy and classification by vouching to invoices, shipping documents and customer contracts. • Selection of a sample of sales transactions recognized close to year-end and tested for appropriate cut-off according to IFRS 15 and the Group's accounting policy. • Analytical procedures to test that recorded revenue for the year is complete. • Performed search for unexpected transactions and followed up any such with detailed substantive testing. We have evaluated the Group's disclosures related to revenue recognition.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view 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 and using 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.

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 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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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 Audit Committee 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.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name "549300KYN3M0LSM5A413-2021-12-31-en" have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. Our work comprised reconciliation of the financial statements under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 28 April 2022
Deloitte AS

Stian Jilg-Scherven
State Authorised Public Accountant

Appendices

Alternative Performance Measures (APMs)

In order 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.

An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specific in the applicable financial reporting framework (IFRS). The company uses APMs to measure operating performance and is of the view that the APMs provide investors with relevant and specific operating figures which may enhance their understanding of AutoStore's performance. The company uses the APMs: Adjusted EBIT, adjusted EBITDA, adjusted EBIT margin, adjusted EBITDA margin, EBIT, EBITDA, EBITDA margin, simplified free cash flow, and simplified free cash flow conversion, as further defined below.

The APMs presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with IFRS or other generally accepted accounting principles), as a measure of AutoStore's operating performance; or (b) any other measures of performance under generally accepted accounting principles.

The APMs presented herein may not be indicative of the company's historical operating results, nor are such measures meant to be predictive of the AutoStore's future results. The company believes that the APMs presented herein are commonly reported by companies in the markets in which AutoStore competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation, amortization and impairment, which can vary significantly depending upon accounting measures (in particular when acquisitions have occurred), business practice or non-operating factors. Accordingly, AutoStore discloses the APMs presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies across periods, and of the company's ability to service its debt. Because companies calculate the APMs presented herein differently, AutoStore's presentation of these APMs may not be comparable to similarly titled measures used by other companies.

The company has presented these APMs because it considers them to be important supplemental measures for prospective investors to understand the overall picture of profit generation in AutoStore's operating activities. Adjustments are non-IFRS financial measures that the group considers to be an APM, and these measures should not be viewed as a substitute for any IFRS financial measures. The APMs used by AutoStore are set out below (presented in alphabetical order):

- Adjusted EBIT is defined as the profit/(loss) for the year/period before net financial income (expenses) and income tax expense (EBIT) adjusted for certain items affecting comparability and include adjustments for share-based compensation expenses and related payroll taxes, costs incurred in connection with sale and purchase of the group's shares, litigation costs incurred in connection with the Ocado litigation proceedings which mainly are due to the company's use of external legal counsel, fees from terminated agreement related to previous ownership structure for consultation and advisory services regarding strategic and growth initiatives launched following completion of acquisition, cost to external advisors associated with refinancing of the group's debt facilities, and amortization of assets recognized as part of the purchase price allocation ("PPA") made when Thomas H. Lee Partners acquired the group from EQT.
- Adjusted EBITDA is defined as the profit/(loss) for the year/period before net financial income (expenses), income tax expense, depreciation and amortization (EBITDA), adjusted for certain items affecting comparability and include adjustments for share-based compensation expenses and related payroll taxes, costs incurred in connection with sale and purchase of the group's shares, litigation costs incurred in connection with the Ocado litigation proceedings which mainly are due to the company's use of external legal counsel, fees from terminated agreement related to previous ownership structure for consultation and advisory services regarding strategic and growth initiatives launched following completion of acquisition, and cost to external advisors associated with refinancing of the group's debt facilities.
- Adjusted EBIT margin is defined as adjusted EBIT as a percentage of revenues.
- Adjusted EBITDA margin is defined as adjusted EBITDA as a percentage of revenues.
- EBIT is defined as the profit/(loss) for the year before net financial income (expenses) and income tax expense.
- EBITDA is defined as the profit/(loss) for the year before net financial income (expenses), income tax expense, depreciation and amortization.
- EBITDA margin is defined as EBITDA as a percentage of revenues.
- 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 and development expenditures.
- Simplified free cash flow conversion is defined as simplified free cash flow divided by adjusted EBITDA.

Adjusted EBITDA*

	Year	
USD million	**2021**	**2020**
Loss for the period	**-50.1**	**-21.1**
Income tax expense	-9.4	-5.5
Net financial items	22.0	51.1
EBIT	**-37.5**	**24.6**
Depreciation	4.5	3.3
Amortization of intangible assets	53.7	46.8
EBITDA	**20.6**	**74.7**
Ocado ligitation costs	34.0	8.2
Transaction costs	28.4	0.2
Option costs	62.3	7.5
Management fees related to previous ownership structure	13.2	2.3
Refinancing costs	-	0.6
Total adjustments	**137.8**	**18.8**
Adjusted EBITDA*	**158.4**	**93.5**
Revenue	327.6	182.1
EBITDA margin	**6.3%**	**41.0%**
Adjusted EBITDA margin*	**48.4%**	**51.3%**

Adjusted EBIT*

	Year	
USD million	**2021**	**2020**
EBIT	**-37.5**	**24.6**
Ocado litigation costs	34.0	8.2
Transaction costs	28.4	0.2
Option costs	62.3	7.5
Management fees related to previous ownership structure	13.2	2.3
Refinancing costs	-	0.6
PPA amortizations	49.1	45.3
Total adjustments	**186.9**	**64.1**
Adjusted EBIT*	**149.4**	**88.7**
Revenue	327.6	182.1
EBIT margin	**-11.5%**	**13.5%**
Adjusted EBIT margin*	**45.6%**	**48.7%**

Adjustments

Ocado litigation costs
Comprise costs incurred in connection with the Ocado litigation, i.e. costs linked to the company's use of external legal counsel. Adjustments only cover the litigation with Ocado, and adjusted figures therefore exclude all other legal costs. The company has assessed the adjustment item to reduce comparability between historic and future periods, and outside the normal course of the company's business, based on historical events.

Transaction costs
Comprise external costs incurred in connection with the sale and purchase of the group's shares, including the IPO. The company has deemed these costs to constitute a special item, as they fall outside the company's normal course of business.

Option costs
Comprise costs incurred in connection with the group's stock option scheme. The expenses in 2021 are due to accelerated vesting and increased social security tax as a consequence of the rise in value of the underlying shares. The company has deemed these costs to constitute a special item in terms of their nature and size.

Management fees related to previous ownership structure
Comprise fees under an advisory services agreement regarding strategic and growth initiatives related to the previous ownership structure. The agreement was terminated at the time of the IPO on 20 October 2021, and no further costs will be incurred with respect to this item.

Refinancing costs
Comprise external legal costs incurred in connection with refinancing of the group's debt facilities. The company has deemed these costs to constitute a special item.

PPA amortizations
Represent amortization of assets recognized as part of the purchase price allocation made when Thomas H. Lee Partners acquired the group from EQT. 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.

Definitions

3PL	Third-party logistics
AI/ML	Artificial intelligence/machine learning
APAC	Asia-Pacific
APM	Alternative performance measures
AS/RS	Automated storage and retrieval systems
BDM	Business development manager
CAGR	Compounded annual growth rate
CGUs	Cash generating units
Company	AutoStore Holdings Ltd.
CPI	Corruption Perception Index
EMEA	Europe, the Middle East and Africa. Also includes a minor share of Latin America
eNPS	Employee Net Promoter score
ESG	Environmental, social and governance
ESMA	European Securities and Markets Authority
GRI	Global Reporting Initiative
Group	AutoStore Holdings Ltd. and subsidiaries
HTP	High-throughput warehouses
IFRS	International Financial Reporting Standards
IP	Intellectual property
IPO	Initial public offering
M&A	Mergers and acquisitions
MAR	Market Abuse Regulation

MFC	Micro-fulfillment center
NAM	North America
NCGB	Norwegian Corporate Governance Board
Order backlog	Order backlog is defined as the total value of order intake not yet shipped and for which revenue has not yet been recognized
Order intake	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
PPA	Purchase price allocations – fair value adjustments resulting from business acquisitions where the fair value of the acquired company exceeds its carrying value
R&D	Research and development
ROI	Return on investment
SKU	Stock-keeping unit
Standard	Standard warehouses
TAM	Theoretical addressable market
WMS	Warehouse management system

AutoStore Holdings Ltd.

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