AutoStore

Annual Report 2023

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This annual report combines financial and sustainability reporting into a single document and is divided into three sections: About, ESG and Financial Performance. Readers can navigate between sections by using the hyperlinked menu. All contents are produced by AutoStore. Enquiries about reproduction from this report should be directed to AutoStore.

Unless otherwise stated, this report discusses the development of AutoStore Holdings Ltd. and its subsidiaries (referred to as the “AutoStore Group”, the “company” or the “group”).

About

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CEO Letter

Gaining market share

Throughout 2023, AutoStore has focused on strategy and operational excellence to gain share in an under-penetrated market. The result is continued year-over-year revenue growth and a return to historical adjusted EBITDA margins at 47.8%.

2023 was my first full year as CEO at AutoStore and it has been a year where we have made major steps to continue our global growth and improve the quality of our operations. It has been a pleasure to see the company pull together around shared targets and continue to exhibit our values and culture while striving for significant growth.

> “Together we have reached new milestones: adding 200 new unique customers, with locations in five new countries, and shipping over 10,000 new Robots – all while returning to high and sustainable growth.

Despite another year of macro-economic challenges, worsened by intensified global conflicts and crises, AutoStore has continued to attract business and outgrow the market. Consumer-orientated businesses have been more careful with investments in the past 12-24 months, with decision-making processes often taking longer. There is, however, no diminished appetite for automation, with stable demand throughout the period and strong positive signs developing in the wider market towards the end of 2023.

AutoStore's sales pipeline reflects this continued demand with an approximate value of USD 6.5 billion in 2023, and the light automated storage and retrieval system (AS/RS) total addressable market (TAM) offering a potential of ~USD 467 billion.[1] Order intake accelerated towards the end of the year, contributing to the year-end order backlog of USD 447 million.

This ability to continue to increase our sales despite market headwinds demonstrates the strength of the company's highly scalable go-to-market model and the dedication of our talented teams. Through our valued partner network, and the work of highly successful sales resources that we continue to invest in within the company, we have stimulated orders for a wide range of verticals and needs, including even the largest high-throughput (HTP) operations. The standardized, modular design of our world-class technology means AutoStore is the perfect solution to adopt for most cases within the light AS/RS market. In fact, we see many of our customers adding multiple systems to their logistics operations, as exemplified in the global strategic partnership we created with DHL this year. The results of these strategic developments and the strength of our product have translated to revenue of USD 645.7 million for the year.

At the same time, we have worked systematically and relentlessly to strengthen our margins and return them to historical levels while maintaining a strong return on investment (ROI) for customers. In 2023, our gross margin rebounded to 67.8%, almost 10 percentage points higher than in 2022, and our adjusted EBITDA margin grew to 47.8%. At the same time ROI has remained high for our customers, with a recent targeted study on a select group of customer sites demonstrating a payback period of around 18 months and offering an ROI of 79% within three years.[2] Operational excellence and ensuring top-class service for our customers have nevertheless remained a top priority. That has meant reducing lead times to enable swift implementation, improving product availability and order visibility, and offering more touchpoints with partners and customers.

> "The key to this has been our standardized product set, enhanced production and discipined resource allocation.

Our customers expect us to continue to develop groundbreaking technology that meets their fulfillment needs. In 2023, we continued to focus on our research and development with the launch of five new products, as well as ongoing updates to AutoStore software including Router™, XHandler™, Unify Analytics™ and Qubit™ Fulfillment Platform, that improve performance and user experience. We have had a particular focus on strengthening our offering for very large high-throughput (HTP) systems through these updates and launches. The launch of our latest R5 Pro Robot™ significantly improves performance for large-scale, multi-shift e-commerce operations, while updates to the Router™ algorithm have increased throughput for large systems by approximately 10%. These improvements are a testament to the company's drive for innovation to meet customer needs.

Our innovations and technology are protected by a strategic patent portfolio that ensures the exclusivity of our products going forward. During 2023, we settled our patent dispute with Ocado. This impacted our net profits due to settlement costs. However, the settlement has enabled us to resolve all claims and focus on what we do best – developing and selling market-leading products.

The future prospects for AutoStore are something that energize me and give me huge optimism. We are laying the foundations for long-term sustainable growth, to take market share, and deliver consistently high margins. At the same time, we are working towards improving our business practices and their impact on people, environment, and society through our developing sustainability strategy. Our vision of being the engine of every fulfillment journey is a goal that drives us, and I look forward to seeing where it takes us in the coming year.

Thank you to all our hard-working employees, partners, customers and to our shareholders for being part of this journey and creating the foundation for the massive potential we have for future success.

Mats H. Vikse

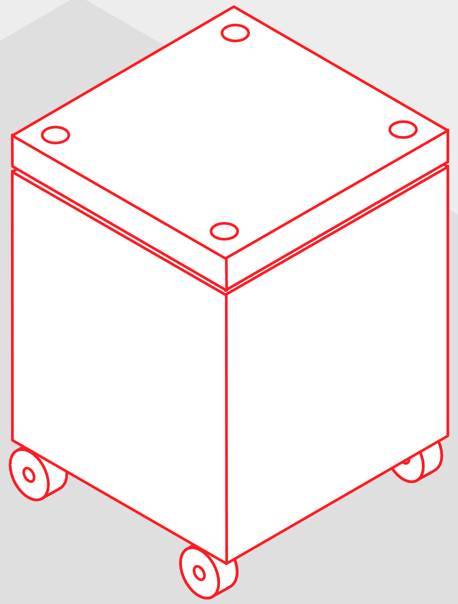
Mats Hovland Vikse
Chief Executive Officer

1 Estimates from a top tier management consultancy
2 Forrester Study 2023

2023 Overview

2023 was a milestone year for AutoStore. Find out about the company's results, statistics, and highlights from the year.

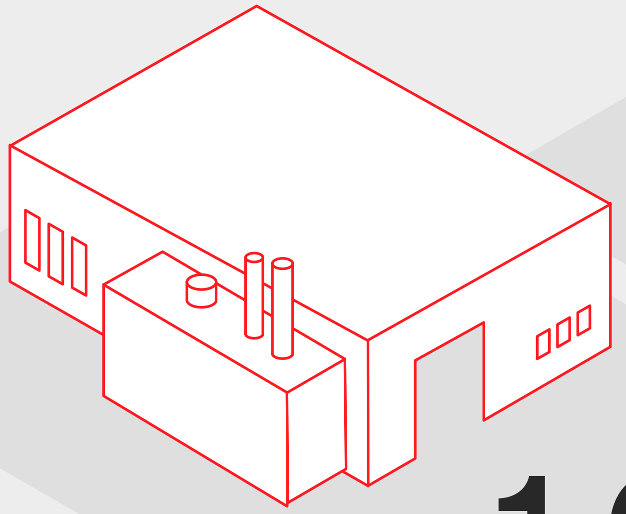
Operational overview



In 2023, AutoStore reached a new milestone of

~1,400

systems sold in total[1]



to

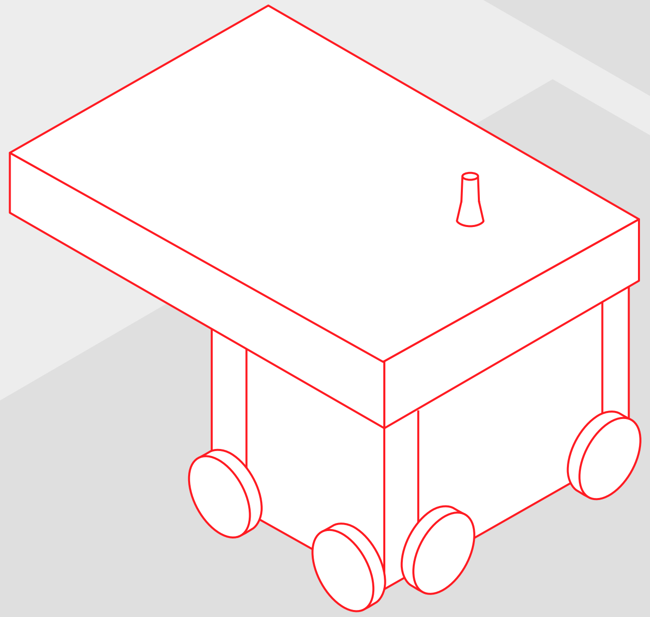
~1,000

unique customers

across

54

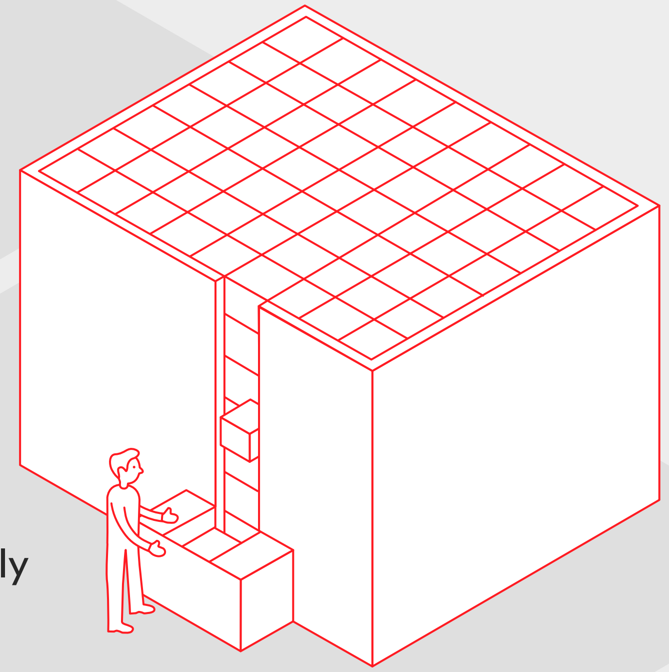
countries



with

~64,500

Robots



presenting approximately

1.6

billion Bins

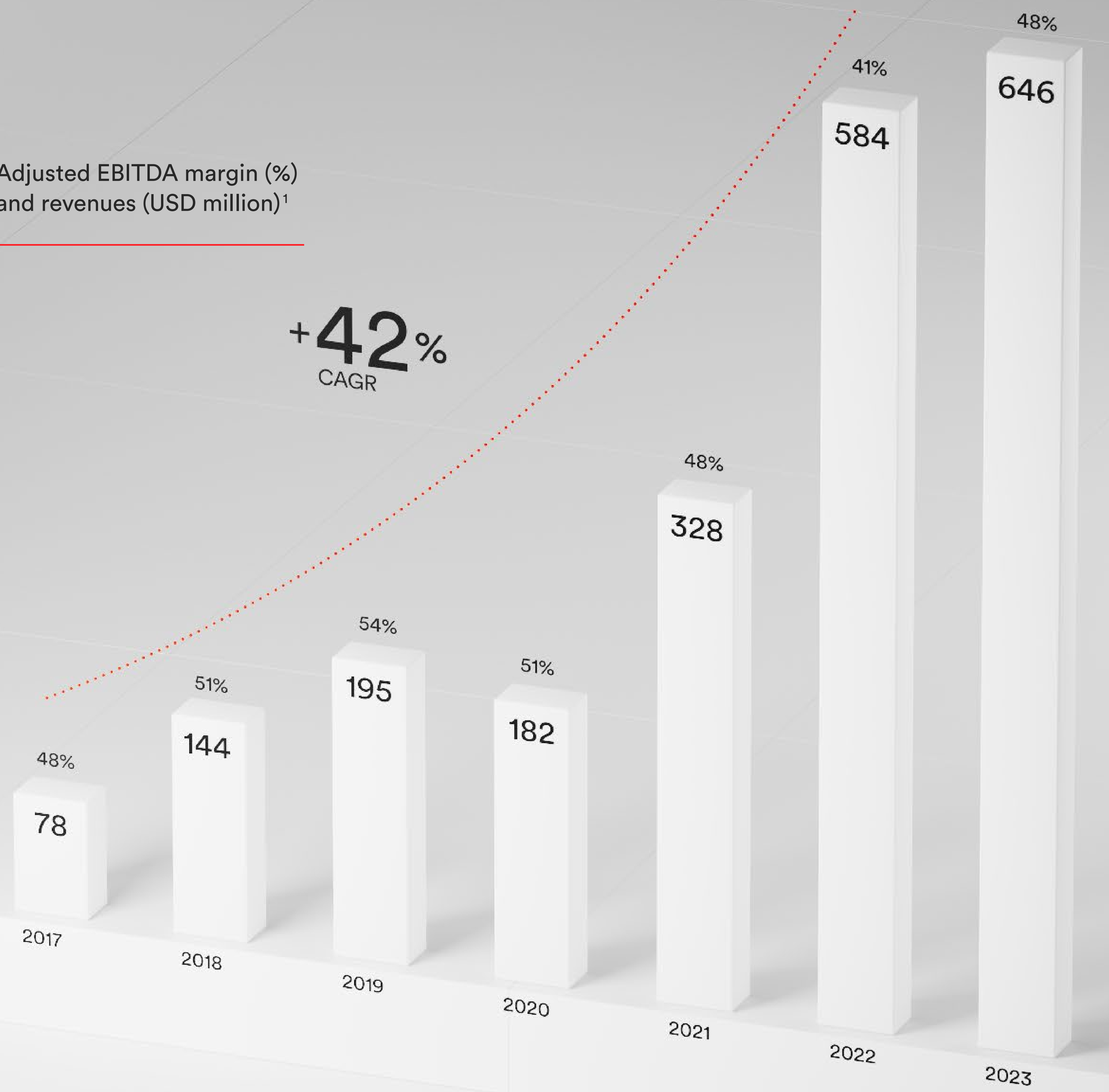
Explore

1 As per end of 2023

Growth overview

AutoStore has a history of strong, profitable growth. Revenues have risen at a compound annual growth rate (CAGR) of over 40% since 2017. In 2023, AutoStore generated revenues of USD 645.7 million, up 10.6% from 2022. Margins returned to historical levels of around 48%, which was the goal for the year. This demonstrates the continued strength of AutoStore's business model despite global economic challenges.

Adjusted EBITDA margin (%) and revenues (USD million)[1]



1 The numbers have been rounded to the nearest whole number.

Financial overview

In 2023, AutoStore again demonstrated the resilience of its business model.

Despite market uncertainty, AutoStore delivered revenues of USD 645.7 million, representing a 10.6% year-over-year revenue growth and a robust adjusted EBITDA margin of 47.8%. In 2023, continued inflation globally drove caution amongst decision-makers and longer processes to commit capital investment to new projects.

However, automation remained a priority for businesses with 9 in 10 companies interviewed by Deloitte in 2023 investing in supply chain and operational excellence[1]. Through the AutoStore partner and global account model, the company continued to harness and support this demand with a strong sales pipeline of approximately USD 6.5 billion and an order backlog of USD 447 million, providing strong foundations for growth into 2024.

Revenues	645.7 MUSD	Year-over-year growth +10.6%
Gross profit and gross margin	438.1 MUSD	67.8%
EBIT	-13.6 MUSD	
Adjusted EBITDA and margin[1]	308.5 MUSD	47.8%
Adjusted EBIT and margin[2]	286.5 MUSD	44.4%
Order intake	619.5 MUSD	

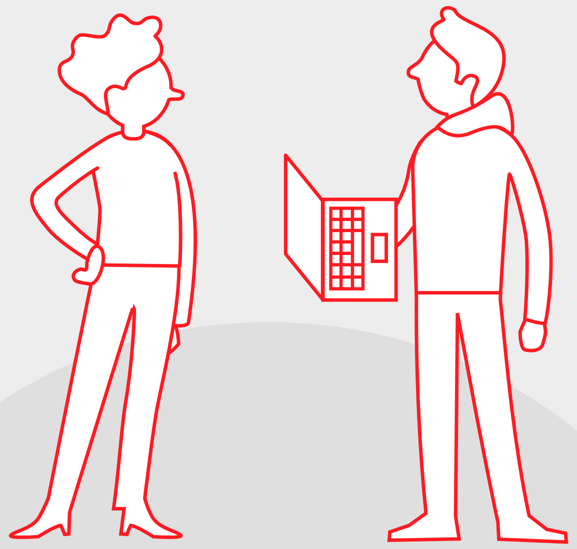
Margins continued to improve in 2023 with a focus on further developing lean and efficient operations, including refined production and sourcing strategies. AutoStore expects to maintain high margins in 2024. The highly standardized nature of AutoStore products, highly effective go-to-market model, a more diversified supplier network, and a new facility in Thailand all contribute to efficiencies and shorter and more reliable lead times for customers going into 2024.

The decrease in reported EBITDA in 2023 can be attributed to the settlement of the patent dispute with Ocado Group in the second quarter of the year, with a settlement payment of GBP 200 million and associated litigation costs. The settlement of the dispute avoids future litigation costs and allows the company to focus on its product development and strategic goals to meet growth targets.

Explore

1 Deloitte 2023 Consumer Products Industry Outlook
2 Please see the APM section for further details

Organizational overview



In 2023, AutoStore's permanent workforce grew by

12.5%

Total number of employees

1,000

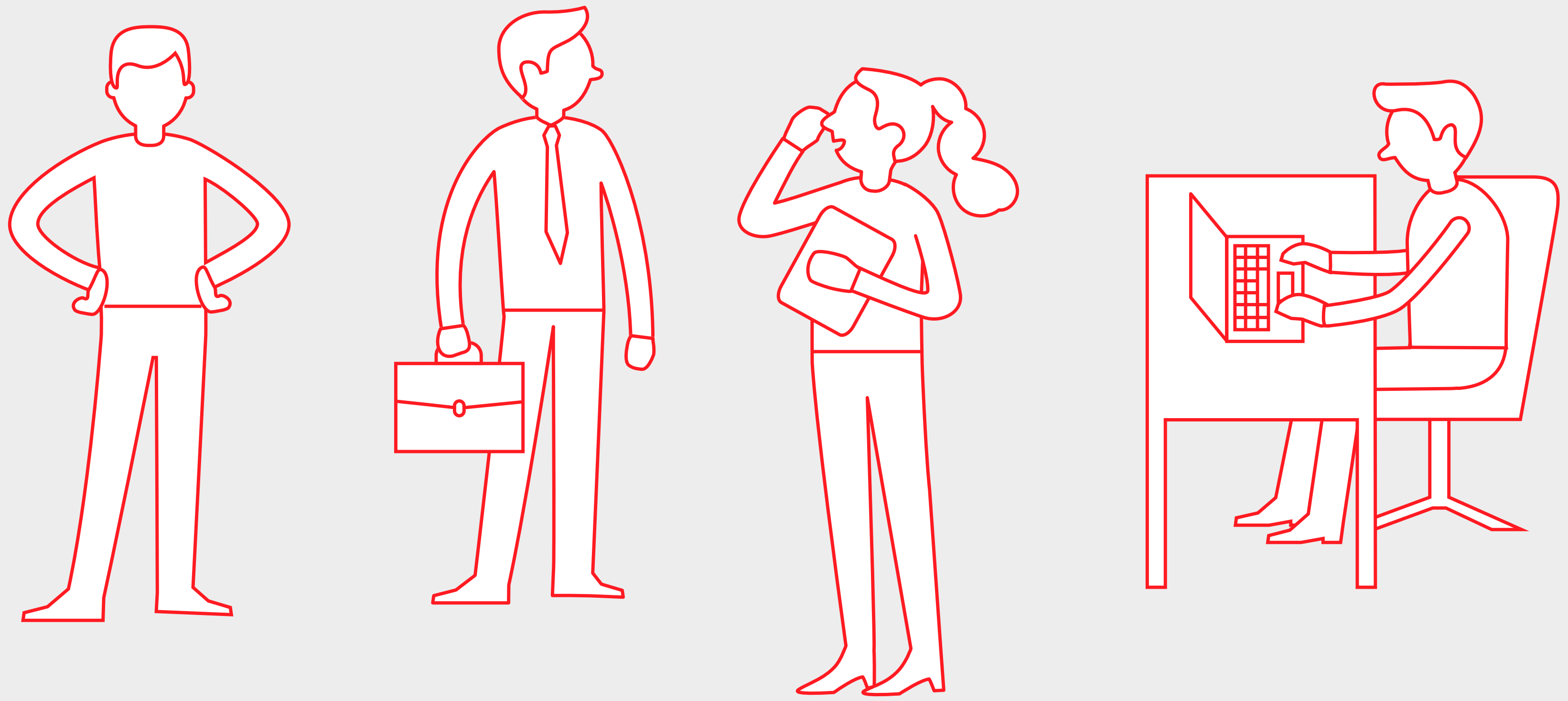
(787 permanent)

Employees working in research and development

250

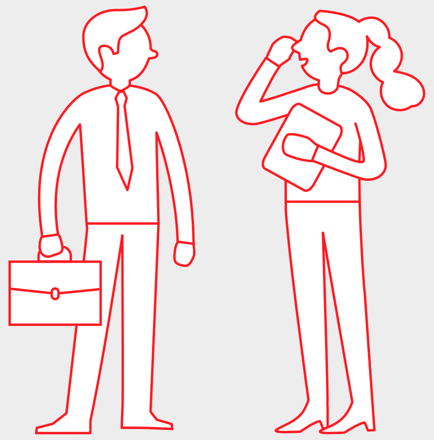
Employee nationalities

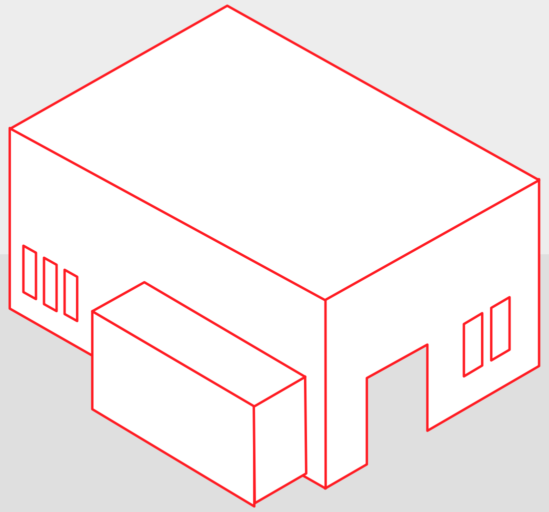
35



Explore

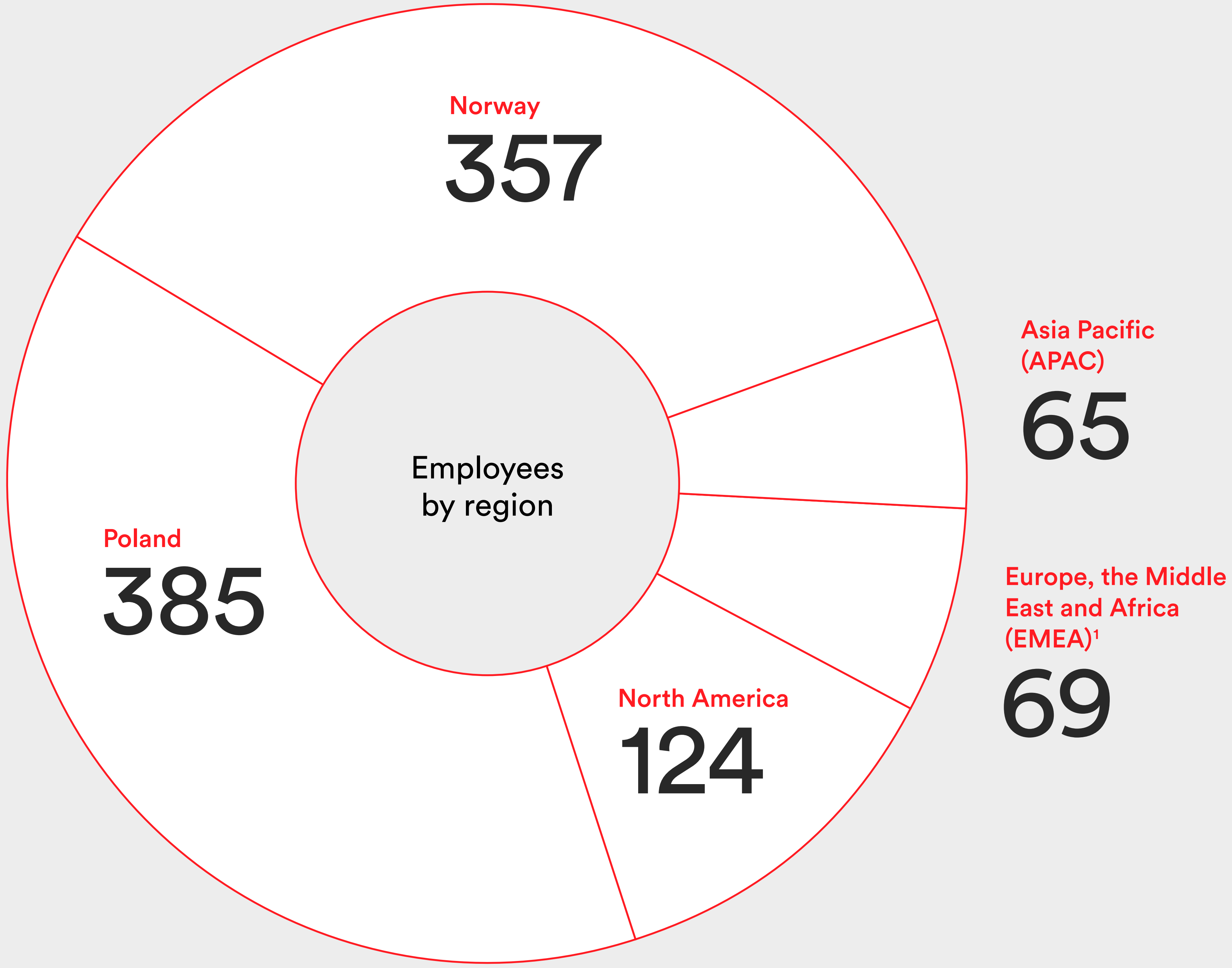
Organizational overview





Offices:

Norway	Austria
U.S.	Poland
UK	South Korea
Germany	Japan
France	Australia
Spain	Singapore
Italy	Thailand



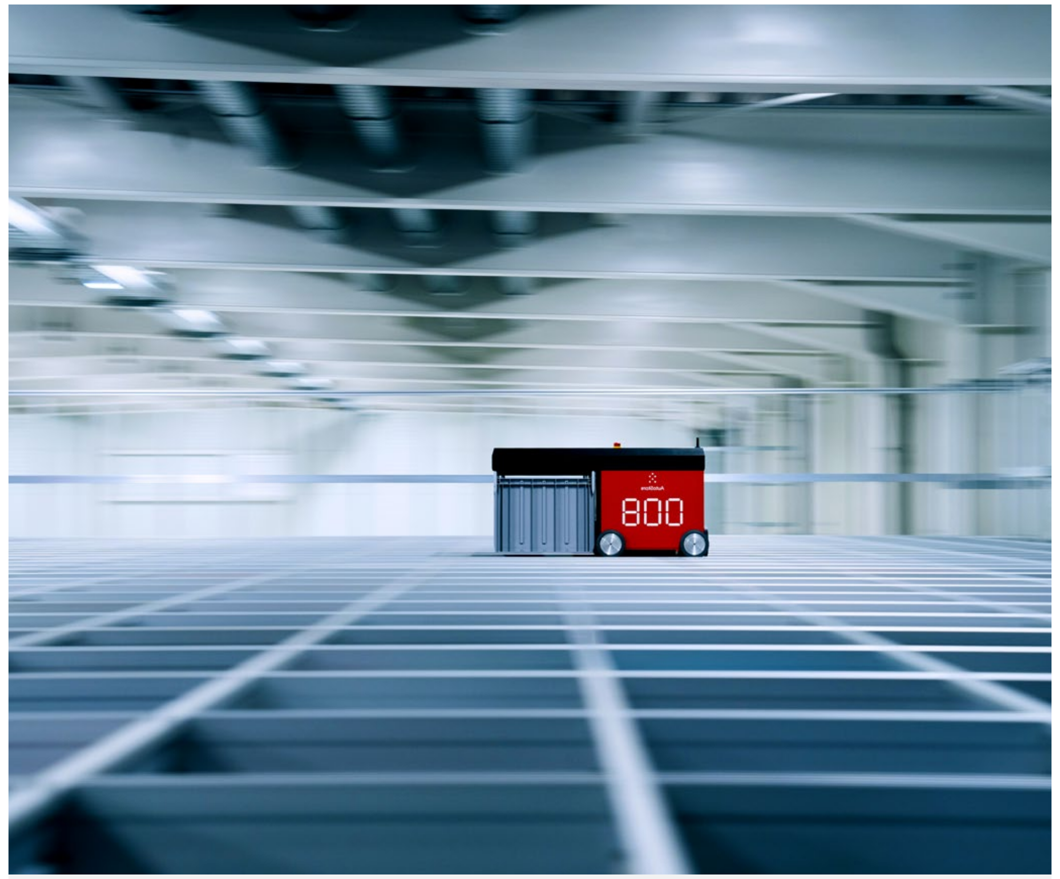
1 Also includes a minor share of Latin America. Excluding Norway and Poland.

Highlights

2023 was a milestone year for the AutoStore team.

Product

- Launch of R5 Pro™ Robot
- Launch of FusionPort™ and FusionPort™ Staging
- Launch of Bin ResQ™ Robot, Grid Bracer™, and Flexible Grid Cell™
- Continuous updates to AutoStore software products including Router™, XHandler™, Unify Analytics™, and Qubit™ Fulfillment Platform

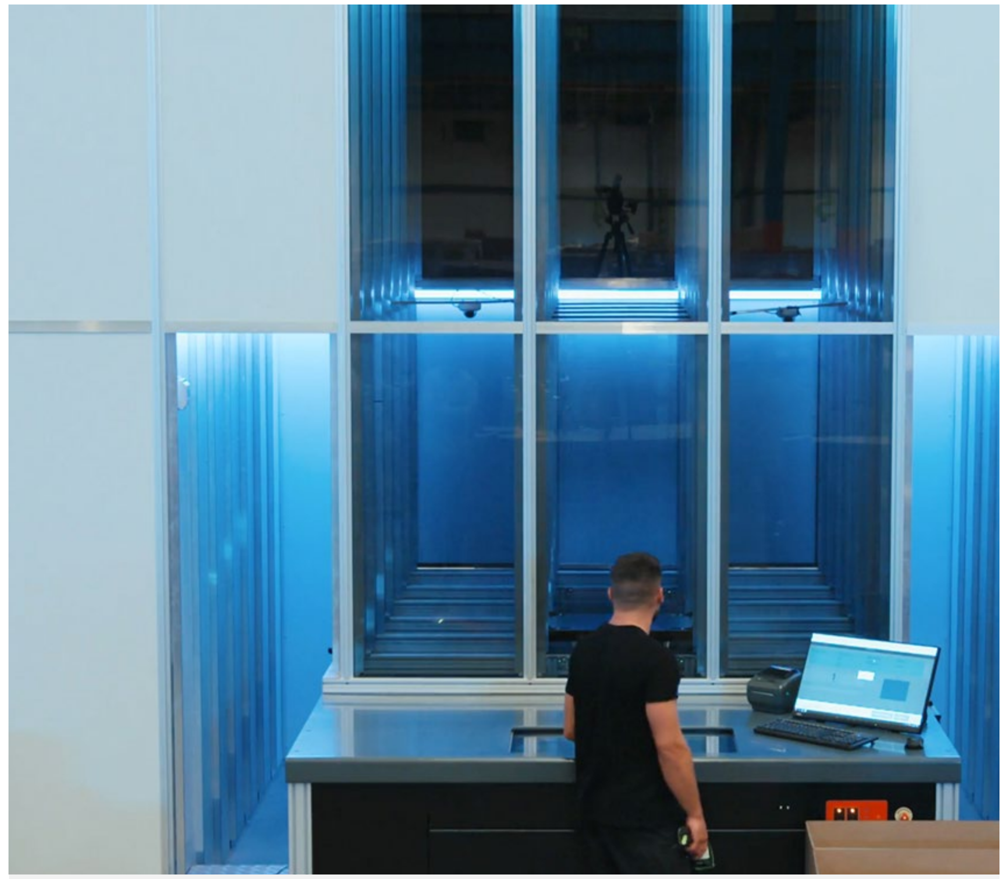


Partner

- THG Ingenuity added to partner network
- Over 350 tradeshows exhibited at by partners
- First AutoStore Arena event bringing together partners, customers, and internal experts
- New Academy training facilities opened

Customer

- ~10,000 new Robots sold
- ~200 new customers
- Products sold in five new countries
- New systems installed for customers including CJ Logistics Korea, Cardinal, and Geodis
- 74 events exhibited at by AutoStore across 15 countries



Operations

- Opening of new Poland production facility
- Training and onboarding of Thailand production facility
- Improved order visibility and spare parts web store
- 50,000th Robot produced

People

- AutoStore reached milestone of 1,000 employees by end of year
- Mats Hovland Vikse as CEO from January 1, 2023
- Mike Dickson as new CRO from January 1, 2023
- Paul Harrison as new CFO from October 30, 2023
- AutoStore founders Jakob Hatteland and Ingvar Hognaland inducted into Logistics Hall of Fame

About AutoStore

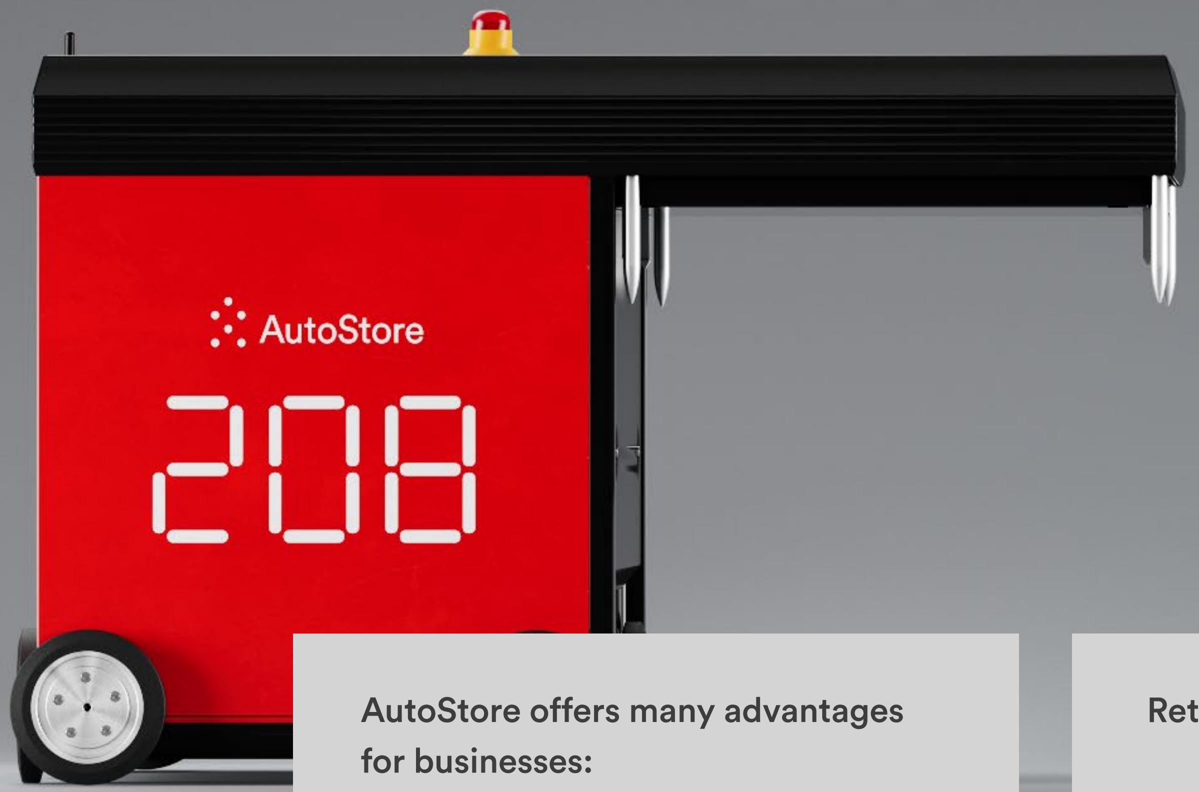
AutoStore™ is a technology company that develops order-fulfillment solutions to help businesses achieve efficiency gains through the automated storage and retrieval of goods.

Cube storage pioneers

AutoStore's unique cube-based modular storage and retrieval systems utilize state-of-the-art robotics technology alongside software modules to cut the cost, time, and space required for warehouse operations.

Born out of a rural fjord town in Norway in 1996 from an idea to stop air-housing and start warehousing, AutoStore is now the most widely adopted automated fulfillment system in the world with over 1,400 systems distributed to more than 1,000 unique customers across 54 countries.

Today AutoStore is about far more than warehousing. It's about how we approach the finite time and space we have. By providing solutions that can help us to store, share, and move things in a smaller space and with greater speed, AutoStore is developing a new approach to better utilizing our environment.



AutoStore offers many advantages for businesses:

- High throughput
- Space and energy efficiency
- Unbeaten uptime
- Modular design to fit anywhere, even brownfield sites
- Easy integration into any setup
- Scalable to meet changing needs

Return on investment (ROI):

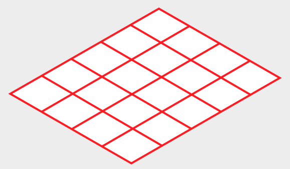
AutoStore empowers its customers with a strong ROI. We help our customers reduce costs, become more efficient, and provide a payback period of typically between 1 and 3 years.

Product overview

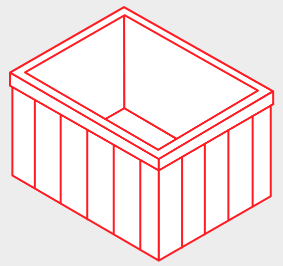
With over 1,400 systems installed around the world, no two are the same.

Grid

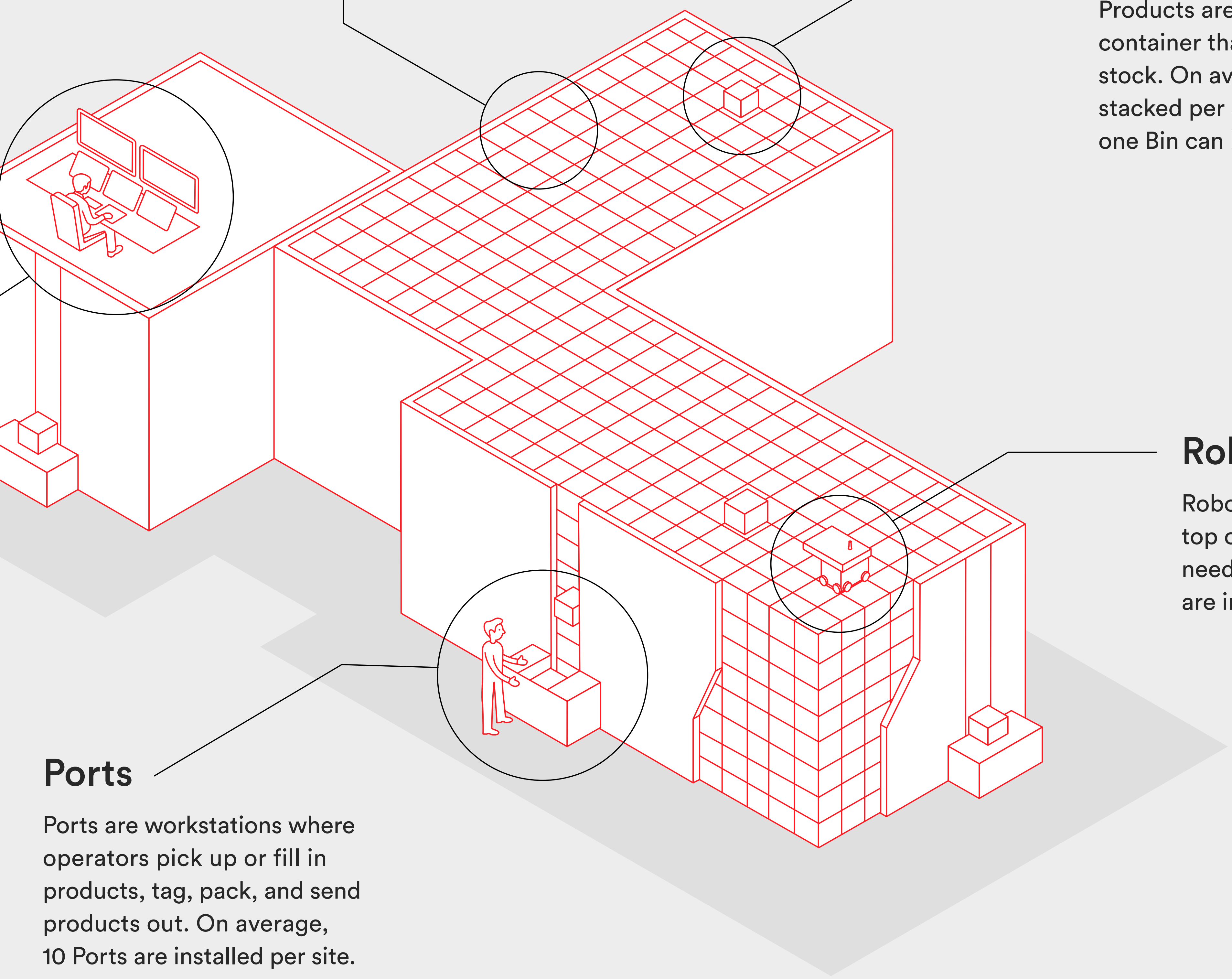
The Grid is the aluminum framework that holds the columns of vertically stacked Bins. On average, the Grid is 5.4 meters high and holds 16 levels of 330 mm Bins.



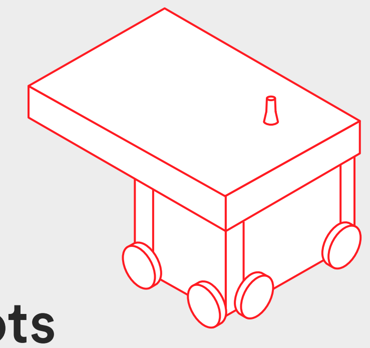
Bins



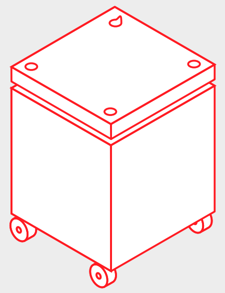
Products are stored in Bins, a durable container that holds up to 30 kg of stock. On average, 40,000 Bins are stacked per site. Did you know that one Bin can hold around 100 t-shirts?



Robots

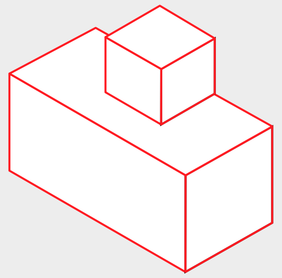


Robots ride on rails along the top of the Grid, retrieving Bins as needed. On average, 45 Robots are in operation per site.



Controller

The Controller is the command center and uses the Router software platform to manage both Bin traffic and the AutoStore database.



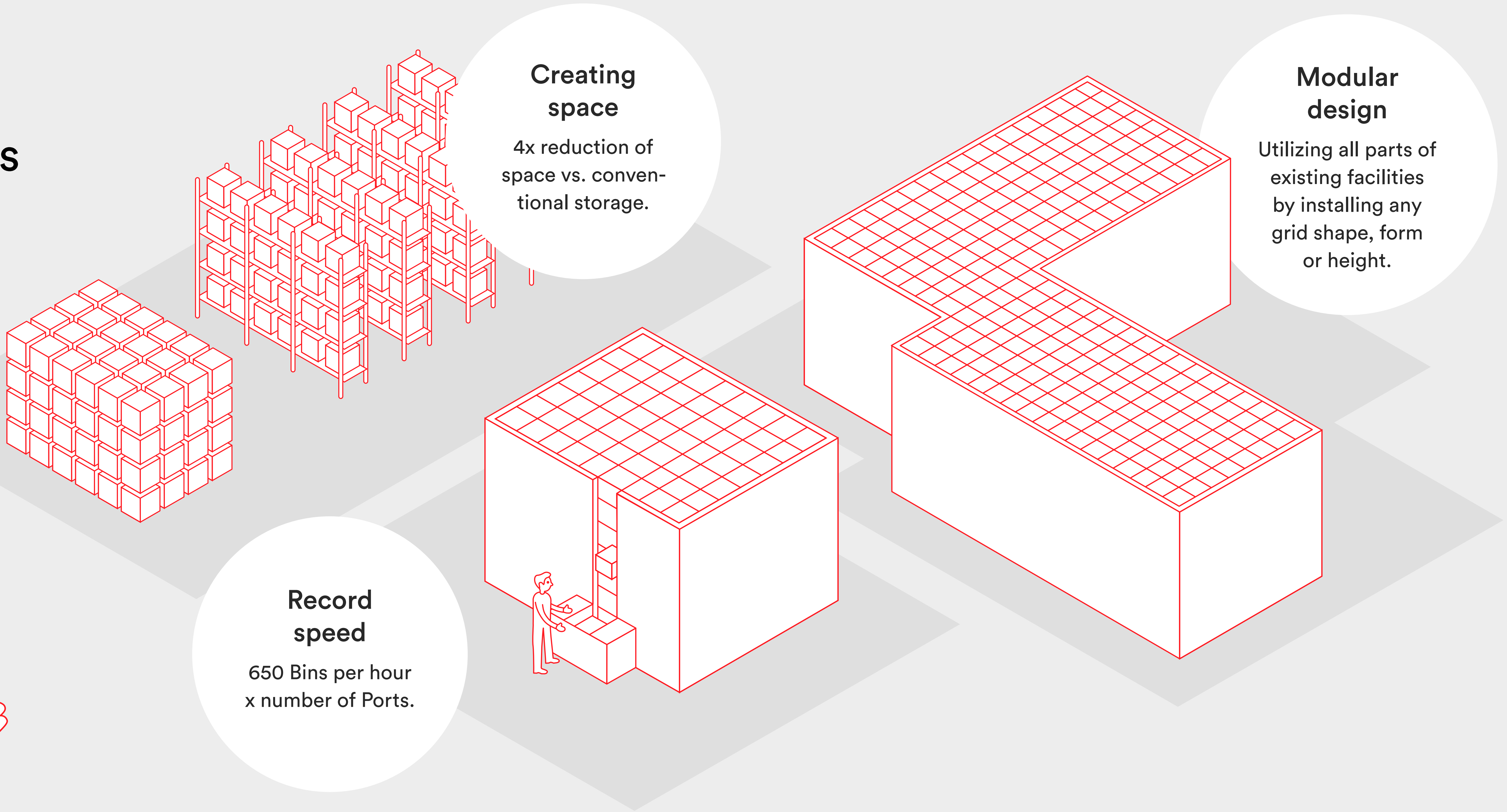
Ports

Ports are workstations where operators pick up or fill in products, tag, pack, and send products out. On average, 10 Ports are installed per site.

Explore

Value propositions

AutoStore is the go-to technology for warehouse automation.

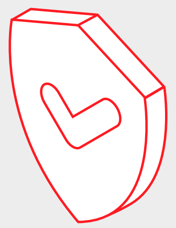


Sustainable impact

An AutoStore system consumes little energy. With the elimination of “airhousing,” wasteful air purification, heating, and cooling operations are reduced.

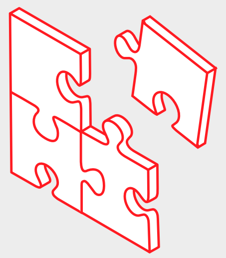
24/7 operation

Worldwide uptime of 99.7%.



Reliable delivery

99.9% picking accuracy.



Easy connections

Integration with any third-party technology.

Explore

Identity

Culture is a key success factor.

AutoStore's purpose is to utilize space, energy, and time in better ways. Compared to conventional storage, cubic storage gives businesses four times the storage capacity within the same footprint. Utilizing space in better ways frees up areas for new activities, and can transform businesses, society, and the environment.

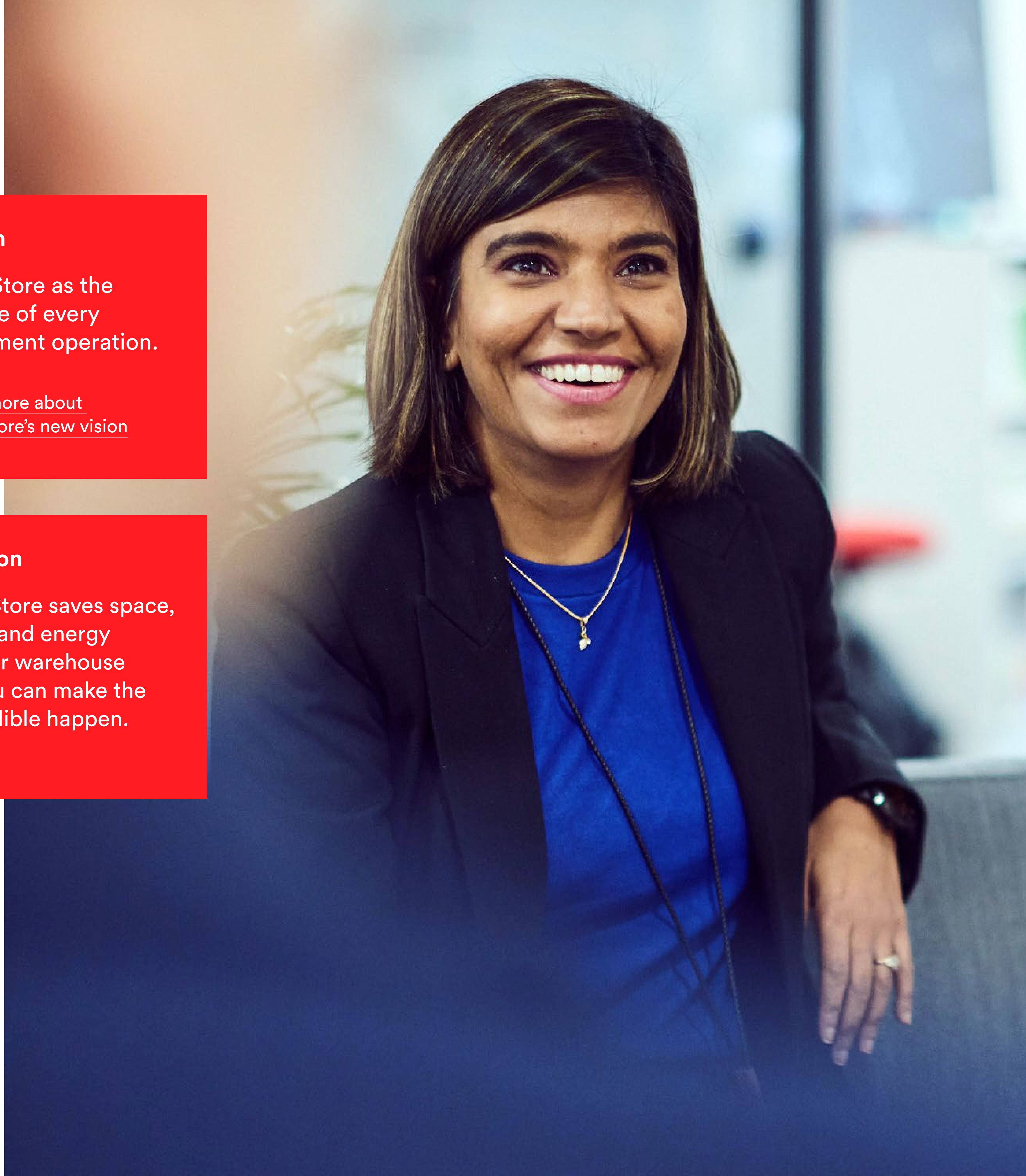
Vision

AutoStore as the engine of every fulfillment operation.

Read more about AutoStore's new vision

Mission

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



Values

Lean	Transparent	Bold
We generate more customer value using fewer resources.	We are fair and easy to do business with.	We have the creativity, courage, and willingness to take risks.

Management profiles

Mats Hovland Vikse
Chief Executive Officer

Nationality: **Norwegian**
Role since: **January 2023**

Paul Harrison
Chief Financial Officer

Nationality: **British**
Role since: **October 2023**

Israel Losada Salvador
Chief Operating Officer

Nationality: **Spanish**
Role since: **June 2022**

Jenny Sveen Hovda
General Counsel

Nationality: **Norwegian**
Role since: **February 2022**

Carlos Fernandez
Chief Product Officer

Nationality: **Spanish**
Role since: **June 2020**

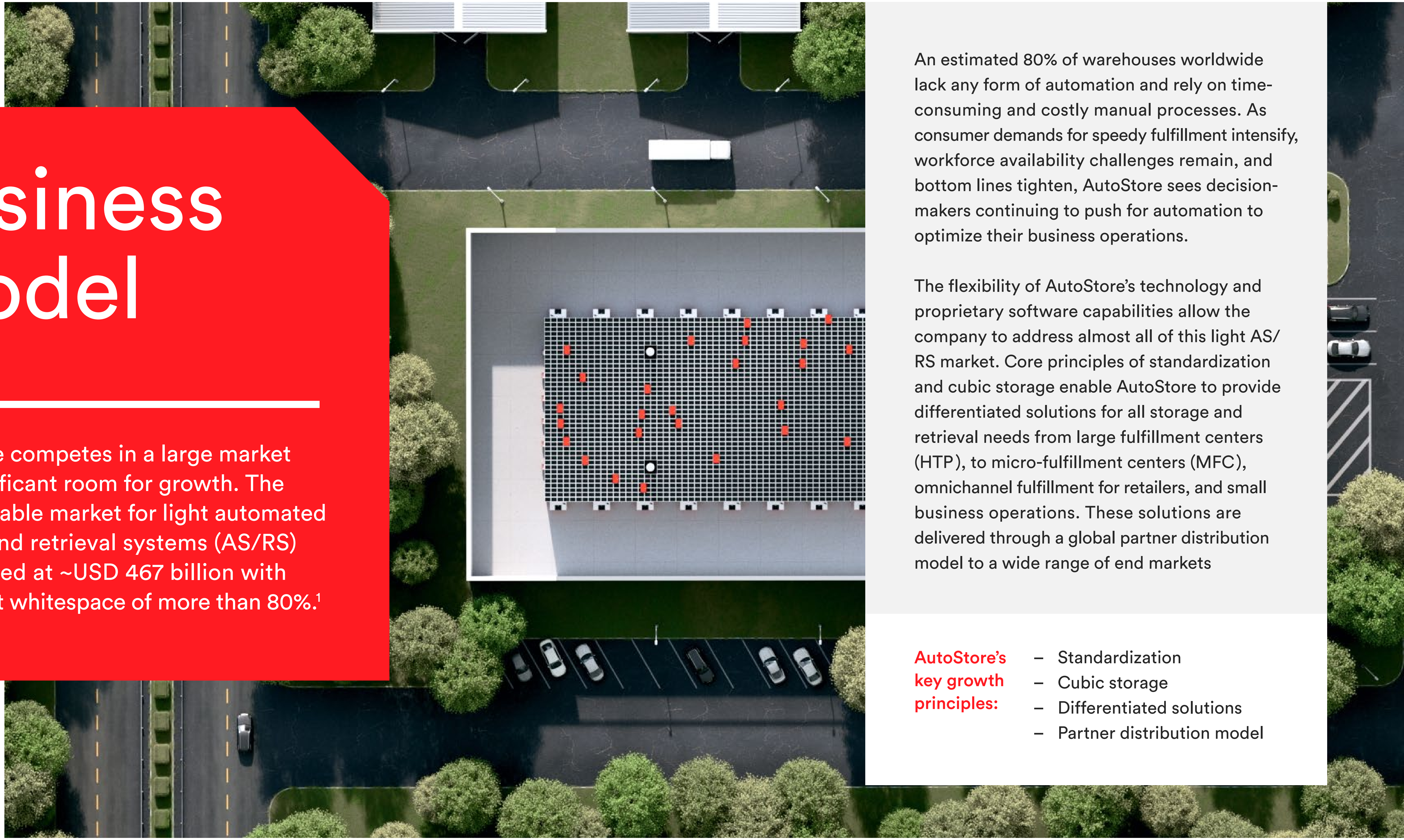
Michael Dickson
Chief Revenue Officer

Nationality: **American**
Role since: **January 2023**

Anette Matre
Chief People & Information Officer

Nationality: **Norwegian**
Role since: **July 2021**

Biographies



Business Model

AutoStore competes in a large market with significant room for growth. The total available market for light automated storage and retrieval systems (AS/RS) is estimated at ~USD 467 billion with significant whitespace of more than 80%.[1]

An estimated 80% of warehouses worldwide lack any form of automation and rely on time-consuming and costly manual processes. As consumer demands for speedy fulfillment intensify, workforce availability challenges remain, and bottom lines tighten, AutoStore sees decision-makers continuing to push for automation to optimize their business operations.

The flexibility of AutoStore's technology and proprietary software capabilities allow the company to address almost all of this light AS/RS market. Core principles of standardization and cubic storage enable AutoStore to provide differentiated solutions for all storage and retrieval needs from large fulfillment centers (HTP), to micro-fulfillment centers (MFC), omnichannel fulfillment for retailers, and small business operations. These solutions are delivered through a global partner distribution model to a wide range of end markets

AutoStore's key growth principles:

- Standardization
- Cubic storage
- Differentiated solutions
- Partner distribution model

1 Top-tier management consultancy

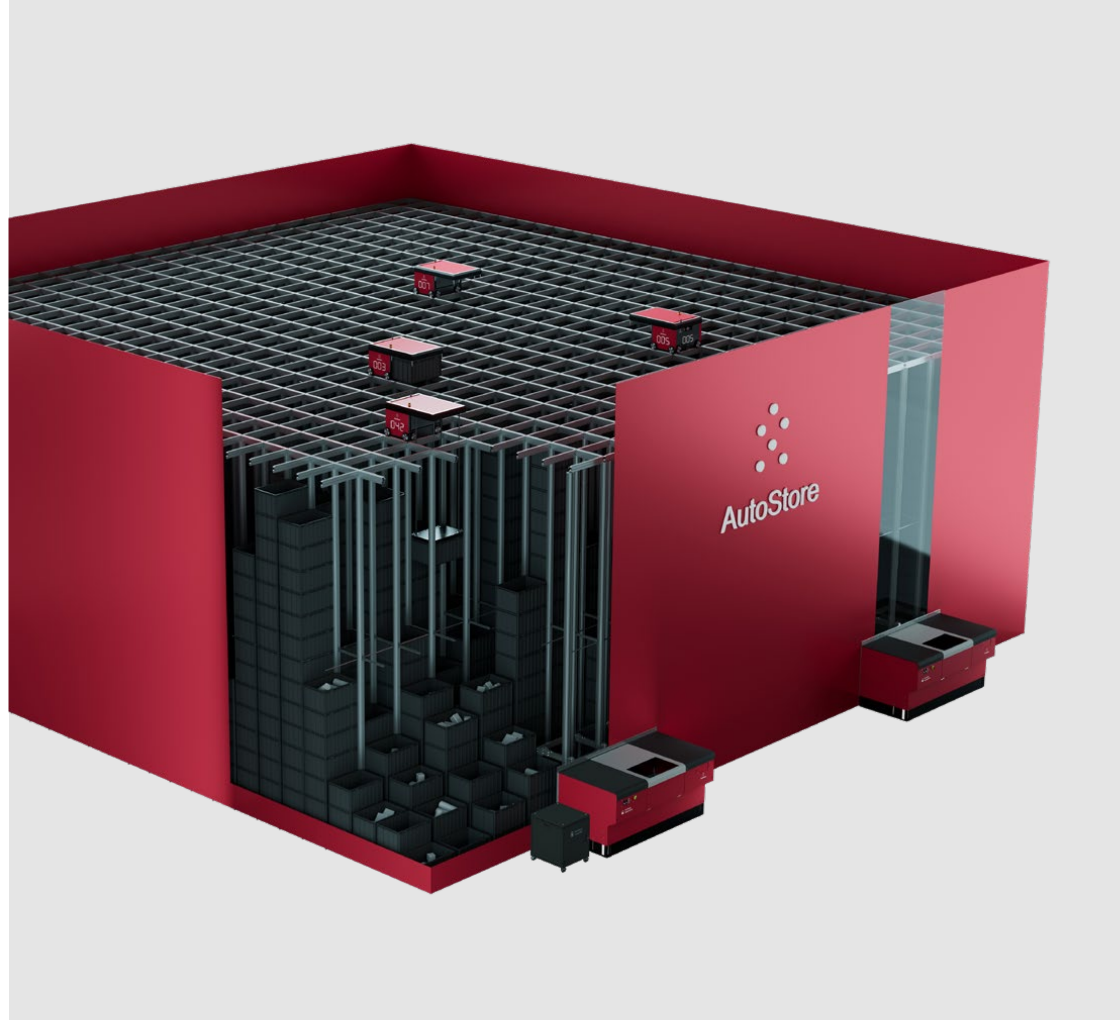
Standardization

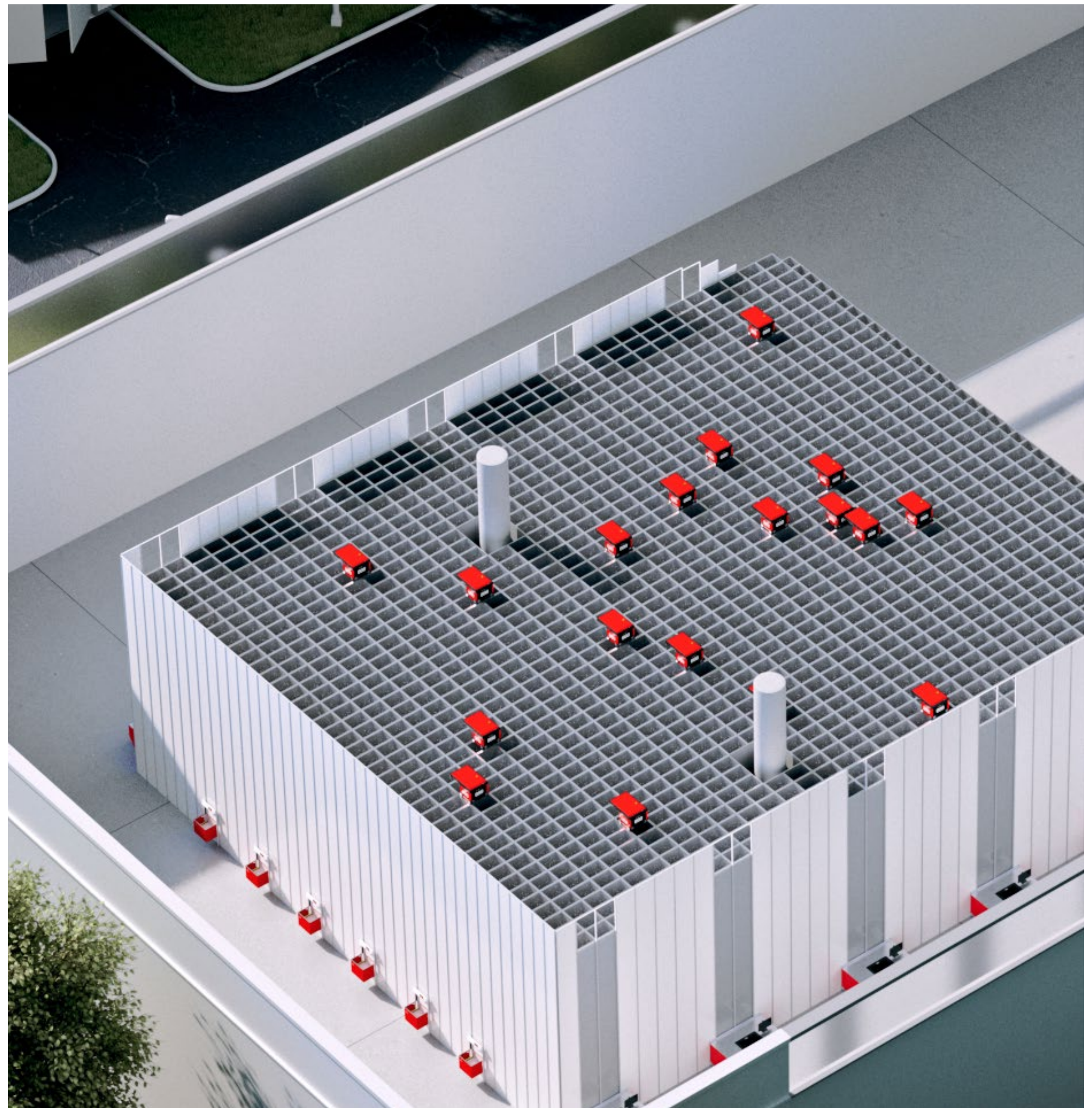
Standardization is key to AutoStore's scalability and profitability. The AutoStore system is a modular solution that can be built in a range of forms and heights to fit into any space, giving AutoStore's customers great flexibility.

Customers can freely choose the number of Bins in heights up to 6.05 meters, depending on the type of Bin selected, or add a mezzanine floor above to build an additional AutoStore. Customers can build and expand their warehouses in line with their needs, and many AutoStore installations are therefore in brownfield facilities (i.e. existing warehouses).

Maximum height (meters)

6.05





Cube storage

Cubic storage automation, pioneered by AutoStore in 1996, is one of the leading technologies used to automate warehouse operations. Inspired by the Rubik's Cube, cubic storage was developed to reduce the amount of air stored between shelving in traditional warehouses.

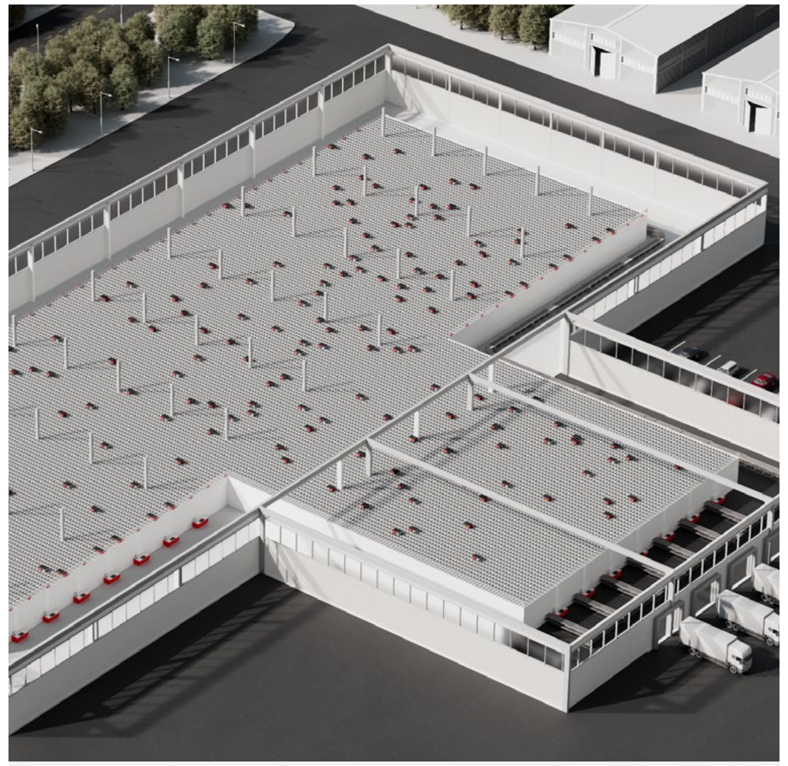
The AutoStore system consists of an aluminum Grid, Robots, Bins, Ports, and a Controller. Cubic storage will continue to be at the center of everything we build. AutoStore offers unparalleled value and space saving to customers through its cubic storage solution.

Differentiated solutions

AutoStore stays ahead of competition by providing differentiated solutions to the market, enabled by the standardized and modular design of its products.

The AutoStore system can easily be integrated into any setup and is interoperable with third-party technologies and software, including inventory planning tools. For standalone solutions, AutoStore also offers its warehouse management software, the Qubit™ Fulfillment Platform. As a result, AutoStore's adaptable solutions can be utilized for a wide range of situations and unique customer needs.

These include:



Large fulfillment centers and micro-fulfillment centers

AutoStore ensures 24/7 operations for fast and consistent delivery of goods across all fulfillment formats, ranging from micro-fulfillment centers to very large distribution centers. These offerings are distributed, designed, installed, and serviced by a network of qualified system integrators referred to as "partners."

Omnichannel fulfillment for retailers

AutoStore offers both hardware and software capabilities to retailers as a standalone or integrated solution. In 2022, the Qubit™ Fulfillment Platform was relaunched. It includes software for order management, inventory management, fulfillment application, labor management, and analytics.

Small business operations

In 2021, we established Pio to target the small and medium-sized business segment. Pio utilizes AutoStore products to provide a simplified warehouse automation solution for smaller operations. Pio systems run on standard plug-and-play software and connect to the most common online retail and shipping platforms, e.g. Shopify.

Partner distribution model

As of 2023, AutoStore's global go-to-market strategy consists of 23 distribution partners with business development, project management, and pre/post-sales support services.

The partners are supported by AutoStore's in-house partner sales managers (PSMs), business development managers (BDMs) and global account managers (GAMs). PSMs act as the main point of contact between AutoStore and partners. BDMs drive market awareness and hand over leads to partners. GAMs serve AutoStore's interests in large, complex, multi-site customer accounts and work to encourage global adoption of AutoStore technology across their enterprise-wide network. In 2023, AutoStore focused on further expanding in-house partner support teams to encourage continued growth.

Distribution partners

23

Global

- Swisslog
- Dematic
- Element Logic
- Bastian Solutions
- Fortna
- SoftBank Robotics
- Kardex
- THG Ingenuity

Europe, the Middle East and Africa

- Hörmann Intralogistics
- Reesink Logistic Solutions
- AM Logistics
- Lalesse Logistic Solution
- Fives Group
- Smartlog
- StrongPoint
- Adameo

Asia Pacific

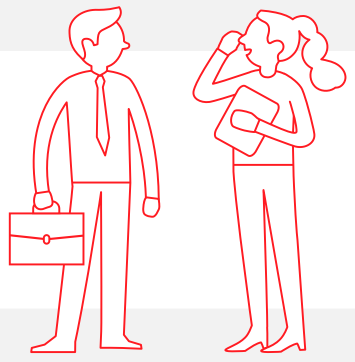
- LG CNS
- Okamura
- Asetec
- Samsung SDS
- Doosan Logistics Solutions (DLS)
- Toyo Kanetsu Co., Ltd. (TKSL)

North America

- KPI Solutions

Certified sales representatives

~2,500



In-house partner sales managers (PSMs)	Global account managers (GAMs)	Business development managers (BDMs)
20	7	31

This model allows the company to scale up efficiently around the globe, driving sales and building a growing base of installed systems. THG Ingenuity was added to AutoStore's partner network in 2023. THG Ingenuity provides an end-to-end, direct-to-consumer ("DTC") e-commerce solution for consumer brand owners under a Software as a Service ("SaaS") licensing model.

Industries

AutoStore has a large and diversified blue-chip customer base across all end markets, and ~1,000 unique customers have integrated AutoStore into their supply chains. In 2023, over 30% of revenues were from the apparel and sports market.

The AutoStore system can serve all end markets and all types of warehouses, allowing the company to offer its solutions to a variety of industries, including grocery, retail, third-party logistics (3PL), industrials, and healthcare.

AutoStore provides its customers with a strong return on investment (ROI). Typically, an AutoStore solution provides a payback period of one to three years.

End Markets	No. of systems[1]	2023 share of revenues	Selected blue chip customers
Apparel & Sports Accessories	~220	34%	Puma, Decathlon, XXL, Lids, Boozt, CFG, Crocs, Bike24
Industrials[2]	~460	17%	FANUC Pertronics, ABB, Siemens, Bosch, 3M, John Deere, Cat, American Airlines
3PL	~180	10%	UPS, DB Schenker, DHL, Swiss post, Kuehne+Nagel, CJ Logistics, Geodis
Other Retail[3]	~160	9%	Kid, RoyalDesign, Kitchentime, Chewy, Jollyroom, Gymgrossisten
Grocery and Food	~120	11%	SSG , HEB, H Mart, Weiling, Peapod, ASDA, Weee!, Weiling
Automotive	~100	9%	Federal Mogul Motorparts, Continental, GS Bildeler, AGCO, Bertel O Steen
Healthcare	~120	6%	Medline, Johnson & Johnson, Pfizer, CVS Pharmacy, Osaki, Apotea, Cardinal Health
Luxury & Personal Care	~40	3%	Gucci, Longines, Eton, Manor, Shiseido
Consumer Electronics	~40	1%	Best Buy, Dustin, Komplett.no, Olympus, Power

1 As per end of Q4 2023, includes installed base and backlog
2 End markets include aviation, aerospace and defense, building and construction, machinery and other industrials
3 End markets include toys & games, office supplies, home supplies, generalist retailer, books & media

CASE

DHL Supply Chain

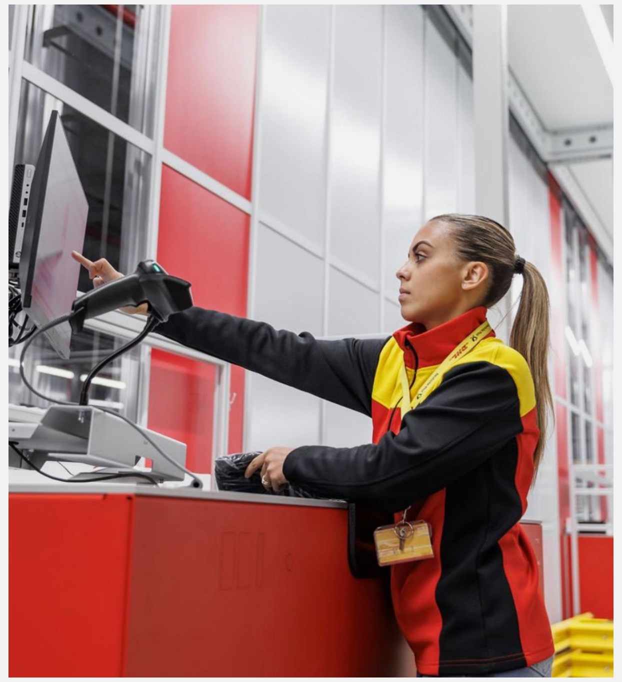
Industry: 3PL
Locations: 9 globally in operation, 4 in planning. Partners: Element, Swisslog, Dematic, Bastian

Robots, planned	Bins, planned
1,000+	1.2 mill.

DHL Supply Chain, global leader in contract logistics, has expanded its long-running partner-ship with AutoStore to cover 13 sites across five countries. Nine systems are already in operation for DHL Logistics worldwide, reducing the space required for operations and boosting efficiency of fulfillment for DHL's customers.

The addition of four more sites as part of a global partnership will not only make DHL one of AutoStore's largest 3PL clients, but is also a testament to the benefits of AutoStore. The partnership will support DHL's growth, digita-lization, and automation strategy to increase operational efficiency and drive down implementation times.

> We are pleased to expand our existing relationship with AutoStore... (Their) standardized and modular technology perfectly aligns with our aim to make our operations more efficient, enabling swift scalability and adaptability across various use cases and end-markets.
>
> **Markus Voss**
>
> DHL Supply Chain
> COO and CIO



Full case study

CASE

Boozt

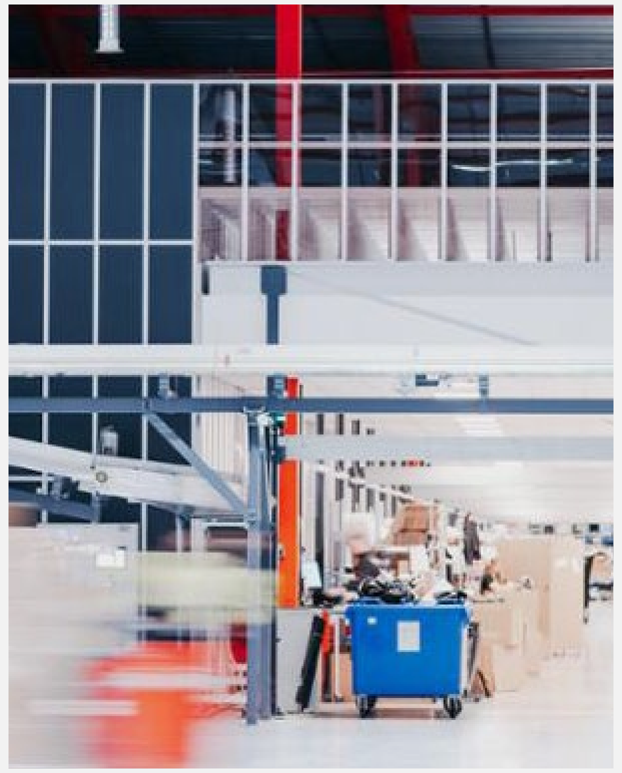
Industry: Retail
Location: Sweden
Partner: Element Logic

Robots	Bins
1,150	1.2 mill.

Boozt first appeared on the e-commerce scene in 2007 as a small startup with 35 employees working out of an apartment building. Today, Boozt serves e-commerce customers in 14 European countries from a fulfillment center in Sweden, offering over 900,000 items from 700 fashion and lifestyle brands, 250 home brands, and 260 beauty brands.

The AutoStore automated warehouse system was instrumental in Boozt's growth, and the company now has one of the world's largest AutoStore deploy-ments, enabling them to rapidly fulfill orders, efficiently allocate staff and resources, and keep up with customer demand around critical peak periods. The company now processes 190,000 items daily, with a record-breaking 63-second order fulfillment time, allowing them to provide outstanding customer satisfaction in the highly competitive online retail market.

> We're running a very fast, high-throughput operation. We have 900,000 different items. To get an order out in 63 seconds is something we're very proud of ... At the end of the day, it's all about cost per transaction.
>
> **Tobias Sjölin**
>
> CTO, Boozt Fulfillment & Logistics



Full case study

CASE

SMC

Industry: Industrials
Location: U.S.
Partner: Bastian Solutions

Robots	Bins
81	162,580

SMC Corporation, a global leader in automatic control equipment, embarked on a mission to enhance its distribution center operations in Indianapolis. With a vision to set the standard for sustainable automation worldwide, the company sought a solution that would not only accommodate their vast product range, but also boost efficiency and scalability.

They chose AutoStore as the automation solution to help them fulfill their goals and, since installation, SMC has exceeded its growth targets, gained market share, and enhanced customer satisfaction and employee well-being. SMC's customers count on fast order processing; 93% of orders now have same-day delivery. In addition, throughput has more than doubled without the need for operator overtime.

> "(AutoStore) allowed us to improve our delivery time and throughput time by getting the product in quickly, getting it into the AutoStore, and then getting it to our customers
>
> **Frank Rivera**
>
> National Distribution Manager, SMC

Full case study

CASE

Benetton

Industry: Retail
Location: Italy
Partner: Dematic

Robots	Bins
53	60,000

United Colors of Benetton, one of Benetton Group's flagship brands, has been a household name in fashion for over 50 years. Best known for their chain of over 4,000 stores in more than 80 countries around the world, Benetton diversified into e-commerce in 2012 as part of a strategy to remain competitive in a changing retail marketplace.

To meet growing online demand, Benetton adopted the AutoStore system for their brownfield site, and achieved significant results, including tripling storage density, doubling fulfillment efficiency, reducing errors and downtime, and streamlining operations. This allowed them to efficiently manage both B2C and B2B orders to deliver outstanding customer service, including same-day shipment of orders received within one hour of the shipping cut-off time.

> A big advantage (of AutoStore) is that we have had a reduction in downtime, compared to other forms of automation. The warehouse always works.
>
> **Flavio Galasso**
>
> Maintenance and Innovation Manager, Benetton

Full case study

Strategic Direction

In 2023, strong progress was made towards achieving the strategic priorities defined in 2022. Priorities for 2025 were updated and reaffirmed.

Tracking key priorities 2023

In 2022, AutoStore outlined five key strategic priorities to work towards during 2023. Here, progress is tracked against these priorities:

01 Growth in core markets
02 Product expansion and innovation
03 Operational excellence
04 Recurring revenue
05 Sustainability

01 Growth in core markets

During 2023, AutoStore continued to focus on growth in its core market. To do so, the company's sales function was strengthened with 19 new additions to the team including 12 business development managers (BDMs), three partner sales managers (PSMs), and four global account managers (GAMs).

This strategy paid off, with nearly 30% of revenues stemming from AutoStore business development-led activities. At the same time, the marketing and communications organization was expanded to further support sales and brand awareness with 12 new hires.

The breakdown of AutoStore's revenue in 2023 shows that 61.6% came from Europe, the Middle East and Africa (EMEA), 31.6% from North America (NAM), and 6.7% from Asia Pacific (APAC). In 2023, AutoStore accomplished 15.3% year-on-year revenue growth in EMEA and 11.3% year-on-year revenue growth in NAM – the company's key focus regions. These are also the regions that have the strongest growth projections within the light automated storage and retrieval system (AS/RS) serviceable addressable market (SAM), at approximately 18%[1] for both EMEA and NAM for the period to 2025. Accordingly, AutoStore will continue to focus its efforts on expanding its presence in NAM and EMEA throughout 2024, while also establishing footholds in APAC.

Growth in core markets also means focusing on expansion in the high-throughput (HTP) segment. HTPs represent the greatest market potential within the different warehouse types, accounting for approximately 39% of the light AS/RS SAM market with a value of USD 2.2 billion in 2023 and a projected CAGR to 2026 of approximately 20%.[1] In 2023, the company strongly focused on this segment with the launch of the new R5 Pro™ Robot, which is designed to enhance productivity, enable rapid charging, and further increase space optimization. AutoStore will continue to drive penetration in this segment by innovating to enable even larger systems, providing the technical support, tools, and capabilities needed as customers build and extend their installations.

To support global growth, AutoStore added a new global partner in 2023. THG Ingenuity provides an end-to-end, direct-to-consumer ("DTC") e-commerce solution for consumer brand owners under a Software as a Service ("SaaS") licensing model. In 2023, THG Ingenuity and AutoStore launched a new pay-per-pick model for AutoStore deployments. The new solution ("FIR/ST") is powered by AutoStore automation and Voyager, Ingenuity's proprietary WCS/WMS. It will enable a lower entry price point to help retailers meet the growing need for more efficient warehouse operations and faster customer delivery.

1 Estimates from top-tier management consultancy

02 Product expansion and innovation

Innovation remains core to AutoStore's DNA. Throughout 2023, the technical team at AutoStore has been strengthened and continues to pursue new concepts. At the same time, the team has worked to become even closer to the company's customers and partners.

AutoStore invests significantly in innovation, with 36 new research and development (R&D) hires in 2023. This prioritization of skill and knowledge enables AutoStore to stay ahead of competitors to develop existing and new solutions that meet diverse customer needs in both existing and new markets.

Product launches

To unlock new opportunities, AutoStore continues to pioneer cubic storage technology, expand its software capabilities, take further ownership of the customer experience, and explore product partnerships concentrating on adjacent technologies. The company also focuses on developments to serve the needs of the largest systems. AutoStore has a proven track record of rapid innovation. In 2023, AutoStore launched five new products and continued to update and improve its software offering.

R5 Pro™

Launched on October 23, 2023.

The R5 Pro™ is designed to address the specific demands of large-scale e-commerce operations, emphasizing better space usage, higher performance, and reduced total ownership costs for companies running multi-shift operations at scale. Designed for use at large AutoStore sites, the R5 Pro™ can reduce the number of Robots required on the same Grid by up to 15%, enabling better routing and enhanced system efficiency.

FusionPort™ and FusionPort Staging™

Launched on March 16, 2023.

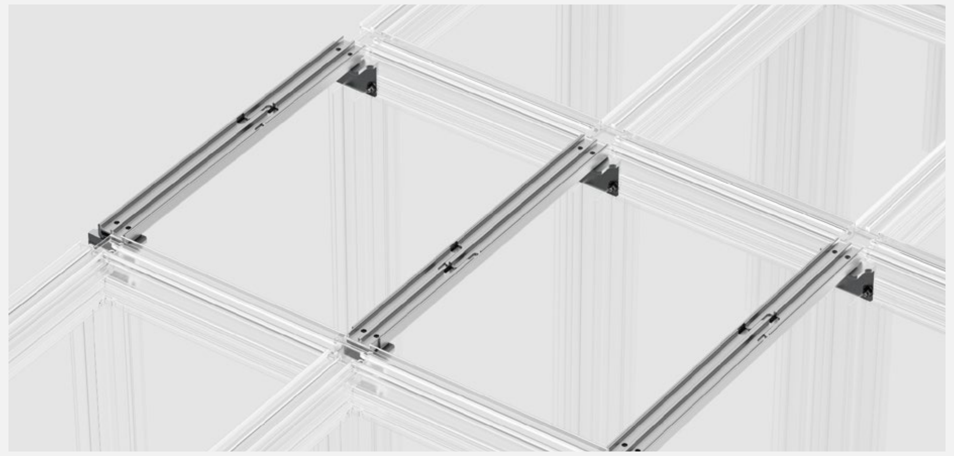
Designed with the well-being of warehouse operators in mind, FusionPort™ maximizes employee performance by presenting two tilted order-picking Bin openings and visual picking aids. These features reduce the repetitive movements operators face as they manually transfer inventory from one location to another, while streamlining order picking by providing visual cues with a pick-to-light system for easy item identification. The station additionally includes an enhanced safety hatch that makes the Bins accessible only when the Port is ready for picking.

With FusionPort Staging™, operators can now efficiently pick and stage orders using one workstation and store them inside the AutoStore Grid. It eliminates the need to use floor space, reducing customers' real estate costs.

Grid Bracer™

Launched on February 15, 2023.

Grid Bracer™ makes it easier to construct a Grid by eliminating the need to attach the aluminum Grid framework to pillars or walls. The Grid Bracer™ provides operational support to the AutoStore system and enables the Grid to be self-supporting. This added value allows customers to maximize storage space and reduce system installation lead time and cost.



Flexible Grid Cell™

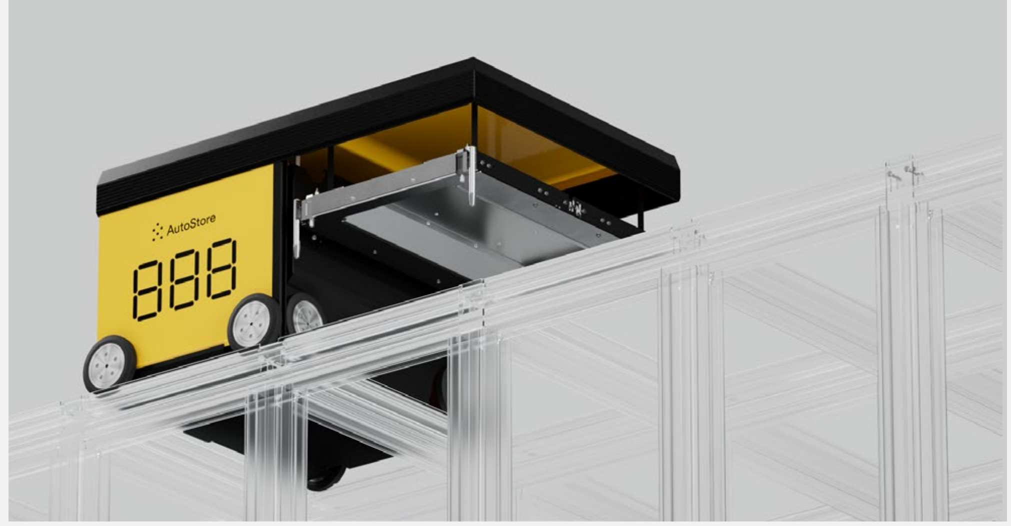
Launched on February 15, 2023.

The Flexible Grid Cell™ is a Grid component designed to offer high resilience for large-scale AutoStore systems. Temperature variations can have physical effects on the Grid aluminum tracks, skewing the structure. Flexible Grid Cell™ counters the effects of thermal expansion, ensuring system stability and uptime for large Grids.

Bin ResQ™ Robot

Launched on February 15, 2023.

With the AutoStore Bin ResQ Robot™, AutoStore superusers (advanced trained users) can quickly retrieve overfilled or faulty Bins without physically entering the Grid. The system will continue running while Bins are being retrieved. This allows a reduction in the mean time to repair/recovery (MTTR) and achieve higher system availability.



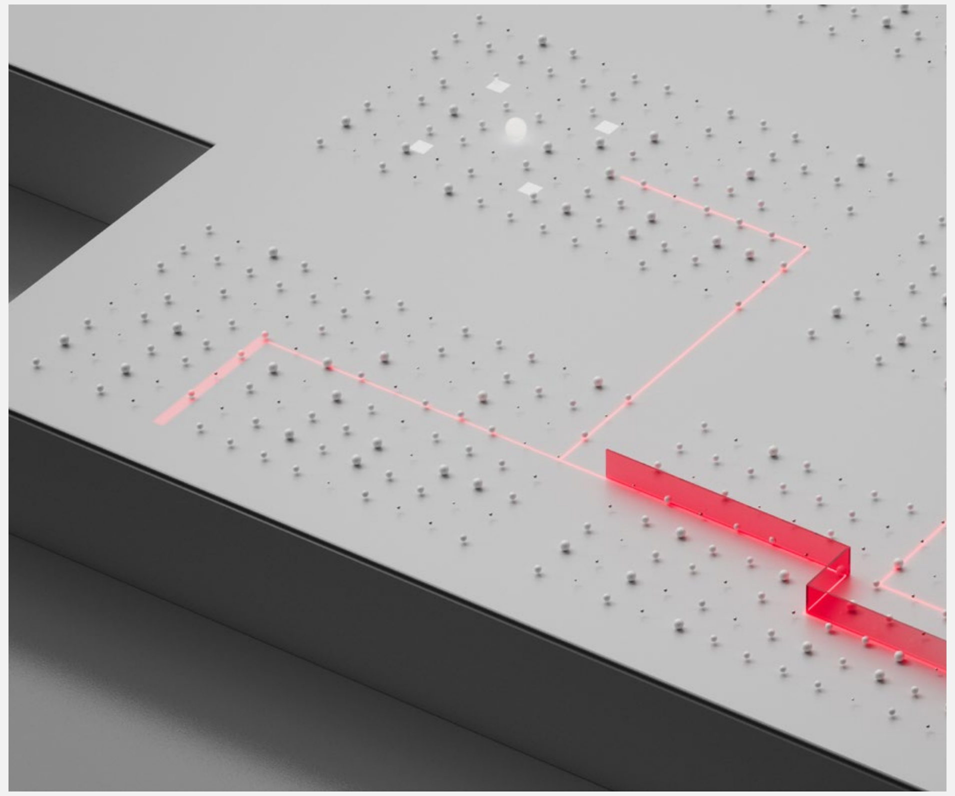
Software updates

Router™

AutoStore Router™ software performance has been increased with the needs of large systems (over 1,000 Robots) in mind. An improved routing algorithm has increased throughput for large systems by approximately 10%, while a virtual buffer feature has been added to enable higher performance at picking Ports. The virtual buffer also means Ports can be placed closer together during the warehouse design, which can further increase throughput by up to 10%.

Console™

AutoStore Console™ has been updated to add support for all new products and to enable the new Incidents function for all new and existing users.

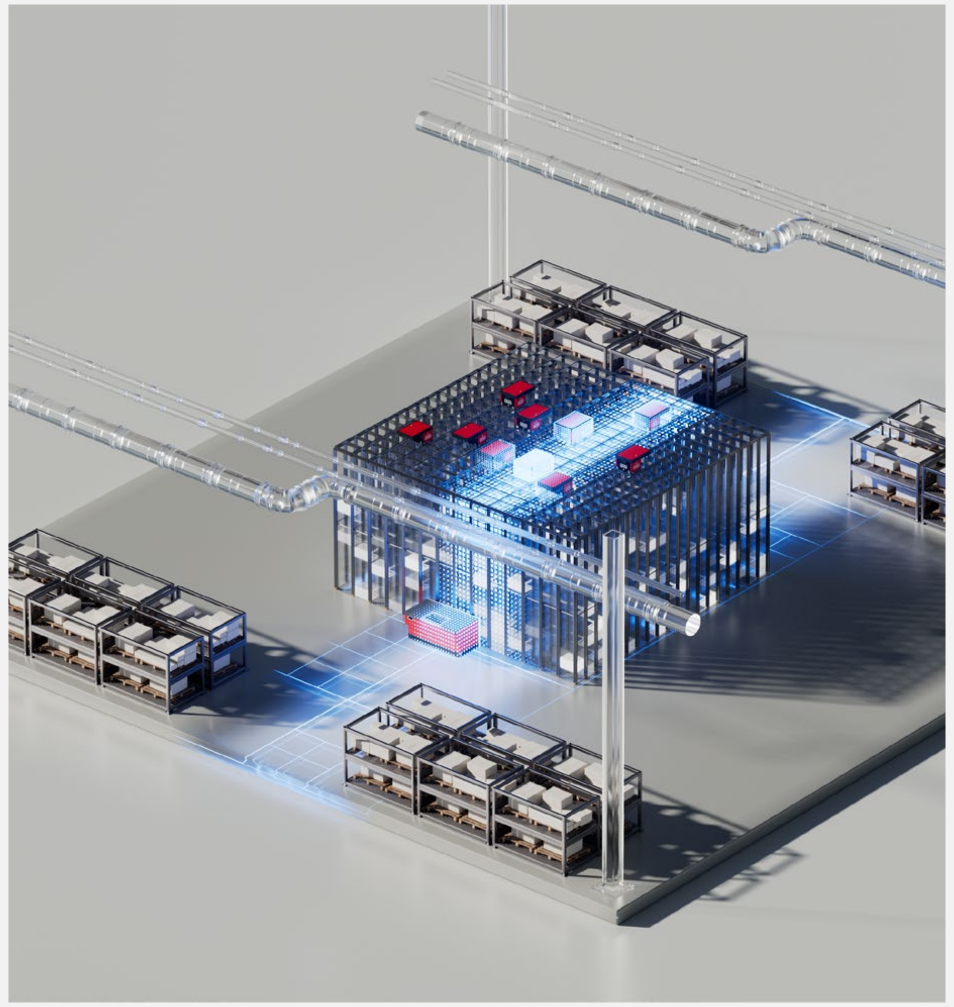


XHandler™

Updates have been made to XHandler™ throughout 2023 that improve the ability of users to resolve issues effectively. A new user-friendly system called Incidents has been introduced to guide users on how to resolve issues that require attention, and to reduce the knowledge level required. Additionally, a feature was introduced to postpone and prioritize issue handling based on demand and criticality. This reduces non-essential downtime during production hours to improve throughput. Updates have also been made that enable the use of AutoStore's new Bin ResQ™ Robot, further reducing downtime. The result has been an average increased mean time between failure of 71% at AutoStore validation sites, which has reduced system stops by over 60%.

Unify Analytics™

Unify Analytics™ has been in constant development throughout 2023, with several new features launched, all aimed at providing actionable insights to reduce operational costs and improve uptime and throughput. Notable features include analysis of battery and charger health, digging depth, and Robot utilization. Additionally, Unify Analytics™ now offers a customizable dashboard for improved overview and reporting, along with integration with Status Lookup for better error handling.

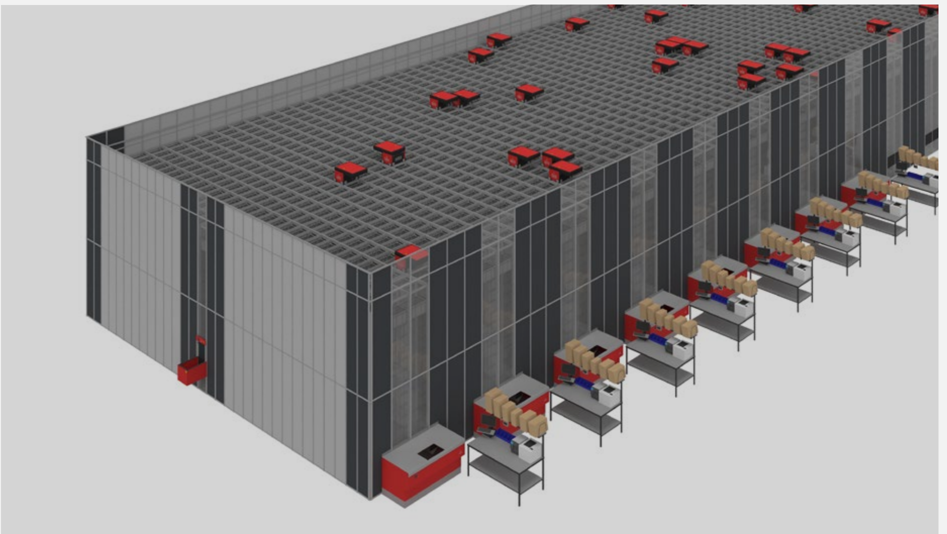


Qubit™ Fulfillment Platform

Qubit™ added numerous capabilities in 2023 focused on increasing fulfillment performance, enriching data tracking for all operational workflows and improving the user experience. These enhancements include FusionPort™ picking, single-workstation functionality for multiple Ports, detailed metrics in a real-time event feed, a digital Andon system, and a redesign of the user interface. As a result, users can put goods in more efficiently and pick even faster with fewer mistakes.

AutoStore Grid Designer™ and AutoStore Simulator™

AutoStore Grid Designer™ and AutoStore Simulator™ have added design and simulation capabilities for new products like FusionPort™, FusionPort+™, FusionPort Staging™, FusionPort Staging+™, R5 Pro™, R5+ Pro™, Grid Bracers™, and Bin ResQ Robot™. There has also



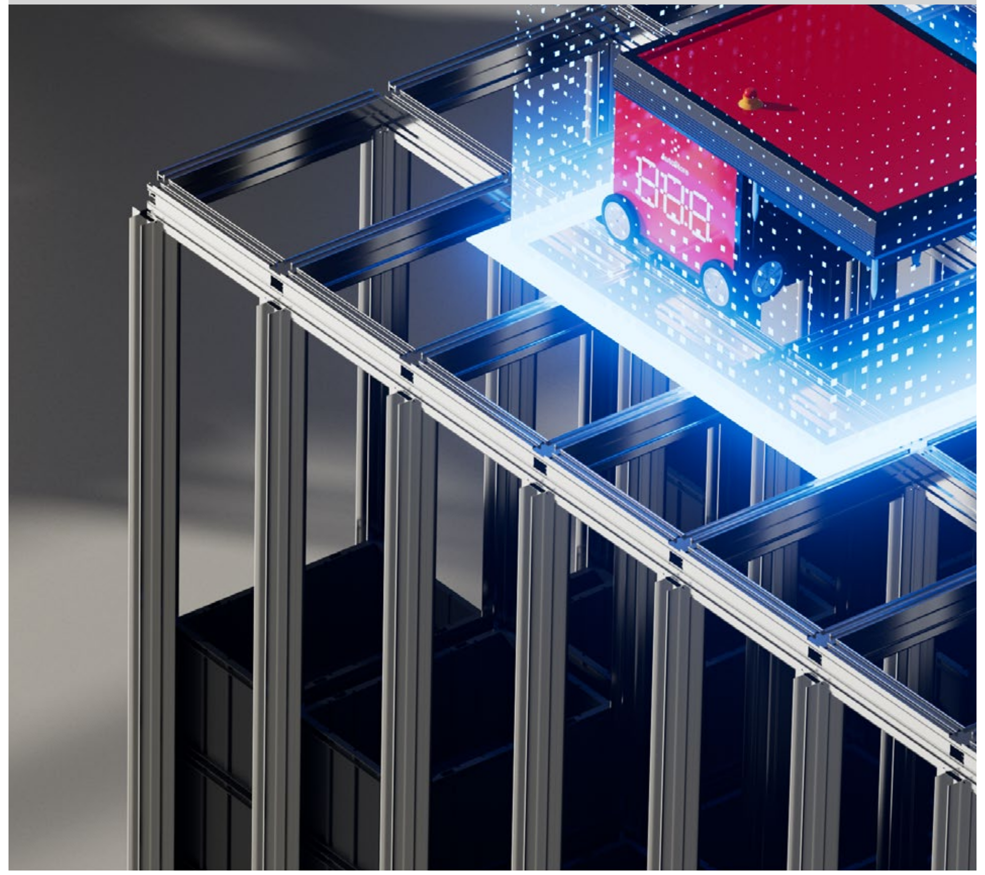
been continuous development of the next-generation simulator software throughout the year. In 2023, the cloud-based simulator software processed over 160,000 simulations, with a daily record of more than 1,000 simulations, showcasing its efficiency and capabilities.

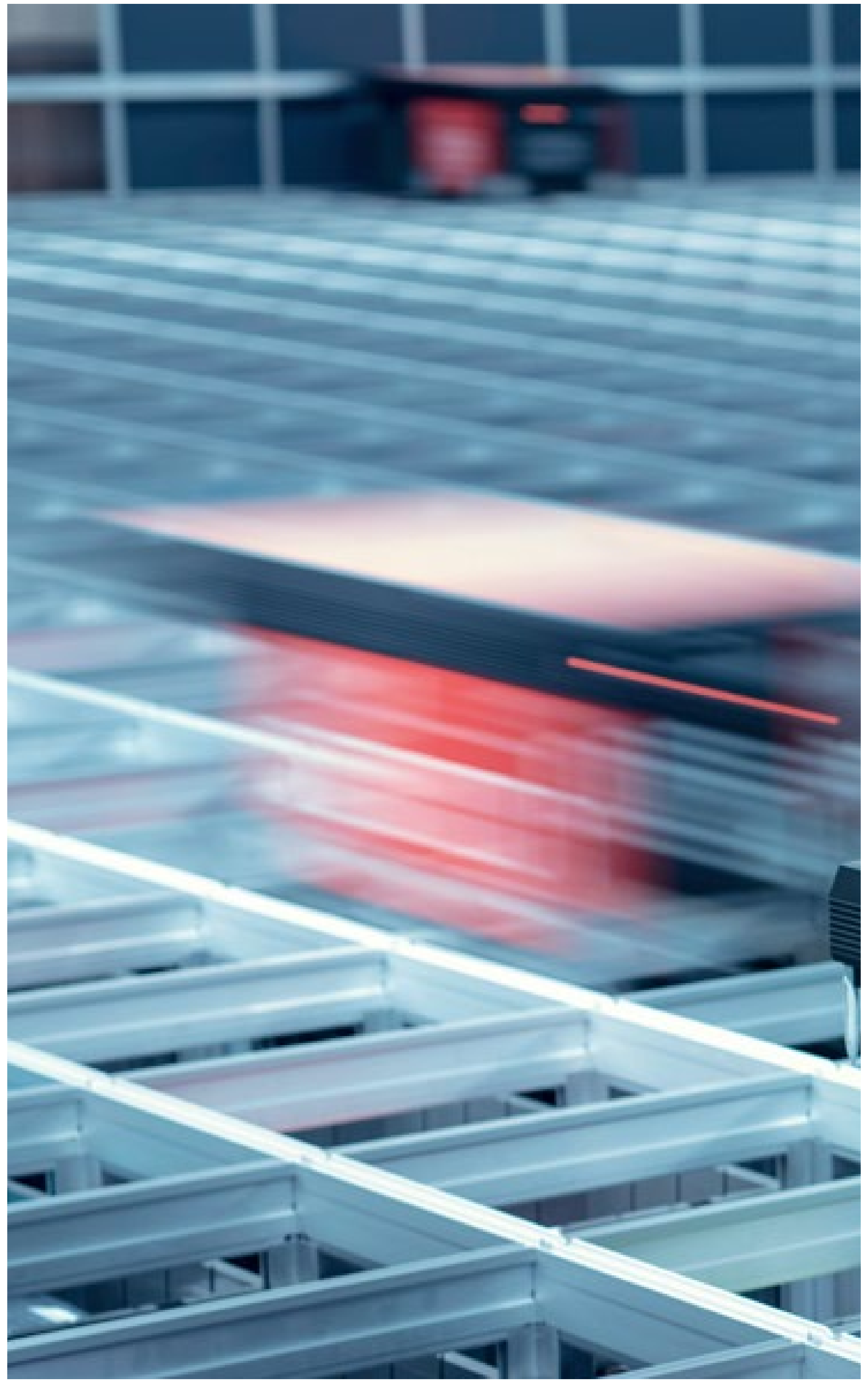
Software integrations with AutoStore

In 2023, AutoStore continued to improve integration options for customers' warehouse management (WMS) / enterprise resource planning (ERP) systems. AutoStore Interface version two was released to significantly decrease the time and complexity of setup for newly commissioned and under development systems. The WMS software development kit (SDK) was also updated to include a graphical user interface (GUI) to aid developers as they begin integrations with AutoStore. For further support, a new documentation portal was launched to provide comprehensive descriptions and code examples on AutoStore integration.

Intellectual property protection

To safeguard the innovations behind these new technologies, AutoStore has increased its focus on intellectual property (IP) protection. A cross-departmental team, led by the AutoStore legal function, works to continuously evolve AutoStore's patent portfolio, ensuring the exclusivity of AutoStore IP for the future. Many of AutoStore's over 2,400 active and pending patents already stretch beyond the current product portfolio.





03 Operational excellence

AutoStore has significantly strengthened its supply capacity in 2023 through an expanded 35,000-square-meter Building Research Establishment Environmental Assessment Method (BREEAM) certified production facility in Poland and the start-up of a new production facility in Thailand.

By the end of 2023, annual production capacity of AutoStore Robots had increased to 42,000, which improved product availability and contributed to reduced lead times in line with AutoStore's growth plans. AutoStore targets lead times of 20 weeks and this was consistently achieved in 2023, while demanding turnarounds for specific needs were met. AutoStore's production capacity is now resilient and easily capable of supporting the company's growth aims; we will be capable of producing around 70,000 Robots per year by 2025.

The local component supplier bases in APAC and NAM were expanded throughout the year along with their purchasing capacity. This reduced single points of failure by introducing at least two suppliers where possible. At the same time, transportation costs have been reduced by effective planning and economies of scale to further contribute to AutoStore's focus in 2023 of re-attaining historical margins.

To improve customer experience and provide better tools and services to AutoStore's partners and customers, tracking functionality was put in place so partners could follow production and delivery of AutoStore products in real time. A spare parts webstore was also launched in 2023 to make updates and service to existing systems smoother and more accessible for partners.

04 Recurring revenue

Work has continued throughout 2023 to develop recurring revenue streams, including through the exploration of different OPEX-based pricing models, such as the Pay-Per-Pick model launched in 2021. The company will continue to explore these going forward.

Recurring software licensing accounts for a significant portion of AutoStore's recurring revenue. In 2023, revenues from software licensing totaled USD 16.3 million. There was a clear trend of existing customers upgrading their sites from Planner software to the latest Router software, which increases Robot efficiency by up to 40%.

Throughout the year, 14 existing AutoStore sites were upgraded from Planner to Router Software. Demand for our latest software continues to grow among existing and new customers, with around 50% of new sites implemented with Router.

05 Sustainability

AutoStore advanced its focus on its sustainability work during 2023. To support this, a new Sustainability Advisor joined the team to strengthen reporting and strategic development.

Together with the VP of Sustainability and external consultants, a new sustainability strategy process was initiated that will lead to a customer- and market-oriented sustainability strategy, outlining targets and ambitions for the company. This work will continue in 2024.

Throughout the year, work was also conducted to improve the sustainability of AutoStore's current operations. The new production facility that opened in Poland was BREEAM-certified to ensure sustainable performance.

Read more about sustainability in the ESG chapter.

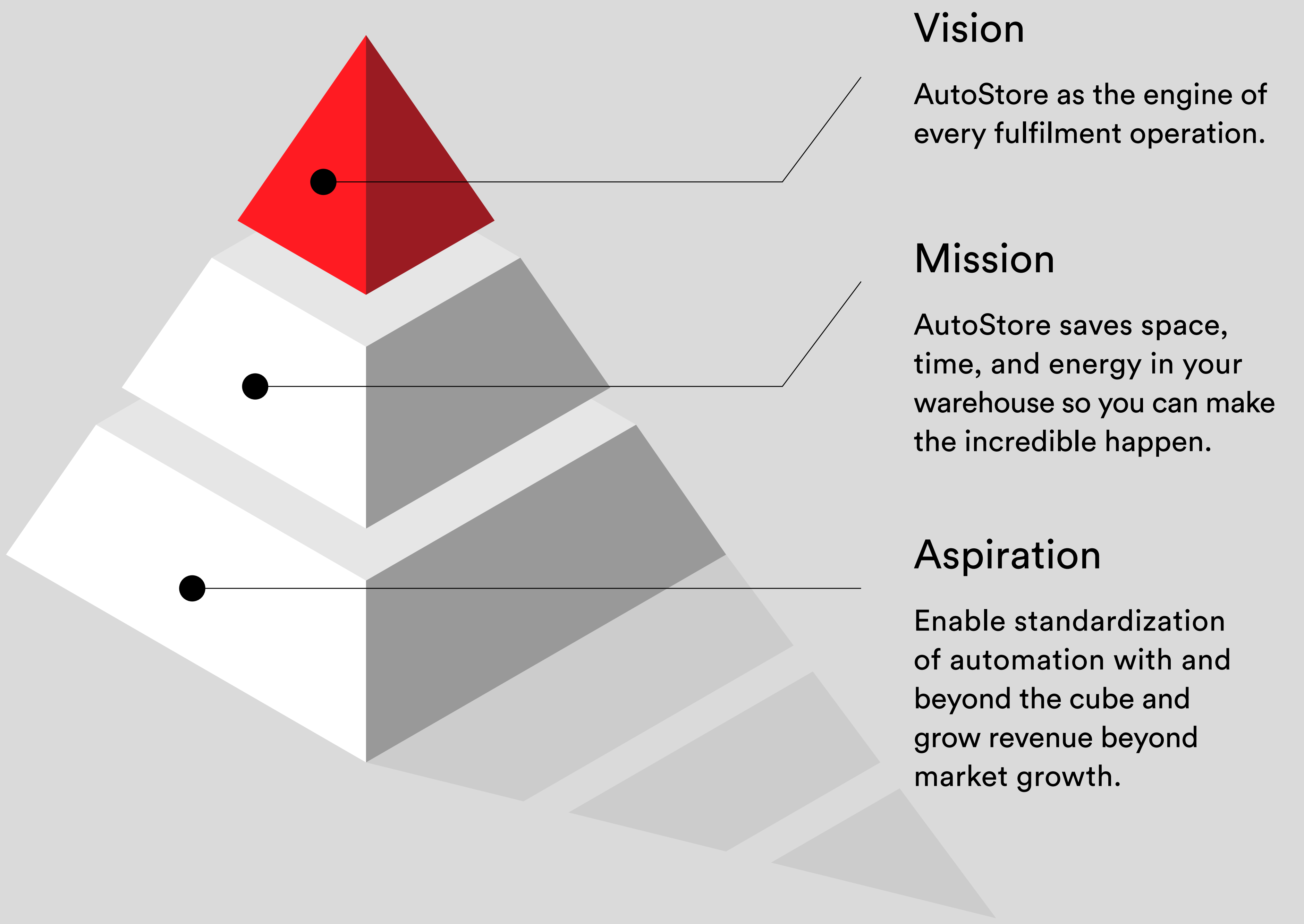
Reaffirmed priorities

During 2023, AutoStore reviewed progress against the business strategy and reaffirmed priorities towards 2025 to meet long-term growth and business development goals. The overall strategic direction remains the same, with the leading aspiration to grow revenue beyond market growth by continuing to capture market share, and to do so while maintaining high profit margins.

To meet these ambitious goals, AutoStore has updated its vision to reflect the drive to capture white space in an immature market and grow through new applications and adjacencies. As the engine of every fulfillment operation, AutoStore will target significant growth and wider potential beyond the walls of the cube and the walls of the warehouse.

The vision is supported by the constant mission of AutoStore to save space, time, and energy to make the incredible happen.

Our strategy pyramid



Growth engines and key enablers

To drive AutoStore towards its vision and aspiration, two growth engines have been identified that focus on building the company's current and future strengths. These are supported by four key enablers that identify areas to focus on throughout this strategy period.

Each department within AutoStore develops its respective goals and key performance indicators (KPIs) around these growth engines and key enablers. In this way, they act as a tool for prioritization across the entire business as it continues to sustain high margins and strong profitable growth.

Growth engines

01 Drive global adoption of the cube

02 Deliver new standardized products adjacent to the cube

Key enablers

01 Customer-centric partner-based go-to-market model

Further develop partner relations across all business functions. Partners should be integrally linked to the company, supported, and challenged to further sales and support efforts.

Initiatives include:

- Increase touchpoints with partners and customers
- Support lead generation through increased investments in business development
- Encourage multiple sites and long running relationships
- Develop global accounts
- Educate the market on AutoStore's potential
- Expand resources and support for partners

02 A results-oriented organization

Professionalization of goal-setting and KPIs that directly link to business strategy, growth areas, and increased organizational effectiveness.

Initiatives include:

- Clear goal-setting and deliverables
- Improved internal communications
- Silo reduction
- Performance-related compensation

03 Product development with fast time to market and customer-centricity

Continued investment in R&D capabil-ities and focus on product innovation to meet customer needs and expand beyond existing applications.

Initiatives include:

- New product roadmap
- Software focus to reduce integration complexities
- Closer connections between R&D, partners, and customers
- Continued recruitment of skilled professionals

04 Efficient operations and value chain setup

Enable supply capacity to meet sales potential while reducing costs and improving customer support.

Initiatives include:

- Increasing production capacity
- Reducing lead times
- Seeking cost efficiencies
- Diversifying component suppliers
- Developing world class tracking, ERP services, and aftersales

ESG

Contents

Introduction

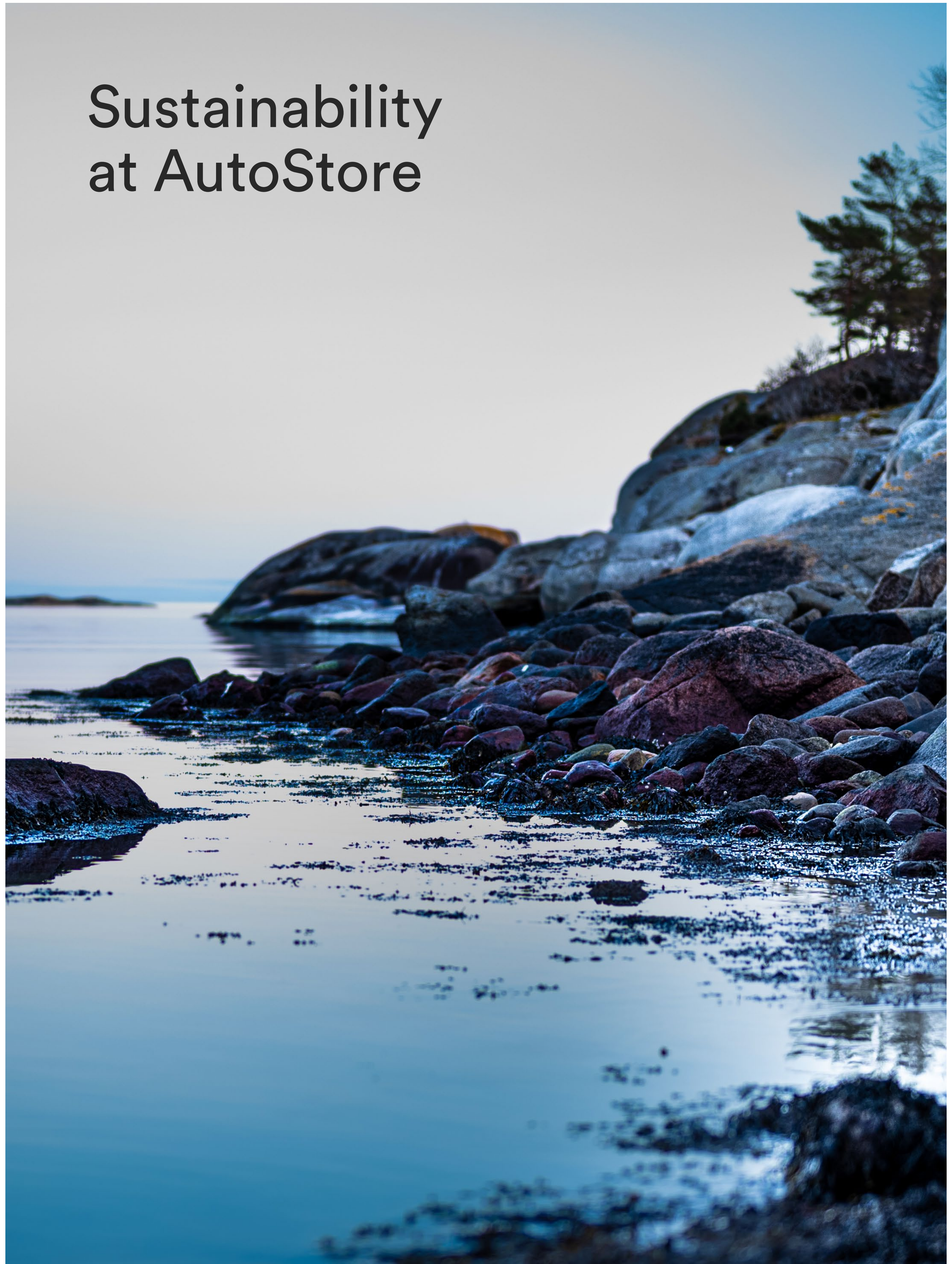
AutoStore recognizes ESG (Environmental, Social, and Governance) management, measurement, and reporting as key to building resilience in all aspects of its business. In 2023, the focus of the company has been on securing a solid foundation on which to build future sustainability efforts.

During the year, AutoStore developed an ESG governance structure, conducted a double materiality assessment for the first time, worked on improving data quality, and increased overall sustainability competency in the organization. A process to establish the sustainability strategy for AutoStore which will lead to target-setting and detailing of ambition level was initiated at the end of 2023.

This ESG report provides an overview of AutoStore's initial outlines of the sustainability strategy, policies, impacts, risks and opportunities, and material topics.

The aim is to be transparent, balanced, and comprehensive about the state of ESG at AutoStore today, and the company's direction for the future.

Since 2021, initiatives have been undertaken to strengthen AutoStore's sustainability efforts. These initiatives have informed the strategy process that was initiated in 2023, and will continue to build into the strategy process during 2024, when clear targets and ambition levels will be set to outline the direction for AutoStore's future work.



Sustainability at AutoStore

2021

- Sustainability reporting in accordance with GRI
- Climate reporting in accordance with the GHG Protocol

2022

- Climate risk reporting in accordance with TCFD
- Developed GHG Protocol with Scope 3
- Member of UN Global Compact
- Signed The Guide Against Greenwashing
- Relocated warehouse facility in Poland to a new building with BREEAM 'Very Good' certification
- Hired VP of Sustainability

2023

- Relocated production process in Poland to a building with BREEAM 'Excellent' certification
- CSRD readiness work conducted
- Competence development
- Hired VP of HSSE
- Hired Sustainability Advisor
- Development of sustainability strategy

2024

- Development of concrete goals related to carbon, circularity, and social and governance
- Raising the sustainability competence of AutoStore on all levels
- ESG reporting according to CSRD reporting requirements
- Development of diversity, equity, and inclusion (DEI) strategy

Strategy

In 2023, AutoStore initiated work on setting a sustainability strategy with the ambition of accelerating the transition to space- and energy-efficient warehouse solutions that are preferred by warehouse workers.

AutoStore has a strong starting point for sustainability. We supply a product that offers inherent benefits to the environment and workers through space-saving, energy efficiency, long product lifespan, and features that support a positive warehouse work environment. To build on these strengths, AutoStore is working to gather reliable data as it continuously seeks to improve its effect on the environment and society, including the protection of human rights.

To work towards this ambition, there will be a focus on areas where the greatest impact can be made, as identified by a double materiality assessment, an extensive stakeholder dialogue, and a thorough strategy process.

The three main sustainability focus areas have been identified as: Carbon, Circularity, and Social & Governance.

Ambition

To accelerate the transition to space- and energy-efficient warehouse solutions that are preferred by warehouse workers.

Sustainability strategy

Main sustainability focus areas

Carbon

- Space and energy-efficient warehouse solutions
- Decarbonizing our footprint

Circularity

- Best-in-class product durability and lifespan
- Circular material flows from end-of-life to new products

Social & governance

- Preferred solution by warehouse workers due to lower physical demands and higher pay
- Strong performance related to labor practices, human rights, cybersecurity, ethical governance and diversity

Through these focus areas, AutoStore aims to reduce its own environmental impacts and contribute to the reduction of its customers' environmental impacts by further improving the circular value propositions of its products and reducing GHG emissions.

During the strategy project, AutoStore has engaged with a wide variety of internal and external stakeholders and found a growing focus on sustainability across most stakeholder groups.

AutoStore's executive management team (EMT), the Audit Committee, and Board of Directors have been involved in the initial phases of the strategy process, and will be the group that determines target-setting when the strategy process concludes in 2024.

Policies

AutoStore has codes and policies for all its material topics. The table shows how these are governed and which material topics they apply to. Further descriptions of policies can be found in the following relevant chapters.

Codes and policies	Who is responsible	Scope	Material topics	Revisions
Code of Conduct	CEO	AutoStore Group	– Own workforce	Annually
HR Policy	CPIO	AutoStore Group	– Own workforce	Annually
Environment and Climate Policy	CPIO	AutoStore Group	– Climate change – Resource use and circular economy	Annually
Human Rights Policy	CPIO	AutoStore Group	– Own workforce – Workers in the value chain	Annually
Anti-Corruption Policy	CPIO	AutoStore Group	– Business conduct	Annually
Whistleblowing and Investigation Policy	CPIO	AutoStore Group	– Business conduct	Annually
Supply Chain Business Ethics Code	COO	Suppliers	– Climate change – Resource use and circular economy – Workers in the value chain – Business conduct	Annually

Reporting

This annual ESG report for 2023 has been prepared in accordance with the Global Reporting Initiative (GRI) standards and aims to align with the upcoming Corporate Sustainability Reporting Directive (CSRD). This means the report follows the structure of the European Sustainability Reporting Standards (ESRS), while also covering GRI requirements based upon GRI-material topics identified in 2022.

To identify ESRS-material topics, AutoStore has conducted a double materiality assessment. AutoStore did not seek external assurance for the ESG report in 2023, but will follow CSRD recommendations for external assurance in 2024.

AutoStore considers this report part of its Communication on Progress (CoP) to the United Nations Global Compact (UNGC). AutoStore continues to report on climate-related risks and opportunities in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD), and a TCFD index is available in the Appendix of this report. The company fully supports the United Nations Sustainable Development Goals (SDGs) and recognizes the role of the private sector in delivering on them.

UN Sustainable Development Goals

AutoStore has identified four Sustainable Development Goals on which the company can have a particular impact:

UN SDG 5 - Gender equality

UN SDG 8 - Decent work and economic growth

UN SDG 9 - Industry, innovation and infrastructure

UN SDG 11 - Sustainable cities and communities

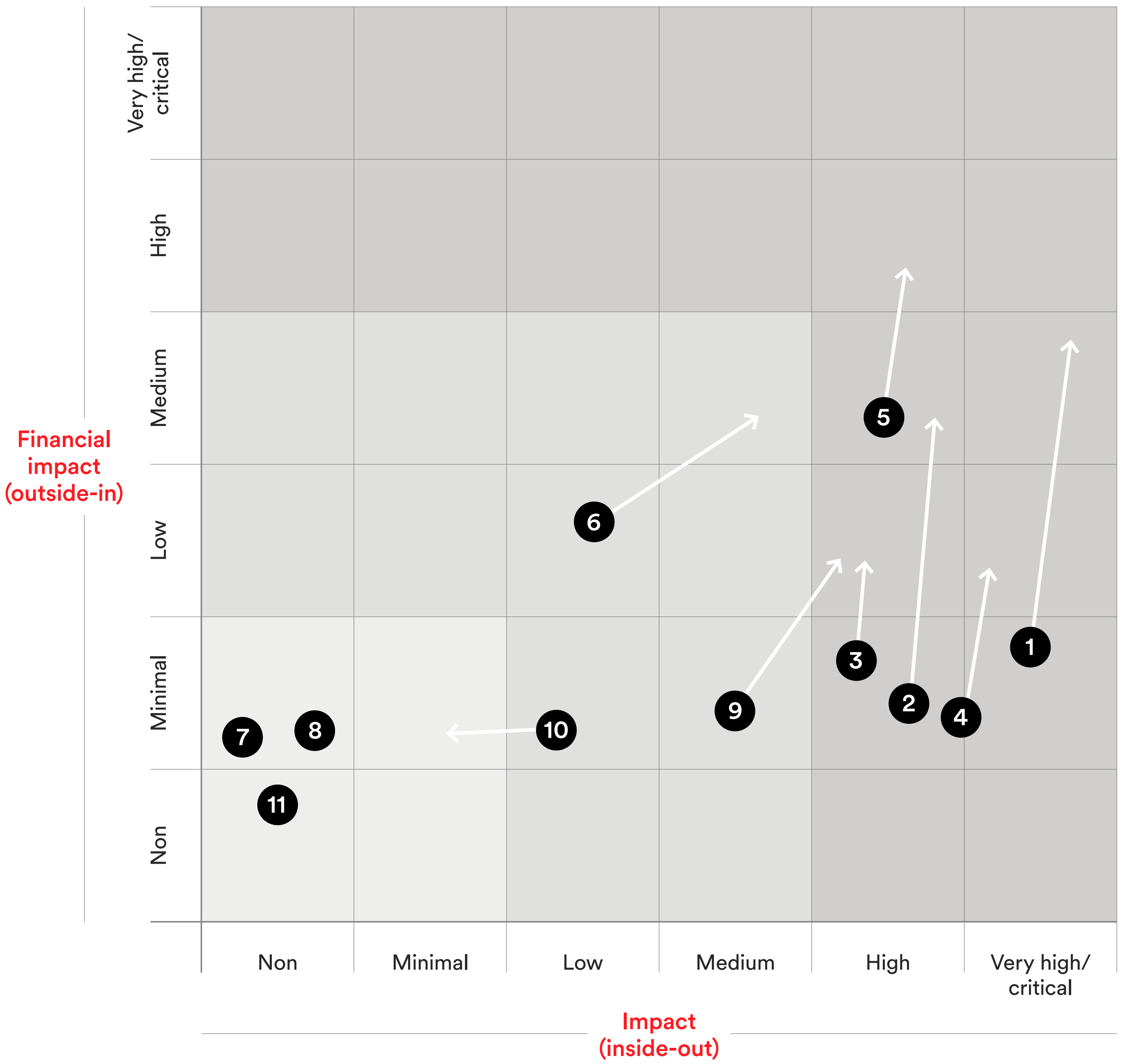
Material topics

In 2023, AutoStore's double materiality assessment expanded on foundations laid by the stakeholder analysis and materiality assessment conducted in previous years. Additional stakeholders were included in the assessment alongside the incorporation of an "outside-in" dimension. Five material topics were identified: climate change, resource use and circular economy, own workforce, workers in the value chain, and business conduct.

Determining material topics

The process began with the development of a comprehensive list of material topics using the CSRD categorization. An initial list of potential material topics was created, reviewed, and approved by the Chief People and Information Officer (CPIO) and the Audit Committee. Following stakeholder interaction and workshops, an impact, risks, and opportunity (IRO) assessment was conducted and approved by the CPIO and Audit Committee to conclude the final list of five material topics.

Double materiality matrix



Material topics

1. ESRS E1: Climate change
2. ESRS E5: Circular economy
3. ESRS S1: Own workforce
4. ESRS S2: Workers in the value chain
5. ESRS G1: Business conduct
6. Special topic: Cybersecurity

Non-material topics

7. ESRS E2: Pollution
8. ESRS E3: Water and marine resources
9. ESRS E4: Biodiversity and ecosystems
10. ESRS S3: Affected communities
11. ESRS S4: Consumers and end-users

Arrows represent the projected materiality of the topics in the long term (5+ years).

Impact, risks, and opportunities

In 2023, AutoStore conducted IRO-assessments of its five material topics. These risk assessments were integrated into the Enterprise Risk Management system and reviewed by the executive management team and Board of Directors.

Methodology

Assessing negative impacts, AutoStore considered scale, scope, irremediable character, and likelihood. For positive impacts scale, scope, and likelihood were considered. Topics were assessed on how they impacted AutoStore's operations, value chain, and the importance of the topic to stakeholders.

Financial materiality is determined by estimating actual and potential monetary impact on AutoStore's annual turnover on a scale from very high (> USD 130 million) to very low (< USD 33 million), and the likelihood of the impact to occur from almost certain (80%-100%) to hard to imagine (< 20%).

The estimation of financial materiality is modelled in accordance with AutoStore's Risk Management Framework.

All IRO assessments considered short (0-1 year), medium (1-5 years) and long-term (5+ years) effects.

IRO governance

AutoStore's Board of Directors bears ultimate responsibility for the company's operations and has overarching responsibility for its sustainability practices. The Chief People and Information Officer (CPIO) bears operational responsibility for monitoring and following up on climate-related risks and opportunities.

In 2023, climate-related risks were on the management agenda twice in relation to the enterprise risk assessment process. The climate-related risks were presented to the Audit Committee in two meetings.

Stakeholder dialogue

AutoStore is continuously engaging with all its stakeholders to ensure that sustainability efforts are in line with their expectations. In 2023, AutoStore focused on including a diverse group of stakeholders in the process of conducting the double materiality assessment and the sustainability strategy.

Stakeholder interaction in the double materiality assessment

Stakeholder interaction was conducted through one-on-one interviews with 17 stakeholders, of which nine were internal, seven were external and one was a board member. In addition, internal workshops on impact materiality and financial materiality were conducted to assess the IRO of the initial list of material topics. These workshops were attended by AutoStore's sustainability team, the Chief Strategy Officer (CSO), the Finance Director and the VP of Investor Relations.

Employees

Stakeholder group

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

Arena

- Regular all-employee meeting
- Annual performance review
- Internal channels
- Training and coaching
- Website
- Email
- Working environment committee meetings
- Employee survey
- Huddles

Theme

- Comply with laws and regulations in terms of ethical business Double Materiality Assessment operations, human rights and anti-corruption
- Diversity, equity, and inclusion (DEI)
- Workplace safety, health and well-being, including mental health
- Development and career opportunities
- Involvement of employees in climate and sustainability strategy process
- Risk assessments related to climate change risks, operational risks and reputational risks

How we responded

- Double Materiality Assessment
- DEI strategy process
- Sustainability Strategy process
- Unconscious bias training
- Inclusive recruitment training
- "Make diversity your competitive edge" diversity training
- Diversity as topic in all-employee meeting with CEO
- Hired VP HSSE
- Walking on Earth (employee well-being program)
- Continued implementation of initiatives from 2022

Partners and customers

Stakeholder group

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

Arena

- Newsletter
- Training
- Website
- Quarterly business reviews
- Conferences

Theme

- Climate
- Greenhouse gas emissions
- Energy use
- Market conditions
- Employee well-being and safety

How we responded

- Double Materiality Assessment
- Developed Climate accounting with focus on Scope 3
- Signed Code of Conduct
- Sustainability Strategy process

Suppliers

Stakeholder group

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.

Arena

- Regular direct dialogue
- Supply chain management through supplier evaluation forms and yearly audits of critical suppliers
- Email

Theme

- Future business needs and deliveries
- Responsible and ethical business conduct and practice
- Human rights

How we responded

- Double Materiality Assessment
- Issued supply chain business ethics code to be signed by suppliers
- Established project group on the Norwegian Transparency Act
- Sustainability Strategy process

Investors/shareholders

Stakeholder group

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

Arena

- Reporting
- Board meetings
- Direct communication
- Investor updates and quarterly reports
- Investor presentations
- Stock exchange / press releases
- Roadshows

Theme

- Financial results
- Innovation
- Annual report and governing documents relating to sustainability information

How we responded

- Double Materiality Assessment
- Developing ESG reporting in line with CSRD
- Sustainability Strategy process

Governments and civil society

Stakeholder group

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.

Arena

- Written and direct communication
- Email

Theme

- Regulatory framework
- Focus on financial support from government for Norwegian export companies and capital-demanding start-ups. Need for education and high-competence workforce in Norway.
- Products and value in society

How we responded

- Double Materiality Assessment
- Sustainability Strategy process

Initiatives and special interest groups

Stakeholder group

Initiatives and special interest groups have a direct and indirect impact on AutoStore and its operating conditions through their expectations and requirements.

Arena

- Answering surveys and interviews focusing on sustainability
- Website update, review of internal guidelines
- Various projects participation

Theme

- Employer branding
- Responsible business, openness, trust, selected sustainability issues, UN SDGs

How we responded

- Implementing UN Global Compact principles
- Implemented The Guide Against Greenwashing

Environment

To address AutoStore's environmental impact in a structured manner several tools are used. Greenhouse gas (GHG) accounting is the foundation that enables AutoStore to understand its environmental impacts.

The company's Environment and Climate Policy outlines the main principles governing AutoStore's management of these impacts. The sustainability strategy is the roadmap that will be used to uphold these principles and create value from them.

To further cement AutoStore's efforts to address environmental issues, initiatives have been finalized to certify AutoStore according to the ISO 14001 environmental management system within the first quarter of 2024.

EU taxonomy

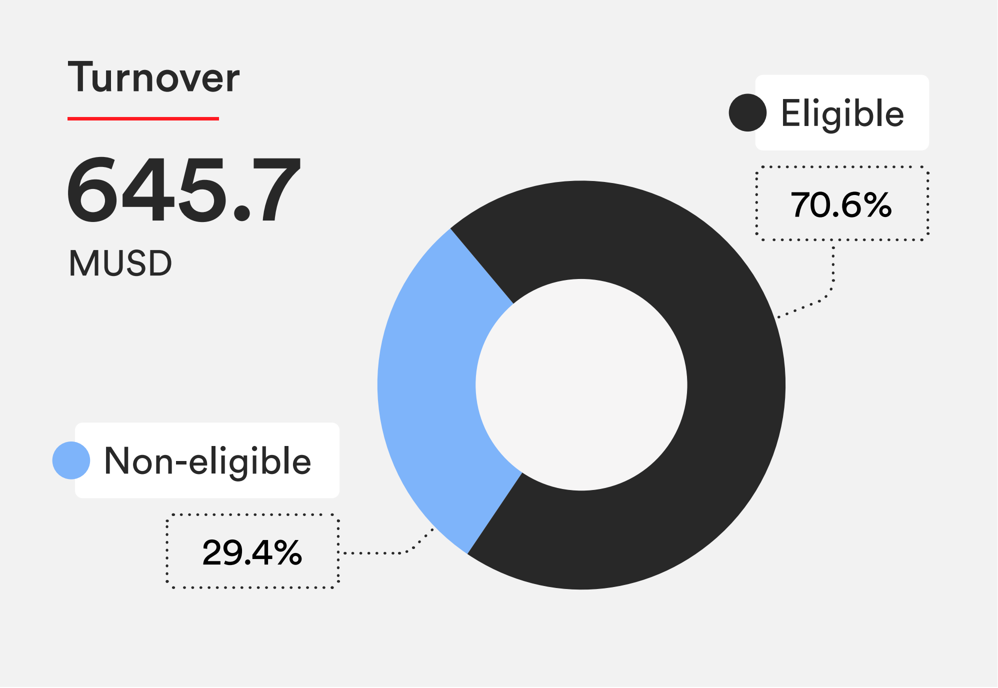
AutoStore is in scope of the EU taxonomy regulation for the financial year 2023. In its EU taxonomy Report, AutoStore reports on EU taxonomy disclosures and assesses its economic activities against the EU's criteria for environmentally sustainable activities.

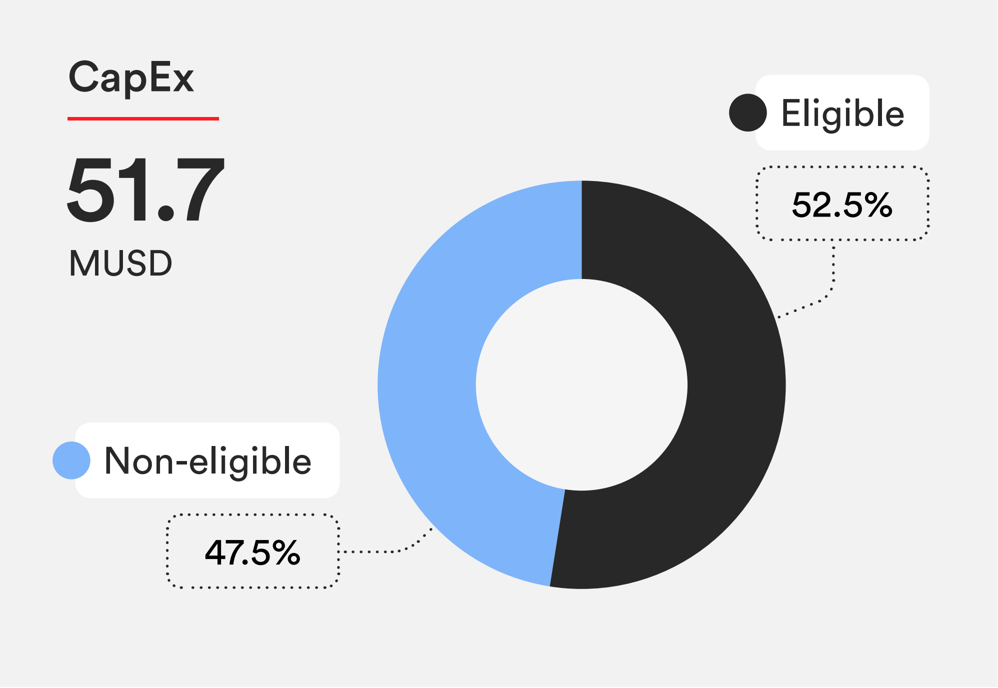
In the 2023 eligibility screening, five economic activities that AutoStore engaged in were identified as falling under EU taxonomy regulation: the lease and purchase of AutoStore's company cars; the production of Robots, Ports and Controller units; the provision of software calculating the most efficient path for the Robots; the sale of spare parts; and the product-as-a-service models.

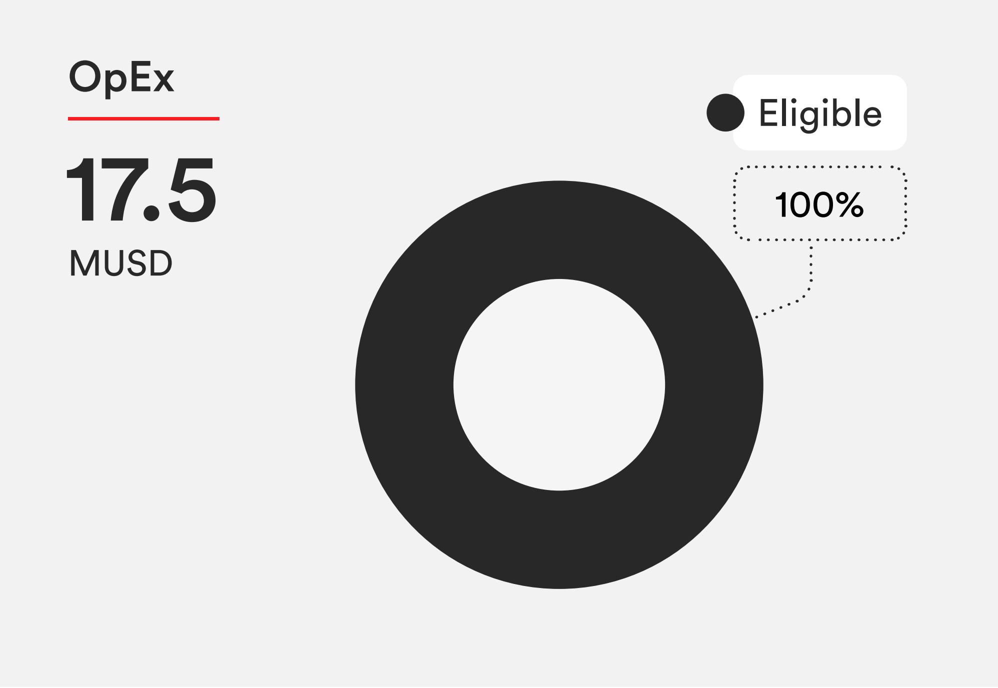
As AutoStore's physical climate risk assessment did not cover activities related to the lease and purchase of company cars, the activity fails to fulfill the requirements for environmental sustainability and, as such, is not aligned with the EU taxonomy. This activity is not, however, relevant to AutoStore's core business, and the effect is estimated to be non-existent to small.

The remaining four economic activities were newly added to the EU taxonomy regulation in 2023 and entered into force on January 1, 2024. For those newly added activities, the extent to which AutoStore performs such activities was assessed. Assessing the alignment of the newly added activities is voluntary for 2023 and has been excluded from this year's report.

The figures below summarize AutoStore's EU taxonomy key performance indicators (KPIs) related to turnover, capital expenditures (CapEx) and operational expenses (OpEx). See EU taxonomy Report for more details about the process, methodology and results of the assessment of economic activities against the EU taxonomy regulation.







Climate change

AutoStore has made a commitment to ensure that its strategy and business model are compatible with the transition to a sustainable economy, and aims to reduce its own carbon emissions. This commitment is the result of AutoStore's comprehensive strategic work on sustainability in 2023, which in 2024 will be supported by an action plan with clear goals to be approved by the executive management team (EMT) and the Board of Directors.

Policies

AutoStore's management of climate change mitigation and adaptation is guided by its Environment and Climate Policy. Two of three primary objectives of this policy are related to climate change and state that AutoStore must: a) ensure the company works actively to improve energy use and efficiency, and b) ensure the company works actively to reduce its CO_2 emissions. The policy addresses:

- General principles
- Energy use and efficiency
- Circularity/material use and disposal
- CO_2 emissions
- Roles and responsibilities

Impact, risks, and opportunities

AutoStore is a company with low emissions from its own operations compared to the emissions from its value chain. The biggest impact is from the procurement of virgin plastic and virgin aluminum in the value chain, as shown in the greenhouse gas (GHG) accounting report. These will be natural focus areas when setting goals in 2024.

AutoStore's main positive impacts are the inherent energy efficiency of its product, and the avoided emissions customers benefit from because of this efficiency. The AutoStore System can also be installed on brownfield sites, while space efficiency provided by the system can minimize the need for greenfield expansions with their associated emissions.

In 2023, AutoStore started a Life Cycle Assessment (LCA) project that will provide quantitative data on these impacts. This project will be completed in 2024.

The main financial risk identified was the transitional risk of a lack of measurable commitments, e.g. a decarbonization plan. This will likely not have a high impact in the short term, but risks increase the longer a plan is not implemented. By setting targets and developing an action plan, AutoStore will address this risk in the coming year.

Conversely, the main financial opportunity is to make these emission-reduction commitments and to set clear targets.

Greenhouse gas accounting

The input data for this report comprises consumption data from internal and external sources, converted into tons of CO_2-equivalents (tCO_2e). The analysis is based on the Corporate Accounting and Reporting Standard developed by the Greenhouse Gas Protocol Initiative (GHG Protocol).

In 2023, AutoStore started a Life Cycle Assessment (LCA) project, which has provided more accurate factors for aluminum- and plastic-related emissions. AutoStore's emission reporting for printed circuit board assembly (PCBA) has also been updated with more accurate factors. These changes have all impacted historical emissions data.

In the reporting year, business travel accounted for 13,474.3 tCO_2e, representing 3.1% of the overall greenhouse gas emissions. This represents an increase in emissions compared to 2022 that is explained by an increase in gathered data, the company's continued growth, as well as more intercontinental travel due to AutoStore's new production facility in Thailand.

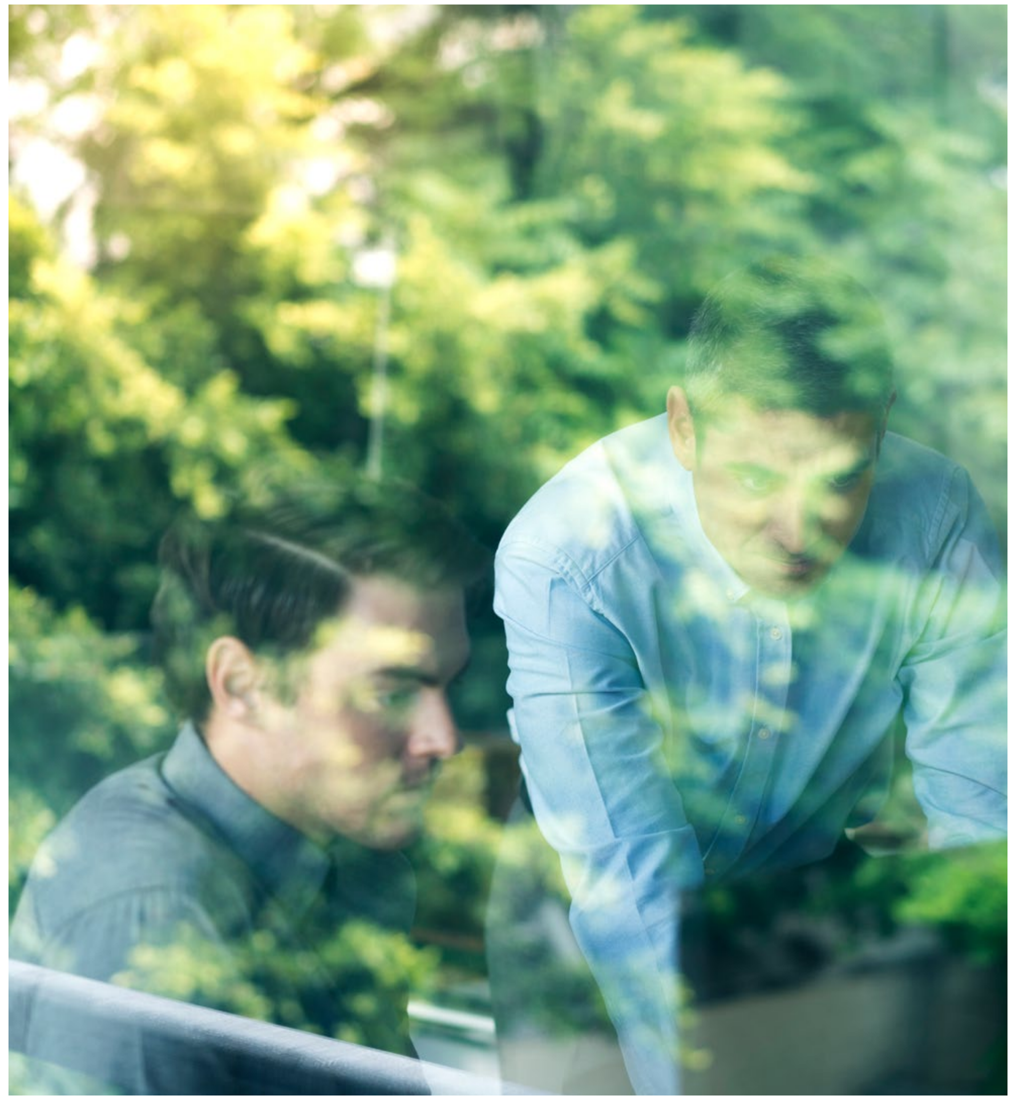
See the full GHG account.

In 2023, AutoStore emitted directly and indirectly a total of 430,901.1 tonnes of carbon dioxide equivalent (tCO_2e) in Scope 1, 2 and 3:

	2023			2022			2021		
Scope 1	**180.1**	tCO_2e	(0.1%)	**132.9**	tCO_2e	(0.0%)	**17.8**	tCO_2e	(0.0%)
Scope 2	**2,298.2**	tCO_2e	(0.5%)	**1,361.2**	tCO_2e	(0.4%)	**718.8**	tCO_2e	(0.4%)
Scope 3	**428,422.7**	tCO_2e	(99.4%)	**371,485.8**	tCO_2e	(99.6%)	**181,930.6**	tCO_2e	(99.6%)
Total	**430,901.1**	tCO_2e	(100.0%)	**372,979.9**	tCO_2e	(100.0%)	**182,667.2**	tCO_2e	(100.0%)

In 2022 and 2023, all AutoStore's units are included in the relevant scopes and categories. Some data was reported in 2021, however, the reporting did not include all units or follow the GHG Protocols Scope 3 criteria. Therefore, the data from 2021 cannot be directly compared with 2022 or 2023 data.

AutoStore's Scope 3 emissions mainly stem from category 1 *purchased goods and services*. The purchase of goods and services in 2023 is accountable for 95.2% of the total GHG emissions, with 410,036.6 tCO_2e emitted from the products' production and transportation. AutoStore's production facility in Poland is accountable for most purchased goods as it requires input material to produce the company's products and handles most purchases from third-party producers.



Purchased goods and services
(Metric Ton CO_2e)

Category	2023	2022	2021
Aluminum	22.9	-	-
Aluminum, recycled	5,099.8	-	-
Aluminum (EU average)	121,361.7	112,863.5	49,211.0
Aluminum (primary supplier)	77,328.0	71,913.2	31,355.8
Batteries Li-ion	5,762.8	6,141.1	2,284.7
Brass	188.0	175.4	76.4
Cable, unspecified	173.8	197.4	95.0
Clothing	7.0	99.0	-
Copper, recycled	-	0.3	0.1
Furniture, office	4.4	276.1	-
Glass	-	1.4	-
Office chair (A1-3)	82.1	38.1	-
Office Desk (A1-3)	29.1	38.3	-
Office furniture	17.3	221.9	-
Office supplies incl paper	9.7	-	-
Other material inputs	48.3	181.4	77.6
PCBA, surface mounted, unspecified	7,155.2	16,826.4	7,550.8
Plastic bins (220mm)	2,517.8	1,948.0	1,178.6
Plastic bins (330mm)	37,459.1	28,981.9	17,534.9
Plastic bins (425mm)	18,387.3	14,226.2	8,607.2
Plastic avg. (virgin)	131,669.8	101,946.9	61,680.7
Plastic avg. (virgin) - Rubber	-	19.2	9
Postal service	-	2.1	-
Steel, stainless	2,330.7	2,894.5	1,337.4
Water supply, municipal	3.0	0.3	-
Wood material, virgin	378.9	2,319.4	524.7
Total	**410,036.6**	**361,312.1**	**181,524.1**

Resources and circularity

AutoStore recognizes that circularity and sustainable resource use is important in the transition to a greener and more sustainable future. The company offers products that are efficient, have a long lifetime, and are well suited for recycling. Making lean and efficient products is embedded in the AutoStore DNA and the company's R&D department is constantly working to improve efficiency, extend longevity, and explore how to integrate more recycled materials into the product design.

Policies

Resource use and circularity is one of three primary objectives outlined in AutoStore's Environment and Climate Policy. This policy states that it *shall ensure that the company has a clear focus on circularity through the whole product lifecycle, from design through to use and end-of-life.* The policy further states that the key materials AutoStore uses are plastics and aluminum. To stay innovative and competitive the company is dependent on continuously improving the circularity of its products by challenging itself and its suppliers on which materials offer the best combination of longevity, climate footprint, and recyclability.

Impact, risks, and opportunities

AutoStore's main negative impact regarding resource use and circularity is the use of virgin plastic for its Bins and virgin aluminum for most of its Grids. The production of virgin plastic and aluminum cause high levels of GHG emissions. In AutoStore's journey towards lower emissions over time, reductions on emissions from aluminium and plastic will be central. However, incorporating a larger amount of recycled materials does carry challenges. The R&D department is actively working on testing and exploring all possible solutions to address these challenges.

Another negative impact is waste generated by packaging and transporting AutoStore products. Product safety concerns mean extensive packaging is required during transportation, which produces excess waste at the installation site. As part of a wider plan to collaborate with partners and end-users, AutoStore will strive to address waste-handling related to packaging materials.

AutoStore's main financial risks regarding resource use and circularity stem from the risks of not using recycled plastic. This is considered to have a low financial impact and likelihood of occurrence in the short term, but the risk will increase over time and potentially become high in the longer term without action. The financial risk is related to reputational risk on the one hand, and regulatory changes, new taxes, and rising carbon prices, on the other.

Own operations

Regarding AutoStore's own operations and circularity, its products, including Grids and Bins have a long lifespan when used according to company guidelines. Virtually all AutoStore Bins are still in use in AutoStore Systems worldwide, including the first AutoStore System ever installed in 2005. This longevity aligns with AutoStore's circular economy principles, minimizing waste and promoting resource efficiency. Made of virgin plastics, they are well suited for recycling at the end of their lifetimes. The same applies for AutoStore Grids, which are made of aluminum – an infinitely recyclable material.

AutoStore has two main challenges: **(1)** to improve the recyclability of other parts of its system, such as batteries, Robots, and Ports, and **(2)** to establish end-of-life processes for all parts of the system to ensure as much material as possible is recycled while preventing unnecessary waste.

AutoStore has already started work on the first of these two challenges by initiating the life cycle assessment (LCA) project, which will provide a better understanding of the whole life cycle of its system and component parts. Also, sustainability has been included as a consideration in the design stage of product development. Going forward, AutoStore will work toward developing sustainable design processes, as well as collaborating with partners and end-users to establish end-of-life processes for the entire AutoStore System.

Social

AutoStore may seem to be all about Robots, but it's the company's people, and all those who work in the AutoStore value chain, that enable continued high growth.

Own workforce

AutoStore's own workforce is a global group of talented employees who seek excellence and innovation in each of their specialized areas. Together, these "AutoStorians" drive continuous development and growth. To create a safe, equitable, happy, and rewarding workplace is central to ensuring that our people can do what they are best at and continue to drive the company towards its goals.

Policies

AutoStore has three codes and policies that relate directly to the management of its own workforce: Code of Conduct, Human Rights Policy, and HR Policy. These policies address the following topics:

- Health, safety and working environment (HSE)
- Equal opportunity
- Labor rights
- Recruitment
- Employment contracts
- Onboarding
- Remuneration
- Employee development
- Work-life balance
- Business travel
- Crisis management
- Workplace guidelines

Combined, these policies are aligned with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Impacts, risks, and opportunities

AutoStore has identified strong positive impacts on the workforce. The efforts the company has made have contributed to equal opportunities for the benefit of all employees. There is also a positive impact relating to workers' rights and benefits. AutoStore strives to uphold workers' rights and implement equal benefits across the organization regardless of location, and these efforts have a strong positive impact on the workforce.

AutoStore has identified two main potential negative impacts regarding its own workforce. These relate to equal opportunities, and HSE practices and accidents.

AutoStore strives to implement equal opportunities across the organization regardless of location. However, global operations can make this challenging. AutoStore has employees and offices across multiple locations around the globe, with different cultures and practices. The company needs to be careful in how it communicates and implements equal opportunity measures so that it does not create tension within the organization.

HSE practices and accident prevention are very important to AutoStore, and work-related injuries to date have been few and non-serious. However, the consequences of serious injuries could be severe. As the company opens and expands production facilities, it is essential to remain diligent in implementing HSE practices to uphold a good record.

AutoStore has identified no material risks or opportunities regarding its own workforce.

Employee metrics

AutoStore's permanent workforce grew by 12.5% in 2023. Nine hundred and seventy-three were full-time employees, while 27 were part-time employees. The increase in headcount demonstrates the company's continued activity and growth levels. Notably, the opening of an additional production site in Thailand has resulted in a new headcount there of 33, as of December 31, 2023.

12.5%

growth in permanent workforce in 2023

In 2023, segments of the Polish workforce were affected by contract modifications and adjustments to their job roles. These changes were implemented to ensure compliance with local regulations and to create an adaptable workforce that aligns with production demands and activities. As a result, AutoStore increased its number of fixed-term workers compared to 2022.

Employee data

Country	All					Female					Male					Unknown[1]				
	Perma-nent	Non-perma-nent	Full-time	Part-time	Total	Perma-nent	Non-perma-nent	Full-time	Part-time	Total	Perma-nent	Non-perma-nent	Full-time	Part-time	Total	Perma-nent	Non-perma-nent	Full-time	Part-time	Total
Australia	1	-	1	-	1	-	-	-	-	-	1	-	1	-	1	-	-	-	-	-
Austria	6	-	6	-	6	-	-	-	-	-	6	-	6	-	6	-	-	-	-	-
Canada	6	-	6	-	6	-	-	-	-	-	6	-	6	-	6	-	-	-	-	-
France	10	3	10	3	13	1	1	1	1	2	9	2	9	2	11	-	-	-	-	-
Germany	22	1	19	4	23	6	3	3	3	7	16	-	15	1	16	-	-	-	-	-
Ireland	1	-	1	-	1	-	-	-	-	-	1	-	1	-	1	-	-	-	-	-
Italy	3	-	3	-	3	-	-	-	-	-	3	-	3	-	3	-	-	-	-	-
Japan	13	-	13	-	13	1	1	1	-	1	12	-	12	-	12	-	-	-	-	-
South Korea	10	-	10	-	10	-	-	-	-	-	10	-	10	-	10	-	-	-	-	-
Lithuania	2	-	2	-	2	1	1	1	-	1	1	-	1	-	1	-	-	-	-	-
Norway	344	13	340	17	357	86	85	85	7	92	258	7	255	10	265	-	-	-	-	-
Poland	190	195	384	1	385	74	178	178	1	179	113	78	191	-	191	3	12	15	-	15
Singapore	8	-	7	1	8	1	-	-	1	1	6	-	6	-	6	1	-	1	-	1
Spain	2	1	2	1	3	-	-	-	-	-	2	1	2	1	3	-	-	-	-	-
Sweden	4	-	4	-	4	-	-	-	-	-	4	-	4	-	4	-	-	-	-	-
Thailand	33	-	33	-	33	20	20	20	-	20	13	-	13	-	13	-	-	-	-	-
UK	14	-	14	-	14	3	3	3	-	3	10	-	10	-	10	1	-	1	-	1
U.S.	118	-	118	-	118	31	31	31	-	31	85	-	85	-	85	2	-	2	-	2
Total	**787**	**213**	**973**	**27**	**1,000**	**224**	**323**	**323**	**13**	**337**	**556**	**88**	**630**	**14**	**644**	**7**	**12**	**19**	**-**	**19**

1 Gender not declared.

Definitions

Permanent: a worker on a payroll without contracted time limitation.

Non-permanent:

- **Apprentice:** a worker who is learning a trade from a skilled employer, having agreed to work for a fixed period.
- **Fixed term:** a worker with a contract of employment which is due to end at a specified date, after a specified event, or after a specified task has been completed.
- **Seasonal**: a worker that is involved in seasonal employment that can be performed only during certain periods of the year.

Full-time: an employee working 100% of the standard number of hours for the relevant country and position.

Part-time: an employee working less than 100%.

Employee data above has been extracted from Workday, the company's cloud-based human capital management solution, at year-end 2023. All figures therefore relate to the total as of December 31, 2023. In addition to the reported employee data in the figure, AutoStore has a total of five non-guaranteed-hours employees, meaning hourly workers without a set schedule or minimum number of hours.

Part-time employees in AutoStore receive the same benefits as full-time employees.

Gender diversity	Female	Male	Other
All employees	33%	62%	4%
Board of Directors	33%	67%	-
Top management	29%	71%	-

Age diversity	<30	30-50	>50	Total
Apprentice	2	-	-	2
Fixed Term	69	128	6	203
Permanent	135	563	85	783
Seasonal	1	-	-	1
Total	**207**	**691**	**91**	**998**

Employee data

35
nationalities recorded

18
countries

37.8
average age

Workers who are not permanent employees

AutoStore has a number of workers who are not permanent employees. The human resources department is responsible for coordinating these workers. AutoStore has the following worker categories besides employees: Apprentice, Fixed Term and Seasonal.

Parental leave

In 2023, 12 women and 20 men were registered with parental leave in the reporting period in Norway. Women had a total of 1,476 days of leave registered, and men had a total of 1,791 days of leave registered.

In Poland, 20 women and 7 men were registered with parental leave in the reporting period. Women had a total of 1,772 days of leave registered, and men had a total of 70 parental leave days recorded.

Five other periods of parental leave were registered in 2023 for all other countries.

Salary distribution

Among the permanent employees at AutoStore, female pay overall is 97.8% of male pay. On an aggregated basis, female representation in the company's production facilities is relatively high. Similarly, male representation in sales and research and development (R&D) is relatively high.

AutoStore's salary distribution numbers are extracted from its human capital management (HCM) system, Workday, and followed by advanced analytics to ensure data quality in terms of type of role, location, seniority etc.

The table below indicates salary distribution within AutoStore compared to gender and career levels/job profiles.

Salary distribution at AutoStore

Position	Female % of male salary
Senior Vice President / Chief professional	97%
Vice President / Chief professional	110%
Director level / Principal professional	81%
Manager level / Senior professional	94%
Professional	90%
Professional / Graduate (Master)	98%
Graduate / Entry (Bachelor)	84%
Graduate / Entry / Blue Collar	101%

Employee voices

Employees are the backbone of AutoStore. Their satisfaction and engagement play a vital role in the success of the business.

In November 2022, AutoStore implemented the Workday Peakon Survey tool to provide employees with opportunities to raise their voices and provide their feedback either anonymously or openly. This tool also gives managers access to real-time data from their teams, enabling them to analyze results, collect suggestions for improvements, and interact with team members.

The Peakon results have been shared openly in all-employee meetings held digitally by the CEO, in addition to all-hands meetings in Poland and smaller department/team meetings throughout the organization.

eNPS (Employee Net Promoter Score)	AutoStore among top 25% of tech-companies
49	25%

This is according to Workday Peakon (21 above True Benchmark).[1]

Workday Peakon Employee Voice

The benchmarks consist of data points from over 222 million unique surveys, all using the same model of engagement. Benchmarks are updated on a quarterly basis.

80% aggregated participation rate throughout 2023.

92% of the people reported they can count on their coworkers to help when needed (scoring their peers 7 or higher).

92% of the people report they get the support they need to complete their work from their manager (scoring their managers 7 or higher).

94% of the people say they have mutually supportive relationships with people at work (scoring 7 or higher).

1 True Benchmark = Benchmark takes the average engagement score as a starting point and adjusts it based on the difference between your employee demographics to those of the benchmark.

Collective bargaining agreements

AutoStore has a collective bargaining agreement in Poland, and an employee representative body in Norway. In Austria, France, and Italy, employee contracts are linked to a national collective agreement. These national bodies regulate the minimum salary for each employee group, set rules for the termination of an employment relationship (especially termination date and cancellation period), the entitlement to special payments (holiday pay and Christmas bonus), and rules for overtime work. They are not formal employee bodies within AutoStore and would be comparable to the Norwegian Confederation of Trade Unions (LO).

In Austria, AutoStore changed its collective agreement from sales to information and consulting. In Italy, the contracts of AutoStore employees are linked to the NCBA (Contratto Nazionale Metalmeccanici), which is a collective agreement for the metalworking and mechanical engineering industry. These agreements typically involve negotiations between employers' associations and trade unions to establish common terms and conditions for workers in the industry, including aspects like working hours, wages, benefits, and other employment conditions.

AutoStore does not have collective bargaining agreements in Germany, Japan, Korea, Singapore, Spain, Sweden, Thailand, UK, or the U.S.

People development

The overarching goal for people development at AutoStore is to cultivate a learning culture. This culture merges targeted and customized learning programs with structured development processes while empowering employees to take charge of their own skills and competencies through a self-service approach.

AutoStore is committed to expanding the range of programs and services available to employees as they navigate two distinct career growth pathways: the Leadership Path and the Professional Path.

AutoStore acknowledges that the journey to personal and professional growth can be non-linear, allowing for potential detours and emphasizing the importance of learning through trial and error. The company's vision encompasses all the elements, making internal mobility a pivotal component of ongoing success and employee retention.

Employees and leaders have the possibility to apply or be nominated for different programs to support their development needs. In 2023, 40 employees/leaders completed a digital coaching program, 29 employees/leaders went through business and leadership training through the PowerMBA school, and 49 leaders went through our internal leadership onboarding program. In addition, AutoStore had its first Leadership Summit with a two-day seminar devoted to strategy and leadership training.

Here, newly developed Leadership Principles were launched. AutoStore has also invested in training programs to attract and train graduates. The AutoStore Acceleration program is an 18-month trainee program for newly graduated master's students that enables them to learn and rotate in different parts of the organization. Similarly, an upskilling program was launched, the Legendary Training Program, tailored for the company's industrial workforce, to ensure career development is available at every level of the organization.

The program aims to develop the technical and soft skills of employees to provide the foundations to become an expert in one of five chosen fields. Participants gain experience through classroom learning, case studies, and knowledge games. English language courses are offered to promote global mobility.

40 employees / leaders completed a digital coaching program

Culture program

AutoStore has a company culture program called "OneAutoStore." Its purpose is to make employees feel seen, valued, and appreciated. The aim is to provide benefits promoting a healthy lifestyle through subsidized active clothing, travel, and memorable experiences, tailored to fit their unique selves, regardless of location or role. This commitment lies in creating flexible and choice-oriented offers and policies.

Through OneAutoStore, exercise and training benefits are offered, either through subsidized sports memberships or paid exercise during working hours. In addition, travel benefits are offered through Daysoff or Hotels.com for employees to build memories and experiences outside of work. In 2022, Paid Voluntary Work was also launched, enabling employees to take one day per year and spend it on voluntary work. In 2023, a new collaboration was initiated with WONE, a precision health platform, to reduce stress, improve health and elevate happiness at work.

Diversity, equity, and inclusion (DEI)

At AutoStore, a continued focus on Diversity, Equity, and Inclusion (DEI) is crucial for success. Over the past two years, AutoStore has implemented various DEI initiatives. These include unconscious bias training for all employees; conducting internal and external surveys to assess maturity and inclusiveness levels; and awareness campaigns during events such as Women's Day, Pride Month, and World Mental Health Day. Simultaneously, work has been implemented to refine recruitment processes to minimize biases and ensure objectivity, as well as adding gender-specific KPIs when recruiting for the Accelerator program. Leadership training on DEI has also been a focus.

In May 2023, AutoStore's CEO conducted an all-employee-meeting, presenting survey results and engaging in an open discussion with Marie Louise Sunde, CEO of Equality Check, on DEI in AutoStore and the broader business context.

Recognizing the need to organize and prioritize DEI efforts, AutoStore initiated a DEI strategy and roadmap project in late 2023. This ongoing project involves one-on-one interviews, focus groups, surveys, and workshops to comprehensively assess the organizational situation. The insights, perspectives, and voices gathered, along with concrete suggestions, blind-spot awareness, and the appointment of DEI ambassadors, are shaping the foundation of the strategy and roadmap. This work is expected to be completed by the first quarter of 2024, providing AutoStore with a comprehensive overview and a robust framework for the future.

A highlight for the year and a demonstration of the strong recognition of the importance of championing DEI among AutoStore employees, was the raising of a Pride flag at the company's Poland site. Despite opposition to this expression, the team chose to find ways to continue this display of support for the LGBTQ+ community and fight for visibility.

Occupational health and safety

AutoStore operates in accordance with local working environment acts in all relevant countries, 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, health, and safety. The company's governing management systems also include a description of how AutoStore conducts business in relation to occupational health and safety. This applies to all employees.

To further emphasize the focus on health and safety issues in the company, initiatives were started in 2023 to certify AutoStore Norway's management system in accordance with the ISO 45001 Occupational Health and Safety standard, within the first half of 2024. During the second half of 2024, the goal is to similarly certify AutoStore's production facilities in Poland and Thailand.

AutoStore has grown its health, safety, and environment (HSE) team in 2023 and now has three HSE specialists and a safety committee at the production facility in Poland; one HSE specialist at the production facility in Thailand; one VP of health, safety, security, and environment (HSSE) located in Norway; and a safety committee of ten people across three locations in the U.S. This expansion supports the company's focus on ensuring all AutoStore employees have a safe and secure work environment within which they can contribute to the success of their teams and the wider company.

Incidents

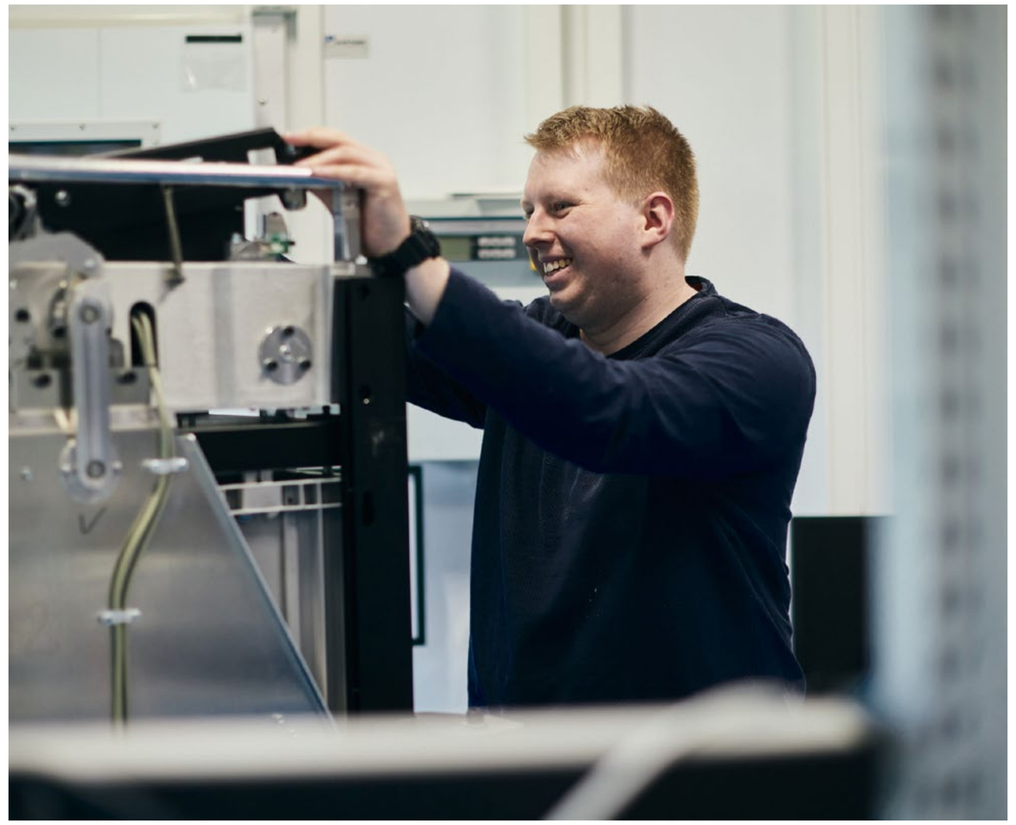
Long-term proactive work has clear benefits, and AutoStore is seeing a decline in lost time injuries. A systematic approach to hazard identification, risk assessments, and working guidelines is making the workplace ever safer each year. This work will continue to reach the target of zero lost time injuries to personnel.

	Number of incidents	
Type of incidents	**2023**	**2022**
Fatalities	0	0
Permanent disability	0	0
Lost time injuries	5	12
Lost time due to ill-health	0	0
Minor incidents with no absence	48	5
Hours of lost time	513[1]	785

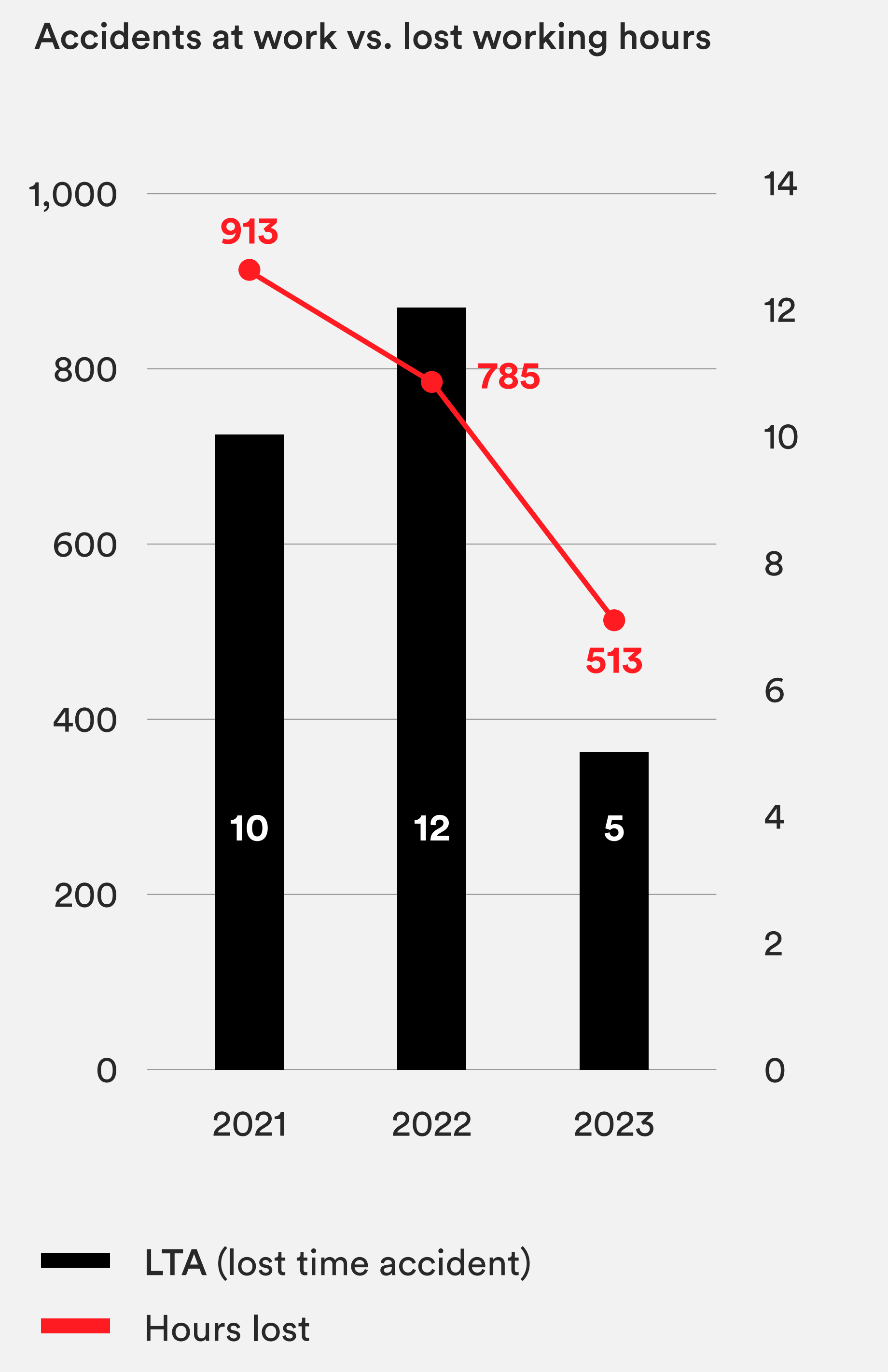
The production facility in Poland has the highest number of recorded incidents in the company, which is expected as this is where most physical work takes place. Positively, the numbers on lost time injuries decreased from 2022, while hours worked and reported incidents have increased. This means that continuous efforts to improve and educate employees are having a positive impact.

All incidents are investigated to ensure learning from each case with the aim of establishing long-term measures to avoid similar cases in the future, and to educate and inform employees on learning points.

To ensure consistent positive work and learnings across the company, employees from the new Thailand production facility visited AutoStore's Poland site for training and are now establishing procedures, training, and building a safety culture so that they are prepared for production to start in 2024.



1 One incident alone contributed to 322 hours. A finger injury to an employee working on the assembly line caused a long-term absence.



Training

Training in occupational health and safety topics depends on each employee's line of work. All AutoStore locations follow local laws and regulations that regulate the need for training. In 2023, initiatives undertaken to improve the knowledge of employees included:

- Hot work and safe use of handheld equipment training for employees working with mechanical equipment in Norway
- Recorded training sessions on incident follow-up procedures for all employees at the Poland production facility
- HSE induction course for all new employees at the Thailand production facility, followed by a monthly HSE quiz provided by the trained HSE representative
- An initiative to identify the gaps in training for U.S. personnel to be compliant with the Occupational Safety and Health Act (OSHA). This will continue in 2024.

Worker involvement

AutoStore has four safety delegates in Norway, in addition to safety committees in both Poland and the U.S., who work actively to improve the work environment for all AutoStore employees. A safety committee is also planned for the new production facility in Thailand.

The Norwegian safety delegates attend the Working Environment Committee (WEC) that is mandated to safeguard and proactively promote working conditions in all locations. The WEC in Norway meets quarterly to investigate and discuss non-conformances, findings, planned HSE activities, and absences. The WEC consists of, in addition to the safety delegates, representatives from management, the HSE department, and the occupational health service Avonova.

In addition to the safety delegates, AutoStore also has its own employee representatives who frequently participate in discussions with management on matters such as salary negotiations, benefits, and pension schemes.

Workers in the value chain

A resilient and sustainable supply chain is crucial for AutoStore's operations and performance and meeting the company's ESG targets. AutoStore therefore maintains close dialogue and cooperation with its suppliers and partners to ensure the highest ethical, environmental, and social standards are upheld. As far as possible, AutoStore seeks to cooperate with suppliers with relevant ISO certifications.

Impacts, risks, and opportunities

AutoStore has not identified any actual negative impacts on workers in its value chain, but recognizes the potential negative impact of human rights violations that exist in a global value chain, and assesses the likelihood of this to be high. AutoStore has a zero-tolerance policy when it comes to human rights violations, and the risk of such violations makes this a material topic. For suppliers, this risk is assessed to be highest with third parties providing transportation and hardware to AutoStore products. AutoStore is further developing its supply chain due diligence and auditing practices to ensure that any such violations are avoided or dealt with.

In its double materiality assessment, AutoStore identified no material positive or negative impacts on workers in its value chain. However, AutoStore's policies most likely can have a positive impact on workers in the value chain, even if this impact is not considered material in the context of a double materiality assessment.

Policies

Protecting human rights and sustainable conduct in the value chain is a priority for AutoStore. Guidelines on the issue can be found in the company's Supply Chain Business Ethics Code and Human Rights Policy. These are aligned with international human rights principles encompassed by the Universal Declaration of Human Rights, including those contained within the International Bill of Rights and the International Labor Organization's 1998 Declaration on Fundamental Principles and Rights at Work.

They address:

- Labor and social prohibition of child labor
- Prohibition of forced labor and human trafficking
- Working hours, wages, and benefits
- Working conditions and maternity protection
- Non-discrimination and equity
- The right to organize and the right to association
- Health and safety

AutoStore has identified ***no material risks or opportunities*** regarding workers in its value chain.

Transparency Act and value chain due diligence

AutoStore supports the OECD guidelines for multinational enterprises and the United Nations Guiding Principles (UNGP) approach to due diligence, which recognize the need to have processes in place to identify, prevent, mitigate, and account for how the impact on human rights is addressed. This is part of AutoStore's existing processes for sourcing and enterprise risk management. It is understood that this is an ongoing activity, as risks may change over time in line with operational changes or external influences.

AutoStore follows a five-step model for due diligence assessments, based on the OECD guidance. The five-step model lays the foundation for internal governing procedures and monitoring activities, overview of suppliers and assessment of which poses the greatest risk. For further information on how AutoStore engages with our suppliers, as well as its processes, risk assessments, and due diligence, please see AutoStore's Transparency Act report.

Governance

AutoStore seeks to comply with applicable laws and regulations in all countries it operates in, to promote and respect human rights, and to act in a socially and economically responsible manner.

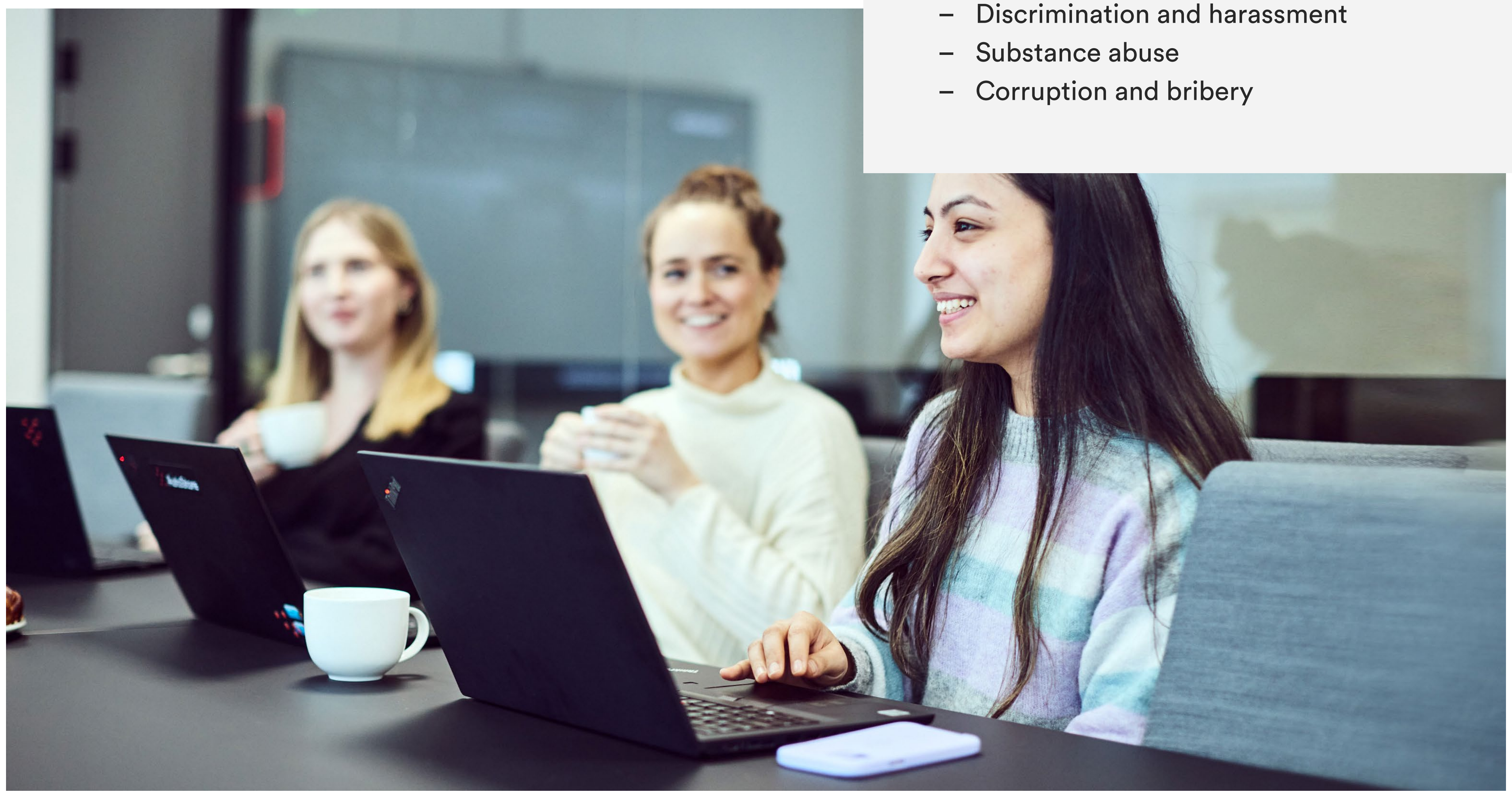
Business conduct

AutoStore's sustainability efforts are guided by the UN Sustainable Development Goals and the OECD Guidelines for Multinational Enterprises. In 2023, AutoStore continued to adhere to the UN Global Compact's Ten Principles for Responsible Business. AutoStore registered no incidents of non-compliance with laws and regulations in 2023.

Code of Conduct

The AutoStore Code of Conduct is the company's key governing document and guide to ethical business practices. It addresses:

- Raising ethical concerns
- Consequences of breaches
- Health and safety
- DEI
- Discrimination and harassment
- Substance abuse
- Corruption and bribery
- Fraud
- Conflicts of interest
- Anti-money laundering
- Confidentiality
- Insider information and trading
- Protection of property and assets
- Personal data, privacy, and IT systems
- Fair competition
- Gifts, hospitality, and business courtesies
- The environment and climate
- External communications and social media



All employees and interested parties of the AutoStore Group are personally responsible for understanding and complying with the Code of Conduct. On an annual basis all employees are required to sign the Annual Statement of Compliance. New employees must undertake a mandatory e-learning course as part of their onboarding. This course must then be re-taken every three years, and is available in three languages (English, Polish and Thai). In 2023, the completion rates for the course were 82% (English), 90% (Thai), and 88% (Polish).

Whistleblowing mechanism

AutoStore has both internal and external channels for reporting concerns regarding ethical business conduct. Internally the company fosters an open-door policy that encourages employees to share questions, concerns, and complaints with someone who can address them properly. This could be an employee's line manager, or depending on the circumstances of the issue, directly to HR, the Chief People & Information Officer, the group CEO, or the Chair of the Board of Directors. As an external alternative the company uses a fully anonymous and untraceable channel, provided by SafeCall, a professional, entirely independent whistleblowing service provider. This channel is available to both internal and external stakeholders.

In 2023, the whistleblowing team received five anonymous whistleblowing reports through Safecall, concerning three issues. The subjects of the reports were unfair treatment and general safety. Investigations were initiated following the reports. Regarding the report on general safety, measures were quickly implemented by global administration resources. Regarding the three unfair treatment reports, the investigations by local and global HR teams concluded that the reports were HR complaints rather than whistleblowing. All reports have been thoroughly treated and responded to in accordance with the preferred communication channel of the reporters. All five reports are considered closed by Autostore.

Read more about AutoStore's Whistleblowing and Investigation Policy.

Anti-corruption

As part of its internal control regime, AutoStore has implemented an Anti-corruption Policy that sets the principles and guidelines for anti-corruption and anti-bribery work in the company. All employees undertake training in anti-corruption and the code of conduct as part of their onboarding. The responsibility for anti-corruption and anti-bribery work lies with the General Counsel and the Corporate Secretary, who report directly to the Board.

There were no confirmed incidents of violations of anti-corruption and anti-bribery laws in 2023.

Read more about AutoStore's Anti-corruption Policy.

Supplier relationships

AutoStore has a procurement policy that describes rules for supplier relationships. Supplier scorecards are being implemented to evaluate all suppliers based on the same criteria. When selecting new suppliers, AutoStore benchmarks 2-4 suppliers and uses predefined criteria to select one of the suppliers. Suppliers are audited regularly and agree on corrective actions if any nonconformities are discovered. ESG-related requirements are part of the supplier onboarding and audit process.

Political influence and lobbying activities

AutoStore does not make any contribution to, or spending for, political campaigns, political organizations, lobbyists or lobbying organizations, or trade associations and other tax-exempt groups.

Payment practices

AutoStore mainly uses electronic invoicing processed through its ERP system. All invoices are entered in to be paid on their due date, and payments run every week. Invoices do not have shorter payment terms than seven days, so all invoices are captured and paid on the due date. There are no standardized payment terms for AutoStore suppliers. The company has no debt collection claims, or any legal proceedings related to late payments.

Cybersecurity

Cybersecurity and data privacy has been identified as material to AutoStore and it is something that is paid close attention to and continuously worked to improve.

Policies and training

The AutoStore Information Security Policy is the guiding document for cybersecurity issues. This policy addresses:

- Information security leadership and commitment
- Information security risk management and reporting
- Information security management system maintenance
- Compliance with internal and external requirements
- Information security awareness and training
- Performance management and continual improvement

All employees undergo monthly mandatory awareness training, and all new hires undergo cybersecurity training as part of their mandatory employee training program. In addition, the company runs specialized training for employees working in higher-risk business areas. The aim of these extensive training programs is to continuously improve awareness of cybersecurity risk among employees.

Cybersecurity management

Throughout 2023, the Chief Information Security Officer has worked to improve the AutoStore information security management system (ISMS). In September, the ISMS was certified according to ISO 27001. As part of the ISMS, a framework for assessing and reporting of cybersecurity risk is established.

More broadly, AutoStore also has a comprehensive crisis preparedness plan that covers cybersecurity issues among other topics. AutoStore will regularly test preparedness by conducting crisis management exercises, and update crisis plans where necessary.

No incidents involving breach of customer privacy and/or loss of customer data were reported in 2023.

Artificial Intelligence (AI)

A project was initiated in 2023 to prepare AutoStore's information system for responsible and secure use of AI in its operation. Use of AI in general challenges traditional approaches to information security. The project goal is to ensure AutoStore implements AI without increasing risks related to information and cybersecurity.

Financial Performance

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Shareholder Information

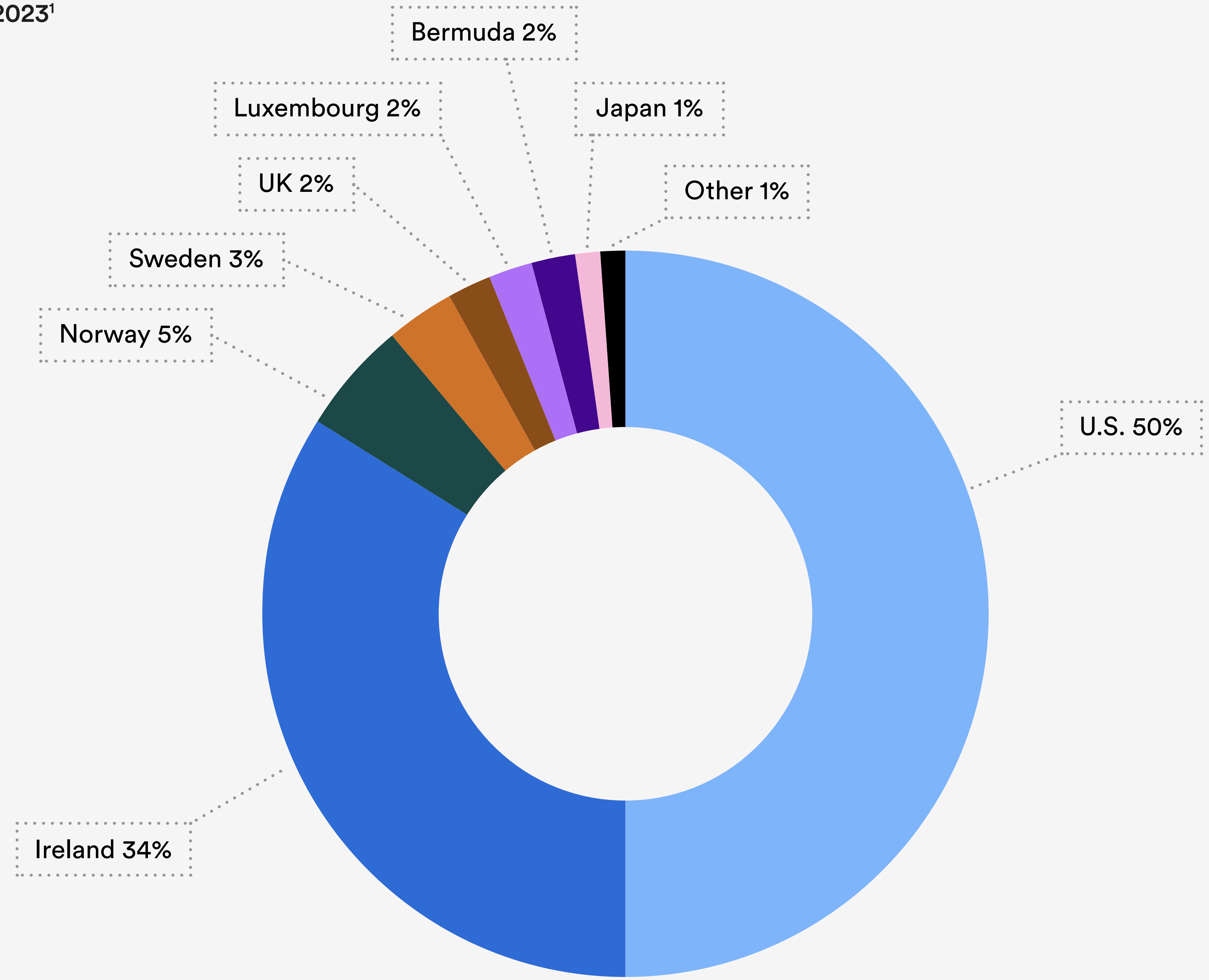
AutoStore is listed on the Oslo Stock Exchange (OSE: AUTO). The company's share capital was USD 34.3 million at the end of 2023, divided into 3,428,540,429 shares with a nominal value of USD 0.01 each. AutoStore has one class of shares.

As of December 31, 2023, the market value of the company's shares was NOK 68.5 billion, based on a price per share of NOK 19.98. The share price closed 11.5% above the share price at the beginning of the year. The highest daily closing price during the year was NOK 27.74, while the lowest daily closing price was NOK 11.65.

OSE: AUTO

AutoStore is listed on the Oslo Stock Exchange.

Geographic distribution of shareholders as of year-end 2023[1]



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

The daily average trading volume on Euronext was 1,784,173 shares in 2023. This corresponded to an average daily turnover of NOK 36.18 million.

The number of shareholders was 7,320 at the end of 2023 (2022: 8,934), with non-Norwegian shareholders holding 95.11% of the company. The majority of shareholders as of year-end 2023 were from the U.S., Ireland, Norway, Sweden, Luxembourg, Bermuda, UK, and Japan. The 20 largest shareholders combined owned 91.04% of the company's shares.

Shareholders are primarily institutions. Various employees of AutoStore, including key executives, hold shares and share options in the company.

For further details, including an overview of the shareholders of the group, reference is made to note 4.8 in the consolidated financial statements.

Board of Directors Report

Unless otherwise stated, this report discusses the development of AutoStore Holdings Ltd. and its subsidiaries (referred to as the "AutoStore Group," the "company," or the "group"). AutoStore is headquartered in Nedre Vats, Norway, and has offices in Norway, the U.S., the UK, Germany, France, Spain, Italy, Austria, South Korea, Japan, Australia, and Singapore, as well as assembly facilities in Poland and Thailand. Read more about AutoStore.

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

Adjusted figures are presented in the Alternative Performance Measures (APMs) section, which also includes definitions, descriptions, and reconciliations of adjustments.

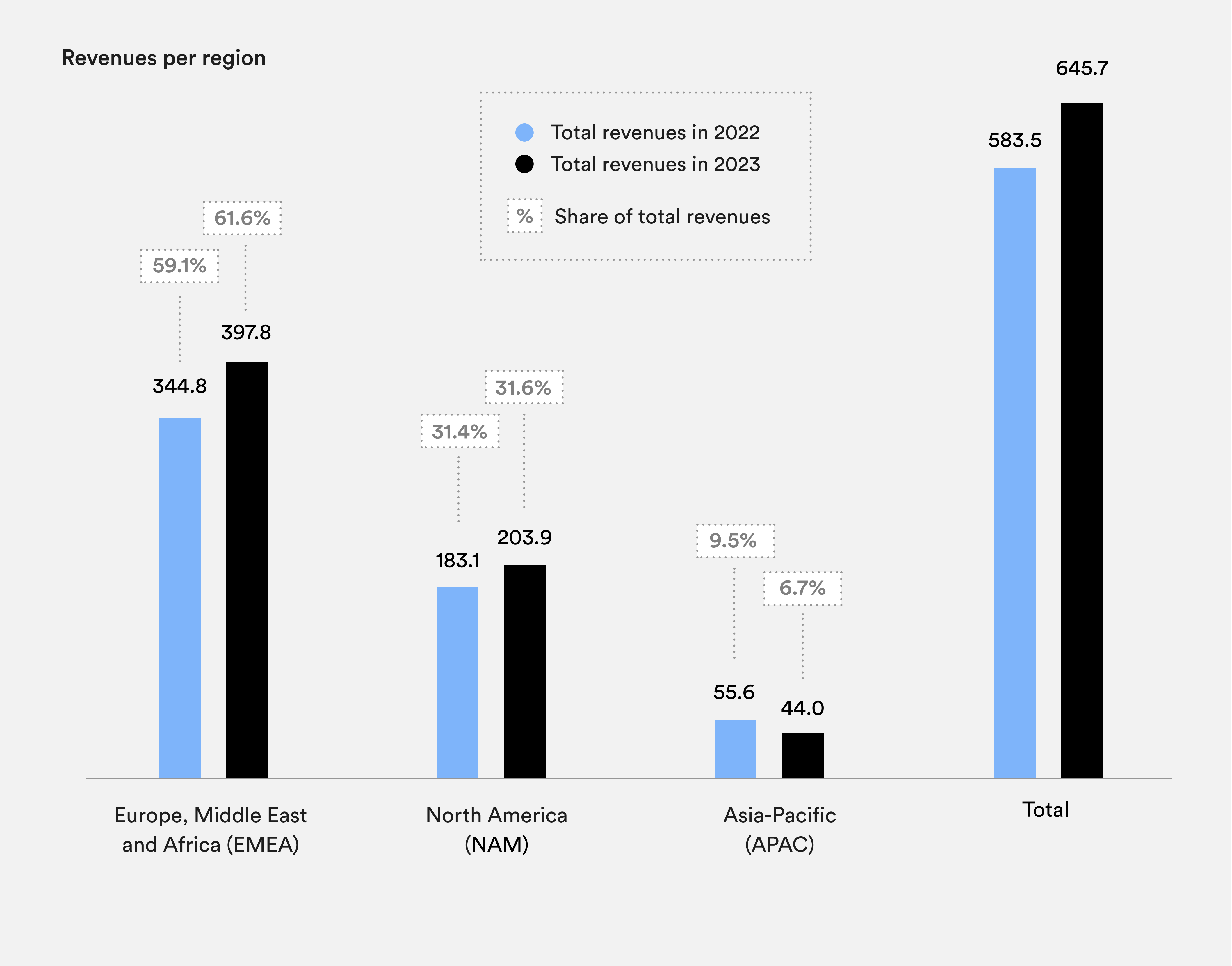
Contents

Financial Results

Results for the year

The group reported total revenues of USD 645.7 million in 2023 (2022: USD 583.5 million), representing year-over-year growth of 10.6%. The updated revenue guidance to around USD 640 million presented in the third quarter of 2023 was met. The revenue guidance was updated from an initial guidance of revenue growth between 20-30% for the year, as certain projects were postponed from 2023 to 2024. The group's continued growth was attributable to increased demand for efficient and automated logistics solutions, primarily driven by long-term secular trends of e-commerce, labor shortages and rising labor costs, making robotic solutions increasingly attractive across industries. The majority of total revenues was attributable to sales of AutoStore systems.

Revenues in the Europe, Middle East, and Africa (EMEA) region increased from USD 344.8 million in 2022 to USD 397.8 million in 2023, equating to an annual growth of 15.3%. The group continued to expand in North America, improving revenues to USD 203.9 million (2022: USD 183.1 million), corresponding to year-over-year growth of 11.3%. Revenues in the Asia-Pacific (APAC) region were USD 44.0 million in 2023, compared to USD 55.6 million in 2022.



Cost of materials totaled USD 207.6 million (2022: USD 242.8 million). Gross profit for 2023 was USD 438.1 million (2022: USD 340.8 million), while the gross margin was 67.8% in 2023, compared to 58.4% in 2022. While supply chain challenges and increased cost inflation impacted the business in 2022, the company adopted mitigating measures that proved effective, and successfully improved the gross margin in 2023. With a standardized product set and broadened supply and manufacturing base, AutoStore considers its high gross margin to be sustainable.

AutoStore's employee benefit expenses amounted to USD 79.1 million for the full year 2023 (2022: USD 39.4 million). Employee benefit expenses for the year ended 2022 were low due to a reduction in the provision for social security tax on management options following the reduced share price for the company. Excluding the adjusting item with respect to management options costs, employee benefit expenses amounted to USD 71.7 million for the year ended 2023 compared to USD 56.7 million for the year ended 2022. This development reflects the group's growth strategy and capacity expansion, which also brought the number of employees to 1,000 at the end of 2023, compared to 873 at year-end 2022.

Other operating expenses amounted to USD 310.4 million (2022: USD 76.6 million). The increase was mainly attributable to expenses related to the Ocado Group settlement and legal fees recorded in the second quarter. Excluding the adjustment item for litigation costs related to the Ocado infringement case, other operating expenses amounted to USD 57.8 million in 2023 (2022: USD 46.5 million).

Results for the year

USD million	2023	2022
Revenue and other operating income	645.7	583.5
Cost of materials	-207.6	-242.8
Employee benefit expenses	-79.1	-39.4
Other operating expenses	-310.4	-76.6
EBITDA[1]	**48.5**	**224.7**
Adjusted EBITDA[1]	**308.5**	**237.5**
Depreciation	-10.6	-6.6
Amortization of intangible assets	-51.5	-51.1
EBIT[1]	**-13.6**	**167.0**
Adjusted EBIT[1]	**286.5**	**223.9**
Finance income	10.4	4.2
Finance costs	-43.1	-44.0
Profit/loss before tax	**-46.3**	**127.2**
Income tax expense/benefit	13.7	-27.5
Profit/loss for the period	**-32.6**	**99.7**

1 Please see the APM section for further details.

The development in other operating expenses is attributable to measures taken to promote the company's growth, including operational expansion and increased marketing activities.

EBITDA[1] ended at USD 48.5 million (2022: USD 224.7 million) with an EBITDA margin[1] of 7.5% (2022: 38.5%), while adjusted EBITDA[1] and adjusted EBITDA margin[1] were USD 308.5 million (2022: USD 237.5 million) and 47.8% (2022: 40.7%), respectively. The decrease in reported EBITDA[1] was primarily a result of expenses related to the settlement of the patent dispute with Ocado Group, whereas the increase in adjusted EBITDA[1] was primarily a result of improved gross margin and a scalable operating model with limited growth in operating expenses.

Depreciation amounted to USD 10.6 million (2022: USD 6.6 million), while amortization of intangible assets totaled USD 51.5 million (2022: USD 51.1 million). Amortization of intangible assets relates primarily to the purchase price allocation made when Thomas H. Lee Partners acquired the group in 2019.

Finance income was USD 10.4 million (2022: USD 4.2 million), while finance costs totaled USD 43.1 million (2022: USD 44.0 million). The year-over-year increase in finance income was a result of interest earned on the group's financial deposits. The increase in finance cost was mainly driven by increased interest on the group's interest-bearing debt.

The loss before tax was USD 46.3 million compared to a profit before tax of USD 127.2 million in 2022, while the loss after tax was USD 32.6 million in 2023 (2022: profit of USD 99.7 million).

Cash flow

USD million	2023	2022
Cash flow from operating activities	152.5	101.4
Cash flow from investing activities	-43.2	-38.9
Cash flow from financing activities	-36.8	-17.7
Net change in cash and cash equivalents	**72.5**	**44.8**
Cash and cash equivalents, beginning of period	174.8	146.9
Effect of change in exchange rate	6.0	-16.8
Cash and cash equivalents, end of period	**253.3**	**174.8**

Cash flow and financial position

Cash flow from operating activities totaled USD 152.5 million for the full year 2023 (2022: USD 101.4 million). Despite payments made to Ocado Group of USD 62.2 million in 2023, the group maintained a positive cash flow from operating activities. The figure for 2022 was impacted by payments related to transaction costs arising from the IPO in October 2021, including withholding tax and social security tax on management options.

Cash outflow linked to investing activities amounted to USD 43.2 million (2022: USD 38.9 million) and mainly reflects R&D investments and investments related to new production facilities.

Cash outflow from financing activities was USD 36.8 million (2022: USD -17.7 million), including paid interest of USD 31.0 million. Interest paid in the same period in 2022 amounted to USD 15.2 million, with the increase being attributable to higher market interest rates related to the company's senior debt. The group held USD 253.3 million in cash as of December 31, 2023, up from USD 174.8 million at the end of 2022.

The group's total assets as of December 31, 2023 amounted to USD 2,131.8 million, up from USD 2,041.0 million as of December 31, 2022. Intangible assets and goodwill amounted to USD 492.0 million (2022: USD 524.6 million) and USD 1,061.9 million (2022: USD 1,096.4 million), respectively. The reduction in goodwill is attributable to currency translation effects.

1 Please see the APM section for further details.

Inventory was USD 82.9 million at the end of 2023, stable against USD 83.5 million at the end of 2022. Trade receivables and other receivables ended at USD 110.7 million (2022: USD 90.0 million) and USD 42.4 million (2022: USD 20.0 million), respectively. The increase in trade receivables is linked to revenue growth.

Equity decreased from USD 1,347.8 million as of December 31, 2022 to USD 1,274.9 million as of December 31, 2023. The reduction primarily reflects the effect of the expense related to the settlement of claims in the global patent dispute with Ocado Group and negative exchange rate differences linked to the translation of results and the financial position of subsidiaries and the parent company from other currencies into USD.

Current liabilities increased to USD 219.7 million as of December 31, 2023, from USD 134.9 million as of year-end 2022. The increase was primarily due to a current liability of USD 120.8 million recognized in relation to the settlement of all claims in the patent dispute with Ocado Group.

Total non-current liabilities increased from year-end 2022 to the same period in 2023, from USD 558.2 million to USD 637.1 million. The increase was mainly a result of a non-current liability of USD 57.0 million recognized in relation to the settlement of all claims in the patent dispute with Ocado Group. In addition, non-current lease liabilities increased to USD 47.8 million (2022: USD 28.9 million) primarily as a result of the new assembly facility in Thailand.

Financial position

USD million	2023	2022
Goodwill	1,061.9	1,096.4
Intangible assets	492.0	524.6
Other	88.6	51.7
Total non-current assets	**1,642.5**	**1,672.6**
Total current assets	**489.3**	**368.3**
Total assets	**2,131.8**	**2,041.0**
Total equity	**1,274.9**	**1,347.8**
Non-current interest-bearing liabilities	432.8	421.8
Other non-current liabilities	204.3	136.5
Current liabilities	219.7	134.9
Total liabilities	**856.8**	**693.2**
Total equity and liabilities	**2,131.8**	**2,041.0**

Corporate Developments

Settlement of all claims in the patent dispute with Ocado Group

On July 22, 2023, AutoStore and Ocado Group announced a complete settlement of all claims between the companies in their global patent dispute, avoiding further litigation and associated costs.

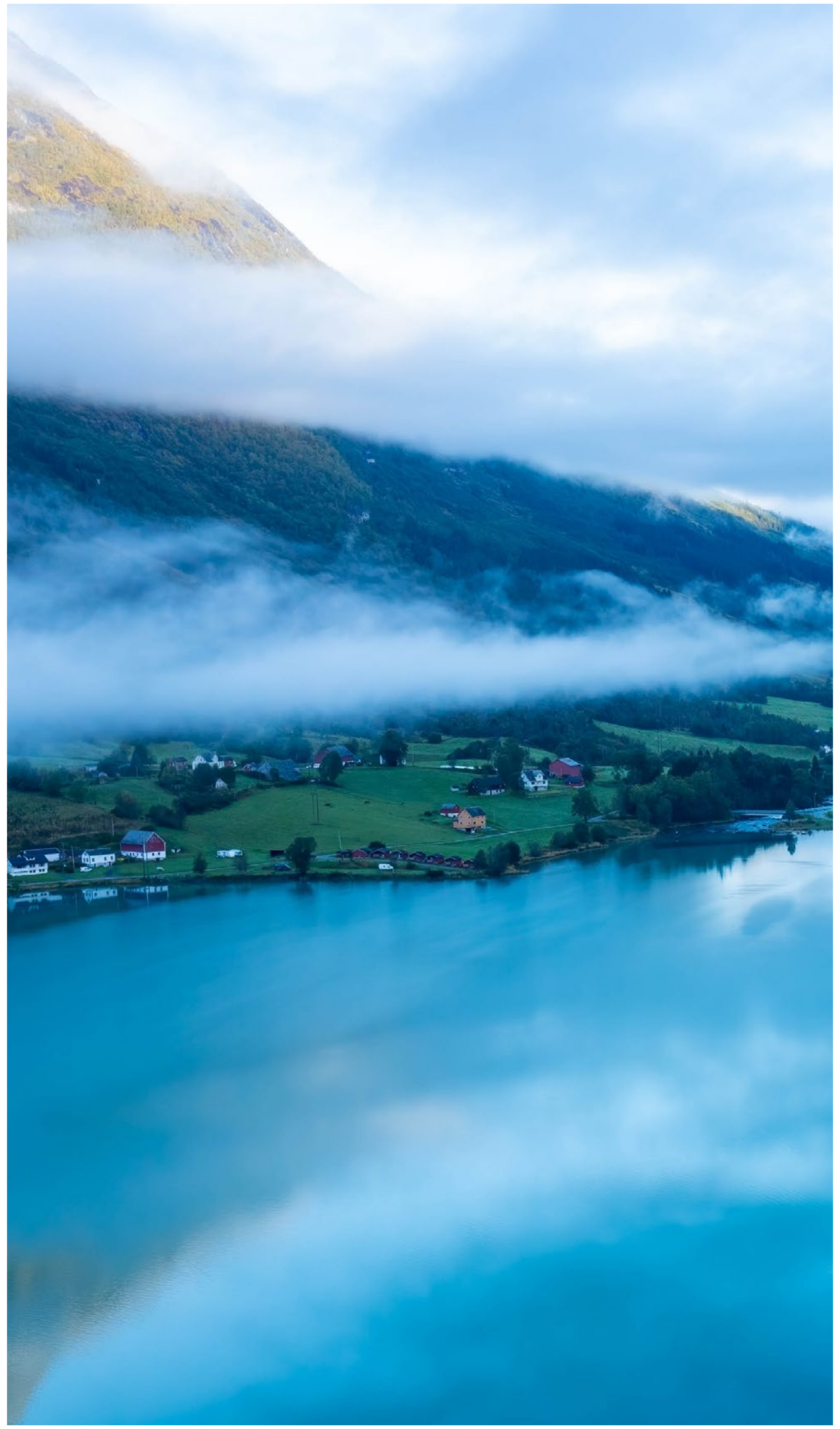
The principal terms of the agreement are:

- All patent litigation claims withdrawn globally
- Global cross-license of each other's pre-2020 patents
- Both companies can continue to use and market all their own existing products without challenge
- Ocado Group retains exclusive rights to the Single Space Robot
- AutoStore will pay £200 million to Ocado Group in installments over two years

While the agreement gives both companies access to parts of each other's patent portfolios for them to use or develop their own products, it does not provide for collaboration or technology assistance between the companies or access to actual products.

The other terms of the agreement remain confidential.

Read more about AutoStore's highlights.



People and Organization

AutoStore is committed to building a world-class workforce and ensuring that 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. Read more about diversity and inclusion.

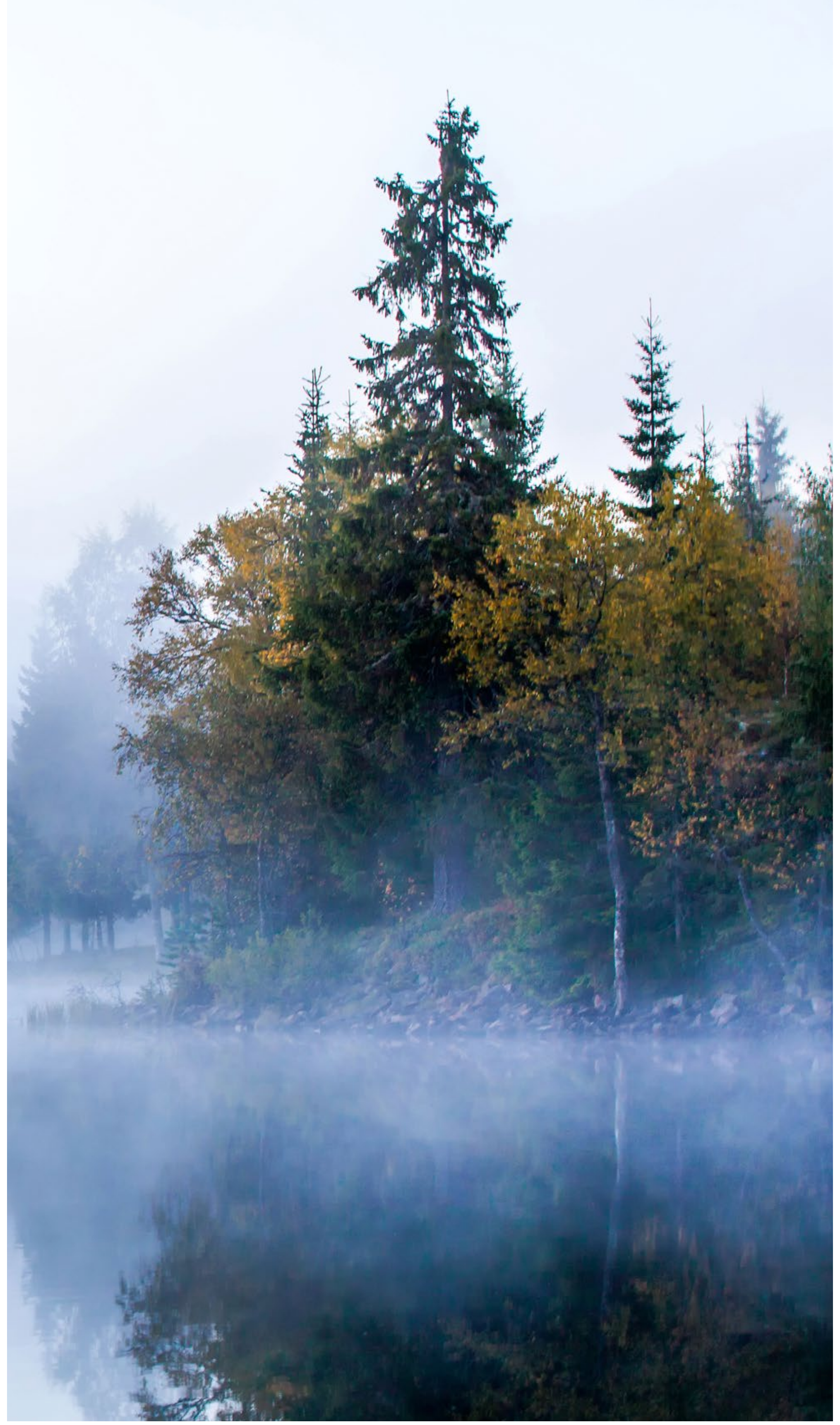
AutoStore welcomed two new executives in 2023, Paul Harrison (Chief Financial Officer) and Michael Dickson (Chief Revenue Officer). More about AutoStore's workforce, including gender diversity, salary distribution, incidents and occupational health and safety can be found in Own workforce.

Research and Development

Through 25 years of dedicated research and development, AutoStore has developed both hardware and software to help businesses achieve efficiency gains in the storage and retrieval of goods. AutoStore currently has more than 2,400 patents and patent applications related to cubic storage technology, and the company is continuously developing new features and capabilities to enhance its cubic storage technology. The group reported USD 36.2 million (2022: USD 34.1 million) in development expenditure and purchase of intangible assets in 2023.

AutoStore always puts customers at the center 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.

Read more about AutoStore's product expansions and innovations.



Sustainability

AutoStore advanced its focus on sustainability during 2023, with the initial development of a sustainability strategy, and preparing the organization, systems, and process on new regulatory reporting requirements (CSRD).

Read more about AutoStore's ESG efforts.

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, share-holders, and other stakeholders.

The company’s corporate governance framework is designed to decrease business risks, maximize value, and ensure efficient and sustainable resource 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, please see the Corporate Governance Report or read more about AutoStore’s Investor Relations.

The AutoStore Share

AutoStore was listed on the Oslo Stock Exchange on October 20, 2021 (OSE: AUTO). Its share capital was USD 34.3 million at the end of 2023, divided into 3,428,540,429 shares with a nominal value of USD 0.01 each. 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. Read more about AutoStore’s Investor Relations.

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 evaluate possible future dividend distri-butions by reference to its medium-term leverage policy of not exceeding two times net debt divided by adjusted EBITDA, as well as available investment opportunities. In determining annual dividend levels, and to maintain necessary strategic flexibility, the Board of Directors will take into account not only legal requirements but also investment plans, capital expenditure plans, restrictions pursuant to the company’s debt facilities, and financing requirements.

The Board of Directors is not proposing any dividend distribution for the financial year 2023.

Risk Management

Risk management is an integral part of all AutoStore's business activities and decisions. The Board of Directors oversees AutoStore's system of risk management and reviews key risks through annual updates. In addition, specific risk topics are subject to more frequent updates to the Audit Committee. The group seeks to minimize the potential adverse effects of such risks through sound business practice and risk management. Risk management is carried out in accordance with policies approved by the Chief Executive Officer.

Operational risks

AutoStore actively manages risks related to the quality, design, and assembly of its products, as well as risks related to R&D activities and the development and economic lifecycle of the company's products.

As a robotic and software technology developer, AutoStore is exposed to risks related to cyberattacks both as a potential target and as a part of our customers' supply chains. AutoStore has a risk-based approach to cybersecurity and constantly aims to build and improve a resilient operation.

AutoStore performs yearly third-party assessments of technical infrastructure through penetration tests and overall cybersecurity maturity based on recognized standards. Further, the company performs periodic exercises of incident response and disaster recovery plans as part of our overall business continuity and crisis management.

Industrial espionage is an increasing problem, often using digital vectors to get access to information. The aim of the espionage is to gain insight into technology, product information or business plans. AutoStore has a lot of intellectual property (IP), source code, and also data that may become IP in the future. Competitors may use industrial espionage to gain access to AutoStore's information and data, or to inflict damage on AutoStore.

AutoStore relies on integrator partners to distribute and/or sell its systems and has therefore built strong and long-standing relationships with distributors. However, as AutoStore has grown and built up a more complementary business, there is a risk of this partner model being exposed to a higher degree of stress. Risk of losing distribution partners is therefore monitored on a regular basis.

Further, the group's manufacturing strategy entails outsourcing non-core activities like the 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.

Financial risks

The group is exposed to a range of risks affecting its financial performance, including market, liquidity, and credit risks. These have been described in note 4.7.

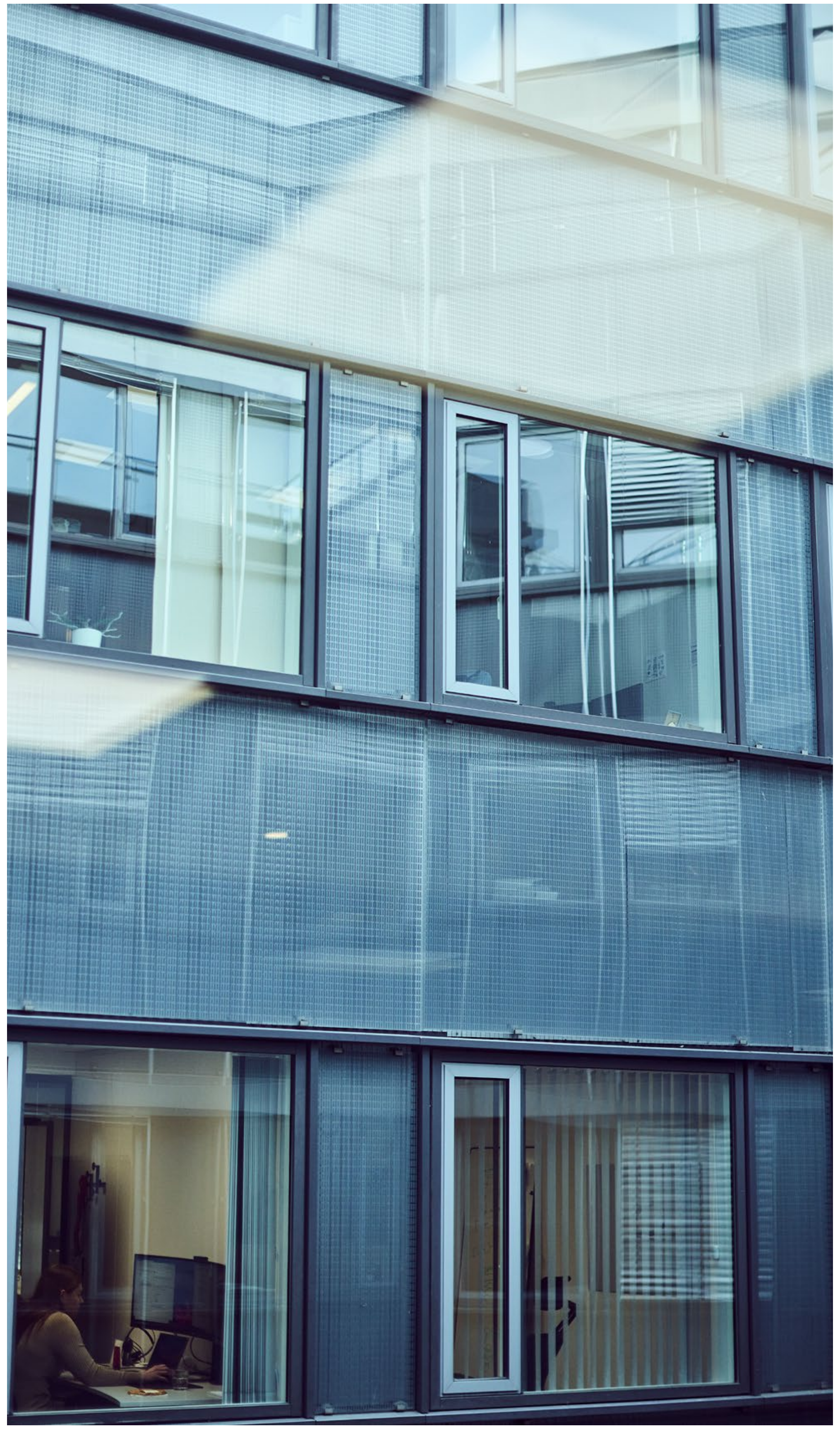
Market risks

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 has resulted in the increasing adoption of warehouse automation in global supply chains. The trend towards automated warehousing is impacting the competitive landscape and will continue to do so. Increased customer-driven demand for automated storage and retrieval system (AS/RS) solutions and technological advancements is attracting competitors to the AS/RS market.

AutoStore's operations are affected by global economic conditions. Economic downturns and uncertainty about future economic prospects may impact the company's operative markets negatively, as well as suppliers and their production. Russia's invasion of Ukraine in February 2022 continues to pose an increased risk of negative impacts on the global economy. AutoStore's business has seen a limited direct impact of Russia's invasion of Ukraine and subsequent sanctions in 2023. However, additional macro-level complexity and implications may have negative impacts going forward. The business impact of the Middle East conflict is described in note 1.2.

Climate risks

The company's management assesses where climate risks could have a significant impact on its financial statements and related estimates, and monitors the possible introduction of environmental regulations and taxes that could increase future production costs. However, as of December 31, 2023, climate risks and taxes are not considered to have any significant impact on the group's assets or liabilities. Read more here.



Events After the Reporting Period

On February 14, 2024, options under the company's equity incentive plan from 2019-2020 were exercised. Refer to note 7.5 for more information.

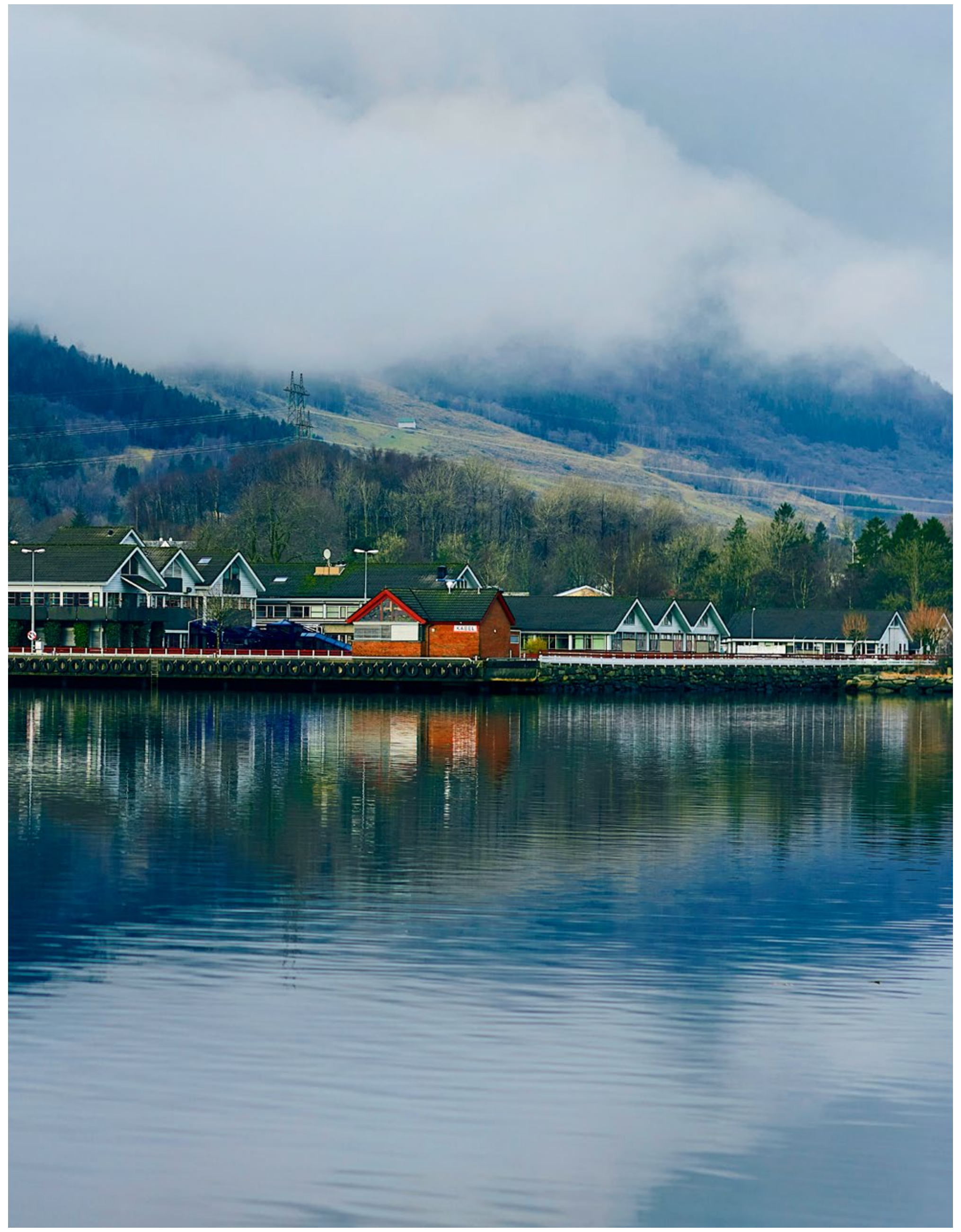
On April 19, 2024, AutoStore announced that following the sale of shares in the company by funds associated with Thomas H. Lee Partners in February 2024, the number of directors that can be directly appointed to the Board of Directors by Thomas H. Lee Partners has been reduced with one member. As a result, Edzard Overbeek resigned from the Board of Directors.

Outlook

AutoStore continues to see improved order intake, and high market activity measured by an increased order backlog and healthy pipeline, underpinning further growth in 2024. At the same time, in this environment, it is challenging to predict accurately the time it takes to move opportunities through the pipeline to order intake and, ultimately, to revenue. The quality of the backlog remains high, providing a strong foundation for future growth.

AutoStore remains highly confident in the significant potential of the warehouse automation market driven by long-term secular trends of e-commerce and rising labor costs making automated solutions increasingly necessary across industries. Market penetration remains low, and AutoStore's platform for growing and capturing market share remains firm, based on the company's strong competitive position, leading product portfolio, efficient operating model, and broad market reach.

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 2023 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 group as a whole.

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

We also confirm that, to the best of our knowledge, the annual report provides a true and fair review of the development, performance, and financial position of the business and position of the company, together with a description of the principal risks and uncertainties facing the company, in accordance with the requirements of section 5-5a of the Norwegian Securities Trading Act 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, April 24, 2024

The Board of Directors of AutoStore Holdings Ltd.

James C. Carlisle Co-chair	Vikas J. Parekh Co-chair	Michael K. Kaczmarek Board member
Hege Skryseth Board member	Viveka Ekberg Board member	Kjersti Wiklund Board member
Sumer Juneja Board member	Andreas Hansson Board member	Mats Hovland Vikse Chief Executive Officer

Board of Directors Profiles

James C. Carlisle
Co-chair

Director of AutoStore since: 2021
Nationality: U.S.

Hege Skryseth
Board member

Director of AutoStore since: 2021
Nationality: Norwegian

Sumer Juneja
Board member

Director of AutoStore since: 2023
Nationality: U.S.

Vikas J. Parekh
Co-chair

Director of AutoStore since: 2023
Nationality: U.S.

Viveka Ekberg
Board member

Director of AutoStore since: 2021
Nationality: Swedish

Andreas Hansson
Board member

Director of AutoStore since: 2021
Nationality: Swedish, British

Michael K. Kaczmarek
Board member

Director of AutoStore since: 2021
Nationality: U.S.

Kjersti Wiklund
Board member

Director of AutoStore since: 2023
Nationality: Norwegian

Biographies

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Corporate Governance Report

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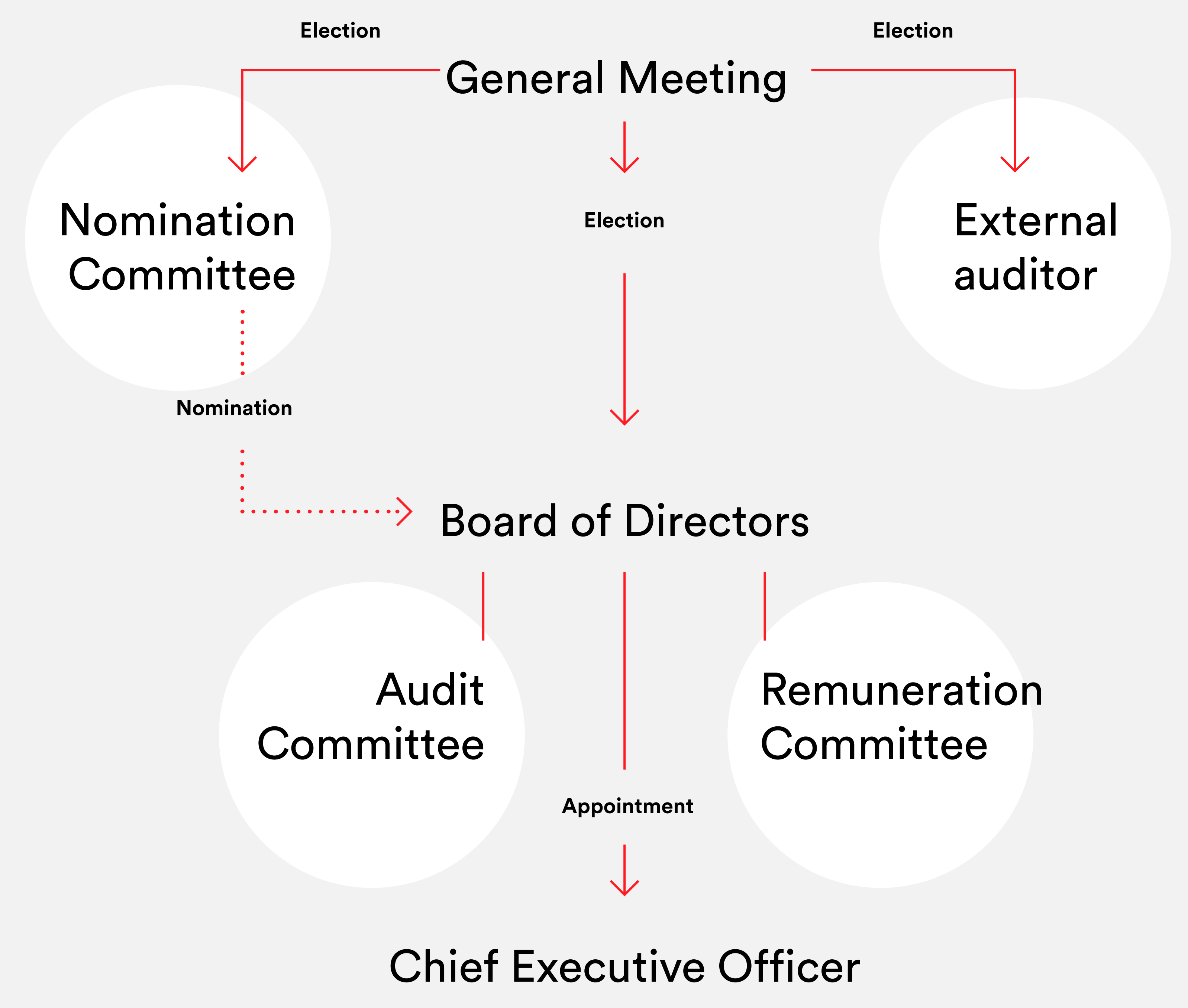
AutoStore believes that effective corporate governance provides a foundation for sustainable long-term value creation for the benefit of share-holders, society, employees, and other stakeholders. The Board of Directors of AutoStore has adopted a set of governance principles to ensure a clear division of roles between the Board, executive management, and shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance (hereafter the "Code").

AutoStore is subject to corporate governance reporting requirements pursuant to section 3-3b of the Norwegian Accounting Act; chapter 4.5 of the Oslo Stock Exchange Rulebook II – Issuer Rules; and the Norwegian Code of Practice for Corporate Governance. The Accounting Act can be found (in Norwegian) on lovdata.no. The Oslo Stock Exchange Rulebook II can be found on euronext.com and the Code, which was last revised on October 14, 2021, can be found on nues.no.

AutoStore's corporate governance statement for 2023 follows below. The statement adopts the system used in the Code, and forms part of the Board of Directors Report. The statement was approved by the Board of Directors on April 24, 2024.



Governance Bodies

	Members and attendance	References
General Meeting of shareholders		
The General Meeting is the company's highest authority.	The annual General Meeting was held on May 23, 2023. Another Special Meeting was held on October 27, 2023.	Minutes of General Meetings can be found here.
The Nomination Committee		
The Nomination Committee is composed of two or three members, appointed by the shareholders for a two-year term at an annual General Meeting unless otherwise resolved by the General Meeting. The Nomination Committee nominates candidates for election to the Board of Directors and submits remuneration proposals relating to members of the Board of Directors and the Nomination Committee.	One meeting with a 100% attendance rate.	Bylaw no. 125 can be found here.
Board of Directors		
The Board of Directors currently has eight members. Under jurisdiction of Bermuda, the Board of Directors is responsible for overall governance of the company; ensures that appropriate management and control systems are in place; and supervises day-to-day management by the CEO.	In 2023, six meetings with an 84% attendance for the following members: – James C. Carlisle (Chair) – Vikas J. Parekh (Co-chair) – Michael K. Kaczmarek – Hege Skryseth – Viveka Ekberg – Kjersti Wiklund – Edzard Overbeek – Sumer Juneja – Andreas Hansson Samuel Merksamer stepped down from the Board in April 2023 and Kristin Skogen Lund stepped down in October 2023. Three new members were appointed in April 2023: Edzard Overbeek (stepped down from the Board in April 2024), Vikas J. Parekh, and Sumer Juneja. Kjersti Wiklund was appointed in October 2023.	Read biographical information for the board members.

The Audit Committee

Members and attendance

References

The Audit Committee may have up to four members elected by and from the members of the Board of Directors.

The Audit Committee assists the Board in exercising its oversight responsibility with respect to the integrity of the company's financial statements, financial reporting processes and internal controls, risk management, and compliance system. The committee also oversees the independence of the external auditor.

Six meetings with a 100% attendance rate.

Members:
- Viveka Ekberg (Chair)
- Michael K. Kaczmarek
- Andreas Hansson

Andreas Hansson has been a member of the Audit Committee since October 2023.

The Remuneration Committee

The Remuneration Committee has three members drawn from the Board of Directors.

The Remuneration Committee is a preparatory and advisory body in relation to the company's strategy for the remuneration and performance evaluation of executive management. It also monitors the organization's needs in terms of required workforce capabilities and expertise.

One meeting with a 100% attendance rate.

Members:
- James C. Carlisle (Chair)
- Kristin Skogen Lund (resigned October 2023)
- Michael K. Kaczmarek
- Andreas Hansson

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 executive management aim to follow the recommendations of the Code and other international best practice standards. AutoStore believes that effective corporate governance involves transparent and trustful cooperation between all parties involved with the company and its business. This includes the shareholders, Annual General Meeting, Board of Directors and executive management, employees, customers, suppliers, other business partners, public authorities, and society at large.

The company has adopted and implemented a corporate governance regime effective as of October 11, 2021, the date the listing application was submitted to the Oslo Stock Exchange. AutoStore complies with the recommendations of the Code, except for the following deviations:

- **Deviation from Section 2 "Business":** In accordance with common practice for Bermudian 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 Bermudian law and in accordance with common practice for Bermudian incorporated companies, the Board of Directors may issue any authorized but unissued shares in the company, subject to the bylaws and any resolution of the company's shareholders to the contrary. Further, 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 Bermudian incorporated companies, the company's bylaws stipulate that the chair of the Board of Directors shall chair General Meetings 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, any agenda item concerning the chair personally, or in the absence of the chair.
- **Deviation from Section 8 "Board of Directors: composition and independence":** Pursuant to the bylaws, 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 2023 which are deemed to have a material impact on the company's corporate governance regime.

Read more about AutoStore's overall corporate governance principles.

02 Business

AutoStore, founded in 1996, is a technology company that develops order-fulfillment solutions to help businesses achieve efficiency gains related to the storage and retrieval of goods. Read more about AutoStore, its business model and its strategy in the About section. Read more about the company's ESG efforts in the ESG section.

The Board of Directors has defined objectives, strategies, and risk profiles for the company's business activities to ensure value creation for shareholders. These objectives, strategies and risk profiles are evaluated annually by the Board of Directors.

03 Equity and Dividends

The company's registered share capital as of December 31, 2023 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's capital structure is appropriate to its objectives, its strategy, and the company's risk profile.

Any future proposal by the Board of Directors to declare dividends will be subject to applicable laws and will depend on a number of factors, including the company's financial position and 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 available investment opportunities.

The Board of Directors is not proposing any dividend distribution for the 2023 financial year.

Pursuant to Bermudian law and common practice for Bermudian incorporated companies, the mandates granted to the Board of Directors to issue shares are not limited to specific purposes or to a specified period, which deviates from the recommendations in the Code.

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 bylaws and any resolution of the shareholders to the contrary. This authority has not been used in 2023.

04 Equal Treatment of Shareholders and Transactions with Close Associates

As of 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 each.

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 – will 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 require the approval of the General Meeting.

05 Shares and Negotiability

AutoStore shares are listed on the Oslo Stock Exchange under the ticker AUTO and are freely transferable. The bylaws 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, subject to their compliance with applicable rules on insider trading and the Market Abuse Regulation (MAR).

The company has only one class of shares and all shares carry equal rights, including voting rights.

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 2024 Annual General Meeting will take place virtually on May 21, 2024. The company's financial calendar is published via the 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 is sent to shareholders no later than 21 calendar days before the event. The notice shall 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 are made available or sent to shareholders by electronic communication, to the extent allowed in AutoStore's Memorandum of Association. Shareholders may vote on each individual matter, including on each individual candidate nominated for election.

The chair of the Board of Directors shall attend all General Meetings, and other members of the Board may attend General Meetings as necessary. The company's auditor will normally be present at General Meetings. The company sets a deadline for registering attendance as close to the meeting as possible, but no more than five days before the meeting date. Shareholders who intend to attend a General Meeting must inform the company in writing before the deadline specified in the notice of 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 give shareholders the opportunity to vote in writing, including by electronic means, during a specified period before a General Meeting. In such cases, the Board will issue guidelines for such advance voting.

According to the bylaws, General Meetings are chaired by the chair of the Board of Directors. The Board decides whether it is appropriate to engage an external chair for a meeting. The company's board instructions encourage attendance by board members and the CEO. The chair of the Nomination Committee will attend meetings at which the election and remuneration of board members and Nomination Committee members are to be considered.

Minutes of General Meetings are published as soon as practicable via the Oslo Stock Exchange reporting system (newsweb.no, ticker code: AUTO) and in the Investor Relations section of AutoStore's website.

General Meetings in 2023

AutoStore's Annual General Meeting was held on May 23, 2023. A total of 2,996,323,174 shares, representing 89.77% of the share capital of the company, were represented at the meeting.

The General Meeting also considered and approved Board-proposed guidelines on salary and other remuneration for senior AutoStore executives.

A Special Meeting was held on October 23, 2023. A total of 3,163,073,092 shares, representing 92.26% of the share capital of the company, were represented at the meeting.

The Special Meeting adopted the nomination committee proposal of the re-election of the following board members: Kjersti Wiklund (new independent board member), Viveka Ekberg (re-elected independent board member), and Hege Skryseth (re-elected independent board member). The compensation for board members that are not active employees with majority shareholders and the remuneration of the Chair of the Audit Committee were also approved.

07 Nomination Committee

Section 125 of AutoStore's bylaws states that the company shall have a Nomination Committee. The company in a General Meeting should appoint a nomination committee (the "Nomination Committee"), comprising two to four members. The members of the Nomination Committee shall be appointed by resolution of the shareholders every two years at the Annual General Meeting. The current Nomination Committee was elected in the General Meeting in May 2022. The objectives, responsibilities and functions of the Nomination Committee comply with rules and standards applicable to the company, as described in the "Instructions for the Nomination Committee" adopted by the General Meeting in May 2022. Members of the committee are independent of executive management and AutoStore employees, and serve the interests of the shareholders in general.

The Nomination Committee communicates with shareholders, the Board of Directors, and the company's executive management regarding proposed candidates for election to the Board. The Nomination Committee is required to explain and justify why it is proposing a given candidate.

Unless otherwise decided by the General Meeting, the Nomination Committee shall have two or three members appointed by shareholders for a two-year term at a General Meeting. Shareholders, the Board, 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. The Nomination Committee must ensure that information on any deadlines for proposing candidates or submitting suggestions to the Nomination Committee regarding the election of board or Nomination Committee members is made available on the company's website well in advance.

Shareholders, board members and the Nomination Committee may also propose any person for election to the Board of Directors in accordance with the bylaws. The Nomination Committee may endorse or oppose 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 the overall management of the company. The Board shall consist of between three and eleven members, as decided by the General Meeting. AutoStore currently has eight board members. The Board is composed to ensure that it has sufficient expertise, capacity, and diversity needed to achieve the company's goals; handle its main challenges; and promote value creation and the common interests of all shareholders. Board members are based in Norway, Germany, Portugal, the U.S., UK, and Monaco.

The Board is composed to ensure that board members work efficiently together as a collegiate body, not as individual representatives of specific shareholders, groups of shareholders, or other stakeholders. The Board acts independently of any special interests and ensures that a majority of the board members are independent of the company's executive management and material business partners. Neither the CEO nor any members of executive management are also members of the Board of Directors.

Five of the eight current board members are men, while three (37.5%) are women. AutoStore strives to comply with Norwegian law, including by maintaining a proportion of women board members of at least 40%.

All independent board members are elected by the shareholders at a General Meeting. Pursuant to the company's bylaws, the SoftBank and Thomas H. Lee Partners shareholders (as defined in the bylaws) have the right to appoint up to two 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.

As of the end of 2023, the board members had shareholdings in the company as disclosed in their biographies.

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 on the division of internal responsibilities and duties. The objectives, responsibilities, and functions of the Board and the CEO comply 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 executive management. In general, the Board involves itself in all matters significant to the company's financing, long-term development, and general operational performance, including risk management and internal control as further described below.

Approving the company's overall strategy, business plans, and budgets are key priorites for the Board of Directors. Board members keep themselves fully updated on the company's operational and financial development. In addition, the Board supervises the management of the company's business in general and issues instructions to the CEO when necessary. The Board is responsible for all other duties assigned to it by law and is required to keep itself informed about and make decisions on all matters which management deems important or necessary.

AutoStore did not enter into any material transactions with related parties outside the group in 2023. Related-party transactions are made on terms equivalent to those applicable in arm's-length transactions and are made only if such terms can be determined.

Each member of the Board of Directors has a general duty to avoid situations in which he or she has or may have a direct or indirect interest that conflicts with, or may conflict with, the company's interests. Any board member who is directly or indirectly interested in a contract or proposed contract or arrangement with the company shall declare the nature of the interest in accordance with the Bermuda Companies Act. Any board member who has declared his or her interest as described above may vote in respect of any contract or proposed contract or arrangement in which he or she is interested and may be counted in the quorum for the relevant meeting, unless disqualified by the chair or a vote of the majority of the board members in attendance when the declaration is made. Nevertheless, a board member may 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 any body 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 or she is materially interested (otherwise than by virtue of his or her interest in shares, debentures or other securities of the company), subject to certain exemptions as set out in the bylaws.

To ensure more independent consideration of matters of a material character in which the chair 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 at arm's length.

The Board established an Audit Committee and Remuneration Committee in 2021, while the Nomination Committee was established in 2022.

Board activities in 2023

AutoStore's Board of Directors met six times in 2023. Meeting attendance in 2023 was as follows:

- James C. Carlisle (6)
- Vikas J. Parekh (4)
- Andreas Hansson (6)
- Edzard Overbeek (3)[1]
- Hege Skryseth (5)
- Michael K. Kaczmarek (6)
- Sumer Juneja (5)
- Viveka Ekberg (6)
- Kjersti Wiklund (joined in October 2023)

Samuel Merksamer stepped down from the Board in April 2023 and Kristin Skogen Lund stepped down in October 2023. Three new members were appointed in April 2023: Edzard Overbeek (stepped down from the Board in April 2024), Vikas J. Parekh, and Sumer Juneja. Kjersti Wiklund was appointed in October 2023.

The Board's annual plan specifies regular board agenda items which must be discussed and/or approved by the Board at least annually. These items include the company's objectives, strategy plan and risk picture, the budget process, and the Board's self-evaluation.

At all board meetings, the CEO and other members of executive management report on the company's operational and financial developments and results. The Board reviews, among other areas, cybersecurity and internal control, and conducts discussions with the external auditor. Quarterly and annual reports are presented and approved throughout the year, as relevant. Other key board agenda items in 2023 included strategic update initiatives and strategic product-related, people-related, and commercial agenda items.

Audit Committee activities in 2023

The Audit Committee met six times in 2023. Meeting attendance in 2023 was as follows:

- Viveka Ekberg (6)
- Michael K. Kaczmarek (6)
- Andreas Hansson (2)

Member Andreas Hansson joined the Audit Committee in October 2023, and participated in two meetings held after this date.

Agenda items in 2023 included reviews of quarterly and annual financial reports, and the status of internal controls and risk management. Further, the annual plan for ESG activities with focus on CSRD readiness was discussed in the meetings. The external auditor attended all meetings to provide status updates on and summaries of the 2022 and 2023 audits and make mandatory reports to the Audit Committee. The Audit Committee also met the auditors without management present.

1 Stepped down from the Board in April 2024.

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 AutoStore Group's activities. Implementing effective internal control and risk management systems improves the company's protection against situations that could harm 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 company and its shareholders.

The Audit Committee supports the Board of Directors to 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. Climate-related risks are reported by the Chief People & Information Officer to the Audit Committee.

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 AutoStore Group. Regular risk assessments are carried out and discussed with executive management before being reported to the Audit Committee.

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 required to stay updated on the company's financial situation and continuously evaluate whether equity and liquidity are adequate relative to the risks associated with the company's activities. Further, the Board must take immediate action if the company's equity or liquidity situation is 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 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 2023.

Financial performance was reported to shareholders quarterly throughout the year, in accordance with the company's financial calendar.

11 Remuneration of the Board of Directors

The remuneration arrangements of the Board of Directors are 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 AutoStore group's business, and (3) the time invested by each board member in Board work and any committee work.

The remuneration of the Board of Directors is independent of the financial performance of the company. Options are not issued to members of the Board of Directors. The company has, however, granted restricted stock units (RSUs) to independent board members. More information on remuneration of the Board of Directors is found in note 2.5.

No board member (and no company associated with a board member) performed any specific paid assignment for AutoStore beyond the board appointment in 2023. 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 for service on committees.

AutoStore Holdings Ltd. and its subsidiaries are covered by director's and officer's liability insurance. The insurance policy indemnifies board members and executives against legal defense costs and potential legal liability arising out of claims made against them in their capacity as a board member and/or officer of the company. The insurance policy is renewed annually, and the sum insured was USD 100 million as of December 31, 2023.

12 Remuneration of Executive Personnel

The company's executive remuneration guidelines as set out in the Remuneration Policy support the company's prevailing strategy and values, as well as align the interests of shareholders and executive management. The policy was approved at the Annual General Meeting on May 19, 2022, and will be reviewed and approved at least every four years in accordance with Norwegian law.

Performance-related executive remuneration is linked to value creation for shareholders and/or the company's profit over time. The arrangements are intended to incentivize company performance and incorporate quantifiable factors under the influence of management. The company caps remuneration for executives linked to the financial performance of the company. More details can be found in the remuneration report for leading personnel for 2023.

The principles governing executive salaries, remuneration, and benefits are reviewed by the Remuneration Committee and approved by the Board of Directors.

Remuneration Committee activities in 2023

The Remuneration Committee met once in 2023. All committee members attended the meeting in 2023.

Agenda items for the 2023 meeting included the development of a new long-term incentive plan and an employee share purchase plan, and overseeing the quality of the Remuneration Report.

13 Information and Communication

Based on the 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 markets in general with timely and precise information about the company and its operations. This information shall be published via the stock exchange's reporting system (www.newsweb.no, ticker code: AUTO) and in the investor section on AutoStore's website.

Relevant information is provided in annual and half-yearly reports, quarterly updates, press releases, notices to the stock exchange, and published investor presentations according to 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, and has to maintain an open and proactive policy for investor relations. AutoStore also holds regular presentations of annual and interim results.

In 2023, the company published a financial calendar with an overview of dates of important events, such as the Annual General Meeting, interim financial reports, and public presentations. The calendar and the information therein are available in English. Subject to any applicable exemptions, AutoStore discloses all inside information promptly.

The company always provides information about certain decisions by the Board of Directors and the General Meeting concerning dividends, mergers/demergers, and/or changes in share capital.

14 Takeovers

The Board of Directors has adopted governing principles for its response to any takeover offer defined in the group's Corporate Governance Policy. In any takeover process, the Board and executive management 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 recommending either acceptance or rejection of the offer by shareholders. The Board's statement on the offer should clarify 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 to ensure, to the extent possible, that shareholders have sufficient information and time to assess the offer.

In the event of a takeover process:

- The Board of Directors may not seek to hinder or obstruct any takeover offer for the company's operations or shares, unless it has valid and particular reasons for doing so.
- The Board of Directors may not exercise mandates or pass any resolutions with the intention of obstructing the takeover offer, unless this has been approved by the General Meeting following announcement of the offer.
- The Board of Directors may not take any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the company.
- The Board of Directors may not enter into any agreement with any offeror that limits the company's ability to procure other offers for the company's shares, unless it is self-evident that such an agreement is in the common interest of AutoStore and its shareholders.
- The Board of Directors and executive management may not invoke measures with the intention of protecting their own personal interests at the expense of the interests of shareholders.
- The Board of Directors must strive to ensure that inside information about the company or any other information that must be assumed to be relevant for shareholders in an offer process, is not published.

In the event of a takeover offer, the Board of Directors will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code, 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 issue a recommendation stating whether or not shareholders should accept the offer. Any transaction that effectively entails a discontinuation of the company's activities requires approval by a General Meeting.

15 Auditor

The company's external auditor presents an overall audit plan for AutoStore to the Board of Directors and the Audit Committee annually. Deloitte acted as external auditor for the 2023 financial year. Deloitte's involvement with AutoStore in 2023 related to the following:

- Attending meetings of the Board of Directors, management, and Audit Committee to discuss the annual accounts, accounting principles, assessment of any important accounting estimates, and other important matters.
- Reviewing the company's internal control procedures with relevance for financial reporting.
- Meeting the Audit Committee without representatives of executive management present.
- Confirming its independence from AutoStore and providing an overview of non-audit services delivered to the company.
- Presenting the main features of the audit.

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 the principles governing auditor remuneration.

Financial Statements

Consolidated Statement of Comprehensive Income

For the periods ended December 31

USD million	Notes	2023	2022
Revenue and other operating income	2.1	645.7	583.5
Total revenue and other operating income		**645.7**	**583.5**
Cost of materials	2.3	-207.6	-242.8
Employee benefit expenses	2.4	-79.1	-39.4
Other operating expenses	2.5, 7.2	-310.4	-76.6
Depreciation	3.1-3.2	-10.6	-6.6
Amortization of intangible assets	3.3-3.4	-51.5	-51.1
Operating profit/loss		**-13.6**	**167.0**
Finance income	4.5	10.4	4.2
Finance costs	4.5	-43.1	-44.0
Profit/loss before tax		**-46.3**	**127.2**
Income tax expense/benefit	5.1	13.7	-27.5
Profit/loss for the year		**-32.6**	**99.7**

Consolidated Statement of Comprehensive Income

For the periods ended December 31

USD million	Notes	2023	2022
Other comprehensive income/loss			
Items that subsequently will not be reclassified to profit or loss:			
Exchange differences on translation of parent company		-9.0	-31.7
Total items that will not be reclassified to profit or loss		**-9.0**	**-31.7**
Items that subsequently may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		-35.7	114.9
Total items that may be reclassified to profit or loss		-35.7	114.9
Other comprehensive income/loss for the period		**-44.6**	**-146.5**
Total comprehensive income/loss for the period		**-77.2**	**-46.8**
Profit/loss attributable to:			
Equity holders of the parent		-32.6	99.7
Total comprehensive income/loss attributable to:			
Equity holders of the parent		-77.2	-46.8
Earnings per share			
Basic earnings per share (USD)	6.2	-0.010	0.030
Diluted earnings per share (USD)	6.2	-0.010	0.029

Consolidated Statement of Financial Position

USD million	Notes	31.12.2023	31.12.2022
Non-current assets			
Property, plant and equipment	3.1	30.2	17.3
Right-of-use assets	3.2	50.8	31.3
Goodwill	3.3	1,061.9	1,096.4
Intangible assets	3.4	492.0	524.6
Deferred tax assets	5.1	5.7	1.6
Other non-current assets	4.1	1.9	1.6
Total non-current assets		**1,642.5**	**1,672.6**
Current assets			
Inventories	2.3	82.9	83.5
Trade receivables	2.6	110.7	90.0
Other receivables	2.6	42.4	20.0
Cash and cash equivalents	4.4	253.3	174.8
Total current assets		**489.3**	**368.3**
TOTAL ASSETS		**2,131.8**	**2,041.0**

Consolidated Statement of Financial Position

USD million	Notes	31.12.2023	31.12.2022
Equity			
Share capital	**4.8**	34.3	34.3
Share premium	**4.8**	1,154.6	1,154.6
Treasury shares		-0.7	-0.9
Other equity		86.8	160.0
Total equity		**1,274.9**	**1,347.8**
Non-current liabilities			
Non-current interest-bearing liabilities	**4.2**	432.8	421.8
Other non-current liabilities	**4.2, 7.2**	57.0	-
Non-current lease liabilities	**3.2**	47.8	28.9
Deferred tax liabilities	**5.1**	96.7	101.6
Non-current provisions	**7.1**	2.9	6.0
Total non-current liabilities		**637.1**	**558.2**
Current liabilities			
Trade and other payables	**2.7**	46.5	51.5
Other current liabilities	**4.2, 7.2**	138.9	1.0
Lease liabilities	**3.2**	10.0	6.8
Income tax payable	**5.1**	7.4	26.8
Provisions	**7.1**	16.9	48.9
Total current liabilities		**219.7**	**134.9**
Total liabilities		**856.8**	**693.2**
TOTAL EQUITY AND LIABILITIES		**2,131.8**	**2,041.0**

Consolidated Statement of Cash Flows

For the periods ended December 31

USD million	Notes	2023	2022
Cash flows from operating activities			
Profit/loss before tax		-46.3	127.2
Adjustments to reconcile profit/loss before tax to net cash flow:			
Depreciation and amortization	3.1-3.4	62.1	57.7
Share-based payment expense	7.4	1.5	1.0
Finance income	4.5	-10.4	-4.2
Finance costs	4.5	43.1	44.0
Working capital adjustments:			
Changes in inventories		0.6	-32.1
Changes in trade and other receivables		-23.8	-39.6
Changes in trade and other payables		-5.0	-42.2
Changes in provisions and other financial liabilities	4.2	159.7	-4.7
Other items:			
Tax paid		-29.1	-5.8
Net cash flows from operating activities		**152.5**	**101.4**
Cash flows from investing activities			
Purchase of property, plant, and equipment	3.1	-15.5	-9.0
Purchase of intangible assets [1]	3.4	-6.7	-5.4
Development expenditures	3.4	-29.5	-28.7
Interest received	4.5	8.4	4.2
Net cash flows from investing activities		**-43.2**	**-38.9**

1 Was earlier presented as development expenditures.

Consolidated Statement of Cash Flows

For the periods ended December 31

USD million	Notes	2023	2022
Cash flows from financing activities			
Proceeds from sale of treasury shares	**4.8**	1.8	2.5
Payments of principal for the lease liability	**3.2, 4.3**	-4.7	-3.8
Payments of interest for the lease liability	**3.2, 4.3**	-2.8	-1.2
Interest paid	**4.5**	-31.0	-15.2
Net cash flows from financing activities		**-36.8**	**-17.7**
Net change in cash and cash equivalents		72.5	44.8
Effect of change in exchange rate		6.0	-16.8
Cash and cash equivalents, beginning of the year	**4.4**	174.8	146.9
Cash and cash equivalents, end of the year	**4.4**	**253.3**	**174.8**

Consolidated Statement of Changes in Equity

					Other equity			
USD million	Notes	Share capital	Share premium	Treasury shares	Other capital reserves	Cumulative translation differences	Retained earnings	Total equity
Balance at January 1, 2023		**34.3**	**1,154.6**	**-0.9**	**7.9**	**-183.2**	**335.3**	**1,347.8**
Loss for the period		-	-	-	-	-	-32.6	**-32.6**
Other comprehensive loss for the period		-	-	-	-	-44.6	-	-44.6
Total comprehensive loss		-	-	-	-	**-44.6**	**-32.6**	**-77.2**
Share-based payments [1]	7.4	-	-	-	2.4	-	-	2.4
Purchase/sale of treasury shares	4.8, 7.4	-	-	0.2	-	-	1.6	1.8
Balance at December 31, 2023		**34.3**	**1,154.6**	**-0.7**	**10.4**	**-227.8**	**304.3**	**1,274.9**

1 The difference between the USD 1.5 million of equity-settled share-based payment expense disclosed in note 7.4 and the USD 2.4 million presented in the statement of equity relates to USD 0.9 million of employee bonus shares for 2022. The bonus shares for 2022 were recognized as a liability as of December 31, 2022, however, reclassified to equity in 2023, as they were subject to equity settlement during 2023.

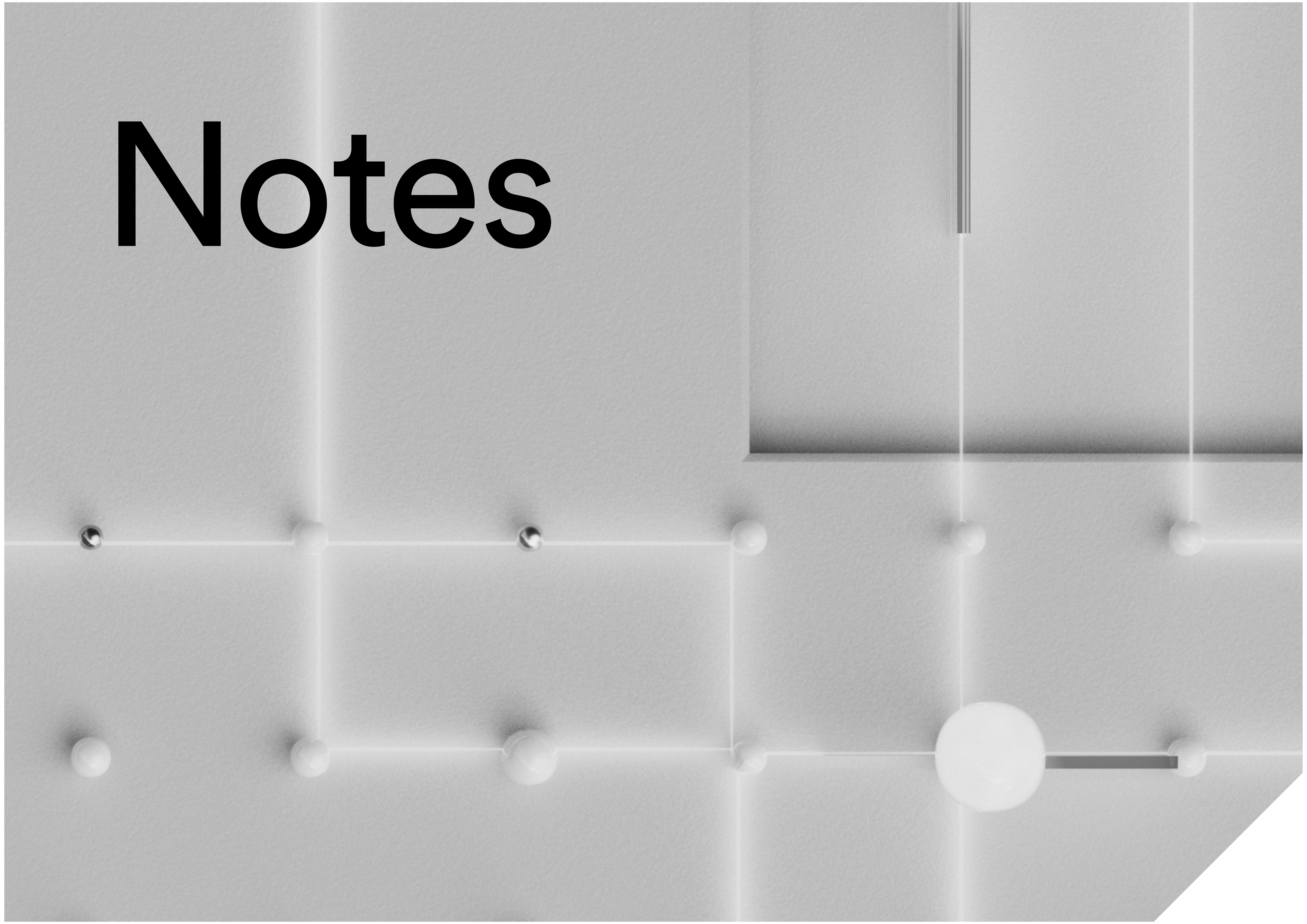
Consolidated Statement of Changes in Equity

					Other equity			
USD million	Notes	Share capital	Share premium	Treasury shares	Other capital reserves	Cumulative translation differences	Retained earnings	Total equity
Balance at January 1, 2022		**34.3**	**1,154.6**	**-0.9**	**7.0**	**36.7**	**233.1**	**1,391.2**
Profit for the period		-	-	-	-	-	99.7	99.7
Other comprehensive loss for the period		-	-	-	-	-146.5	-	-146.5
Total comprehensive loss		**-**	**-**	**-**	**-**	**-146.5**	**99.7**	**-46.8**
Share-based payments	7.4	-	-	-	1.0	-	-	1.0
Purchase/sale of treasury shares	4.8	-	-	0.0	-	-	2.5	2.5
Balance at December 31, 2022		**34.3**	**1,154.6**	**-0.9**	**7.9**	**-183.2**	**335.3**	**1,347.8**

The cumulative translation differences relate to the translation of results and financial position of subsidiaries 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 functional currency, the depreciation of NOK compared to USD has resulted in negative translation differences being recognized in 2023 of USD -44.6 million (USD -146.5 million).

Translation differences related to translation of the parent company 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.

Notes



Sections

1 Background

1.1 Corporate Information

The financial statements of AutoStore Holdings Ltd. and its subsidiaries ("AutoStore group", "the company" or "the group") for the period ended December 31, 2023, were authorized for issue by the Board of Directors on April 24, 2024. AutoStore Holdings Ltd. has shares traded on the Oslo Stock Exchange, with the ticker symbol AUTO. 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 is 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 warehouse automation industry and the strongly growing cube storage segment. The group develops warehouse solutions for the future and helps its customers to enable space-saving and increase performance while reducing labor and energy costs.

Group simplification

To simplify the group structure, the intermediate holding companies, Automate Holdings S.a.r.l., Automate Intermediate Holdings I S.a.r.l, Automate Bidco AS and Terminator Bidco AS are liquidated as of December 31, 2023. Automate Intermediate Holdings II S.a.r.l. is kept as a separate subsidiary of AutoStore Holdings Ltd. for the purpose of continued holding of external financing. Automate Holdco I AS will be the direct subsidiary of AutoStore Holdings Ltd., being the intermediate owner of the AutoStore entities.

Reference is made to note 6.1 for a list of subsidiaries and the new group structure. The largest entity of the group is AutoStore AS, registered in Norway. In 2023, the AutoStore group announced the opening of a new production facility in Thailand.

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

1.2 Basis of Preparation

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the European Union ("EU"), herein referred to as "IFRS", and additional requirements in the Norwegian Securities Trading Act. The financial statements are prepared based on the going concern assumption.

All figures are presented in millions (000,000), except when otherwise indicated. In the statement of comprehensive income/loss, 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/loss.

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 Dollars (USD), while the functional currency of the parent company and some of the largest subsidiaries are in Norwegian kroner (NOK).

Functional currency in each entity of the AutoStore Group is determined based on the primary economic environment in which the entity operates, i.e. normally the one in which the entity primarily generates and expends cash. When the factors or indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events, and conditions. As part of this approach, management has given priority to the primary indicators before considering the other indicators, which are designed to provide additional supporting evidence to determine an entity's functional currency.

Climate change

In preparing the consolidated financial statements for the year ended December 31, 2023, the group has considered the potential impact of climate risk. Management has specifically considered how the current valuation of assets and liabilities may be impacted by risks related to climate change, resource use, carbon footprint, and circular economy, as well as the group's plans to mitigate those risk factors.

The climate-related risks that have been assessed related to the group's operations and value chain were among others physical, transition, regulatory, technological, and reputational risks. Especially, the group's risk assessments have considered the following:

- Transition/reputational risks such as lack of measurable commitments, e.g. a decarbonization plan related to resource use and circularity for the operations. This will likely not have a high impact in the short term, but risks increase the longer a plan is not implemented. By setting targets and developing an action plan, AutoStore will address this risk in the coming year, and thus limit any potential financial effects.

- Regulatory/reputational risk related to production and use of material. The main financial risks regarding resource use and circularity stem from the risks of not using recycled plastic.

1.2 Basis of Preparation

This is considered to have a low financial impact and likelihood of occurrence in the short term, but the risk will increase over time and potentially become high in the longer term without action, potentially increasing future production costs in the event of regulatory changes, new taxes, and rising carbon prices. AutoStore is actively working on reduction of emissions in the future through use of recycled plastic in bins to address these potential future risks.

As of December 31, 2023, climate risk is not expected to have any significant impact on the group's assets or liabilities, but management will continue to monitor and assess the actual and potential effects of climate risk going forward.

In arriving at this conclusion, the group has reviewed each line item (and related estimates) in the statement of financial position and identified those line items that could have the potential of being significantly impacted by climate-related risks, including the group's plans to mitigate against those risks. The line items have been mapped and compared against the climate risks identified through the overall enterprise risk assessment process, as well as related to the group's reporting on climate risk in accordance with TCFD. Those line items that have the potential to be significantly impacted are those taking into consideration forward-looking information. Such items have been reviewed in detail to confirm:

- That the projected cash flows and growth rate used for goodwill impairment assessments are consistent with the climate-related risk assumptions described above and the actions that are planned to mitigate against those risks.
- Useful life of intangible assets is appropriate given the risk of future regulation, taxes, increased carbon prices, or change in consumer behavior, potentially requiring AutoStore to change the development and production process (e.g. introduction of recycled plastic and more use of other recycled materials in the production process).

Business impact of global conflicts

As a result of escalating conflicts in the Middle East in late 2023, integral global trade corridors through the Red Sea and Suez Canal have become increasingly under threat. This trade route is central to the shipping of goods between Europe and Asia and is utilized by AutoStore to transport products to the APAC region from the company's production facility in Poland. This business represents around eight percent of AutoStore's revenue in 2023. Further escalations of the conflict could necessitate circumnavigation via the African continent in a significantly longer route. This alternation augments the risk of escalating transportation costs within these supply chains. In 2023, the group continued its focus on further developing lean and efficient operations including refined production and sourcing strategies. This included the announcement of the opening of a new production facility in Thailand, which is seen to mitigate the risk.

Russia's invasion of Ukraine in February 2022 continues to pose an increased risk of negative impacts on the global economy. AutoStore's business has seen a limited direct impact of Russia's invasion of Ukraine and subsequent sanctions in 2023. However, additional macro-level complexity and implications may have negative impacts going forward.

1.3 New and Amended Standards and Interpretations

The group has opted to present revenue and other operating income combined in the consolidated statement of comprehensive income. The group has not made any other voluntary accounting policy changes in 2023.

New and amended standards adopted by the group

The group applied certain amendments to standards for the first time, which are effective for annual periods beginning on or after January 1, 2023. Below is a list of the amended standards that applied for the first time in 2023, but did not have any material impact on the consolidated financial statements of 2023:

- **Amendments to IFRS 17** – Insurance Contracts and Initial Application of IFRS 17 and IFRS 9 — Comparative Information
- **Amendments to IAS 8** – Definition of Accounting Estimates
- **Amendments to IAS 12** – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- **Amendments to IAS 12** – International tax reform - pillar two model rules

New amended standards that applied for the first time in 2023 with significant material impact to the consolidated financial statements in 2023 include:

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments, in which it provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are effective for these consolidated financial statements beginning on January 1, 2023.

The amendments have had an impact on the group's disclosures of accounting policies by removing immaterial disclosure information and making the disclosure more entity-specific. The measurement, recognition, or presentation of any items in the group's financial statements have not changed.

Standards issued but not yet effective

The group has not early adopted any accounting standard, interpretation, or amendment that has been issued but is not yet effective. The group intends to adopt new and amended standards and interpretations, if relevant, when they become effective. Below is a list of new amendments not yet effective:

- **Amendments to IFRS 16** – Lease liability in a sale and leaseback
- **Amendments to IAS 1** – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- **Amendments to IAS 7 and IFRS 7** – Supplier Finance Arrangements
- **Amendments to IAS 21** – Lack of exchangeability

The group does not expect any significant effects related to upcoming standards and amendments.

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. 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, which 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 summarized below:

Estimates and assumptions:

- Useful lives of intangible assets (note 3.4)
- Valuation of share-based payments (note 7.4)

Accounting judgments:

- Capitalization of development costs (note 3.4)
- Determination of functional currency (note 1.2)
- Determination of performance obligations (note 2.1)
- Accounting assessment of Ocado settlement agreement (note 7.2)

A detailed description of the significant accounting estimates and judgments is included in the individual note where applicable.

2 Operating Performance

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 the AutoStore Group's customers. The distributors are responsible for the installation of the system and any subsequent service to the end-user of the AutoStore system.

Accounting policies

Significant judgment
The group's revenue from contracts with distributors relates to sales of modules and components of the AutoStore system and related services connected to the AutoStore system. The group has applied significant judgment in the determination of performance obligations within contracts and has evaluated that each component of the AutoStore system represents distinct performance obligations and should be accounted for separately.

Revenue streams

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. Revenue from components of the AutoStore system is recognized at a point in time when the distributor obtains control over the components, which is generally upon shipment.

The AutoStore Control System consists of technical equipment with an integrated on-premise software license. The group may also provide upgrades and maintenance of the AutoStore Control System component. Revenue from maintenance and upgrades is recognized over time on a monthly basis over the subscription license period. The group's contract liabilities related to upgrades and maintenance of the AutoStore Control System is presented under the line "other current liabilities" in the financial position.

The AutoStore 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 (sales freight income less sales freight expense).

As most of AutoStore's revenues are recognized and invoiced upon shipment, 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 2.6.

2.1 Revenue from Contracts with Customers

Warranties
AutoStore 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 note 7.1.

Variable consideration
To estimate the variable consideration for 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.

Rendering of services

Rendering of services consists of services related to the AutoStore system, such as installation, maintenance, and training of personnel, in connection with the delivery of components of the AutoStore system. These services are treated as separate performance obligations because AutoStore will only provide these services upon request by the distributor, and they are not obligated to provide the services to fulfill the promises to the customer. Revenue from rendering services is recognized as the services are performed.

2.1 Revenue from Contracts with Customers

Disaggregated revenue information

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

USD million	2023	2022
Major products and services		
AutoStore system	644.8	584.5
Rendering of services	1.7	0.6
Total revenue [1]	**646.5**	**585.0**
Geographical information		
Norway	13.9	17.7
Germany	100.0	107.1
Europe, excl. Norway and Germany	279.1	220.0
U.S.	186.7	169.4
Asia	33.8	45.9
Other	32.9	24.8
Total revenue [1]	**646.5**	**585.0**

The geographic information is based on the customer's country of domicile.

Timing of revenue recognition		
Goods transferred at a point in time	630.2	575.7
Goods and services transferred over time	16.3	9.3
Total revenue [1]	**646.5**	**585.0**
Revenue from contracts with customers	646.5	585.0
Other operating income	-0.8	-1.5
Total revenue and other operating income	**645.7**	**583.5**

1 Excl. other operating income.

2.2 Segment Information

AutoStore has one technology that is developed centrally and sold in different markets. The technology is sold globally through AutoStore Group's distribution partners, who in turn sell to the end-customer. Responsibility for the business is shared by top management. 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 a main focus on total revenue, gross profit, and EBITDA. Total revenue is measured consistently with the total of revenue and other operating income in the statement of comprehensive income, while gross profit and EBITDA are defined below.

Geographical markets

For information on the group's geographical markets, reference is made to note 2.1.

Information about major customers

The group has four customers (distributors) that individually contribute more than 10% of the group's total revenue in 2023 (together these four companies contributed 59% of the group's total revenue in 2023 and 79% in 2022).

USD million	2023	2022
Revenue and other operating income	645.7	583.5
Cost of materials	-207.6	-242.8
Gross profit (excluding depreciation and amortization)	**438.1**	**340.8**
Employee benefit expenses	-79.1	-39.4
Other operating expenses	-310.4	-76.6
EBITDA	**48.5**	**224.7**

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

2.2 Segment Information

USD million	2023	2022
Profit/loss for the period	**-32.6**	**99.7**
Income tax expense	-13.7	27.5
Finance income	-10.4	-4.2
Finance costs	43.1	44.0
Depreciation	10.6	6.6
Amortization of intangible assets	51.5	51.1
EBITDA	**48.5**	**224.7**

EBITDA is the group's profit/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

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

USD million	31.12.2023	31.12.2022
Balance sheet items		
Assets	2,131.8	2,041.0
Liabilities	856.8	693.2
Equity	1,274.9	1,347.8
Non-current operating assets		
Located in Norway	1,581.1	1,643.0
Located in foreign countries	53.8	26.4
Total non-current operating assets	**1,634.9**	**1,669.5**

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

2.3 Inventories

USD million	31.12.2023	31.12.2022
Raw materials	55.8	53.3
Work in progress	0.2	0.0
Finished goods	26.8	30.2
Total inventories (gross)	**82.9**	**83.5**
Provision for obsolete inventories	-	-
Total inventories at the lower of cost and net realizable value	**82.9**	**83.5**

During the reporting period, the group has recognized USD 207.3 million of inventories as an expense, compared to USD 240.4 million in 2022. In 2023, a write-down expense of USD 0.1 million was recognized. No write-down expenses for inventories were recognized in 2022.

2.4 Employee Benefit Expenses

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 offers defined contribution schemes in all markets as occupational pension plans, ensuring both compliance with local formal requirements as well as ensuring an attractive overall value proposition to current and future employees.

The programs are defined contribution plans. 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	2023	2022
Salaries	48.3	44.3
Social security costs	17.6	-11.2
Pension costs	3.5	2.8
Other employee expenses	9.7	3.5
Total employee benefit expenses	**79.1**	**39.4**
Average number of full-time employees (FTEs)	1,000	873

Social security costs for the year ended 2022 were positive due to a reduction in the provision for social security tax on management options following the reduced share price for the company. References are made to note 7.1.

2.4 Employee Benefit Expenses

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 RSUs (restricted stock options). Vesting period is two years from grant date. The conditions for these grants and the terms and assumptions are disclosed in note 7.4.

Remuneration to Executive Management

The Board of Directors has established a Remuneration Committee composed of three board members. The members of the Remuneration Committee shall be appointed for a one-year term. The appointed members in 2023 of the Remuneration Committee are James C. Carlisle (Co-chair), Michael K. Kaczmarek, and Andreas Hansson. Kristin Skogen Lund resigned from the Board and the Remuneration Committee in October 2023. The Remuneration Committee is a preparatory and advisory body in relation to the company's strategy for the remuneration and performance evaluation of executive management. It also monitors the organization's needs in terms of required workforce capabilities and expertise.

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 on the basis of 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, described in note 7.4.

Bonus

In 2023, management is eligible for an annual short-term incentive bonus of their annual gross salary based on achievement of certain individual and company goals.

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.

2.4 Employee Benefit Expenses

Executive Management - Effect on share options following resignation

Mats Hovland Vikse succeeded Karl Johan Lier, who retired from the company March 2023, as the company's new CEO effective from January 1, 2023.

In November 2022, it was announced that former CFO Bent Skisaker would step down to pursue other opportunities. He remained in the role until the new CFO, Paul Harrison, took charge effectively on October 30, 2023.

All the above-mentioned executives retain their share options according to announced option- and long-term incentive programs.

2.4 Employee Benefit Expenses

Remuneration to the Board of Directors

USD million	Title	2023	2022
James C. Carlisle	Chair of the Board	-	-
Samuel Merksamer [1]	Co-chair of the Board	-	-
Vikas J. Parekh [1]	Co-chair of the Board	-	-
Sumer Juneja [2]	Board member	-	-
Hege Skryseth	Board member	0.05	0.05
Viveka Ekberg	Board member	0.06	0.06
Kristin Skogen Lund [3]	Board member	0.02	0.05
Michael K. Kaczmarek	Board member	-	-
Nils Magnus Tornling [4]	Board member	-	-
Edzard Overbeek [4]	Board member	-	-
Andreas Hansson	Board member	-	-
Ram Trichur [5]	Board member	-	-
Kjersti Wiklund [6]	Board member	-	-
Total remuneration		**0.13**	**0.15**

1 Vikas J. Parekh replaced Sam Merksamer as Co-chair of the Board, effective from April 20, 2023.
2 Sumer Juneja was appointed to the Board effective from April 20, 2023.
3 Kristin Skogen Lund resigned as Board member on October 27, 2023.
4 Nils Magnus Tornling resigned as Board member on September 29, 2022, and was replaced by Edzard Overbeek on April 20, 2023 (resigned as Board member on April 19, 2024).
5 Ram Trichur resigned as Board member on September 25, 2022.
6 Kjersti Wiklund was appointed to the Board effective from October 27, 2023.

2.4 Employee Benefit Expenses

Remuneration to Executive Management 2023

USD million	Salary	Bonus	Pension	Other compensation	Total remuneration
Mats Hovland Vikse (CEO) [1]	0.58	0.03	0.01	0.00	**0.62**
Karl Johan Lier (CEO) [2]	0.16	0.04	0.01	0.01	**0.22**
Paul Harrison (CFO) [3]	0.13	-	0.01	-	**0.15**
Bent Mathias Skisaker (CFO) [4]	0.22	0.24	0.01	0.00	**0.48**
Israel Losada Salvador (COO)	0.30	0.02	0.01	0.00	**0.34**
Anette Matre (CPIO)	0.21	0.02	0.01	0.01	**0.26**
Michael Dickson (CRO) [5]	0.33	0.05	0.01	0.00	**0.40**
Carlos Roman Fernandez (CPO)	0.27	0.03	-	-	**0.30**
Jenny Sveen Hovda (General Counsel)	0.27	0.03	0.01	0.00	**0.31**
Total remuneration	**2.47**	**0.47**	**0.11**	**0.03**	**3.07**

Remuneration to Executive Management 2022

USD million	Salary	Bonus	Pension	Other compensation	Total remuneration
Karl Johan Lier (CEO)	0.32	-	0.01	0.02	**0.35**
Bent Mathias Skisaker (CFO)	0.22	0.04	0.01	-	**0.27**
Israel Losada Salvador (COO) [6]	0.14	0.05	0.01	-	**0.20**
Jone Gjerde (COO) [7]	0.09	0.03	0.01	-	**0.13**
Anette Matre (CPIO)	0.17	0.03	0.01	0.01	**0.22**
Mats Hovland Vikse (CRO)	0.22	0.04	0.01	-	**0.27**
Carlos Roman Fernandez (CPO)	0.12	0.02	-	-	**0.15**
Jenny Sveen Hovda (General Counsel)	0.20	-	0.01	-	**0.21**
Total remuneration	**1.48**	**0.21**	**0.08**	**0.03**	**1.80**

1 Appointed as Chief Executive Officer on January 1, 2023.
2 Resigned as Chief Executive Officer, was employed until March 31, 2023.
3 Appointed as Chief Financial Officer on October 31, 2023.
4 Resigned as Chief Financial Officer on October 31, 2023.
5 Appointed as Chief Revenue Officer on January 1, 2023.
6 Appointed as Chief Operational Officer on June 1, 2022.
7 Resigned as Chief Operational Officer on June 1, 2022.

2.4 Employee Benefit Expenses

Shares held by the Board of Directors

Number of shares	Title	31.12.2023	31.12.2022
James C. Carlisle	Chair of the Board	-	-
Samuel Merksamer [1]	Co-chair of the Board	-	-
Vikas J. Parekh [1]	Co-chair of the Board	-	-
Sumer Juneja [2]	Board member	-	-
Hege Skryseth	Board member	-	-
Viveka Ekberg	Board member	236,774	236,774
Kristin Skogen Lund [3]	Board member	-	6,451
Michael K. Kaczmarek	Board member	-	-
Nils Magnus Tornling [4]	Board member	-	-
Edzard Overbeek [4]	Board member	-	-
Andreas Hansson	Board member	200,000	-
Ram Trichur [5]	Board member	-	-
Kjersti Wiklund [6]	Board member	-	-
Total shares		**436,744**	**243,225**
Total shares outstanding in AutoStore Holdings Ltd.		3,356,390,367	3,339,147,928
Ownership % by the Board of Directors		**0.0%**	**0.0%**

1 Vikas J. Parekh replaced Sam Merksamer as Co-chair of the Board, effective from April 20, 2023.
2 Sumer Juneja was appointed to the Board effective from April 20, 2023.
3 Kristin Skogen Lund resigned as Board member on October 27, 2023.
4 Nils Magnus Tornling resigned as Board member on September 29, 2022, and was replaced by Edzard Overbeek on April 20, 2023 (resigned as Board member on April 19, 2024).
5 Ram Trichur resigned as Board member on September 25, 2022.
6 Kjersti Wiklund was appointed to the Board effective from October 27, 2023.

2.4 Employee Benefit Expenses

Share options held by the Board of Directors (note 7.4)

Number of share options	Title	31.12.2023	31.12.2022
James C. Carlisle	Chair of the Board	-	-
Samuel Merksamer [1]	Co-chair of the Board	-	-
Vikas J. Parekh [1]	Co-chair of the Board	-	-
Sumer Juneja [2]	Board member	-	-
Hege Skryseth	Board member	67,658	29,032
Viveka Ekberg	Board member	67,658	29,032
Kristin Skogen Lund [3]	Board member	29,032	29,032
Michael K. Kaczmarek	Board member	-	-
Nils Magnus Tornling [4]	Board member	-	-
Edzard Overbeek [4]	Board member	38,626	-
Andreas Hansson	Board member	38,626	-
Ram Trichur [5]	Board member	-	-
Kjersti Wiklund [6]	Board member	38,626	-
Total share options		**280,226**	**87,096**
Total share options outstanding in AutoStore Holdings Ltd.		73,591,851	90,661,375
% of share options outstanding owned by the Board of Directors		**0.4%**	**0.1%**

1 Vikas J. Parekh replaced Sam Merksamer as Co-chair of the Board, effective from April 20, 2023.
2 Sumer Juneja was appointed to the Board effective from April 20, 2023.
3 Kristin Skogen Lund resigned as Board member on October 27, 2023.
4 Nils Magnus Tornling resigned as Board member on September 29, 2022, and was replaced by Edzard Overbeek on April 20, 2023 (resigned as Board member on April 19, 2024).
5 Ram Trichur resigned as Board member on September 25, 2022.
6 Kjersti Wiklund was appointed to the Board effective from October 27, 2023.

2.4 Employee Benefit Expenses

Shares held by Executive Management

Number of shares	Title	31.12.2023
Mats Hovland Vikse [1]	CEO	1,917,569
Paul Harrison [2]	CFO	-
Israel Losada Salvador	COO	26,368
Anette Matre	CPIO	1,100,002
Michael Dickson [3]	CRO	52,521
Carlos Roman Fernandez	CPO	2,582,288
Jenny Sveen Hovda	General Counsel	61,843
Total shares		**5,740,591**
Total shares outstanding in AutoStore Holdings Ltd.		3,356,390,367
Ownership % by Executive Management		**0.2%**

1 Appointed as Chief Executive Officer on January 1, 2023.
2 Appointed as Chief Financial Officer on October 31, 2023.
3 Appointed as Chief Revenue Officer on January 1, 2023.

Number of shares	Title	31.12.2022
Karl Johan Lier	CEO	23,183,898
Bent Mathias Skisaker	CFO	1,060,386
Israel Losada Salvador [1]	COO	26,368
Anette Matre	CPIO	1,100,002
Mats Hovland Vikse	CRO	1,917,569
Carlos Roman Fernandez	CPO	2,582,288
Jenny Sveen Hovda	General Counsel	61,843
Total shares		**29,932,354**
Total shares outstanding in AutoStore Holdings Ltd.		3,339,147,928
Ownership % by Executive Management		**0.9 %**

1 Appointed as Chief Operational Officer on June 1, 2022.

2.4 Employee Benefit Expenses

Share options held by Executive Management (note 7.4)

Number of share options	Title	31.12.2023
Mats Hovland Vikse [1]	CEO	6,753,236
Paul Harrison [2]	CFO	740,157
Israel Losada Salvador	COO	306,634
Anette Matre	CPIO	1,553,040
Michael Dickson [3]	CRO	1,184,949
Carlos Roman Fernandez	CPO	2,497,233
Jenny Sveen Hovda	General Counsel	272,924
Total share options		**12,568,016**
Total share options outstanding in AutoStore Holdings Ltd.		**73,591,851**
% of share options outstanding owned by Executive Management		**17.1 %**

1 Appointed as Chief Executive Officer on January 1, 2023.
2 Appointed as Chief Financial Officer on October 31, 2023.
3 Appointed as Chief Revenue Officer on January 1, 2023.

Number of share options	Title	31.12.2022
Karl Johan Lier	CEO	22,516,432
Bent Mathias Skisaker	CFO	6,418,157
Israel Losada Salvador [1]	COO	162,017
Anette Matre	CPIO	2,948,861
Mats Hovland Vikse	CRO	6,479,080
Carlos Roman Fernandez	CPO	2,863,989
Jenny Sveen Hovda	General Counsel	140,415
Total share options		**41,528,951**
Total share options outstanding in AutoStore Holdings Ltd.		**90,661,375**
% of share options outstanding owned by Executive Management		**45.8 %**

1 Appointed as Chief Operational Officer on June 1, 2022.

2.5

Other Operating Expenses

USD million	2023	2022
Meetings, travel, and representation expenses	8.7	6.5
Lease expenses	4.2	1.7
Business services expenses	6.5	6.0
IT expenses	10.5	7.9
Marketing and distribution expenses	11.4	6.8
Consulting expenses	23.7	42.7
Other operating expenses	6.3	5.1
Ocado settlement expense (note 7.2)	239.0	-
Total other operating expenses	**310.4**	**76.6**

USD million	2023	2022
Audit fee	2.0	2.2
Tax advisory services	-	0.1
Other advisory services	0.1	0.3
Total auditor fees (excl. VAT)	**2.1**	**2.7**

2.6 Trade and Other Receivables

AutoStore operates in a business-to-business (B2B) market, and the group sells products to distribution partners. The distribution partners include some of the largest companies in the automated warehousing market, including, among others, Swisslog, Bastian Solutions, Element Logic, Dematic, Fortna, Okamura and SoftBank Robotics.

The group's trade receivables consist solely of amounts receivable from revenue from contracts with customers. Trade receivables are generally on terms of 30 to 60 days. As most of the group's revenue is recognized at a point in time, AutoStore does not have any significant contract assets (in terms of the distinction between contract assets and receivables).

Accounting Policies

Expected Credit Losses

AutoStore's customer base consists of several large customers. The group's historical defaults have been low. However, the group updates its provision matrix at each reporting date with the focus on the forward-looking estimates of each customer. In determining the forward-looking information, AutoStore considers factors that impact the customer base the most, i.e. general trends and changes in the economy, such as inflation/growth rates, unemployment rates, interest rates, and FX rates. In addition, industry- or geography-specific indicators that might have a significant impact on inferring future default levels are considered.

As of December 31, 2023, historical losses are close to zero, and there is no forward-looking information indicating that this will change in the near future. The customer base remains unchanged from previous periods and mainly consists of large companies.

2.6 Trade and Other Receivables

USD million	31.12.2023	31.12.2022
Trade receivables from customers at nominal value	110.7	90.0
Allowance for expected credit losses	-	-
Total trade receivables	**110.7**	**90.0**
Prepaid rent and other expenses	1.0	0.7
VAT receivables	9.0	17.1
Tax reimbursement	19.7	-
Other	12.7	2.3
Total other receivables	**42.4**	**20.0**

2.6 Trade and Other Receivables

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

	Trade receivables				
		Past due but not impaired			
USD million	Not due	< 30 days	31-60 days	> 60 days	Total
Aging analysis of trade receivables					
Trade receivables at January 1, 2022	41.7	3.6	0.6	0.6	**46.5**
Trade receivables at December 31, 2022	81.9	6.1	0.9	1.0	**90.0**
Trade receivables at December 31, 2023	93.7	11.8	3.9	1.4	**110.7**

For details regarding the group's procedures for managing credit risk, reference is made to note 4.7.

2.7 Trade and Other Payables

USD million	31.12.2023	31.12.2022
Trade payables	43.8	49.0
VAT payables	-	-
Withholding payroll taxes and social security	2.7	2.4
Other payables	-	-
Total trade and other payables	**46.5**	**51.5**

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

3 Asset Base

3.1 Property, Plant, and Equipment

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

USD million	Fixtures and fittings	Vehicles	Office machinery and equipment	Total
Cost at January 1, 2022	**11.8**	**0.3**	**3.3**	**15.4**
Additions	3.0	0.1	5.9	**9.0**
Disposals	-	-	-	**-**
Currency translation effects	-0.0	-0.0	-0.0	**-0.1**
Cost at December 31, 2022	**14.8**	**0.4**	**9.2**	**24.3**
Cost at January 1, 2023	**14.8**	**0.4**	**9.2**	**24.3**
Additions	7.6	0.0	9.2	**16.8**
Disposals	-0.1	-	-0.0	**-0.1**
Currency translation effects	0.2	0.1	0.2	**0.5**
Cost at December 31, 2023	**22.5**	**0.5**	**18.6**	**41.5**
Accumulated depreciation at January 1, 2022	**3.3**	**0.1**	**0.8**	**4.2**
Depreciation for the year	1.1	0.1	1.7	**2.9**
Impairment for the year	-	-	-	**-**
Disposals	-	-	-	**-**
Currency translation effects	-0.0	-0.0	-0.0	**-0.0**
Accumulated depreciation at December 31, 2022	**4.4**	**0.2**	**2.5**	**7.1**

3.1

Property, Plant, and Equipment

USD million	Fixtures and fittings	Vehicles	Office machinery and equipment	Total
Accumulated depreciation at January 1, 2023	**4.4**	**0.2**	**2.5**	**7.1**
Depreciation for the year	2.9	0.1	1.2	**4.1**
Impairment for the year	-	-	-	**-**
Disposals	-0.1	-	-	**-0.1**
Currency translation effects	0.1	0.0	0.1	**0.2**
Accumulated depreciation at December 31, 2023	**7.3**	**0.3**	**3.8**	**11.3**
Carrying amount at January 1, 2022	**8.5**	**0.2**	**2.5**	**11.2**
Carrying amount at December 31, 2022	**10.4**	**0.2**	**6.7**	**17.3**
Carrying amount at December 31, 2023	**15.2**	**0.2**	**14.8**	**30.2**
Economic life (years)	3-7	5	3-7	
Depreciation plan		Straight-line method		
Method of measurement		Cost-model		

3.2 Right-of-Use Assets and Related Lease Liabilities

AutoStore mainly has leases related to office buildings and production facilities in Norway, Poland, U.S., and Thailand. Additionally, the group leases a small number of vehicles (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.

Accounting policies

Group as a lessee

At the lease 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 short-term leases (defined as 12 months or less) and low-value assets.

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. Lease payments do not include variable lease payments and non-lease components, such as payments related to maintenance activities, including shared costs (e.g. cleaning of shared areas in the building).

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (effective interest method), 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 revised in-substance fixed lease payments. Variable lease payments that are not included in the lease liability are expensed in the period they relate.

AutoStore 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 and interest 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 depreciated on a straight-line basis over the lease term and assessed for impairment by applying the same policies for impairment as for property, plant and equipment (note 3.5).

3.2

Right-of-Use Assets and Related Lease Liabilities

The group presents its right-of-use assets as separate line items in the consolidated statement of financial position. The right-of-use assets recognized are presented in the table below:

USD million	Vehicles	Office buildings and production facilities	Total
Carrying amount of right-of-use assets at January 1, 2022	**0.1**	**11.6**	**11.6**
Addition of right-of-use assets	0.3	23.7	**24.0**
Depreciation of right-of-use assets	-0.1	-3.6	**-3.7**
Currency translation effect	0.0	-0.6	**-0.6**
Carrying amount of right-of-use assets at December 31, 2022	**0.3**	**31.0**	**31.3**
Addition of right-of-use assets	0.2	23.0	**23.2**
Depreciation of right-of-use assets	-0.1	-6.1	**-6.3**
Currency translation effect	-0.1	2.6	**2.6**
Carrying amount of right-of-use assets at December 31, 2023	**0.3**	**50.6**	**50.8**
Lease term or remaining useful life	2-3 years	2-14 years	
Depreciation method	Straight-line method		

3.2 Right-of-Use Assets and Related Lease Liabilities

USD million	2023	2022
Expenses in the period related to practical expedients and variable payments		
Short-term lease expenses	3.5	1.7
Low-value assets lease expenses	0.7	-
Variable lease expenses in the period (not included in the lease liabilities)	-	-
Total lease expenses in the period	**4.2**	**1.7**

The lease expenses in the period related to short-term leases and low-value assets 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

The group's lease liabilities

USD million	31.12.2023	31.12.2022
Undiscounted lease liabilities and maturity of cash outflows		
Less than one year	12.1	7.3
One to three years	23.1	13.8
More than three years	30.5	26.9
Total undiscounted lease liabilities	**65.7**	**48.0**

USD million	Notes	2023	2022
Summary of lease liabilities in the financial statements			
At beginning of period		**35.7**	**16.5**
New and remeasured leases recognized during the year		23.8	23.8
Cash payments for the principal portion of the lease liability	4.2	-4.7	-3.8
Cash payments for the interest portion of the lease liability	4.2	-2.8	-1.2
Interest expense on lease liabilities	4.5	2.8	1.2
Currency translation effects	4.5	3.0	-0.8
Total lease liabilities		**57.8**	**35.7**
Current lease liabilities in the statement of financial position		10.0	6.8
Non-current lease liabilities in the statement of financial position		47.8	28.9
Total cash outflow at December 31 presented under financing activites in the cash flow		-7.5	-5.0

3.2 Right-of-Use Assets and Related Lease Liabilities

Inflation adjustments

In addition to the lease liabilities presented above, the group is committed to paying 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

AutoStore has certain lease contracts that include extension and termination options. Management applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. These options are negotiated by management to provide flexibility in managing the group's business needs. 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 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.

Lease commitments not yet commenced

As of December 31, 2023, the group has two lease contracts that have not yet commenced which are related to office buildings. The future lease payments for these non-cancellable lease contracts are USD 1.1 million within one year, USD 7.0 million within five years and USD 9.5 million after five years.

Other matters

AutoStore'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.

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

3.3 Goodwill

Recognized goodwill originates from the acquisition of AutoStore by Thomas H. Lee Partners in 2019 and the acquisition of Locai in 2021. No additional goodwill was recognized during 2022 and 2023.

For the purpose of impairment testing of goodwill

AutoStore performed its annual impairment test for goodwill and intangible assets with indefinite lives as of December 31, 2023, and no impairment was recognized. The goodwill acquired in the business combination of AutoStore by Thomas H. Lee Partners in 2019 and the acquisition of Locai in 2021 was, from the acquisition date, 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	Goodwill
Cost at January 1, 2022	**1,224.2**
Additions through acquisition	-
Currency translation effects	-127.8
Cost at December 31, 2022	**1,096.4**
Additions through acquisition	-
Currency translation effects	-34.5
Cost at December 31, 2023	**1,061.9**
Carrying amount at January 1, 2022	**1,224.2**
Carrying amount at December 31, 2022	**1,096.4**
Carrying amount at December 31, 2023	**1,061.9**

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 internal development projects related to the AutoStore system. In connection with the acquisition of Locai in 2021, the group has recognized intangible assets for software and technology.

Accounting policies

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 development

Other costs are classified as research and are expensed as incurred.

Amortization of the capitalized asset begins when the asset is available for its intended use and is amortized over the period of expected future life. 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.

Capitalized development is subject to impairment assessment with references to note 3.5.

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 judgment. Intangible assets with indefinite useful lives are tested for impairment at least annually. Intangible assets with finite useful lives are amortized over their useful economic life and assessed for impairment whenever AutoStore finds any 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.

3.4 Other Intangible Assets

Trademarks that have existed for a long period of time and have a sound reputation at the time of acquisition are assessed by the group as having an indefinite useful life, and are not amortized. 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 year.

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 of the system. The underlying base technology was recognized through the acquisition of the AutoStore group by Thomas H. Lee Partners in 2019. Base technology capitalized through the acquisition is amortized over the expected useful life of 25 years. New products and features being developed with shorter expected useful lives using this base technology are generally amortized over five years.

Internal development
The majority of the ongoing development activities relate to add-on features and improvements to the base technology. Internally 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 software and technology.

Patents
The patents are intangible assets arising from legal rights. AutoStore has patents related to IT/communication, Robots, Ports, Grid, Bins, and system layout. Patents 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 the AutoStore Group in 2019, and represent the value of the company's distributor relationships at the time of the acquisition. Customer relationships are amortized on a straight-line basis over five years, being the estimated useful life of benefit from the acquisition date of customer relationships.

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

3.4 Other Intangible Assets

USD million	Trade-marks	Software and technology	Patent rights	Customer relation-ships	Internal develop-ment	Total
Cost at January 1, 2022	**7.2**	**486.1**	**95.4**	**123.2**	**13.9**	**725.8**
Additions	-	-	-	-	34.1	**34.1**
Reclassification	-	18.7	5.6	-	-24.3	**-**
Currency translation effects	-1.2	-48.0	-7.3	-6.2	-0.3	**-63.0**
Cost at December 31, 2022	**6.0**	**456.7**	**93.7**	**117.0**	**23.5**	**697.0**
Additions	-	-	6.7	-	29.5	**36.2**
Reclassification	-	7.5	-	-	-7.5	**-**
Currency translation effects	-	-14.2	-1.9	-1.6	0.3	**-17.4**
Cost at December 31, 2023	**6.0**	**450.0**	**98.5**	**115.4**	**45.8**	**715.8**
Accumulated amortization at January 1, 2022	-	**49.3**	**12.8**	**59.6**	**0.0**	**121.6**
Amortization for the year	-	22.8	5.6	22.7	-	**51.1**
Currency translation effects	-	-0.2	-0.1	-0.1	-	**-0.4**
Accumulated amortization at December 31, 2022	-	**71.9**	**18.3**	**82.1**	**-**	**172.3**
Amortization for the year	-	24.9	5.9	20.6	-	**51.5**
Currency translation effects						**-**
Accumulated amortization at December 31, 2023	-	**96.8**	**24.2**	**102.7**	**-**	**223.8**
Carrying amount at December 31, 2022	**6.0**	**384.8**	**75.4**	**34.9**	**23.5**	**524.6**
Carrying amount at December 31, 2023	**6.0**	**353.1**	**74.3**	**12.7**	**45.8**	**492.0**
Economic life (years)	Indefinite	5-25	13-18	5	N/A	
Amortization method	N/A		Straight-line			
Method of measurement			Cost-model			

The group has recognized additions to other intangible assets of USD 36.2 million during the twelve months ended December 31, 2023. Of this amount, USD 29.5 million relates to internal development and the remaining USD 6.7 million relates to new patents. USD 7.5 million of internal development is ready for its intended use and has been reclassified to software and technology.

3.5 Impairment Considerations

Accounting policies

AutoStore evaluates external and internal indications of impairment for property, plant, and equipment ("PP&E"); right-of-use assets; intangible assets; and goodwill at the reporting date. External indicators AutoStore monitors include significant decline in asset value, adverse changes in technological, market, economical or legal environment, increased interest rates affecting the asset's value, and carrying amounts exceeding market capitalization. AutoStore also monitors internal indicators including physical damage or obsolescence of the asset, significant adverse changes, or worse economic performance affecting, or expected to affect, the asset.

The group tests goodwill and trademarks with indefinite useful lives (see notes 3.3 and 3.4) and internal development projects for impairment annually, or more often when circumstances indicate that the carrying value may be impaired.

Impairment assessment of PP&E, right-of-use assets, and intangible assets with finite useful life

When reviewing for indication of impairment of PPE, right-of-use assets, and intangible assets with finite useful life, AutoStore considers the relationship between the estimated market capitalization of the group and its book value. In addition, AutoStore considers factors such as industry growth, the impact of general economic conditions, changes to the technological and legal environment, and the group's market share and performance compared to previous forecasts in this assessment, among other factors. No impairments have been recognized to the AutoStore group's PPE, right-of-use assets, and intangible assets with finite useful life on December 31, 2023.

Impairment assessment of goodwill and intangible assets with indefinite useful life

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

AutoStore system - Cash-generating unit ("CGU")
The group is being monitored as one unit by management and operates as a separate business. Cash flows are reported in the same format as in 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 system 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

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 of the group. 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	31.12.2023	31.12.2022
AutoStore system - CGU		
Goodwill	1,061.9	1,096.4
Trademarks	6.0	6.0
Internal development projects in progress	45.8	23.5
Total carrying amount	**1,113.7**	**1,125.9**

3.5 Impairment Considerations

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 during the year. 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 by a price-to-book (P/B) level of 5.0 on traded shares as of December 31, 2023.

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:
– Compound 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 the group'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 materials 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 pre-tax discount rate, which is set to 11.9% as of December 31, 2023 (11.7% 2022), 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 2.0% as of December 31, 2023, (2.0% 2022), 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
AutoStore constantly monitors the latest government regulations concerning climate-related matters. As of December 31, 2023, no regulation has been passed that is expected to materially 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 Financial Instruments, Risk and Equity

4.1 Overview of Financial Instruments

Classification of financial instruments

All of the group's financial assets and liabilities are classified at amortized cost (see table below). 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 effective interest rate method). The amortization is included as finance costs in the statement of comprehensive income.

References are made to note 2.6 for expected credit losses (ECLs) for the group's trade receivables.

IBOR reform

The group has non-current interest-bearing loans and borrowings with indexed interest rates based on EURIBOR and LIBOR. In June 2023, the IBOR reform led to the discontinuation of LIBOR as a benchmark rate, and it was 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 transitioned any LIBOR-related loans to SOFR in July 2023, which did not create any significant effects on the group's financial reporting.

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

USD million	Notes	31.12.2023	31.12.2022
Financial assets			
Financial assets at amortized cost:			
Trade receivables	**2.6**	110.7	90.0
Cash and cash equivalents	**4.4**	253.3	174.8
Other non-current assets		1.9	1.6
Total financial assets		**365.9**	**266.4**

4.1 Overview of Financial Instruments

USD million	Notes	31.12.2023	31.12.2022
Financial liabilities			
Financial liabilities at amortized cost:			
Non-current interest-bearing liabilities	**4.2**	432.8	421.8
Current interest-bearing liabilities		1.2	1.0
Other non-current liabilities	**4.2**	57.0	-
Other current liabilities	**4.2**	120.8	-
Trade payables	**2.7**	43.8	49.0
Non-current lease liabilities	**3.2**	47.8	28.9
Current lease liabilities	**3.2**	10.0	6.8
Total financial liabilities		**713.4**	**507.5**

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

There are no changes in classification and measurement for the group's assets and liabilities from 2022 to 2023.

4.2 Interest-bearing Liabilities

USD million	Maturity	Interest rate	31.12.2023	31.12.2022
Senior Facilities: Facility B (EUR)	30.07.26	EURIBOR +2.5%	269.6	260.2
Senior Facilities: Facility B (USD)	30.07.26	SOFR +3.25%	167.0	167.0
Capitalized fees - Facility B			-3.7	-5.4
Total non-current interest-bearing liabilities			**432.8**	**421.8**

In November 2021, the group established a revolving credit facility (RCF) which may be drawn at any time up to USD 150 million. The group has not drawn any amounts on the RCF as of December 31, 2023.

As a result of the transition from Interbank Offered Rates (IBOR) to Alternative Risk-Free Rates (RFRs), LIBOR is being phased out as a reference rate. For Facility B (USD), SOFR is used as a reference rate instead of LIBOR from July 31, 2023.

Management has assessed that the fair value of interest-bearing liabilities (Facility B) is not significantly different from their carrying amounts. Reference is made to note 4.6.

4.2 Interest-bearing Liabilities

USD million	31.12.2023	31.12.2022
Liability related to the settlement of the Ocado litigation		
Non-current	57.0	-
Current	120.8	-
Total other liabilities	**177.8**	**-**

To reflect the GBP 200 million settlement payment to Ocado Group in 2023, AutoStore has recorded an operating expense of USD 239.0 million, with a corresponding financial liability discounted using the prevailing market interest rate for a similar instrument with a similar credit rating (8.4%). Of the total amount, USD 120.8 million matures within the next 12 months and is presented under other current liabilities, while the remaining amount, USD 57.0 million, is presented under other non-current liabilities. AutoStore will pay Ocado Group GBP 200 million in installments over 2 years. The first payment was made in July 2023. Please see note 7.2.

USD million	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Analysis of cash flow from settlement with Ocado		
Settlement liability	239.0	-
Change in estimate due to reclassification from provision to liability	-7.9	-
Payment to Ocado for the period (cash effect)	-62.2	-
Finance cost (discounting effect)	9.0	-
Effect on cash flows from operating activities	**177.9**	**-**

4.2

Interest-bearing Liabilities

USD million	**31.12.2023**	**31.12.2022**
Secured balance sheet liabilities		
Non-current interest-bearing liabilities (Facility B)	432.8	421.8
Balance sheet value of assets pledged as security for secured liabilities		
Property, plant, and equipment	30.2	17.3
Right-of-use assets	50.8	31.3
Intangible assets	492.0	524.6
Other non-current assets	1.9	1.6
Inventories	82.9	83.5
Trade receivables	110.7	90.0
Other receivables	42.2	19.9
Cash and cash equivalents	205.5	126.5
Total assets pledged as security for interest-bearing liabilities (Facility B)	**1,016.2**	**894.5**

The group has not given any guarantees to or on behalf of third parties in the current and previous periods.

4.2 Interest-bearing Liabilities

Covenant requirements

The revolving credit facility contains a “springing” financial covenant which will be set at a senior secured net leverage ratio of 6.75x. The financial covenant under the revolving credit facility will only be tested on a semi-annual date if, at that semi-annual date, the cash drawings under revolving credit facility (subject to certain carve-outs and net cash and cash equivalents of the group) exceed 40% of the total commitment under the 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 a 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 is 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 the above, no covenant testing was required as of December 31, 2023.

4.3

Aging of Financial Liabilities

Contractual undiscounted cash flows from financial liabilities are presented below:

USD million	Notes	Less than 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Lease liability	3.2	6.0	6.0	23.1	30.5	**65.7**
Non-current interest-bearing liabilities (Facility B) [1]	4.2	15.9	15.9	484.3	-	**516.1**
Liability related to the settlement of the Ocado litigation	4.2	63.5	63.5	63.5	-	**190.6**
Current interest-bearing liabilities (Facility B) [2]		1.2	-	-	-	**1.2**
Trade payables	2.7	43.8	-	-	-	**43.8**
Total at December 31, 2023		**130.5**	**85.5**	**571.0**	**30.5**	**187.5**
Lease liability	3.2	3.6	3.6	13.8	26.9	**48.0**
Non-current interest-bearing liabilities (Facility B) [1]	4.2	13.0	13.0	52.2	440.2	**518.5**
Current interest-bearing liabilities (Facility B) [2]		1.0	-	-	-	**1.0**
Trade payables	2.7	49.0	-	-	-	**49.0**
Total at December 31, 2022		**66.7**	**16.7**	**66.0**	**467.1**	**616.5**

1 Cash flows disclosed for non-current interest-bearing liabilities (Facility B) include estimated interest payments based on current level of interest.

2 Current interest-bearing liabilities (Facility B) is presented under the line item "Other current liabilities" in the financial position.

Please see note 4.2 for reconciliation of changes in liabilities related to the Ocado settlement incurred this year.

4.3 Aging of Financial Liabilities

Reconciliation of changes in liabilities incurred as a result of financing activities in 2023:

				Non-cash changes			
USD million	Notes	01.01. 2023	Cash flow effect	Foreign exchange movement	New leases recognized	Other changes	31.12. 2023
Lease liabilities	**3.2**	35.7	-7.5	3.0	23.8	2.8	**57.8**
Non-current interest-bearing liabilities (Facility B)	**4.2**	421.8	-31.0	9.4	-	32.7	**432.8**
Current interest-bearing liabilities (Facility B)		1.0	-1.0	-	-	1.2	**1.2**
Total liabilities from financing		**458.5**	**-39.6**	**12.4**	**23.8**	**36.7**	**491.9**

Please see note 4.2 for reconciliation of changes in liabilities related to the Ocado settlement incurred this year.

The 'Other changes' column includes the effect of reclassification of non-current portion of lease liabilities, the effect of accrued interest during the year, and amortization on interest-bearing liabilities. The group classifies interest paid as cash flows from financing activities.

4.3

Aging of Financial Liabilities

Reconciliation of changes in liabilities incurred as a result of financing activities in 2022:

USD million	Notes	01.01. 2022	Cash flow effect	Non-cash changes: Foreign exchange movement	Non-cash changes: New leases recognized	Non-cash changes: Other changes	31.12. 2022
Lease liabilities	**3.2**	16.5	-5.0	-0.8	23.8	1.2	**35.7**
Non-current interest-bearing liabilities (Facility B)	**4.2**	435.6	-14.4	-16.1	-	16.8	**421.8**
Current interest-bearing liabilities (Facility B)		0.7	-0.7	-	-	1.0	**1.0**
Total liabilities from financing		**452.8**	**-20.1**	**-16.9**	**23.8**	**19.0**	**458.5**

Cash flow effects related to non-current interest-bearing liabilities disclosed above consist of interest payments.

The 'Other changes' column includes the effect of reclassification of non-current portion lease liabilities, the effect of accrued interest during the year, and amortization on interest-bearing liabilities. The group classifies interest paid as cash flows from financing activities.

4.4 Cash and Cash Equivalents

The group has a cash-pool arrangement in DNB held by AutoStore AS. The system is a multi-currency group account system that consists of three group accounts in NOK, USD, and EUR, that are linked to a common limit account. The cash pool arrangement is presented net (i.e. negative and positive balances are presented as net amount) and classified as bank deposit, unrestricted in the consolidated statement of financial position.

There is no net credit facility in the group's cash pool arrangement. For the group's credit facility (RCF), references are made to note 4.2.

USD million	31.12.2023	31.12.2022
Bank deposits, unrestricted	243.3	172.1
Bank deposits, restricted	9.9	2.8
Total cash and cash equivalents	**253.3**	**174.8**

Bank deposits, restricted, consist of deposits and employee tax funds.

4.5 Finance Income and Finance Costs

Net foreign exchange differences mainly relate to changes in foreign exchange gain/loss on the group's interest-bearing liabilities in currencies other than the functional currency (note 4.2).

Interest income and interest expenses on interest-bearing liabilities and receivables are calculated using the effective interest method.

Interest expenses mainly relate to interest on the group's interest-bearing liabilities (note 4.2).

Interest expense on lease liabilities relates mainly to office buildings and production facilities in Norway, Poland, U.S., and Thailand, as well as vehicles. 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 financial position. For further information, see note 3.2.

USD million		Notes	2023	2022
Finance income				
Net foreign exchange gain			2.0	-
Interest income	Financial assets		8.4	4.2
Total finance income			**10.4**	**4.2**
Finance costs				
Net foreign exchange loss			-	21.2
Interest expenses	Interest-bearing liabilities	**4.2**	31.0	19.7
Amortization of transaction cost	Interest-bearing liabilities	**4.2**	1.7	2.3
Interest on lease liability	Lease liabilities	**3.2**	2.8	1.2
Other financial expenses	Interest-bearing liabilities	**4.2**	7.5	-0.4
Total finance costs			**43.1**	**44.0**

4.6 Fair Value Measurement

Accounting policies

In determining fair value measurement, AutoStore uses valuation techniques that are appropriate in the circumstances and for which sufficient data is 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 based on the lowest level input that is significant to the fair value measurement as a whole.

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 liabilities (Facility B)

The fair values of the group's interest-bearing liabilities (Facility B) are determined by using the Discounted Cash Flow (DCF) method using a discount rate that reflects the issuer's borrowing rate as of the end of the reporting period. The fair values of the group's interest-bearing liabilities (Facility B) are in most cases similar to the carrying amount, as the interest rates are floating and the non-performance risk as of December 31, 2023, was assessed to be insignificant. The group's interest-bearing liabilities (Facility B) are classified as Level 2 in the fair value hierarchy as the discount rate, which is considered the lowest level input that is significant to the fair value measurement, is composed of building blocks such as market interest (e.g. SOFR) and credit spreads, which are either directly or indirectly observable.

Liability related to the Ocado settlement

The fair value of the liability related to the settlement of the Ocado litigation is determined using the Discounted Cash Flow (DCF) method using a discount rate that reflects the prevailing market rate of interest for a similar instrument with a similar credit rating. The liability is classified as Level 2 in the fair value hierarchy as the discount rate, which is considered the lowest level input that is significant to the fair value measurement, is composed of building blocks such as market interest and credit spreads, which are either directly or indirectly observable.

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:

4.6 Fair Value Measurement

USD million	Notes	Date	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities disclosed at fair value							
Interest-bearing liabilities	**4.2**	December 31, 2022	422.8	422.8		X	
Interest-bearing liabilities	**4.2**	December 31, 2023	434.1	434.1		X	
Liability related to the settlement of the Ocado litigation	**4.2**	December 31, 2022	-	-		X	
Liability related to the settlement of the Ocado litigation	**4.2**	December 31, 2023	177.9	177.9		X	

The type and nature of the group's funding did not change in 2023 compared to 2022, therefore a transfer between levels did not occur.

4.7 Financial Risk

Overview

AutoStore is exposed to a range of financial 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 practice, risk management, and hedging. At the current time, the liquidity risk of the group is assessed to be low based on the operating cash flows, scheduled repayments of debt, and the availability of credit facilities.

Risk management is carried out by the group's management under policies approved by the Chief Executive Officer. The Board reviews and agrees on policies for managing each of these risks, which are summarized below.

Market risks

AutoStore Group is exposed to 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

AutoStore'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 SOFR and EURIBOR. The group does not currently hedge the base interest rates.

Interest rate sensitivity

The table below shows the sensitivity of the group's Senior Facilities. 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 [1]	Increase/decrease in profit before tax	Increase/decrease in equity (OCI effects) [2]
At December 31, 2023	+/- 100	6.1	-
At December 31, 2022	+/- 100	4.3	-

1 100 bps was selected by forecasting the future interest rate change.
2 The group has no financial instruments through OCI and hence the effects on equity are zero.

4.7 Financial Risk

Foreign currency risk

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 EUR and USD, 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 are 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 AutoStore due to competitive pressure being unable to raise its prices, the group may face reduced gross margins, leading to a decline in net results and a competitive disadvantage. Products and services provided and invoiced by 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 position, and cash flows.

AutoStore 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 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.

The group also has foreign currency exposure to its liability related to the Ocado settlement, which is denominated in GBP.

4.7 Financial Risk

Foreign currency sensitivity

The following table illustrates the sensitivity of AutoStore's interest-bearing liabilities denominated in USD and EUR 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 (OCI effects) [1]
Increase/decrease in NOK/USD	December 31, 2023	+/- 10%	16.7	-
Increase/decrease in NOK/EUR	December 31, 2023	+/- 10%	27.0	-
Increase/decrease in NOK/GBP	December 31, 2023	+/- 10%	17.8	-
Increase/decrease in NOK/USD	December 31, 2022	+/- 10%	16.7	-
Increase/decrease in NOK/EUR	December 31, 2022	+/- 10%	26.0	-

1 The group has no financial instruments through OCI and hence the effects on equity are zero.

4.7 Financial Risk

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).

For an overview of the aging of trade receivables and the expected credit losses recognized for trade receivables, refer to note 2.6.

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 asset. The group monitors its risk of 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. The business could be negatively affected if the group is unable to meet its capital requirements in the future, for example as a result of a weak financial market environment, 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 effects is presented in note 4.3.

4.8 Equity and Shareholders

For the purpose of AutoStore'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 healthy working capital and financial stability to support its growing business operations and 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.

To achieve this overall objective, the group's capital management, among 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 periods. 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)	Share capital (USD million)
At January 1, 2022	3,428,540,429	0.01	34.29
At December 31, 2022	3,428,540,429	0.01	34.29
At December 31, 2023	3,428,540,429	0.01	34.29

The above-presented shares are issued and fully paid, and include a total of 72,150,062 treasury shares as of December 31, 2023. The authorized share capital of AutoStore Holdings Ltd. is USD 42,500,000, consisting of 4,250,000,000 shares.

Reconciliation of the group's equity is presented in the statement of changes in equity.

4.8 Equity and Shareholders

2023

Shareholders of the group (AutoStore Holdings Ltd.)	Country	Account type	Total shares	Ownership	Voting rights
The Bank of New York Mellon	U.S.	Nominee	1,316,777,725	38.41%	38.41%
Citibank, N.A.	Ireland	Nominee	1,152,242,709	33.61%	33.61%
State Street Bank and Trust Comp	U.S.	Nominee	121,254,888	3.54%	3.54%
Alecta Tjanstepension Omsesidigt	Luxembourg	Ordinary	93,158,350	2.72%	2.72%
The Bank of New York Mellon	U.S.	Nominee	83,704,717	2.44%	2.44%
AutoStore Holdings Ltd.	Norway	Ordinary	72,150,062	2.10%	2.10%
JPMorgan Chase Bank, N.A., London	UK	Nominee	38,891,922	1.13%	1.13%
Folketrygdfondet	Norway	Ordinary	37,893,814	1.11%	1.11%
Brown Brothers Harriman & Co.	U.S.	Nominee	36,056,619	1.05%	1.05%
Lyngneset Invest AS	Norway	Ordinary	23,183,898	0.68%	0.68%
State Street Bank and Trust Company	U.S.	Nominee	20,260,146	0.59%	0.59%
Sumitomo Mitsui Trust Bank (U.S.A.)	U.S.	Nominee	19,681,773	0.57%	0.57%
Credit Suisse (Luxembourg) S.A.	Ireland	Nominee	18,093,214	0.53%	0.53%
The Northern Trust Comp, London Br	UK	Nominee	17,136,868	0.50%	0.50%
State Street Bank and Trust Comp	U.S.	Nominee	14,948,811	0.44%	0.44%
JPMorgan Chase Bank, N.A., London	UK	Nominee	13,926,737	0.41%	0.41%
Polysys AS	Norway	Ordinary	10,800,000	0.32%	0.32%
Brown Brothers Harriman (Lux.) SCA	Luxembourg	Nominee	10,484,892	0.31%	0.31%
The Bank of New York Mellon	U.S.	Nominee	10,354,214	0.30%	0.30%
State Street Bank and Trust Comp	U.S.	Nominee	10,261,578	0.30%	0.30%
Other shareholders			307,277,492	8.96%	8.96%
At December 31, 2023			**3,428,540,429**	**100%**	**100%**

The shareholder information is from the Euronext VPS share register.

4.8 Equity and Shareholders

Employee share purchase plan

Outcome of the employee share purchase plan 2022

On June 7, 2022, the group introduced an annual share purchase plan for all permanent employees. Through this program, a total of 1,816,191 shares in AutoStore have been delivered to permanent employees for a purchase price of NOK 16.7. Shares purchased are subject to a two-year lock-up period. The first block of 1,402,060 shares was delivered to applicants on September 9, 2022, and the second block of 325,696 shares was delivered to applicants on November 8, 2022. The remaining 88,435 shares were delivered during the first quarter of 2023. The shares delivered were existing shares held in treasury by AutoStore.

Outcome of the employee share purchase plan 2023

On June 14, 2023, a total of 652,101 shares were acquired for a purchase price of NOK 19.04 by AutoStore permanent employees. Shares purchased are subject to a two-year lock-up period. The shares delivered were existing shares held in treasury by AutoStore.

Long-term incentive program (LTIP)

Certain members of the company's management and other leading employees are part of the long-term incentive program for AutoStore, which connects company and individual performance through either options, performance share units (PSUs), or restricted stock units (RSUs). For more information, reference is made to note 7.4, the remuneration policy and the remuneration report for 2023.

Exercise of options under the long-term incentive program during 2023

On April 27, 2023, 13,631,906 treasury shares held by AutoStore were delivered to option holders due to exercise of options under the 2019-2020 share incentive program. Reference is made to note 7.4 for additional information.

On August 17, 2023, 2,344,670 treasury shares held by AutoStore were delivered to option holders due to exercise of options under the 2019-2020 share incentive program. Reference is made to note 7.4 for additional information.

On November 9, 2023, 110,934 treasury shares held by AutoStore were delivered to option holders due to exercise of options under the 2019-2020 share incentive program. Reference is made to note 7.4 for additional information.

Share-based bonus program

In July 2022, the group introduced an annual share-bonus program for employees of AutoStore, whereby meeting annual financial performance targets can release bonuses for permanent employees not on individual short-term incentives. For performance year 2022, 362,099 shares were delivered to employees under this program, released in the second quarter of 2023. The shares delivered were existing shares held in treasury by AutoStore. In the third quarter of 2023, 550,475 shares were delivered. The shares delivered were existing shares held in treasury by AutoStore.

4.8 Equity and Shareholders

2022

Shareholders of the group (AutoStore Holdings Ltd.)	Country	Account type	Total shares	Ownership	Voting rights
The Bank of New York Mellon	U.S.	Nominee	1,316,409,731	38.40%	38.40%
Citibank, N.A.	Ireland	Nominee	1,133,373,367	33.06%	33.06%
State Street Bank and Trust Comp	U.S.	Nominee	128,792,039	3.76%	3.76%
NTGS SE Lux-Alecta Tjanstepensn OM	Luxembourg	Ordinary	90,928,350	2.65%	2.65%
AutoStore Holdings Ltd.	Norway	Ordinary	89,392,501	2.61%	2.61%
The Bank of New York Mellon	U.S.	Nominee	85,404,717	2.49%	2.49%
JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	65,003,480	1.90%	1.90%
Folketrygdfondet	Norway	Ordinary	52,327,053	1.53%	1.53%
State Street Bank and Trust Comp	U.S.	Nominee	30,747,612	0.90%	0.90%
Lyngneset Invest AS	Norway	Ordinary	23,183,898	0.68%	0.68%
Sumitomo Mitsui Trust Bank (U.S.A)	U.S.	Nominee	20,482,771	0.60%	0.60%
Citibank, N.A.	Ireland	Nominee	13,951,446	0.41%	0.41%
The Bank of New York Mellon	U.S.	Nominee	12,844,341	0.37%	0.37%
Brown Brothers Harriman & Co.	U.S.	Nominee	12,580,978	0.37%	0.37%
The Northern Trust Comp, London Br	United Kingdom	Nominee	11,763,522	0.34%	0.34%
Jakob Hatteland Holding AS	Norway	Ordinary	10,950,000	0.32%	0.32%
Polysys AS	Norway	Ordinary	10,800,000	0.32%	0.32%
State Street Bank and Trust Comp	U.S.	Nominee	10,316,264	0.30%	0.30%
J.P. Morgan SE	Luxembourg	Nominee	10,072,047	0.29%	0.29%
Brown Brothers Harriman & Co.	U.S.	Nominee	7,842,569	0.23%	0.23%
Other shareholders			291,373,743	8.50%	8.50%
At December 31, 2022			**3,428,540,429**	**100%**	**100%**

4.8 Equity and Shareholders

USD million	2023	2022
Dividends		
Total dividends paid in the period	-	-
Dividends per share in the period	-	-

The group did not pay dividends to shareholders during the twelve-month period ended December 31, 2023 or the twelve-month period ended December 31, 2022. There are no proposed dividends as of the date of authorization of this annual report.

Share price information at December 31, 2023

Share price December 31, 2023 (NOK)	19.98
Number of shares	3,428,540,429
Market capitalization December 31, 2023 (NOK)	**68,502,237,771**
USD/NOK exchange rate December 31, 2023	10.71
Market capitalization December 31, 2023 (USD)	**6,394,667,654**

5 Tax

5.1 Taxes

AutoStore Holdings Ltd. is considered a Norwegian entity for taxation purposes.

USD million	31.12.2023	31.12.2022
Current income tax expense		
Tax payable	9.7	31.9
Tax receivable liquidated entities	-19.8	-
Adjustment for income tax payable for previous years [1]	2.5	-
Change deferred tax liabilities/deferred tax assets	-9.1	-15.8
Currency effects	2.9	11.4
Withholding tax	-	-
Total income tax expense	**-13.7**	**27.5**
Current income tax payable consists of:		
Income tax payable for the year as above	9.7	31.9
- of which paid in fiscal year	-29.1	-5.80
- not due from prior years	26.8	0.70
- tax on group contribution from subsidiaries	-	-
- payment of withholding tax	-	-
Income tax payable	**7.4**	**26.8**

1 Adjustment for differences between estimated tax expense reported in consolidated financial statements for 2022 and final tax returns.

5.1 Taxes

USD million	31.12.2023	31.12.2022
Deferred tax assets		
Property, plant, and equipment	0.8	0.8
Intangible assets	-	-
Other current assets	-11.1	-
Liabilities	-16.4	-17.5
Losses carried forward (including tax credit)	-0.8	0.0
Basis for deferred tax assets	**-27.5**	**-16.7**
Calculated deferred tax assets	5.7	3.8
- Deferred tax assets not recognized	-	-2.2
Net deferred tax assets recognized in balance sheet	**5.7**	**1.6**
Deferred tax liabilities		
Property, plant, and equipment (including leased assets)	4.7	2.1
Intangible assets	400.9	458.8
Other current assets	-0.2	-0.5
Liabilities	-42.4	-12.0
Untaxed profit	-	-
Basis for deferred tax liabilities	**363.0**	**448.4**
Calculated deferred tax liabilities	96.7	101.6
- Deferred tax not recognized	-	-
Net deferred tax liabilities recognized in balance sheet	**96.7**	**101.6**

Deferred tax liabilities mainly relate to intangible assets recognized through the acquisition of AutoStore group in 2019 (refer to note 6.2)

5.1 Taxes

For 2022, additional group contribution was granted to the subsidiary Automate Bidco to cover estimated interest expenses and foreign exchange costs until the company was liquidated in December 2023. This resulted in additional taxes payable being recognized for 2022, of which USD 20.5 million were paid in 2023. Upon liquidation in 2023, negative tax expense related to currency losses in Automate Bidco for 2023, has been offset against the taxes paid for 2022, resulting in a tax receivable of USD 19.8 million being recognized as of December 31, 2023.

The group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 4.4% to 25%, 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 liabilities is 26.6% for 2023 and 22.3% for 2022. The average tax rate for the group's tax expense is 29.6% in 2023 (21.6%). 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	2023	2022
Profit/loss before tax	**-46.3**	**127.2**
Tax expense 22% (Norway tax rate)	-10.2	28.0
Permanent differences [1]	1.4	0.4
Change to prior year tax expense	-2.5	-
Effects of foreign tax rates	-0.3	-0.8
Currency effects	-2.0	-
Other adjustments	-0.1	-0.1
Recognized income tax expense / benefit	**-13.7**	**27.5**

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.

Pillar Two: Global Minimum Taxation

Pillar Two introduces a global minimum Effective Tax Rate (ETR) via a system where multinational groups with consolidated revenue over €750m are subject to a minimum ETR of 15% on income arising in low-tax jurisdictions. Currently AutoStore is below thresholds.

6 Group Structure

6.1 Interests in Other Entities

The subsidiaries of AutoStore Holdings Ltd. are presented below:

Consolidated entities	Office	Currency	Shareholding	Group's voting ownership share
Automate Intermediate Holdings 2 S.à r.l.	Luxembourg	EUR	100%	100%
Automate Holdco 1 AS	Norway	NOK	100%	100%
PIO AS	Norway	NOK	100%	100%
AutoStore AS	Norway	NOK	100%	100%
AutoStore Technology AS	Norway	NOK	100%	100%
AutoStore Sp. Z o.o.	Poland	PLN	100%	100%
AutoStore System Inc.	U.S.	USD	100%	100%
AutoStore System Limited	UK	GBP	100%	100%
AutoStore SAS	France	EUR	100%	100%
AutoStore System GmbH	Germany	EUR	100%	100%
AutoStore System K.K.	Japan	JPY	100%	100%
AutoStore System Ltd.	South Korea	KRW	100%	100%
AutoStore System AT GmbH	Austria	EUR	100%	100%
AutoStore System S.r.l.	Italy	ITL	100%	100%
AutoStore System S.L.	Spain	EUR	100%	100%
AutoStore System AB	Sweden	SEK	100%	100%
AutoStore System Pte Ltd.	Singapore	SGD	100%	100%
Locai Solutions Inc.	U.S.	USD	100%	100%
AutoStore Co Ltd.	Thailand	THB	100%	100%
PIO Inc. [1]	U.S.	USD	100%	100%

1 Owned 100% by PIO AS.

All subsidiaries are included in the consolidated statement of financial position.

6.2 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 any of the group's compensation programs which are equity-settled. In 2023, this applied to the group's long-term incentive plan, employee share purchase plan, and the share-based bonus program, which may be settled using the group's treasury shares. Reference is made to note 7.4 for further details on the group's share-based payment programs.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

USD million	2023	2022
Continuing operations	-32.6	99.7
Profit/loss attributable to ordinary equity holders of the parent for basic earnings	**-32.6**	**99.7**

Shares outstanding (in millions)	31.12.2023	31.12.2022
Weighted average number of ordinary shares for basic EPS	3,350.0	3,338.0
Weighted average number of ordinary shares adjusted for the effect of dilution	3,418.9	3,428.0

Earnings per share	2023	2022
Basic earnings per share (USD)	-0.010	0.030
Diluted earnings per share (USD) [1]	-0.010	0.029

1 The group has equity-settled share-based options (note 7.4), however, as all of the potential ordinary shares from these share-based options were anti-dilutive in 2023 (due to the reported loss 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 2.4.

7 Other Disclosures

7.1 Provisions

Accounting policies

AutoStore 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 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.

- **Refund liability:** A provision for the expected discount 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. Reference is made to note 2.1.

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

Reconciliation of provisions

USD million	Assurance-type warranties	Onerous shared cost	Social security for share-based payments	Salary-related costs [1]	Refund liability	Other provisions	Total
At January 1, 2022	0.2	4.5	38.7	6.6	5.0	6.7	**61.6**
Additional provisions made	0.2	-	0.0	5.6	18.2	9.6	**33.7**
Revaluation [1]	-	-	-18.8	-	-	-	**-18.8**
Amounts used	-0.2	-0.6	-	-6.6	-5.0	-6.7	**-19.0**
Currency translation effects	-	-0.3	-2.0	-0.1	-	-0.2	**2.6**
At December 31, 2022	**0.2**	**3.6**	**17.9**	**5.5**	**18.2**	**9.4**	**54.9**
Additional provisions made	0.2	-	0.2		-	0.4	**0.8**
Revaluation [1]	-	-	2.0		-	-	**2.0**
Amounts used	-0.3	-0.5	-3.5	-5.5	-18.2	-9.4	**-37.4**
Currency translation effects	-	0.0	-0.5		-	0.0	**-0.5**
At December 31, 2023	**0.2**	**3.1**	**16.1**	**-**	**-**	**0.4**	**19.8**
Current provisions	0.2	0.4	15.9	-	-	0.4	**16.9**
Non-current provisions	-	2.7	0.2	-	-	-	**2.9**

1 In 2023, salary-related costs such as accrued holiday pay, unspent vacation days, and other salary-related accruals are presented as part of other current liabilities (earlier included as part of provision). Comparatives are not restated as this is not considered to be material.

Changes in the provision of social security tax were USD 1.8 million (reduction) as a result of the amount used due to the exercise was offset by revaluation due to an increase in the underlying share price. 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

Settlement of Ocado Group litigation

On 22 July 2023, AutoStore and Ocado Group announced a global settlement which brings to an end all current litigation between the parties. This includes the litigation between the parties in the International Trade Commission (ITC), the United States District Court for the District of New Hampshire, the U.S. Patent Trial and Appeal Board (PTAB), the Munich and Mannheim District Courts in Germany, the German Patent Office, the UK High Court and the European Patent Office.

The other principal terms of the settlement are:

- All patent litigation claims withdrawn globally
- Global cross-license of each other's pre-2020 patents
- Both companies can continue to use and market all their own existing products without challenge
- Ocado Group retains exclusive rights to the Single Space Robot
- AutoStore will pay GBP 200 million to Ocado Group in monthly installments over two years, commencing in July 2023.

Whilst the agreement gives both companies access to parts of each other's patent portfolios for them to use or develop their own products, it does not provide for collaboration or technology assistance between the companies or access to actual products. The other terms of the agreement remain confidential.

To reflect the GBP 200 million settlement payment to Ocado Group, AutoStore has recorded an operating expense of USD 239.0 million, with a corresponding financial liability discounted with the estimated time value of money, using the prevailing market interest rate for a similar instrument with a similar credit rating (8.4%) in accordance with IFRS 9. References are made to note 4.2. The discount rate of 8.4% is applied for all periods throughout the life of the liability.

Significant judgment

The settlement agreement between Ocado Group and AutoStore has required significant accounting judgment, where the key consideration has been related to whether the obtained access to Ocado's patents and the access granted to own patents could potentially lead to an allocation of the GBP 200 million to any intangible asset. However, management has concluded that no parts of the GBP 200 million should be allocated to any intangible asset (or other assets) as the recognition criteria for intangible asset are not considered to be met.

Other commitments

The group does not have other significant commitments to be disclosed.

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. Notes 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 2.4.

The group had no material transactions entered into with related parties outside the group in 2023 and 2022.

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 as of 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 performance 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 of 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.

See note 6.2 for the potential impact of share options on the group's earnings per share.

7.4 Share-based Payments

Significant accounting estimates and assumptions

Social security contributions
The group recognizes a liability for social security contributions with respect to 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 performed valuation calculations for the option program for both the fair value at grant date, subsequent measurement, and the ongoing calculation for social security contribution. See below for a summary of the model applied, inputs to the model, and calculation of the fair value at grant date. 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 options, taking into account the terms and conditions on which the share options were granted.

Option programs

In 2019, the group entered into option agreements, awarding non-transferrable 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 SoftBank's acquisition of 40% of AutoStore in 2021, 100% of the performance options were deemed vested immediately prior to the closing of the SoftBank transaction. 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 SoftBank transaction, 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.

Options awarded under LTIP during 2022
On July 7, 2022, the group introduced a new long-term incentive plan ("LTIP") for certain members of the company's management and other leading employees. Under the LTIP, the executives are

7.4 Share-based Payments

awarded a conditional grant of share options, performance share units ("PSUs"), and/or restricted stock units ("RSUs"). The options under the LTIP for 2022 shall vest on July 7, 2025, and can be exercised within 12 months with a strike price of NOK 21.88 per share.

Options awarded under LTIP during 2023
On July 14, 2023, the group approved new grants under the LTIP, which resulted in the total number of options that will be awarded under the LTIP to be 947,855, where each option will give the holder the right to acquire one AutoStore share from the company. The share options under the LTIP for 2023 shall vest on July 14, 2026, subject to continued employment on each vesting date.

PSUs awarded under LTIP during 2023
The total number of PSUs that will be awarded under the LTIP for 2023 is 416,610. Vesting of the PSUs is based on service criteria and the achievement of financial or other performance goals, with the time-based vesting criteria matching the vesting schedule of the share options. Once vested, each PSU will award the holder with one AutoStore share (settled through treasury shares).

RSUs awarded under LTIP during 2023
The total number of RSUs that will be awarded under the LTIP for 2023 is 556,931 The RSUs are subject to a time-based vesting and shall vest on the date falling 36 months following the date of grant. Once vested, each RSU will award the holder with one AutoStore share (settled through treasury shares).

Shares acquired by permanent employees during 2023
In June 2023, certain permanent employees in the group participated in the employee share purchase plan ("ESPP") for 2023. The total amount of ESPP shares awarded in 2023 was 652,101, which were delivered using treasury shares. The purchase price for the ESPP shares was NOK 19.04 and ESPP shares are subject to a two-year lock-up period.

Annual share-based bonus program
The annual share-based bonus program ("SBP") entitles permanent employees, not on existing individual short term incentives schemes, to be eligble for a bonus linked to the company meeting annual financial performance targets. If the company reaches the yearly financial targets, an amount similar to a percantage of base pay per employee will be transferred to the employee. However, the financial targets were not met for 2023, and the associated cost was subsequently reversed.

Equity compensation for board members

Members of the Board of Directors of AutoStore Holdings Ltd. that are not fully or partly employed by majority shareholders SoftBank and Thomas H. Lee Partners are partly compensated through option instruments, RSUs (restricted stock units). Vesting period is two years from grant date. In 2023, 193,130 RSUs were granted to those board members.

7.4 Share-based Payments

USD million	2023	2022
Expense arising from equity-settled share-based payment transactions	-1.5	-1.0
Total expense arising from share-based payment transactions	**-1.5**	**-1.0**

USD 1.5 million is the IFRS 2 cost of the options. The expense is based on estimated fair value of the options on grant date and recognized over the vesting period.

7.4 Share-based Payments

Movements during the year

The following table illustrates the number and movements in share options during the year:

USD million	2023	2022
Outstanding at January 1	**90,661,375**	**88,744,288**
Granted during the year	2,114,556	1,917,087
Exercised during the year	-18,822,573	-
Expired during the year	-361,507	-
Outstanding at December 31	**73,591,851**	**90,661,375**
Fully vested, not yet exercised at December 31	63,909,090	69,136,494

7.4 Share-based Payments

Exercised:
On April 27, 2023, 16,366,969 options under the company's equity incentive plan from 2019-2020 were exercised. The options had a strike price of NOK 3.84351 per share. April 2023 was the first exercise window following the IPO. The exercised options were settled by delivery of 13,631,906 treasury shares held by AutoStore.

On August 17, 2023, 2,344,670 options under the company's equity incentive plan from 2019-2020 were exercised. The option had a strike price of NOK 3.76943 per share. The exercised options were settled by delivery of 2,344,670 treasury shares held by AutoStore.

On November 9, 2023, 110,934 options under the company's equity incentive plan from 2019-2020 were exercised. The option had a strike price of NOK 3.91166 per share. The exercised options were settled by delivery of 100,934 treasury shares held by AutoStore.

Terminated:
361,507 options related to the 2022 LTI program were terminated during 2023 due to employees leaving the group.

Granted:
For granted share options during 2022 and 2023. References are made to the section related to the options program above.

The weighted average remaining contractual life for the share options outstanding as of December 31, 2023 was 5.6 years.

The weighted average fair value of options granted during the year was USD 2.26 million.

7.4 Share-based Payments

The following tables list the inputs to the models used for the option program for the year ended December 31, 2023:

2019-2020 incentive program	2019-2020 Service options	2019-2020 Performance options
Weighted average fair values at the measurement date	€ 0.07	€ 0.03
Dividend (%)	-	-
Expected volatility	25%	25%
Risk-free interest rate	1.25%	1.25%
Expected life of share options (years)	4.1	5.0
Weighted average share price	€ 0.33	€ 0.33
Model used	Black-Scholes-Merton	

The incentive program is presented in EUR as this program was originally denominated in EUR.

7.4 Share-based Payments

RSU board incentive program	2023 RSU	2022 RSU	2021 RSU
Weighted average fair values at the measurement date	$ 1.07	$ 1.82	$ 3.40
Dividend (%)	-	-	-
Expected volatility	72%	79%	25%
Risk-free interest rate	4.02%	3.06%	1.16%
Expected life of share options (years)	3.0	2.8	2.0
Weighted average share price	$ 1.07	$ 1.82	$ 3.25
Model used	Black-Scholes-Merton		

7.4 Share-based Payments

2023 LTI program	2023 PSU and options	2023 RSU
Weighted avg. fair values at the measurement date	$ 0.96	$ 2.17
Dividend (%)	-	-
Expected volatility	56%	0%
Risk-free interest rate	3.89%	0.00%
Expected life of share options (years)	4.0	-
Weighted average share price	$ 2.17	$ -
Model used	Black-Scholes-Merton	

7.4 Share-based Payments

2022 LTI program	2022 PSU and options	2022 RSU
Weighted avg. fair values at the measurement date	$ 0.94	$ 1.67
Dividend (%)	-	-
Expected volatility	57%	57%
Risk-free interest rate	2.69%	2.69%
Expected life of share options (years)	4.0	2.8
Weighted average share price	$ 1.67	$ 1.67
Model used	Black-Scholes-Merton	

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

Exercised shares after reporting period:

On February 14, 2024, 1,756,869 options under the company's equity incentive plan from 2019-2020 were exercised. The option had a strike price of NOK 3.75408 per share. The company has sold a total of 1,426,209 options at an average price of NOK 19.9459 per share to cash-settle the exercised share options.

After the exercise of options, there are 63,666,185 vested and 5,402,998 unvested options remaining under the 2019-2020 equity incentive program.

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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 statement of financial position as at 31 December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion:
– the financial statements comply with applicable statutory requirements, and
– the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting 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 relevant laws and regulations in Norway 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 AutoStore Holdings Ltd for 3 years from its incorporation in Bermuda Registrar of Companies on 31 August 2021 for the accounting year 2021, with a renewed election on 23 May 2023 for the financial year of 2023.

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 2023. 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

Description of the Key Audit Matter	*How the matter was addressed in the audit*
The Group reported total revenues of 645.7 million USD in 2023 (2022: 583.5 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, refer note 1.4 and 2.1. Auditing revenue recognition is complex due to the judgements involved in the 5-step model of IFRS 15 and the large number of individual sales transactions during the year. We have identified significant risk related to the 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 complexity in the 5-step model of IFRS 15 and the volume of transactions, a high degree of audit focus was required related to revenue recognition.	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 and inspected 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 the 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 customer contracts and assessed whether the revenue recognition 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, customer contracts, or other supporting evidence. – 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. – Selection of samples from a reciprocal population to test that recorded revenue f or the year is complete. – Analytical procedures related to completeness of software license revenues. We evaluated the Group's disclosures related to revenue recognition.

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Ocado settlement

Description of the Key Audit Matter	*How the matter was addressed in the audit*
On 22 July 2023 AutoStore and Ocado Group announced a global settlement of all current patent disputes. Please refer to note 7.2 to the Group Financial Statements for further description of the nature of the settlement and the assessments made by management for the related accounting implications. The settlement has been recorded in the Group Financial Statements as an operating expense with related short-term and long-term liability for the settlement. The agreement with Ocado Group has several elements, including a 200mGBP cash settlement to be paid in instalments over two years, and a cross-license agreement between the parties. Generally, such patent settlement contracts are complex to assess for accounting treatment. Firstly, the contract needs to be carefully assessed and the different contractual elements identified. Secondly, the contract price needs to be allocated to the different contract elements. Finally, each element must be assessed and accounted for based on the nature of each contract element. Due to the complexity and materiality of the settlement agreement with Ocado Group, a high degree of audit focus has been required. We identified significant risk related to the identification of contract elements, and the initial recognition of each contract element.	We obtained an understanding of the nature of the settlement with Ocado Group, the contract components of the settlement and how management assessed the accounting for each contract component. Further, we obtained an understanding of managements' processes and controls to determine the accounting treatment for the Ocado settlement, and the related presentation in the Group Financial Statements. We performed tailored audit procedures to test the accounting treatment. As part of the audit, we: – Obtained and assessed the settlement agreement and the related management accounting assessment memo. – Obtained legal letters from AutoStore's external legal advisor and from AutoStore's General Council. – Obtained and assessed other relevant documentation to determine the nature of the settlement, including among other minutes from Board of Director meetings as well as related presentations tabled in those meetings. – Assessed the design and implementation of controls related to the accounting treatment and presentation. – Assessed and tested the completeness of management's identification of contract elements. For each identified contract element, we assessed management's accounting considerations as well as tested valuation and allocation. The procedures included inquiries with management and those charged with governance, inspection of documentation, test of mathematical accuracy, as well as an independent assessment of the accounting for the settlement under International Financial Reporting Standards. – We assessed the appropriateness of consolidated financial statement disclosures specific to the Ocado settlement in Note 7.2.

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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 appear 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 statutory requirements.

Our opinion on the Board of Directors' 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 IFRS Accounting 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 Company or 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 and 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's 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.

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- 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.

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 Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of AutoStore Holdings Ltd, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300KYN3M0LSM5A413-2023-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance 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 about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data 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, 24 April 2024
Deloitte AS

Stian Jilg-Scherven
State Authorised Public Accountant

(This document is signed electronically)

Alternative Performance Measures (APMs)

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

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 following APMs: adjusted EBIT, adjusted EBITDA, adjusted EBIT margin, adjusted EBITDA margin, EBIT, EBITDA, EBIT margin, EBITDA margin, simplified free cash flow, and simplified free cash flow conversion, as further defined below.

The APMs presented below 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 here may not be indicative of the company's historical operating results, nor are such measures meant to be predictive of AutoStore's future results. The company believes that the presented APMs are commonly reported by companies in the markets in which AutoStore competes and are widely used by investors to compare performance on a consistent basis without regard to factors such as depreciation, amortization, and impairment, which can vary significantly depending on accounting measures (in particular when acquisitions have occurred), business practice, or non-operating factors. Accordingly, AutoStore discloses the APMs presented here 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 presented APMs differently, AutoStore's presentation of these APMs may not be comparable to similarly titled measures used by other companies.

The company presents these APMs because it considers them to be important supplemental measures for prospective investors to understand the overall picture of profit generation through 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 includes 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 Group litigation proceedings, which includes costs related to the company's use of external legal counsel and costs related to settlement of all claims between the parties; 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, and depreciation and amortization (EBITDA), adjusted for certain items affecting comparability, and includes 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 Group litigation proceedings, which include costs related to the company's use of external legal counsel and costs related to settlement of all claims between the parties; and costs 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/period before net financial income (expenses) and income tax expense.

- EBITDA is defined as the profit/(loss) for the year/period before depreciation, amortization, net financial income (expenses), and income tax expense.

- EBIT margin is defined as EBIT as a percentage of revenues.

- 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, other intangible assets, and development expenditures.

- Simplified free cash flow conversion is defined as simplified free cash flow divided by adjusted EBITDA.

Adjusted EBITDA[1]

USD million	2023	2022
Profit/loss for the period	**-32.6**	**99.7**
Income tax	-13.7	27.5
Net financial items	32.7	39.8
EBIT	**-13.6**	**167.0**
Depreciation	10.6	6.6
Amortization of intangible assets	51.5	51.1
EBITDA	**48.5**	**224.7**
Ocado litigation costs	252.6	28.8
Transaction costs	0.0	1.4
Option costs	7.4	-17.3
Total adjustments	**260.0**	**12.8**
Adjusted EBITDA[1]	**308.5**	**237.5**
Total revenue and other operating income	645.7	583.5
EBITDA margin	**7.5%**	**38.5%**
Adjusted EBITDA margin[1]	**47.8%**	**40.7%**

Adjusted EBIT[1]

USD million	2023	2022
EBIT	**-13.6**	**167.0**
Ocado litigation costs	252.6	28.8
Transaction costs	0.0	1.4
Option costs	7.4	-17.3
PPA amortizations	40.2	44.1
Total adjustments	**300.2**	**56.8**
Adjusted EBIT[1]	**286.5**	**223.9**
Total revenue and other operating income	645.7	583.5
EBIT margin	**-2.1%**	**28.6%**
Adjusted EBIT margin[1]	**44.4%**	**38.4%**

1 Please see page 204 for explanations on the APM definitions and page 205 for explanations and details on the adjustments.

Adjustments

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

Transaction costs
These 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
These comprise costs incurred in connection with the group's stock option schemes. The expenses are due to vesting and change in social security tax as a consequence of the development in the value of the underlying shares. The company has deemed these costs to constitute a special item in terms of their nature and size.

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

Appendices

Contents

GRI Index

Statement of use: AutoStore has reported in accordance with the GRI Standards for the period 01.01.2023–31.12.2023. **GRI 1 used: GRI1:** Foundation 2021. **Applicable GRI Sector Standard:** No relevant GRI sector standards.

The index list points to where the information can be found in AR: Annual Report 2023. P. refers to page/s.

General disclosures

GRI DISCLOSURE			ESRC DISCLOSURE	WHERE REPORTED	PART OMITTED	REASON
GENERAL DISCLOSURES						
2021	**2-1**	Organizational details		AR, p. 14; 57; 111		
	2-2	Entities included in the organization's sustainability reporting	ESRS 1 5.1; ESRS 2 BP-1 §5 (a) and (b) i	Entities included in our sustainability reporting are the same as in our financial reporting		
	2-3	Reporting period, frequency, and contact point	ESRS 1 §73	The reporting period is 01.01.2022 –31.12.2022. Annual frequency. Contact points can be found on our website.		
	2-4	Restatements of information	ESRS 2 BP-2 §13, §14 (a) to (b)	We have updated our materiality analysis (AR, p. 44) and included Scope 3 in our climate accounting (AR, p. 51).		
	2-5	External assurance		No external assurance was conducted for this reporting cycle. We aim to conduct external assurance as we start reporting according to CSRD.		
	2-6	Activities, value chain, and other business relationships	ESRS 2 SBM-1 §40 (a) i to (a) ii, (b) to (c), §42 (c)	AR, p. 7; 10-11; 23-24; 73		
	2-7	Employees	ESRS 2 SBM-1 §40 (a) iii; ESRS - S1 S1-6 §50 (a) to (b) and (d) to (e), §51 to §52	AR, p. 10-11; 56-58; 74		
	2-8	Workers who are not employees	ESRS S1 S1-7 §55 to §56	AR, p. 58		
	2-9	Governance structure and composition	ESRS 2 GOV-1 §21, §22 (a), §23	AR, p. 83-85; 87-89; 92-95		
	2-10	Nomination and selection of the highest governance body	This topic is not covered by the list of sustainability matters in ESRS 1 AR §16.	AR, p. 87; 93		
	2-11	Chair of the highest governance body	This topic is not covered by the list of sustainability matters in ESRS 1 AR §16.	The chair of the Board of Directors is not a senior executive in AutoStore		
	2-12	Role of the highest governance body in overseeing the management of impacts	ESRS 2 GOV-1 §22 (c); GOV-2§26 (a) to (b); SBM-2 §45 (d); ESRS G1 §5 (a)	AR, p. 41; 44-45; 88-89; 94-95		
	2-13	Delegation of responsibility for managing impacts	ESRS 2 GOV-1 §22 (c) i; GOV-2 §26 (a); ESRS G1 G1-3 §18 (c)	AR, p. 41; 44-45; 94-95		
	2-14	Role of the highest governance body in sustainability reporting	ESRS 2 GOV-5 §36; IRO-1 §53 (d)	The Board of Directors approves the report		

Appendices

GRI DISCLOSURE			ESRC DISCLOSURE	WHERE REPORTED	PART OMITTED	REASON
GENERAL DISCLOSURES						
2021	**2-15**	Conflicts of interest	This topic is not covered by the list of sustainability matters in ESRS 1 AR §16.	AR, p. 94-95		
	2-16	Communication of critical concerns	**ESRS 2** GOV-2 §26 (a); **ESRS G1** G1-1 AR 1 (a); G1-3 §18 (c)	AR, p. 68		
	2-17	Collective knowledge of the highest governance body	**ESRS 2** GOV-1 §23	AR, p. 93-94		
	2-18	Evaluation of the performance of the highest governance body	This topic is not covered by the list of sustainability matters in ESRS 1 AR §16.	AR, p. 94-95		
	2-19	Remuneration policies	**ESRS 2** GOV-3 §29 (a) to (c);	AR, p. 97; 124-126		
	2-20	Process to determine remuneration	**ESRS 2** GOV-3 §29 (e) See also remuneration report requirements of Directive (EU) 2017/828 for listed undertakings	AR, p. 89; 97; 125		
	2-21	Annual total compensation ratio	**ESRS S1** S1-16 §97 (b) to (c)		2-21 a; b; c	Information unavailable/incomplete
	2-22	Statement on sustainable development strategy	**ESRS 2** SBM-1 §40 (g)	AR, p. 5		
	2-23	Policy commitments	**ESRS 2** GOV-4; MDR-P §65 (b) to (c) and (f); **ESRS S1** S1-1 §19 to §21, and §AR 14; **ESRS S2** S2-1 §16 to §17, §19, and §AR 16; ESRS S3 S3-1 §14, §16 to §17 and §AR 11; **ESRS S4** S4-1 §15 to §17, and §AR 13; ESRS G1 G1-1 §7 and §AR 1 (b)	AR, p. 42; 50; 55; 65; 67-69		
	2-24	Embedding policy commitments	**ESRS 2** GOV-2 §26 (b); MDR-P §65 (c); **ESRS S1** S1-4 §AR 35; **ESRS S2** S2-4 §AR 30; **ESRS S3** S3-4 §AR 27; **ESRS S4** S4-4 §AR 27; **ESRS G1** G1-1 §9 and §10 (g)	AR, p. 42; 50; 55; 65; 67-69		
	2-25	Processes to remediate negative impacts	**ESRS S1** S1-1 §20 (c); S1-3 §32 (a), (b) and (e), §AR 31; **ESRS S2** S2-1 §17 (c); S2-3 §27 (a), (b) and (e), §AR 26; S2-4 §33 (c); **ESRS S3** S3-1 §16 (c); S3-3 §27 (a), (b) and (e), §AR 23; S3-4 §33 (c); **ESRS S4** S4-1 §16 (c); S4-3 §25 (a), (b) and (e), §AR 23; S4-4 §32 (c)	AR, p. 42; 68		
	2-26	Mechanisms for seeking advice and raising concerns	**ESRS S1** S1-3 §AR 32 (d); ESRS S2-3 §AR 27 (d); **ESRS S3**- 3 §AR 24 (d); **ESRS S4** S4-3 §AR 24 (d); **ESRS G1** G1-1 §10 (a);	AR, p. 68		
	2-27	Compliance with laws and regulations	**ESRS 2** SMB-3 §48 (d); **ESRS E2** E2-4 §AR 25 (b); **ESRS S1** S1-17 §103 (c) to (d) and §104 (b); **ESRS G1** G1-4 §24 (a)	AR, p. 67		
	2-28	Membership associations	'Political engagement' is a sustainability matter for G1 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entityspecific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	AR, p. 68		
	2-29	Approach to stakeholder engagement	**ESRS 2** SMB-2 §45 (a) i to (a) iv; ESRS S1 S1-1 §20 (b); S1-2 §25, §27 (e) and §28; **ESRS S2** S2-1 §17 (b); S2-2 §20, §22 (e) and §23; **ESRS S3** S3-1 §16 (b); S3-2 §19, §21 (d) and §22; **ESRS S4** S4-1 §16 (b); S4-2 §18, §20 (d) and §21	AR, p. 46-47		
	2-30	Collective bargaining agreements	**ESRS** S1 S1-8 §60 (a) and §61	AR, p. 60		

Material topics

GRI DISCLOSURE			ESRC DISCLOSURE	WHERE REPORTED	PART OMITTED	REASON
MATERIAL TOPICS						
2021	**3-1**	Process to determine material topics	ESRS 2 BP-1 §AR 1 (a); IRO-1 §53 (b) ii to (b) iv	AR, p. 44-45		
	3-2	List of material topics	ESRS 2 SBM-3 §48 (a) and (g)	AR, p. 44		
	3-3	Management of material topics	ESRS 2 SBM-1§ 40 (e); SBM-3 §48 (c) i and (c) iv; MDR-P, MDRA, MDR-M, and MDR-T; ESRS S1 S1-2 §27; S1-4 §39 and AR 40 (a); S1-5 §47 (b) to (c); ESRS S2 S2-2 §22; S2-4 §33, §AR 33 and §AR 36 (a); S2-5 §42 (b) to (c); ESRS S3 S3-2 §21; S3-4 §33, §AR 31, §AR 34 (a); S3-5 §42 (b) to (c); ESRS S4 S4-2 §20, S4-4 §31, §AR 30, and §AR 33 (a); S45 §41 (b) to (c)	AR, p. 42; 44-45; 50; 53; 55-56; 65; 67		
ANTI-CORRUPTION						
2021	**3-3**	Management of material topics	ESRS G1 G1-1 §7; G1-3 §16 and §18 (a) and §24 (b)	AR, p. 42; 44; 67-68; Code of Conduct; Anti-Corruption Policy		
2016	**205-1**	Operations assessed for risks related to corruption	ESRS G1 G1-3 §AR 5	AR, p. 68		
	205-2	Communication and training about anti-corruption policies and procedures	ESRS G1 G1-3 §20, §21 (b) and (c) and §AR 7 and 8	AR, p. 68		
	205-3	Confirmed incidents of corruption and actions taken	ESRS G1 G1-4 §25	AR, p. 68		
MATERIALS						
2021	**3-3**	Management of material topics	ESRS E5 E5-1 §12; E5-2 §17; E53 §21	AR, p. 42; 50; 51-52; Environment and Climate Policy		
2016	**301-1**	Materials used by weight or volume	ESRS E5 E5-4 §31 (a)	AR, p. 52		
	301-2	Recycled input materials used	ESRS E5 E5-4 §31 (c)		301-2-a	Information unavailable/incomplete
	301-3	Reclaimed products and their packaging materials	Resource outflows related to products and services' and 'Waste' are sustainability matters for E5 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entityspecific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.		301-3-a, b	Not applicable

GRI DISCLOSURE			ESRC DISCLOSURE	WHERE REPORTED	PART OMITTED	REASON
ENERGY						
2021	**3-3**	Management of material topics	**ESRS E1** E1-2 §25 (c) to (d); E1-3 §26; E1-4 §33	AR, p. 42; 50; 51-52; Environment and Climate Policy		
2016	**302-1**	Energy consumption within the organization	**ESRS E1** E1-5 §37; §38; §AR 32 (a), (c), (e) and (f)	AR, p. 51; Information available in Climate Accounting Report		
	302-2	Energy consumption outside of the organization	'Energy' is a sustainability matter for E1 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity-specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	AR, p. 51; Information available in Climate Accounting Report		
	302-3	Energy intensity	**ESRS E1** E1-5 §40 to §42		302-3	Information unavailable/incomplete
	302-4	Reduction of energy consumption	'Energy' is a sustainability matter for E1 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity-specific metric to be disclosed	AR, p. 51; Information available in Climate Accounting Report. Some historical data may be incomplete.		
	302-5	Reductions in energy requirements of products and services	'Energy' is a sustainability matter for E1 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity-specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.		302-5	
EMISSIONS						
2021	**3-3**	Management of material topics	**ESRS E1** E1-2 §22; E1-3 §26; E14 §33 and §34 (b); E1-7 §56 (b) and §61 (c); **ESRS E2** §AR 9 (b); E2-1 §12; E2-2 §16 and §19; E2-3 §20	AR, p. 42; 50; 51-52; Environment and Climate Policy		
2016	**305-1**	Direct (Scope 1) GHG emissions	**ESRS E1** E1-4 §34 (c); E1-6 §44 (a); §46; §50; §AR 25 (b) and (c); §AR 39 (a) to (d); §AR 40; AR §43 (c) to (d)	AR, p. 51		
	305-2	Energy indirect (Scope 2) GHG emissions	**ESRS E1** E1-4 §34 (c); E1-6 §44 (b); §46; §49; §50; §AR 25 (b) and (c); §AR 39 (a) to (d); §AR 40; §AR 45 (a), (c), (d), and (f)	AR, p. 51		
	305-3	Other indirect (Scope 3) GHG emissions	**ESRS E1** E1-4 §34 (c); E1-6 §44 (c); §51; §AR 25 (b) and (c); §AR 39 (a) to (d); §AR 46 (a) (i) to (k)	AR, p. 51		
	305-4	GHG emissions intensity	**ESRS E1** E1-6 §53; §54; §AR 39 (c); §AR 53 (a)	AR, p. 51		
	305-5	Reduction of GHG emissions	**ESRS E1** E1-3 §29 (b); E1-4 §34 (c); §AR 25 (b) and (c); E1-7 §56	AR, p. 51; Information available in climate accounting report		
	305-6	Emissions of ozone-depleting substances (ODS)	Pollution of air' is a sustainability matter for E2 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity-specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.		305-6	Information unavailable/incomplete
	305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	**ESRS E2** E2-4 §28 (a); §30 (b) and (c); §31; §AR 21; §AR 26		305-7	Information unavailable/incomplete
WASTE						
2021	**3-3**	Management of material topics	**ESRS E5** §AR 7 (a); E5-1 §12; E5-2 §17; E5-3 §21	AR, p. 42; 50; 51-52; Environment and Climate Policy		
2020	**306-1**	Waste generation and significant waste-related impacts	**ESRS 2** SBM-3 §48 (a), (c) ii and iv; **ESRS E5** E5-4 §30	AR, p. 51		
	306-2	Management of significant waste-related impacts	**ESRS E5** E5-2 §17 and §20 (e) and (f); E5-5 §40 and §AR 33 (c)	AR, p. 51		
	306-3	Waste generated	**ESRS E5** E5-5 §37 (a), §38 to §40	AR, p. 51; Information available in Climate Accounting Report		
	306-4	Waste diverted from disposal	**ESRS E5** E5-5 §37 (b), §38 and §40	AR, p. 51; Information available in Climate Accounting Report		
	306-5	Waste directed to disposal	**ESRS E5** E5-5 §37 (c), §38 and §40	AR, p. 51; Information available in Climate Accounting Report		

GRI DISCLOSURE			ESRC DISCLOSURE	WHERE REPORTED	PART OMITTED	REASON
SUPPLIER ENVIRONMENTAL ASSESSMENT						
2021	3-3	Management of material topics	ESRS G1 G1-2 §12 and §15 (a)	AR, p. 42, 65; Supply Chain Business Ethics Requirements		
2016	308-1	New suppliers that were screened using environmental criteria	ESRS G1 G1-2 §15 (b)	AR, p. 65; 68; Information available in Transparency Act Report		
	308-2	Negative environmental impacts in the supply chain and actions taken	ESRS 2 SBM-3 §48 (c) i and iv	AR, p. 65; 68; Information available in Transparency Act Report	308-2-b,c,d,e	Not applicable
EMPLOYMENT						
2021	3-3	Management of material topics	ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); ESRS S2 §11 (c); S2-1 §14; §17 (c); S2- §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c)	AR, p. 42; 55-56; HR policy		
2016	401-1	New employee hires and employee turnover	ESRS S1 S1-6 §50 (c)	AR, p. 57-58	401-1-b	Information unavailable/incomplete
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1 S1-11 §74; §75; §AR 75	AR, p. 58		
	401-3	Parental leave	ESRS S1 S1-15 §93	AR, p. 58	401-3-a,c,d,e	Information unavailable/incomplete
OCCUPATIONAL HEALTH AND SAFETY						
2021	3-3	Management of material topics	ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); ESRS S2 §11 (c); S2-1 §14; §17 (c); S2- 2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c)	AR, p. 42; 55-56; 63-64; Code of Conduct; HR policy		
2018	403-1	Occupational health and safety management system	ESRS S1 S1-1 §23	AR, p. 63; HR Policy		
	403-2	Hazard identification, risk assessment, and incident investigation	ESRS S1 S1-3 §32 (b) and §33	AR, p. 63-64		
	403-3	Occupational health services	'Health and safety' and 'Training and skills development' are sustainability matters for S1 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity-specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	AR, p. 63-64		
	403-4	Worker participation, consultation, and communication on occupational health and safety		AR, p. 64		
	403-5	Worker training on occupational health and safety		AR, p. 64		
	403-6	Promotion of worker health	'Social protection' is a sustainability matter for S1 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity-specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	AR, p. 63-64		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	ESRS S2 S2-4 §32 (a)	AR, p. 68		
	403-8	Workers covered by an occupational health and safety management system	ESRS S1 S1-14 §88 (a); §90	AR, p. 63		
	403-9	Work-related injuries	ESRS S1 S1-4, §38 (a); S1-14 §88 (b) and (c); §AR 82	AR, p. 63-64		
	403-10	Work-related ill health	ESRS S1 S1-4, §38 (a); S1-14 §88 (b) and (c); §AR 82	AR, p. 63-64	403-10-b; rates not calculated	Information unavailable/incomplete

GRI DISCLOSURE			ESRC DISCLOSURE	WHERE REPORTED	PART OMITTED	REASON
TRAINING AND EDUCATION						
2021	**3-3**	Management of material topics	**ESRS S1** S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); **ESRS S2** §11 (c); S2-1 §14; §17 (c); S2- 2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c)	AR, p. 42; 61; HR Policy		
2016	**404-1**	Average hours of training per year per employee	**ESRS S1** S1-13 §83 (b) and §84		404-1	Information unavailable/incomplete
	404-2	Programs for upgrading employee skills and transition assistance programs	**ESRS S1** S1-1 §AR 17 (h)	AR, p. 61	404-2-b	Not applicable
	404-3	Percentage of employees receiving regular performance and career development reviews	**ESRS S1** S1-13 §83 (a) and §84		404-3	Information unavailable/incomplete
DIVERSITY AND EQUAL OPPORTUNITY						
2021	**3-3**	Management of material topics	**ESRS S1** S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); **ESRS S2** §11 (c); S2-1 §14; §17 (c); S2- 2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c)	AR, p. 42; 55-56; Code of Conduct; HR Policy		
2016	**405-1**	Diversity of governance bodies and employees	**ESRS 2** GOV-1 §21 (d); ESRS S1 S1-6 §50 (a); S1-9 §66 (a) to (b); S1-12 §79	AR, p. 58		
	405-2	Ratio of basic salary and remuneration of women to men	**ESRS S1** S1-16 §97 and §98	AR, p. 59		
NON-DISCRIMINATION						
2021	**3-3**	Management of material topics	**ESRS S1** S1-1 §17; §20 (c); §24 (a) and (d); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); **ESRS S2** §11 (c); S2- 1 §14; §17 (c); S2-2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c); **ESRS S4** §10 (b); S4-1 §13; §16 (c); S4-2 §20; S4-4 §31; §32 (a) and (b); §35; §AR 30; §AR 33 (a); S4-5 §38; §41 (b) and (c)	AR, p. 42; 55; 65; 67; 68; Code of Conduct; HR Policy		
2016	**406-1**	Incidents of discrimination and corrective actions taken	**ESRS S1** S1-17 §97, §103 (a), §AR 103		406-1	Not applicable
SUPPLIER SOCIAL ASSESSMENT						
2021	**3-3**	Management of material topics	**ESRS G1** G1-2 §12 and §15 (a)	AR, p. 42; 65; Supply Chain Business Ethics Requirements		
2016	**414-1**	New suppliers that were screened using social criteria	**ESRS G1** G1-2 §15 (b)	AR, p. 68; Information available in Transparency Act Report		
	414-2	Negative social impacts in the supply chain and actions taken	**ESRS 2** SBM-3 §48 (c) i and iv	AR, p. 68; Information available in Transparency Act Report		
CUSTOMER PRIVACY						
2021	**3-3**	Management of material topics	**ESRS S4** §10 (b); S4-1 §13 and §16 (c); S4-2 §20; S4-4 §31, §32 (a) and (b), §35, §AR 30, §AR 33 (a); S4-5 §38, §41 (b) and (c)	AR, p. 42; 69		
2016	**418-1**	Substantiated complaints concerning breaches of customer privacy and losses of customer data	**ESRS S4** S4-3 §AR 23; S4-4 §35	AR, p. 69		

TCFD Index

TCFD RECOMMENDED REPORTING		AUTOSTORE`S REPORTING
GOVERNANCE		
a	Describe the board's oversight of climate-related risks and opportunities	page 45
b	Describe management's role in assessing and managing risks and opportunities.	page 45
STRATEGY		
a	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	pages 45; 50; 82; 112-113
b	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	pages 40-41; 50; 82; 112-113
c	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	As the process for developing a sustainability strategy was started in 2023 and will be approved by EMT and the board in 2024, a thorough scenario-based analysis has not been conducted in 2023.
RISK MANAGEMENT		
a	Describe the organization's processes for identifying and assessing climate-related risks.	page 45
b	Describe the organization's processes for managing climate-related risks.	page 45
c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	page 45
GOAL		
a	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	pages 51-52
b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	pages 50-53
c	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Will be developed in 2024

Definitions

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
SAM	Serviceable addressable market
SKU	Stock-keeping unit
Standard	Standard warehouses
TAM	Total addressable market
WMS	Warehouse management system

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