AutoStore

Quarterly report
Q1 2022

Highlights for the first quarter

Financial highlights

- Revenue in the first quarter of 2022 was USD 123.1 million (64.1), representing a growth of 91.9% from the corresponding quarter of 2021.
- Reported EBIT was USD 28.0 million, compared to USD -25.6 million in the corresponding period of 2021.
- Adjusted EBITDA[1] amounted to USD 54.2 million (32.3), of which adjustments mainly consisted of Ocado litigation costs.
- The corresponding adjusted EBITDA margin[1] was 44.0% (50.4%). The decrease in the adjusted EBITDA margin was primarily related to higher raw material prices, particularly aluminum. To offset the negative margin impact, the company introduced a price increase in the fourth quarter of 2021 and an additional aluminum surcharge in the first quarter of 2022. These price increases are expected to have positive impact on margin performance from the fourth quarter of 2022 and the first quarter of 2023 as projects move from backlog to realized revenue.
- Adjusted EBIT[1] was USD 50.7 million (30.3), corresponding to an adjusted EBIT margin[1] of 41.2% (47.2%). The decrease in the margin follows the same development as for adjusted EBITDA margin[1].
- Simplified free cash flow[1] was USD 41.4 million (22.2), resulting in a cash flow conversion[1] of 76.4% (68.8%).
- Order intake[2] was USD 160.6 million in the first quarter of 2022 (121.5), bringing the last twelve months order intake to USD 660.1 million (312.0), representing a growth of 111.5%.
- Order backlog[3] was USD 487.0 million per the first quarter of 2022 (212.7), representing year-on-year growth of 129.0%.

Corporate developments

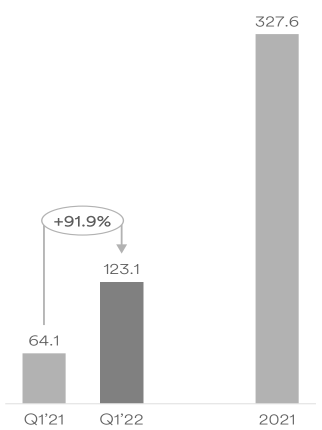
- In the Ocado IP infringement case, AutoStore has appealed the ITC decision to the U.S. Court of Appeals. The UK trial was heard from 15 March to 12 April, and judgment is expected in the third quarter of 2022.

Operational highlights

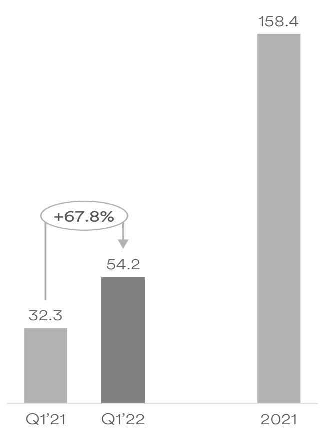
- Unveiled the R5+ robot, which will enable warehouses to manage larger items, thanks to its ability to handle bins up to 425 mm, the tallest bins available in the AutoStore system.
- Announced Element Logic as a global partner, SmartLog as a distribution partner for Latin America, and Doosan Logistics Solutions as a distribution partner for South Korea, providing additional capacity to a global market with massive growth potential from underlying megatrends.
- Launched the newly redesigned Bin Lift 2.0, enabling a flexible utilization of space in the warehouse, while extending bin reachability. The new Bin Lift requires fewer square meters of floor space, ultimately reducing costs.
- To respond to the increased aluminum price impacting the cost of grid parts, AutoStore introduced a temporary aluminum surcharge in the end of the first quarter of 2022.

	First quarter			Year
USD million	2022	2021	Δ in %	2021
Revenue	123.1	64.1	91.9 %	327.6
EBIT	28.0	-25.6	209.5 %	-37.5
Adjusted EBITDA[1]	54.2	32.3	67.8 %	158.4
Adjusted EBITDA margin[1] (%)	44.0 %	50.4 %	-6.3 pp.	48.4 %
Adjusted EBIT[1]	50.7	30.3	67.4 %	149.4
Adjusted EBIT margin[1] (%)	41.2 %	47.2 %	-6.0 pp.	45.6 %
Simplified free cash flow[1]	41.4	22.2	86.3 %	127.5
Cash flow conversion[1] (%)	76.4 %	68.8 %	7.6 pp.	80.5 %
Order intake	160.6	121.5	32.2 %	620.9

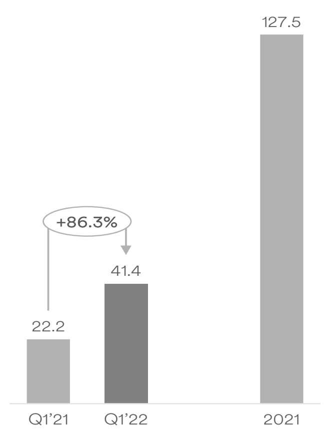
Revenue



Adjusted EBITDA[1]



Simplified FCF[1]



[1] Please refer to APM section for further explanations and details on APM measures.
[2] Order intake is defined as value of projects where a distribution partner has received a purchase order or verbal confirmation that a specific installation will be ordered.
[3] Order backlog is defined as the total value of order intake not yet shipped and for which revenue has not yet been recognized.

Letter from the CEO

"AutoStore delivered a strong start to the year with revenue growth of 91.9%, an adjusted EBITDA margin of 44.0%, and a solid order intake of USD 160.6 million, bringing our order backlog to an all-time high of USD 487 million.

While I am very pleased to report yet another solid quarter, characterized by strong growth and healthy order intake, the recent months have been overshadowed by witnessing the war in Europe. The Russian invasion of Ukraine has resulted in human suffering beyond comprehension. My thoughts are with all suffering the consequences of this war.

While the war has also further disrupted the global supply chains and impacted the global markets, the AutoStore business model has proven to be resilient in volatile and uncertain times. With several new suppliers onboarded coupled with our modularity and standardization strategy, AutoStore has the flexibility to navigate temporary supply chain challenges. In addition, we are able to provide solutions to our customers that help mitigate their own supply chain headwinds by offering high-density space-efficient solutions and solve existing labor shortages.

Market fundamentals in place
AutoStore continues to benefit from a huge, underpenetrated market with high expected growth rates for fast cubic storage. The expected growth is driven by development in e-commerce, changes in consumer demand, labor shortages, and pressure on warehouse costs. We made significant progress in the quarter to further penetrate and grow this USD 230 billion addressable market for automated storage and retrieval systems. Our market access in important regions continued and we gained market shares in the attractive markets within Micro-Fulfillment Centers and High Throughput, and further developed our technological leadership.

Strong orderbook
The order intake was USD 161 million in the quarter, bringing the last twelve months order intake to USD 660 million. The continued growth and performance in the quarter highlight the momentum for AutoStore, with strong demand across regions, end markets, and warehouse categories.

Confident with our 2022 growth ambitions
Despite the current tight market situation for certain parts and materials, we are confident in our ability to deliver solutions to sustain the revenue growth. While this situation has short-term impact on margins, the combined effects from the temporary aluminum surcharge introduced in March 2022 and the previously communicated price increase are expected to have positive impacts on margins.

Our team also remains focused on our production and sourcing strategy of reducing dependencies on individual suppliers, with inventory optimization, redundancy, improved collaboration and increased visibility with suppliers as part of our toolbox. With the 2021 order intake as tailwind on top of our proven expansion strategy, we see significant opportunities for continued strong growth going forward. The record-high order backlog provides significant revenue visibility and strong support for our revenue guidance.

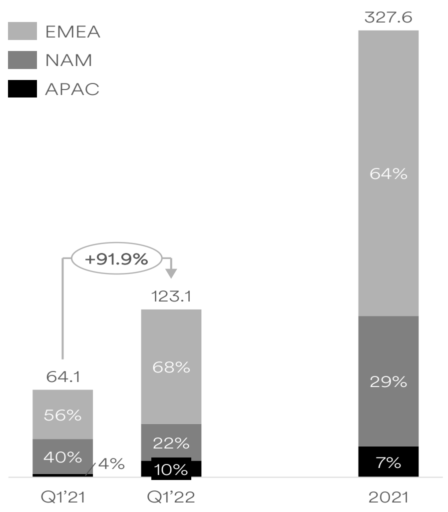
Consequently, we reaffirm our 2022 revenue guidance of USD 550-600 million. And the best is still yet to come: The journey has just begun."

Karl Johan Lier,
CEO AutoStore

Other metrics

USD million

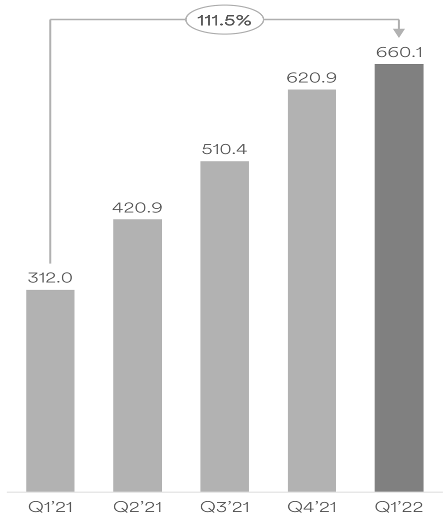
Revenue breakdown[4]



Revenue in the first quarter of 2022 increased by 91.9% compared to the corresponding period of 2021 – from USD 64.1 million to USD 123.1 million.

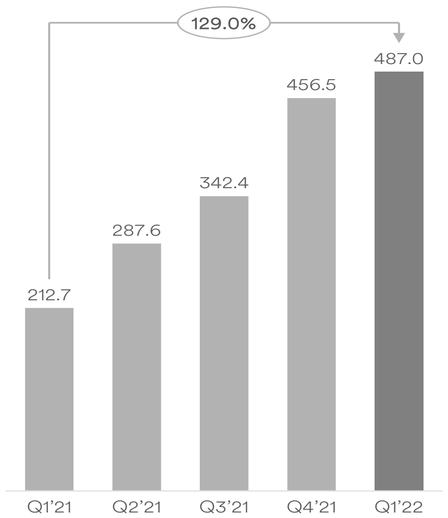
Revenue in the EMEA[1] region increased from USD 36.1 million in the first quarter of 2021 to USD 83.9 million in the same period in 2022, representing a year-on-year growth of 132.4%. Furthermore, revenue in the North-American (NAM[2]) region increased from USD 25.5 million to USD 26.9 million, corresponding to a growth of 5.4%. The order backlog supports strong growth in the region for 2022, and the rather stable development year-on-year was related to timing of delivery. Supported by the backlog intake and new partners added in the APAC[3] region in 2021, revenue increased by 388.8% to USD 12.3 million in the first quarter of 2022, from USD 2.5 million in the corresponding period of 2021. Overall, revenue in APAC is expected to grow strongly in 2022.

LTM order intake development



Last twelve months order intake grew 111.5% from USD 312.0 million in the first quarter of 2021 to USD 660.1 million in the first quarter of 2022. The consistent and continued growth in order intake is to a large extent driven by the increased demand for efficient and automated logistics solutions, especially within e-commerce. The demand is expected to further develop with a USD 230 billion addressable market for automated storage and retrieval systems.

Backlog development



Order backlog increased to USD 487.0 million at the end of the first quarter of 2022, compared to USD 212.7 million at the end of the corresponding period in 2021, representing year-on-year growth of 129.0%.

[1] EMEA: Europe, the Middle East and Africa. Also includes a minor share of Latin America.
[2] NAM: North America.
[3] APAC: Asia-Pacific.
[4] Includes total revenue, incl. operating income.

Financial development[2]

Results for the period

AutoStore reported total revenue (including operating income) in the first quarter of 2022 of USD 123.1 million (64.1), representing year-on-year growth of 91.9%. The continued growth results from the increased demand for efficient and automated logistics solutions, especially within e-commerce. The majority of total revenue resulted from the sale of AutoStore systems. Please refer to page 4 for further details on the revenue breakdown.

Cost of materials increased to USD 45.7 million in the first quarter of 2022 (20.3), following the increased sales volume in the period as well as a continued price pressure on raw materials from 2021 moving into 2022.

Employee benefit expenses decreased to USD 11.8 million in the first quarter of 2022 (41.0). The main driver of the reduction relates to provision and payables linked to option costs and social security costs on management options totaling USD 33.8 million in the first quarter of 2021, resulting from accelerated vesting of options due to the SoftBank transaction in April 2021.

The increase in other operating expenses from USD 14.0 million to USD 22.2 million related to higher operational activity. In addition, litigation costs related to the Ocado IP infringement case increased to USD 9.9 million (4.2). These costs, together with costs related to management options, are considered by the company to be adjustment items (please refer to the APM section on page 27 for further explanations and details).

EBITDA for the first quarter of 2022 was USD 43.4 million (-11.2), while the adjusted EBITDA[1]/adjusted EBITDA margin[1], taking the adjustment items outlined above into account, was USD 54.2 million (32.3)/44.0% (50.4%). The decrease in the adjusted EBITDA margin[1] was primarily related to continued price pressure on raw materials following global supply chain issues.

In the first quarter of 2022, the adjustment items referred to above were in all material respects due to litigation costs related to the Ocado IP infringement case. These costs have been treated as an adjustment item as it is assessed as being of a non-operational nature and expected to reduce significantly in the future. Furthermore, transaction costs related to the IPO and costs related to management options are assessed as being of a nature that is expected to reduce significantly in the near term future. The expected reduction has been evident in the first quarter of 2022, compared to previous periods of the corresponding year. Please refer to the APM section on page 27 for further explanations and details on the adjusted EBITDA[1] and for complete APM definitions.

AutoStore reported USD 1.5 million (1.1) in depreciation and USD 13.9 million (13.3) million in amortization of intangible assets in the first quarter of 2022. Amortization of intangible assets primarily relates to the purchase price allocation made when THL acquired the group from EQT. Development in adjusted EBIT[1] follows adjustments for adjusted EBITDA[1], together with adjustments for amortization of certain PPA values.

Finance income in the first quarter of 2022 was USD 5.2 million (15.0). The change relates to the reduction of income from foreign exchange gains. Net financial items were partially offset by a reduction in interest costs from USD 8.0 million in the first quarter of 2021 to USD 4.3 million in the first quarter of 2022 as a result of the repayment of the group's long-term debt in the fourth quarter of 2021 and reduced interest rate margins.

The profit before tax in the first quarter of 2022 was USD 28.2 million (-19.6), while the profit after tax for the same period was USD 21.9 million (-15.5).

Profit/loss for the period	First quarter	
USD million	**2022**	**2021**
Revenue	123.1	64.1
Cost of materials	-45.7	-20.3
Employee benefit expenses	-11.8	-41.0
Other operating expenses	-22.2	-14.0
EBITDA	**43.4**	**-11.2**
Adjusted EBITDA[1]	**54.2**	**32.3**
Depreciation	-1.5	-1.1
Amortization of intangible assets	-13.9	-13.3
EBIT	**28.0**	**-25.6**
Adjusted EBIT[1]	**50.7**	**30.3**
Finance income	5.2	15.0
Finance costs	-5.0	-9.0
Profit/loss before tax	**28.2**	**-19.6**
Income tax expense	-6.2	4.1
Profit/loss for the period	**21.9**	**-15.5**

[1] Please refer to APM section for further explanations and details on APM measures.

[2] The interim condensed consolidated financial statements have not been subject to audit or review.

Cash flow

AutoStore had a negative cash flow from operating activities of USD 45.9 million in the first quarter of 2022 (8.0). The negative cash flow in the quarter was primarily a result from changes in working capital related to payment of tax withheld and social security tax related to the management option program, as well as IPO related transaction costs. In addition, the development was driven by timing of incoming cash from trade receivables.

Cash flow from investing activities was USD -12.8 million in the first quarter of 2022, compared to USD -10.1 million in the corresponding period of 2021, mainly driven by R&D investments focused on further development and optimization of current and new product and software portfolios. The majority of the group's investments relate to R&D, which is classified as development expenditures in the cash flow statement.

Cash flow from financing activities was USD -6.3 million in the first quarter of 2022, compared to USD 2.1 million in the same period of 2021. Cash outflow in the first quarter of 2022 mainly consisted of interest paid of USD 4.3 million on the group's long-term debt (8.0), and reduced from the corresponding quarter of 2021 as a result of the repayment of long-term debt in the fourth quarter of 2021. The main reason for the change in cash flow from financing activities was the positive cash flow of USD 11.0 million in the first quarter of 2021, related to proceeds from issuance of equity.

The group held USD 83.1 million in cash at the end of the first quarter of 2022, an increase from USD 50.1 million at the end of the same quarter of 2021.

Cash flow	First quarter	
USD million	2022	2021
Cash flow from operating activities	-45.9	8.0
Cash flow from investing activities	-12.8	-10.1
Cash flow from financing activities	-6.3	2.1
Net change in cash and cash equivalents	**-65.0**	**-0.0**
Cash and cash equivalents, beginning of period	146.9	50.1
Effect of change in exchange rate	1.2	-
Cash and cash equivalents, end of period	**83.1**	**50.1**

Financial position

The group's total assets per 31 March 2022 were USD 2,111.4 million, a decrease from USD 2,129.0 per 31 December 2021. Intangible assets and goodwill represented USD 604.3 million (604.0) and USD 1,234.3 million (1,224.2), respectively. Inventory grew to USD 53.3 million (51.4), while trade receivables and other receivables ended at USD 81.5 million (46.5) and USD 13.3 million (21.5), respectively. The increase in trade receivables was related to growth in revenues and to timing of revenues in the quarter.

Equity increased from USD 1,391.2 million per 31 December 2021 to USD 1,423.7 million per 31 March 2022, which resulted from the profit allocation of the period.

Current liabilities decreased to USD 95.2 million per 31 March 2022 from USD 152.3 million per year-end 2021. The reduction was mainly related to payments of payables linked to the management option program and transaction costs related to the IPO.

Total non-current liabilities increased from USD 585.6 million per 31 December 2021 to USD 592.5 million per 31 March 2022, related to an increase in lease liabilities and deferred tax liabilities, offset by a translation effect on the Senior Facilities: Facility B EUR loan to USD.

USD million	31 March 2022	31 December 2021
Goodwill	1,234.3	1,224.2
Intangible assets	604.3	604.0
Other non-current assets	41.6	34.6
Total non-current assets	**1,880.1**	**1,862.8**
Total current assets	**231.2**	**266.2**
Total assets	**2,111.4**	**2,129.0**
Total equity	**1,423.7**	**1,391.2**
Non-current interest-bearing liabilities	430.4	435.6
Other non-current liabilities	162.1	150.0
Current liabilities	95.2	152.3
Total liabilities	**687.7**	**737.8**
Total equity and liabilities	**2,111.4**	**2,129.0**

Corporate developments

Ocado litigation

International Trade Commission (ITC)

On 13 December 2021, the Chief Administrative Law Judge, Charles Bullock, of the International Trade Commission (ITC) in Washington, D.C., issued an Initial Determination in connection with the action AutoStore brought in October 2020 against Ocado Group Plc. and certain of its affiliates (Ocado). The Initial Determination found, among other things, that despite Ocado's infringement of three patents asserted by AutoStore, those patents were invalid. On 10 March 2022, the Commission affirmed the Initial Determination and terminated the investigation. AutoStore has appealed the Commissions' decision. The Commission's decision does not impact AutoStore's ability to sell its products anywhere.

German proceedings

By early February 2022, all Ocado's claims against AutoStore in Germany were stayed pending a determination by the German Patent Office of AutoStore's ongoing challenge to the validity of Ocado's utility model IP rights in its claims. Ocado brought four actions in total against AutoStore in Germany – two in the Munich District Court and two in the Mannheim District Court – seeking to assert two Ocado utility models. Those actions have been stayed as follows:

- The Munich District Court issued a stay order on 27 January 2022 in relation to both Ocado's actions in that Court.
- The Mannheim District Court issued a stay order in relation to one of Ocado's claims on 28 January 2022.

Ocado agreed to a stay on the other action in the Mannheim District Court. AutoStore has consistently maintained that the Ocado utility models in Germany are invalid, and the company commenced proceedings last year in the German Patent Office to invalidate them.

UK proceedings

The substantive hearing of AutoStore's patent infringement claim against Ocado in the UK High Court took place in March/April 2022. AutoStore sharpened its infringement action against Ocado to focus on three particular patents, known collectively as its "Central Cavity Patents". AutoStore is expecting a decision in this case in June-July 2022. AutoStore has also now added and asserted two additional patents against Ocado which will be the subject of a further trial to be heard in April 2023.

Operational highlights

Unveiling of the R5+ robot

The newest addition to the AutoStore robot fleet launched in January 2022 will enable warehouses to manage larger items, thanks to the R5+'s ability to handle bins up to 425 mm, the tallest bins available in the AutoStore system. Until now, this has been a premium feature possible only with AutoStore B1 Robot installations. The R5+ is available for operations globally.

Partner network expanded

To support our rapid growth and the increasing demand for AutoStore across regions, Element Logic, the first AutoStore distribution partner, is now a global partner. This gives the company rights to sell and implement AutoStore systems across the world. Meanwhile, with an increasing demand for AutoStore in Latin America, the company also announced the agreement for sales and implementation of AutoStore in this region with SmartLog. These partner extensions will provide AutoStore with additional capacity in a global market with massive growth potential from underlying megatrends.

Launch of Bin Lift 2.0

AutoStore launched the newly redesigned Bin Lift 2.0 in January 2022, which offers enhanced robust performance with upgraded rollers, tracks, motor, and electronics. The new Bin Lift is also easier to assemble than the previous model. Furthermore, the new model can be applied in two configurations – Grid-to-Port (G2P) configuration, which allows order picking to happen from a different floor, and Grid-to-Grid (G2G), which creates a seamless connection between two independent AutoStore grids allowing customers with multi-level warehouses to optimize operations in existing networks with the new bin reachability.

Aluminum surcharge

To respond to the increased aluminum price impacting the cost of grid parts, AutoStore introduced a temporary aluminum surcharge in the end of the first quarter of 2022. The surcharge is introduced for all new orders, with full effect expected from the first quarter of 2023.

Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of interim consolidated financial statements for the first quarter of 2022, which have been prepared in accordance with IAS 34 Interim Reporting, give a true and fair view of the company's assets, liabilities, financial position and results of operation, and that the report provides a fair overview of the information specified in Section 5-6, first paragraph, of the Norwegian Securities Trading Act.

Outlook

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

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

AutoStore's momentum is illustrated by its growth and performance. Despite a tight market situation for certain parts and materials, the company is confident in its ability to deliver solutions in line with its own revenue guidance.

AutoStore will continue to follow the war in Ukraine and related global supply chain challenges in 2022. While the tight market situation is expected to continue impacting margins in the short-term, the company expects margins to improve towards the end of 2022 and going into 2023 – through the implemented price increase and the temporary aluminum surcharge.

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

Oslo, 11 May 2022

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CEO

Interim condensed consolidated financial information

Interim condensed consolidated statement of comprehensive income

USD million	Notes	First quarter 2022	First quarter 2021
Revenue	2.1	123.0	63.6
Other operating income		0.0	0.5
Total revenue		**123.1**	**64.1**
Cost of materials		-45.7	-20.3
Employee benefit expenses	5.1	-11.8	-41.0
Other operating expenses	5.3	-22.2	-14.0
Depreciation		-1.5	-1.1
Amortization of intangible assets	3.1	-13.9	-13.3
Operating profit/loss		**28.0**	**-25.6**
Finance income	4.2	5.2	15.0
Finance costs	4.2	-5.0	-9.0
Profit/loss before tax		**28.2**	**-19.6**
Income tax expense		-6.2	4.1
Profit/loss for the period		**21.9**	**-15.5**
Other comprehensive income/loss			
Items that subsequently will not be reclassified to profit or loss:			
Exchange differences on translation of parent company	4.2	2.8	-
Total items that will not be reclassified to profit or loss		**2.8**	**-**
Items that subsequently may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	4.2	7.6	2.6
Total items that may be reclassified to profit or loss		7.6	2.6
Other comprehensive income/loss for the period		**10.3**	**2.6**
Total comprehensive income/loss for the period		**32.3**	**-13.0**
Profit/loss attributable to:			
Equity holders of the parent		21.9	-15.5
Total comprehensive income/loss attributable to:			
Equity holders of the parent		32.3	-13.0
Earnings per share			
Basic earnings per share (USD)		0.006	-0.005
Diluted earnings per share (USD)		0.006	-0.005

The accompanying notes are an integral part of these interim condensed consolidated financial statements.
The interim condensed consolidated financial statements have not been subject to audit or review.

Interim condensed consolidated statement of financial position

USD million	Notes	31 March 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment		12.8	11.2
Right-of-use assets		17.5	11.6
Goodwill	3.1	1,234.3	1,224.2
Intangible assets	3.1	604.3	604.0
Deferred tax assets		8.8	8.7
Other non-current assets		2.6	3.0
Total non-current assets		**1,880.1**	**1,862.8**
Current assets			
Inventories		53.3	51.4
Trade receivables		81.5	46.5
Other receivables		13.3	21.5
Cash and cash equivalents		83.1	146.9
Total current assets		**231.2**	**266.2**
TOTAL ASSETS		**2,111.4**	**2,129.0**
EQUITY AND LIABILITIES			
Equity			
Share capital	4.1	34.3	34.3
Share premium		1,154.6	1,154.6
Treasury shares		-0.9	-0.9
Other equity		235.7	203.2
Total equity		**1,423.7**	**1,391.2**
Non-current liabilities			
Non-current interest-bearing liabilities	4.2	430.4	435.6
Non-current lease liabilities		17.6	12.9
Deferred tax liabilities		131.5	127.1
Non-current provisions	5.1	12.9	10.0
Total non-current liabilities		**592.5**	**585.6**
Current liabilities			
Trade and other payables		35.4	95.8
Interest-bearing liabilities	4.2	0.0	0.7
Lease liabilities		4.8	3.6
Income tax payable		0.2	0.7
Provisions	5.1	54.9	51.5
Total current liabilities		**95.2**	**152.3**
Total liabilities		**687.7**	**737.8**
TOTAL EQUITY AND LIABILITIES		**2,111.4**	**2,129.0**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.
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Interim condensed consolidated statement of changes in equity

USD million	Share capital	Share premium	Treasury shares	Other equity: Other capital reserves	Other equity: Cumulative translation differences	Retained earnings	Total equity
Balance at 1 January 2022	**34.3**	**1,154.6**	**-0.9**	**7.0**	**-36.8**	**233.1**	**1,391.2**
Profit for the period	-	-	-	-	-	21.9	21.9
Other comprehensive income for the period	-	-	-	-	10.3	-	10.3
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**10.3**	**21.9**	**32.3**
Share-based payments (note 5.1)	-	-	-	0.2	-	-	0.2
Balance at 31 March 2022	**34.3**	**1,154.6**	**-0.9**	**7.2**	**-26.5**	**255.0**	**1,423.7**

USD million	Share capital	Share premium	Treasury shares	Other equity: Other capital reserves	Other equity: Cumulative translation differences	Retained earnings	Total equity
Balance at 1 January 2021[1]	**35.2**	**1,139.1**	**-**	**4.3**	**20.9**	**-42.4**	**1,157.1**
Loss for the period	-	-	-	-	-	-15.5	-15.5
Other comprehensive income for the period	-	-	-	-	2.6	-	2.6
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**2.6**	**-15.5**	**-13.0**
Issue of share capital (note 4.1)	0.2	10.7	-	-	-	-	11.0
Share-based payments (note 5.1)	-	-	-	2.0	-	-	2.0
Balance at 31 March 2021	**35.5**	**1,149.9**	**-**	**6.3**	**23.4**	**-57.9**	**1,157.2**

The exchange 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 functional currency, the appreciation of NOK compared to USD has resulted in positive translation differences being recognized in Q1 2022 of USD 10.3 million (USD 2.6 million in Q1 2021).

Translation differences related to the 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.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.
The interim condensed consolidated financial statements have not been subject to audit or review.

Interim condensed consolidated statement of cash flow

		First quarter	
USD million	Notes	2022	2021
Cash flow from operating activities			
Profit/loss before tax		28.2	-19.6
Adjustments to reconcile profit/loss before tax to net cash flow:			
Depreciation and amortization		15.4	14.4
Share-based payment expense	5.1	0.2	2.0
Finance income	4.2	-5.2	-15.0
Finance costs	4.2	5.0	9.0
Working capital adjustments:			
Changes in inventories		-1.9	1.0
Changes in trade and other receivables		-27.3	-5.2
Changes in trade and other payables		-61.2	-2.4
Changes in provisions and other liabilities		2.4	26.8
Other items			
Tax paid		-1.4	-3.1
Net cash flow from operating activities		**-45.9**	**8.0**
Cash flow from investing activities			
Purchase of property, plant and equipment		-3.1	-0.6
Purchase of shares in subsidiaries, net of cash		-	-5.0
Development expenditures	3.1	-9.7	-4.5
Interest received		-0.0	0.0
Net cash flow from investing activities		**-12.8**	**-10.1**
Cash flow from financing activities			
Proceeds from issuance of equity		-	11.0
Payments of principal for the lease liability		-1.0	-0.7
Payments of interest for the lease liability		-0.2	-0.2
Interest paid	4.2	-4.3	-8.0
Other financial expenses	4.2	-0.7	-
Net cash flow from financing activities		**-6.3**	**2.1**
Net change in cash and cash equivalents		-65.0	-0.0
Effect of change in exchange rate		1.2	-
Cash and cash equivalents, beginning of period		146.9	50.1
Cash and cash equivalents, end of period		**83.1**	**50.1**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.
The interim condensed consolidated financial statements have not been subject to audit or review.

Notes to the interim condensed consolidated financial statements

Note 1 Background

1.1 Corporate information

The unaudited interim condensed consolidated financial statements of AutoStore Holdings Ltd. ("AutoStore group", "the company" or "the group") for the three months ended 31 March 2022 were authorized for issue by the Board of Directors on 11 May 2022. AutoStore Holdings Ltd. has shares traded on Oslo Børs, with the ticker symbol AUTO. AutoStore Holdings Ltd. was incorporated in Bermuda on 31 August 2021, and became the parent company of the group as a consequence of an internal reorganization prior to listing on Oslo Børs in October 2021. The company's registered office is located at Park Place, 55 Par La Ville Road, Third Floor, Hamilton HM11, Bermuda. The group's corporate headquarter is located at Stokkastrandvegen 85, 5578 Nedre Vats, Norway.

The establishment of AutoStore Holdings Ltd. as the new parent company of the group was accounted for as a continuity of the old group, hence, comparative figures presented for the group as of Q1 2021 are based on historical figures of the former Automate Holdings S.à r.l group. Reference is made to note 1.4 in the group's consolidated financial statements for the year ended 31 December 2021 for further description of the reorganization and related accounting treatment.

Reference is made to note 6.1 in the group's consolidated financial statements for the year ended 31 December 2021 for a list of subsidiaries, where the largest entity in the group is AutoStore AS, registered in Norway. In April 2022, AutoStore announced the opening of a new office in Singapore.

1.2 Basis of preparation

The unaudited interim condensed consolidated financial statements for the three months ended 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by The European Union ("EU") and additional requirements in the Norwegian Securities Trading Act.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's consolidated financial statements for the year ended 31 December 2021 (AutoStore Holdings Ltd.'s consolidated financial statements).

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the group's consolidated financial statements for the year ended 31 December 2021.

All figures are presented in millions (000,000), except when otherwise indicated. The statement of comprehensive income/gains is presented as positive amounts while expenses/costs are presented as negative amounts.

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

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

As regards its supply chain, AutoStore does not source any materials directly from suppliers in Ukraine or Russia. However, it expects to see some indirect effects related to sub-suppliers, especially regarding aluminum – a key input factor in the AutoStore grid. Overall, the aluminum market was constrained prior to the invasion, largely due to high European energy prices. The invasion has put further pressure on the energy market. In addition, Russia is a global supplier of raw materials used in aluminum production, and the global supply and price of aluminum may thus also be affected. Overall, AutoStore expects these factors to have an impact on the cost of AutoStore grid parts.

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

The group assesses where climate risks could have a significant impact on its financial statements and related estimates, and pays special attention to the possible future introduction of environmental regulation which could potentially increase future production costs. If the group is not able to increase its energy efficiency or adjust prices to address any increased production costs accordingly, the group's future margins may decrease. Such potential impacts of climate change are continuously considered in the cash flow forecasts in assessing value-in-use amounts. However, as of 31 March 2022, climate risk is not expected to have any significant impact on the group's assets or liabilities.

1.3 New and amended standards and interpretations

The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments and interpretations apply for the first time in 2022, but do not have a material impact on the unaudited interim condensed consolidated financial statements of the group:

- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IFRS 9 – Fees in the '10 percent' test for derecognition of financial liabilities
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 – Onerous Contracts - Costs of Fulfilling a Contract
- IFRS 17 Insurance Contracts
- Amendments to IFRS 1 – Subsidiary as a first-time adopter
- Amendments to IAS 41 – Taxation in fair value measurements

1.4 Significant judgments, estimates and assumptions

The accounting policies applied by management which include a significant degree of judgment, estimates and assumptions that may have the most significant effect on the amounts recognized in the unaudited interim condensed consolidated financial statements are summarized below:

Estimates and assumptions:
- Impairment testing of goodwill and other intangibles (note 3.1)
- Useful lives of intangible assets (note 3.1)
- Share-based payments (note 5.1)

Accounting judgments:
- Capitalization of development costs (note 3.1)

Reference is made to the group's annual financial statements for further descriptions.

Note 2 Operating performance

2.1 Revenue from contracts with customers

The group's revenue[1] from contracts with customers has been disaggregated and presented in the tables below:

	First quarter	
USD million	**2022**	**2021**
Major products and services		
AutoStore system	122.5	63.6
Rendering of services	0.5	0.1
Total revenue	**123.0**	**63.6**
Geographic information		
Norway	4.7	2.6
Rest of Nordics	30.4	14.4
Germany	25.8	12.2
Europe, excl. Nordics and Germany	23.0	6.5
USA	26.8	25.3
Asia	10.3	2.1
Other	2.0	0.5
Total revenue	**123.0**	**63.6**
Timing of revenue recognition		
Goods transferred at a point in time	118.9	61.7
Goods and services transferred over time	4.3	2.0
Total revenue	**123.0**	**63.6**

[1] Includes revenue, excl. other operating income.

2.2 Segment information

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

	First quarter	
USD million	**2022**	**2021**
Revenue	123.0	63.6
Other operating income	0.0	0.5
Total revenue	**123.1**	**64.1**
Cost of materials	-45.7	-20.3
Gross margin	**77.3**	**43.8**
Employee benefit expenses	-11.8	-41.0
Other operating expenses	-22.2	-14.0
EBITDA	**43.4**	**-11.2**

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

Other operating expenses increased in Q1 2022 compared to Q1 2021 due to higher activities. In addition, costs related to the Ocado IP infringement case amounted to USD 9.9 million in Q1 2022, compared to USD 4.2 million in Q1 2021, whereas IPO transaction costs and fees were USD 1.2 million in Q1 2022, compared to USD 5.1 million in Q1 2021. Employee benefit expenses significantly decreased in Q1 2022 compared to Q1 2021 mainly due to a significant decrease in social security tax expenses related to the group's share-based payment program (ref. note 5.1).

	First quarter	
USD million	**2022**	**2021**
Profit/loss for the period	**21.9**	**-15.5**
Income tax expense	6.2	-4.1
Finance income	-5.2	-15.0
Finance costs	5.0	9.0
Depreciation	1.5	1.1
Amortization of intangible assets	13.9	13.3
EBITDA	**43.4**	**-11.2**

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

Note 3 Asset base

3.1 Intangible assets

Recognized goodwill of the group is derived from the business combination of AutoStore in 2019 (please refer to the group's consolidated financial statements for the year ended 31 December 2020 for more information). Additionally, USD 9.2 million of new goodwill was recognized in Q1 2021 from the acquisition of Locai (please refer to the group's consolidated financial statements for the year ended 31 December 2021 for more information). No additional goodwill was recognized during the three months ended 31 March 2022.

When THL acquired AutoStore in 2019, the group recognized intangible assets for: Technology, trademarks, patents, and customer relations. Subsequently, the group has recognized intangible assets comprising of internal development projects related to the AutoStore system. Internal developed assets are amortized from the time when the assets are available for use and reclassified to either software and technology (amortized over 5 years) or patents. The group started to reclassify development costs to relevant asset classes from 2021. No reclassification were made in the period presented. The group has recognized additions of MUSD 9.7 for the three months ended 31 March 2022.

USD million	Goodwill	Trade-marks	Software and technology	Patent rights	Customer relation-ships	Internal develop-ment	Total
Acquisition cost 31 December 2021	**1,224.2**	**7.2**	**486.1**	**95.4**	**123.2**	**13.9**	**1,950.0**
Additions through acquisitions	-	-	-	-	-	-	-
Additions	-	-	-	-	-	9.7	9.7
Currency translation effects	10.1	0.1	3.4	0.6	0.5	-0.4	14.3
Acquisition cost 31 March 2022	**1,234.3**	**7.3**	**489.5**	**96.1**	**123.8**	**23.2**	**1,974.0**
Accumulated amortization 31 December 2021	**-**	**-**	**49.3**	**12.8**	**59.6**	**-**	**121.7**
Amortization for the period	-	-	6.4	1.4	6.1	-	13.9
Currency translation effects	-	-	0.1	0.0	0.1	-	0.1
Accumulated amortization 31 March 2022	**-**	**-**	**55.8**	**14.2**	**65.8**	**-**	**135.8**
Carrying amount 31 December 2021	**1,224.2**	**7.2**	**436.7**	**82.7**	**63.7**	**13.9**	**1,828.2**
Carrying amount 31 March 2022	**1,234.3**	**7.3**	**433.7**	**81.9**	**58.0**	**23.2**	**1,838.5**
Economic life (years)	Indefinite		5-25	13-18	5		
Amortization plan	N/A			Straight-line		N/A	

The group performed its annual impairment test for goodwill and intangible assets with indefinite lives as of 31 December 2021 and no impairments were made. The group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount were disclosed in the group's consolidated financial statements for the year ended 31 December 2021.

The group considers the relationship between the estimated market capitalization of the group and its book value when reviewing intangible assets with finite useful lives for indicators of impairment. In addition, the group considers factors such as the industry growth, impact of general economic conditions, changes in the technological and legal environment, the group's market share, and performance compared to previous forecasts in this assessment, among other factors. No impairments have been recognized to the group's intangible assets with finite useful lives for the three months ended 31 March 2022. Further, this is evidenced by a P/B-level of 8.9 on traded shares as of 31 March 2022.

Note 4 Financial instruments and equity

4.1 Share capital and shareholder information

Issued capital and reserves:

Share capital in AutoStore Holdings Ltd.	Number of shares issued and fully paid	Par value per share (USD)[1]	Financial position (USD)
At 1 January 2021	**3,163,317,200**	**0.01**	**35,243,583**
Share issue at 4 January 2021	9,279,444	0.01	114,100
Share issue at 22 January 2021	9,810,000	0.01	119,270
At 31 March 2021	**3,182,406,644**	**0.01**	**34,476,953**
Share issue at 13 April 2021 (exercise of share options)	41,113,780	0.01	489,090
Share issue at 12 October	6,220,005	0.01	71,872
Cancellation of shares at 13 October	-1,200,000	0.01	-13,874
Capital reorganization 14 October	-	-	-3,738,636
Share issue at 14 October (treasury shares)	200,000,000	0.01	2,000,000
At 31 December 2021	**3,428,540,429**	**0.01**	**34,285,404**
At 31 March 2022	**3,428,540,429**	**0.01**	**34,285,404**

[1] Par value per share of Automate Holdings S.à r.l. was EUR 0.01, while par value per share of AutoStore Holdings Ltd. is USD 0.01.

The table above presents the shares in Automate Holdings S.à r.l. until the reorganization on 14 October 2021. From this date, the number of shares and share capital presented, represent the capital of AutoStore Holdings Ltd. AutoStore Holdings Ltd. was incorporated on 31 August 2021 with an initial share capital of USD 100. The above presented shares are issued and fully paid, and include a total of 90,547,342 treasury shares as of 31 March 2022. 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.

The group's largest shareholders:

Shareholders of the group (AutoStore Holdings Ltd.)	Country	Account type	Total shares	Ownership	Voting rights
The Bank of New York Mellon	United States	Nominee	1,321,830,768	38.6 %	38.6 %
Bank of America, N.A.	United States	Nominee	1,133,350,367	33.1 %	33.1 %
State Street Bank and Trust Comp	United States	Nominee	137,482,293	4.0 %	4.0 %
Terminator Holding S.à r.l.	Luxembourg	Ordinary	123,970,423	3.6 %	3.6 %
Autostore Newco Ltd.	Norway	Ordinary	90,727,342	2.6 %	2.6 %
JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	73,755,563	2.2 %	2.2 %
Alecta Tjanstepension Omsesidigt	United Kingdom	Ordinary	70,385,161	2.1 %	2.1 %
Folketrygdfondet	Sweden	Ordinary	33,907,094	1.0 %	1.0 %
Brown Brothers Harriman & Co.	United States	Nominee	31,662,330	0.9 %	0.9 %
Citibank, N.A.	Ireland	Nominee	26,607,346	0.8 %	0.8 %
Lyngneset Invest AS	Norway	Ordinary	23,122,055	0.7 %	0.7 %
State Street Bank and Trust Comp	United States	Nominee	22,185,130	0.6 %	0.6 %
Brown Brothers Harriman & Co.	United States	Nominee	16,663,840	0.5 %	0.5 %
Automate Investment II AS	Norway	Ordinary	14,482,166	0.4 %	0.4 %
State Street Bank and Trust Comp	United States	Nominee	11,872,978	0.3 %	0.3 %
Jakob Hatteland Holding AS	Norway	Ordinary	10,950,000	0.3 %	0.3 %
Polysys AS	Norway	Ordinary	10,800,000	0.3 %	0.3 %
J.P. Morgan SE	Luxembourg	Nominee	10,791,560	0.3 %	0.3 %
Sumitomo Mitsui Trust Bank	United States	Nominee	7,379,066	0.2 %	0.2 %
Citibank, N.A.	Ireland	Nominee	7,021,323	0.2 %	0.2 %
Other shareholders			249,593,624	7.3 %	7.3 %
At 31 March 2022			**3,428,540,429**	**100 %**	**100 %**

The shareholder information is gathered from the VPS share register. The account of The Bank of New York Mellon is controlled by Alpha LP, part of SoftBank Group Corp. The account of Bank of America is controlled by THL Fund VIII.

Distribution to shareholders

The group did not pay dividends to shareholders during 2021 or the three-month period ended 31 March 2022. There are no proposed dividends as at the date of authorization of this interim report.

Share price information as of 31 March 2022	
Share price at 31 March 2022 (NOK)	32.23
Number of shares	3,428,540,429
Market capitalization at 31 March 2022 (NOK)	**110,501,858,027**
USD/NOK exchange rate at 31 March 2022	8.75
Market capitalization at 31 March 2022 (USD)	**12,631,815,410**

	First quarter	
Weighted average number of shares	2022	2021
Weighted average number of ordinary shares for basic EPS	3,428,540,429	3,179,779,135
Weighted average number of ordinary shares adjusted for the effect of dilution	3,517,284,717	3,179,779,135

4.2 Interest-bearing liabilities

USD million	Interest rate	31 March 2022	31 December 2021
Senior Facilities: Facility B (EUR)[1]	EURIBOR+2.50%	270.8	276.3
Senior Facilities: Facility B (USD)[1]	LIBOR+3.25%	167.0	167.0
Capitalized fees - Facility B + SL Facility		-7.3	-7.7
Total non-current interest-bearing loans and borrowings		**430.4**	**435.6**

[1] The Facilities have an interest rate floor of 0%, as such the base rate may not be negative.

The Senior Facilities have a maturity until 30 July 2026.

USD million	Interest rate	31 March 2022	31 December 2021
Senior Facilities: Facility B (EUR)[1]	EURIBOR+2.50%	-	0.7
Senior Facilities: Facility B (USD)[1]	LIBOR+3.25%	-	-
Total current interest-bearing loans and borrowings		**-**	**0.7**

[1] The Facilities have an interest rate floor of 0%, as such the base rate may not be negative.

In November 2021, the group established a new revolving credit facility (RCF) which may be drawn at any time up to USD 150 million. The revolving facility bears interest at a rate of LIBOR +2.00%. The group has not drawn any amounts on the RCF as of 31 March 2022.

Management has assessed that the fair value of interest-bearing loans and borrowings are not significantly different from their carrying amounts.

Finance income and costs

	First quarter	
USD million	**2022**	**2021**
Finance income	5.2	15.0
Finance costs	-5.0	-9.0
Net finance income/cost	**0.2**	**6.0**
Foreign currency gain/loss included above	5.2	15.0

Net finance income for Q1 2022 was USD 0.2 million compared to USD 6.0 million in Q1 2021. The main difference relates to the reduction of income from foreign exchange gains from USD 15.0 million in Q1 2021 to USD 5.2 million in Q1 2022. This was partially offset by a reduction in interest expense from USD 8.0 million in Q1 2021 to USD 4.3 million in Q1 2022 as a result of repayment of loans in Q4 2021 and reduced interest rate margins.

Total non-current interest-bearing loans and borrowings were USD 675.2 million as of 31 March 2021 compared to USD 430.4 million as of 31 March 2022.

Note 5 Other disclosures

5.1 Share-based payments

	First quarter	
USD million	**2022**	**2021**
Expense arising from equity-settled share-based payment transactions	-0.2	-2.0
Total expense arising from share-based payment transactions	**-0.2**	**-2.0**

Changes in provisions for social security tax (SST) related to the group's share-based payments program were USD -1.3 million from 31 December 2021 to 31 March 2022 as a result of a decrease in the company's underlying share price.

USD 10.5 million in social security tax (SST) payables as of 31 December 2021 was paid during January 2022. During Q1 2021, USD 32.0 of SST provisions related to the share-based payments program was recognized as an expense.

Movements during the period

The following table illustrates the number of, and movements in, share options during the period:

	Year	
Number of and movements in share options	**2022**	**2021**
Outstanding at 1 January	**88 744 288**	**163 338 129**
Outstanding at 31 March	**88 744 288**	**163 338 129**
Exercisable at 31 December	60 969 585	124 717 764

There were no share options granted, forfeited, exercised, or expired during the periods presented.

For more information on the share option program, reference is made to the group's consolidated financial statements for the year ended 31 December 2021.

External members of the Board of Directors of AutoStore Holdings Ltd. are partly compensated through option instruments, RSUs (restricted stock options), granted upon the parent company's IPO on 20 October 2021. Vesting period is two years from grant date.

The management options were previously granted by Automate Holdings S.à r.l. As part of the internal reorganization of the group in October 2021, options that were not exercised at that date have been rolled over to AutoStore Holdings Ltd. with the same terms and conditions.

5.2 Commitments and contingencies

Ocado litigation

International Trade Commission (ITC)

On 13 December 2021, the Chief Administrative Law Judge, Charles Bullock, of the International Trade Commission (ITC) in Washington, D.C., issued an Initial Determination in connection with the action AutoStore brought in October 2020 against Ocado Group Plc. and certain of its affiliates (Ocado). The Initial Determination found, among other things, that despite Ocado's infringement of three patents asserted by AutoStore, those patents were invalid. On 10 March 2022, the Commission affirmed the Initial Determination and terminated the investigation. AutoStore has appealed the Commissions' decision. The Commission's decision does not impact AutoStore's ability to sell its products anywhere.

German proceedings

By early February 2022, all Ocado's claims against AutoStore in Germany were stayed pending a determination by the German Patent Office of AutoStore's ongoing challenge to the validity of Ocado's utility model IP rights in its claims. Ocado brought four actions in total against AutoStore in Germany – two in the Munich District Court and two in the Mannheim District Court – seeking to assert two Ocado utility models. Those actions have been stayed as follows:

- The Munich District Court issued a stay order on 27 January 2022 in relation to both Ocado's actions in that Court.
- The Mannheim District Court issued a stay order in relation to one of Ocado's claims on 28 January 2022.

Ocado agreed to a stay on the other action in the Mannheim District Court. AutoStore has consistently maintained that the Ocado utility models in Germany are invalid, and the company commenced proceedings last year in the German Patent Office to invalidate them.

UK proceedings

The substantive hearing of AutoStore's patent infringement claim against Ocado in the UK High Court took place in March/April 2022. AutoStore sharpened its infringement action against Ocado to focus on three particular patents, known collectively as its "Central Cavity Patents". AutoStore is expecting a decision in this case in June-July 2022. AutoStore has also now added and asserted two additional patents against Ocado which will be the subject of a further trial to be heard in April 2023.

5.3 Related parties transactions

The table below provides the total amount of transactions that have been entered into with related parties (outside the group) for the relevant periods. The Q1 2021 transactions relate to management fee paid to majority owners for advisory services to the group. The agreement was terminated in connection with the IPO.

	First quarter	
USD million	2022	2021
Total management fee	-	0.3

5.4 Subsequent events

Ocado litigation

Please refer to note 5.2 for more information on the Ocado litigation. No other events have occurred subsequently of the reporting date.

Appendices

AutoStore in Brief

Founded in 1996, AutoStore is an innovative robotic and software technology company, and the pioneer of cubic storage automation, the densest warehouse order-fulfillment solution available today. The group operates in the rapidly growing warehouse automation industry, and in the even faster growing cube storage segment. AutoStore benefits from a large addressable market of which only 15% of the addressable market is currently being served by automated storage and retrieval solutions.

The company believes its products and services have transformed the automated warehouse sector and defined the automated cube storage segment. In particular, through the products and services AutoStore provides, the company seeks to directly address the challenges facing the rapidly growing e-commerce, retail and logistics industries where the need to automate picking and to streamline processes is critical, of which 90% of such work is currently done manually. Over the course of 25 years of dedicated research and development of standardized modular products, AutoStore has developed proprietary technology incorporating advanced concepts in artificial intelligence, mobility, navigation and storage to build what it believes to be industry-leading cube storage solutions. AutoStore's current suite of products for both its Red Line and Black Line systems comprise a complete goods-to-person system and forms the core of AutoStore's product offering. In addition to revenue generated by installations of AutoStore's systems to new customers, the company generates repeat revenue from the sale of additional systems to existing customers, extension of systems to existing sites, licensing of AutoStore's proprietary technology, sale of spare parts, and the provision of consulting services to customers seeking to maximize the benefits of their AutoStore systems.

The company believes the AutoStore system provides a significant return on investment (ROI) for customers by reducing personnel needs and enabling space saving. Typically, an AutoStore solution provides a payback period of one to three years, calculated based on initial capital expenditure, yearly maintenance fees, expected throughput and yearly labor savings. Certain customers have effectively a zero payback period as a result of the significant space saving the system can provide. This payback period is faster than a typical shuttle system that has a payback period of approximately four to five years. The faster payback primarily results from the fact that AutoStore systems require lower initial capital expenditure and yearly maintenance capital expenditure compared to typical shuttle systems. The ROI calculations do not include the benefits of easy scalability or flexibility of AutoStore systems which results in greater ROI compared to typical shuttle systems in warehouses with complex layouts or those planning to expand.

Strategy

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

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

Key strategic priorities include:

Penetrating new markets – including MFCs

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

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

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

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

Increasing WMS revenue

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

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

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

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

Product innovation

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

Expanding in APAC and North America

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

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

AutoStore is also benefiting from its relationship with SoftBank, one of its largest shareholders. SoftBank has over 200 portfolio companies and a strong presence in the APAC region. The company's relationship with SoftBank provides a significant opportunity to increase access to APAC customers. In addition, AutoStore's global partnership with SoftBank Robotics – a leading service robotics company – paves the way for significant synergies related to robotic products and artificial intelligence/ machine learning (AI/ML) solutions. The company intends to achieve further growth in APAC and North America by leveraging its diverse supplier base and asset-light assembly model (which requires limited investment to increase capacity) to expand local assembly footprints, increase purchase capacity of aluminum and bins, and grow the local supplier base in target regions.

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

Increasing offerings through M&A

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

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

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

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

In addition to geographic expansion, the company plans to continue expanding its R&D operations in order to further develop and optimize new product innovation, and desires to provide world-class solutions. The company believes that continuous product development and innovation has been central to AutoStore's historical growth and will continue to be essential in the future. For example, the company's focus on R&D has driven the Red Line to now be in its 5th generation, and has led to various software breakthroughs, such as the AutoStore Router, the Cloud Simulator, and the expansion of WMS capabilities.

In addition to the company's recent R&D spending and hiring of R&D employees, AutoStore intends to further increase the amount of money spent for R&D and the number of R&D employees hired. The company intends to continue to improve and invest in R&D to make its products more compelling.

Sustainability at AutoStore

AutoStore is dedicated to operating sustainably, improving working conditions for customer workforces and developing environmentally friendly and energy-efficient solutions. The company's environmental, social and governance initiatives also focus on employee wellbeing, health and safety, and on ensuring that AutoStore's corporate governance activities reflect the group's core values of integrity and responsibility.

The company is continuously working to reduce the overall environmental footprint of both its own activities and those of its customers. AutoStore's systems are highly energy-efficient, and the bins and materials used in AutoStore systems are all recyclable at end of life. Additionally, the storage density of AutoStore's solutions allows storage space to be reduced by up to 75%, thereby reducing emissions linked to electricity consumption, heating and construction.

AutoStore's systems consume 85-90% less energy than competing solutions and manual handling. Further, each of the AutoStore products are made of durable materials ensuring a long lifespan, as evidenced by the fact that none of the AutoStore systems has been removed from production to date. The company is constantly looking for ways to reduce its environmental impact. AutoStore intends to continue improving the energy efficiency of its products and solutions and reducing the environmental footprint of its office locations. AutoStore also plans to make itself accountable for energy consumption occurring outside its organization, thereby facilitating reporting of energy-intensive upstream and downstream activities.

Providing safe and healthy working conditions for its employees is a high priority for AutoStore. The company has a direct and indirect ability and responsibility to minimize health and safety risks through its policies and processes, and by adopting a proactive approach to health and safety in the working environment. AutoStore's health and safety policies and processes are outlined in its Employee Handbook and Code of Conduct. The company continuously seeks to improve health and safety at its office locations and production facility by enforcing regulations and communicating with employees about health and safety risks and hazards.

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

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

AutoStore's ethical guidelines are described in the company's Code of Conduct, which is the key governing document for everyone who works for or on behalf of AutoStore. The Code of Conduct was updated in 2021, and the company has also implemented a 'read and confirm' option for the new Code of Conduct in the company's HR system.

AutoStore is committed to building a world class workforce and to make sure the company's selection processes actively foster equal opportunities and diversity. The company prohibits discrimination in any form, whether based on political views, union membership, sexual orientation, disability, and/or age. In addition to complying with the Norwegian Working Environment Act, AutoStore also operates in accordance with the Norwegian Gender Equality Act – which protects staff against gender-based discrimination – and the Norwegian Anti-Discrimination Act, which guards against discrimination on the grounds of ethnicity, religion and similar factors.

As a manufacturing business, AutoStore's business activities have both direct and indirect environmental impacts. The company's main environmental impacts are linked to transportation, energy use, business travel, purchased goods and services and waste generation. To mitigate AutoStore's environmental footprint, environmental precautions are considered throughout the production and distribution chain, from raw material production to retail. The company is continuously working to reduce the overall environmental footprint of its operations. AutoStore started climate accounting in 2021, and a full climate report for 2021 can be found on the company's website.

The company reports on its sustainability work and performance in accordance with the Global Reporting Initiative (GRI). For further information, please refer to the sustainability report 2021 on AutoStore's website.

Risks and Uncertainty Factors

AutoStore is exposed to risks and uncertainty factors that may affect some or all group activities. The company is exposed to financial, market and operational risks, as well as risks related to technology, implementation and operation of installed systems. A thorough presentation of applicable risks and uncertainty factors can be found in the IPO prospectus from October 2021.

No significant changes have occurred since that date, other than a continued focus on litigation following the ongoing IP infringement case against Ocado and an increased focus on operational supply chain risk as a result of the increased global supply chain issues related to the Russian invasion of Ukraine. Reference is also made to the company's annual report for 2021.

Alternative Performance Measures (APMs)

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

An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specific in the applicable financial reporting framework (IFRS). The company uses APMs to measure operating performance and is of the view that the APMs provide investors with relevant and specific operating figures which may enhance their understanding of AutoStore's performance. The company uses the APMs: Adjusted EBIT, adjusted EBITDA, adjusted EBIT margin, adjusted EBITDA margin, EBIT, EBITDA, EBITDA margin, simplified free cash flow, and simplified free cash flow conversion, as further defined below.

The APMs presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with IFRS or other generally accepted accounting principles), as a measure of AutoStore's operating performance; or (b) any other measures of performance under generally accepted accounting principles. The APMs presented herein may not be indicative of the company's historical operating results, nor are such measures meant to be predictive of AutoStore's future results. The company believes that the APMs presented herein are commonly reported by companies in the markets in which AutoStore's competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation, amortization and impairment, which can vary significantly depending upon accounting measures (in particular when acquisitions have occurred), business practice or non-operating factors. Accordingly, AutoStore discloses the APMs presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies across periods, and of the company's ability to service its debt. Because companies calculate the APMs presented herein differently, AutoStore's presentation of these APMs may not be comparable to similarly titled measures used by other companies.

The company has presented these APMs because it considers them to be important supplemental measures for prospective investors to understand the overall picture of profit generation in AutoStore's operating activities. Adjustments are non-IFRS financial measures that the group considers to be an APM, and these measures should not be viewed as a substitute for any IFRS financial measures.

The APMs used by AutoStore are set out below (presented in alphabetical order):

- Adjusted EBIT is defined as the profit/(loss) for the year/period before net financial income (expenses) and income tax expense (EBIT) adjusted for certain items affecting comparability and include adjustments for share-based compensation expenses and related payroll taxes, costs incurred in connection with sale and purchase of the group's shares, litigation costs incurred in connection with the Ocado litigation proceedings which mainly are due to the company's use of external legal counsel, fees from terminated agreement related to previous ownership structure for consultation and advisory services regarding strategic and growth initiatives launched following completion of acquisition, cost to external advisors associated with refinancing of the group's debt facilities, and amortization of assets recognized as part of the purchase price allocation ("PPA") made when THL acquired the group from EQT.
- Adjusted EBITDA is defined as the profit/(loss) for the year/period before net financial income (expenses), income tax expense, depreciation and amortization (EBITDA), adjusted for certain items affecting comparability and include adjustments for share-based compensation expenses and related payroll taxes, costs incurred in connection with sale and purchase of the group's shares, litigation costs incurred in connection with the Ocado litigation proceedings which mainly are due to the company's use of external legal counsel, fees from terminated agreement related to previous ownership structure for consultation and advisory services regarding strategic and growth initiatives launched following completion of acquisition, and cost to external advisors associated with refinancing of the group's debt facilities.
- Adjusted EBIT margin is defined as adjusted EBIT as a percentage of revenues.
- Adjusted EBITDA margin is defined as adjusted EBITDA as a percentage of revenues.
- EBIT is defined as the profit/(loss) for the year before net financial income (expenses) and income tax expense.
- EBITDA is defined as the profit/(loss) for the year before net financial income (expenses), income tax expense, depreciation and amortization.
- EBITDA margin is defined as EBITDA as a percentage of revenues.
- Simplified free cash flow is defined as adjusted EBITDA less cash CAPEX. Cash CAPEX used herein is cash flow used in purchase of property, plant and equipment and development expenditures.
- Simplified free cash flow conversion is defined as simplified free cash flow divided by adjusted EBITDA.

Alternative Performance Measures (APMs)

Adjusted EBIT[1]

	First quarter	
USD million	2022	2021
EBIT	**28.0**	**-25.6**
Ocado litigation costs	9.9	4.2
Transaction costs	1.2	5.1
Option costs	-0.3	33.8
Management fees related to previous ownership structure	-	0.3
PPA amortizations	11.9	12.4
Total adjustments	**22.7**	**55.8**
Adjusted EBIT[1]	**50.7**	**30.3**
Total revenue	123.1	64.1
EBIT margin	**22.7 %**	**-39.9 %**
Adjusted EBIT margin[1]	**41.2 %**	**47.2 %**

Adjusted EBITDA[1]

	First quarter	
USD million	2022	2021
Profit/loss for the period	**21.9**	**-15.5**
Income tax	6.2	-4.1
Net financial items	-0.2	-6.0
EBIT	**28.0**	**-25.6**
Depreciation	1.5	1.1
Amortization of intangible assets	13.9	13.3
EBITDA	**43.4**	**-11.2**
Ocado litigation costs	9.9	4.2
Transaction costs	1.2	5.1
Option costs	-0.3	33.8
Management fees related to previous ownership structure	-	0.3
Total adjustments	**10.8**	**43.5**
Adjusted EBITDA[1]	**54.2**	**32.3**
Total revenue	123.1	64.1
EBITDA margin	**35.2 %**	**-17.4 %**
Adjusted EBITDA margin[1]	**44.0 %**	**50.4 %**

[1] Please refer to page 27 for explanations on the APM definitions and page 29 for explanations and details on the adjustments.

Adjustments

Ocado litigation costs	Comprise costs incurred in connection with the Ocado litigation, i.e. costs linked to the company's use of external legal counsel. Adjustments only cover the litigation with Ocado, and adjusted figures therefore exclude all other legal costs. The company has assessed the adjustment item to reduce comparability between historic and future periods, and outside the normal course of the company's business, based on historical events.
Transaction costs	Comprise external costs incurred in connection with the sale and purchase of the group's shares, including the IPO. The company has deemed these costs to constitute a special item, as they fall outside the company's normal course of business.
Option costs	Comprise costs incurred in connection with the group's stock option scheme. The company has deemed these costs to constitute a special item in terms of their nature and size.
Management fees related to previous ownership structure	Comprise fees under an advisory services agreement regarding strategic and growth initiatives related to the previous ownership structure. The agreement was terminated at the time of the IPO on 20 October 2021, and no further costs will be incurred with respect to this item.
PPA amortizations	Represent amortization of assets recognized as part of the purchase price allocation made when Thomas H. Lee Partners acquired the group from EQT. The company has deemed the transaction to constitute a special item, as it resulted from a change of ownership structure and hence no acquisitions were made by the company itself. No adjustments are made for PPA amortizations resulting from acquisitions through the company.

Definitions

3PL	Third-Party Logistic
APAC	Asia-Pacific
AS/RS	Automated Storage and Retrieval Systems
BDM	Business Development Managers
CAGR	Compounded Annual Growth Rate
CGUs	Cash Generating Units
Company	AutoStore Holdings Ltd.
EMEA	Europe, the Middle East and Africa. Also includes a minor share of LatAm
HTP	High Throughput Warehouses
IPO	Initial Public Offering
MFC	Micro-Fulfillment Center
NAM	North America
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, being the fair value adjustments resulting from business acquisitions where fair values are higher than carrying values of the acquired company
R&D	Research and Development
ROI	Return on Investment
Standard	Standard warehouses
TAM	Total Adressable Market
WMS	Warehouse Management System

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