AutoStore

Quarterly report
Q1 2023

Highlights (1/2)

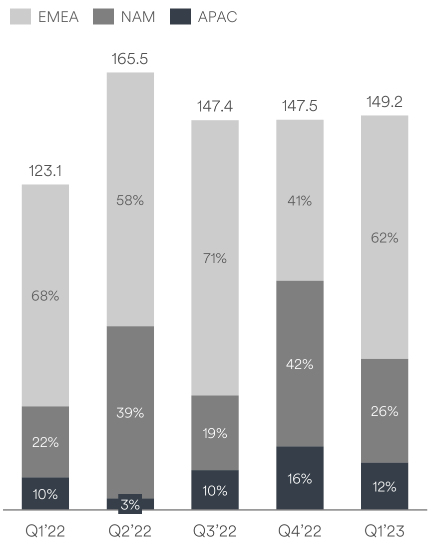
In the first quarter of 2023, AutoStore delivered strong order intake of USD 164.3 million, illustrating the consistent demand for its automated warehouse solutions and the value generated for customers – even in a challenging market. The company achieved a gross margin of 67.1%, up 627 bps versus the previous quarter. This represents the second consecutive quarter of substantial margin improvement, and an increase of 1277 bps in Q4 and Q1 combined.

Financial highlights

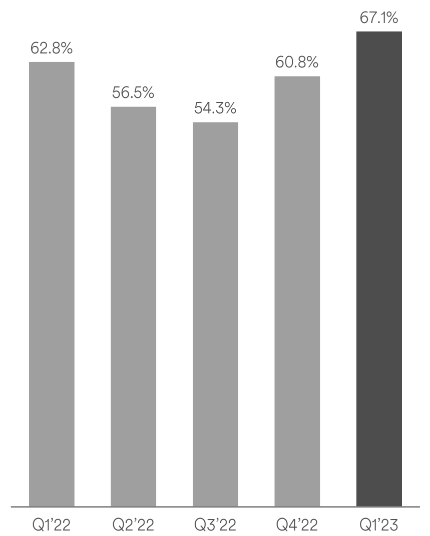
- Revenues in the first quarter of 2023 totaled USD 149.2 million (123.1), representing YoY growth of 21.2%. The company continued to deliver growth in key regions NAM and APAC, with YoY revenue growth of 46.1% and 45.5% respectively.
- Gross margin increased by 4.3 pp. YoY to 67.1% (62.8%). During the last six months margins improved by a total of 12.8 pp. – successfully returning to historical levels, as strategic pricing actions together with more favorable grid costs continued to have positive impact.
- Reported EBIT in the period ended at USD 45.0 million (28.0).
- Adjusted EBITDA[1] was USD 68.3 million (54.2), while the corresponding adjusted EBITDA margin[1] was 45.8% (44.0%). Following the improved gross margin, the adjusted EBITDA margin[1] improved sequentially by 5.8 pp. from 40.0% in Q4 2022.
- Simplified free cash flow[1] was USD 57.7 million (41.4), resulting in a solid cash flow conversion[1] of 84.4% (76.4%).

	First quarter			Year
USD million	2023	2022	Δ in %	2022
Revenue	149.2	123.1	21.2 %	583.5
Gross profit	100.1	77.3	29.5 %	340.8
Gross margin (%)	67.1 %	62.8 %	4.3 pp.	58.4 %
EBIT	45.0	28.0	60.7 %	167.0
Adjusted EBITDA[1]	68.3	54.2	26.1 %	237.5
Adjusted EBITDA margin[1] (%)	45.8 %	44.0 %	1.8 pp.	40.7 %
Adjusted EBIT[1]	64.0	50.7	26.2 %	223.9
Adjusted EBIT margin[1] (%)	42.9 %	41.2 %	1.7 pp.	38.4 %
Simplified free cash flow[1]	57.7	41.4	39.2 %	194.4
Cash flow conversion[1] (%)	84.4 %	76.4 %	7.9 pp.	81.9 %
Order intake[2]	164.3	160.6	2.3 %	629.9

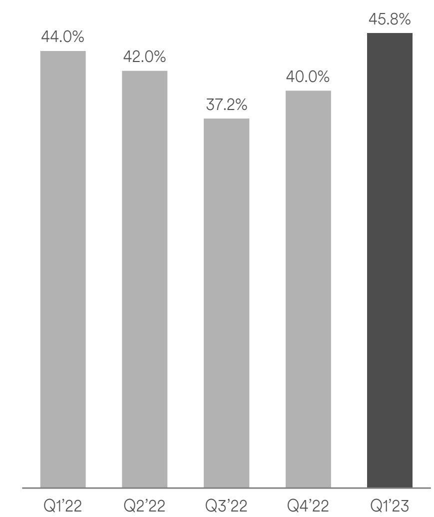
Revenue by region



Gross margin



Adjusted EBITDA margin[1]



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

Highlights (2/2)

Sales KPIs

● Strong order intake[2] of USD 164.3 million (160.6), representing growth of 2.3% YoY and 7.5% QoQ, bringing backlog to USD 488.8 million (487.3). Lead times have shortened substantially, from approximately 35 weeks in the first quarter of 2022 to approximately 20 weeks in the first quarter of 2023. The solid backlog[3] aided by shorter lead times, provides revenue visibility for continued growth in 2023.

Operational highlights

● In the third quarter of 2022, AutoStore launched a new recurring revenue model with a pay-per-pick structure. In February 2023, the company signed a pay-per-pick partnership with a global distribution partner, THG Ingenuity.

● Launched FusionPort and FusionPort Staging, two new workstations that prioritize operational efficiency, operator productivity, and ergonomics.

Corporate developments

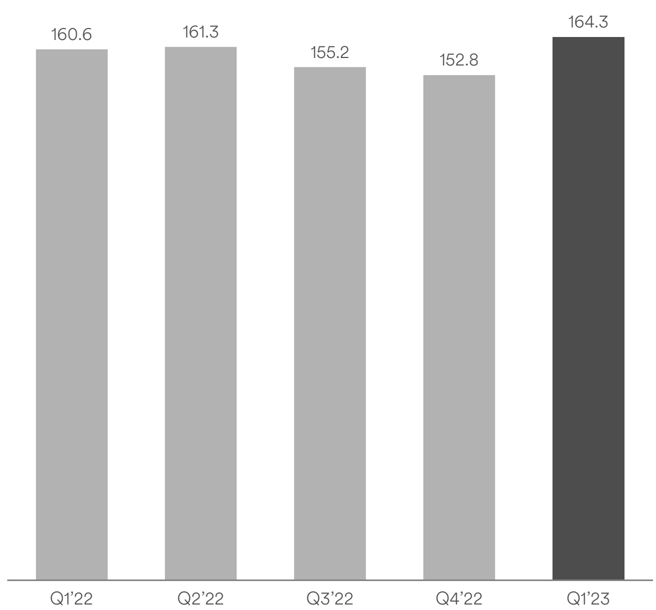
● The judgment of the UK trial was handed down on 30 March 2023. The UK High Court dismissed AutoStore's patent infringement case against Ocado, which was heard in March/April 2022. This decision has no impact on AutoStore's business or operations.

Subsequent events

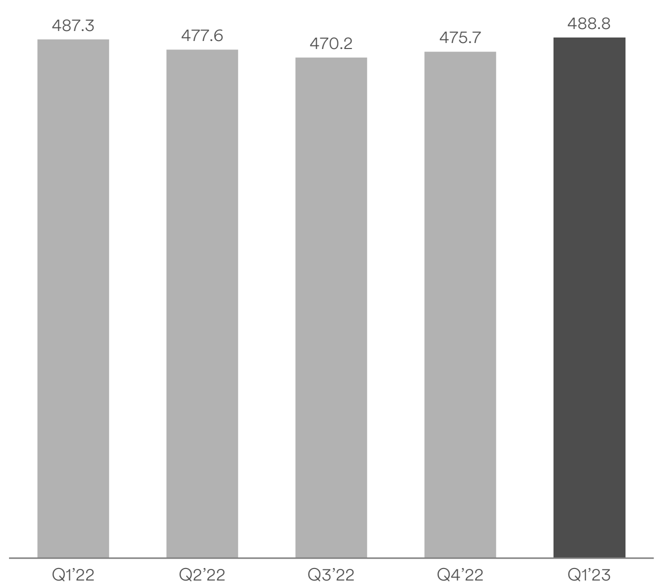
● AutoStore signed its first pay-per-pick end-customer in April 2023, the European e-commerce grocer, Rohlik Group.

● Board member Sam Merksamer rotated off from the company's Board of Directors with effect from 20 April 2023. Further, Softbank appointed Sumer Juneja and Vikas Parekh as new members of the Board of Directors with effect from 20 April 2023. Moreover, Thomas H. Lee Partners appointed Edzard Overbeek as a new member of the Board of Directors, with effect from 20 April 2023, replacing Magnus Tornling who stepped down in September 2022. The Board of Directors will continue to constitute a quorum.

Order intake[2]



Backlog[3] development



[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

In the first quarter, AutoStore grew revenue by 21.2% YoY to USD 149.2 million and achieved a gross margin of 67.1%, up 627 bps versus the previous quarter. This represents the second consecutive quarter of substantial margin improvement. The adjusted EBITDA margin was 45.8%. These metrics demonstrate the continued strength of the business, including the ability to drive margins through strategic pricing actions. Order intake of USD 164.3 million brought the backlog to USD 488.8 million at quarter end, illustrating the strong demand for AutoStore and the value we generate for our customers – even in a challenging market.

Active market but with longer decision-making cycles

In the first quarter, we continued to see a high level of activity across all our geographic regions, end markets and warehouse types, resulting in robust project volumes that support our long-term growth ambitions. There continues to be strong demand for automated warehouse solutions amongst new and existing customers, however we are seeing an increased focus on near-term capital expenditure budgets. While some customers are maintaining their investment plans and positioning themselves for future growth, others are extending decision-making cycles. Recently we launched our pay-per-pick model, which requires a much smaller initial investment. Today we can announce that we signed our first pay-per-pick customer contract with Rohlik Group, an e-commerce grocer with operations across central and eastern Europe. We believe this model can drive additional demand and help facilitate the buying decision for certain customers, whilst providing attractive unit economics for AutoStore.

Long-term fundamentals intact and continued focus on innovation

AutoStore continues to benefit from a huge, under-penetrated market with high demand for the efficiencies offered by fast, automated cubic storage. We anticipate continued strong demand for automated solutions in response to changing customer demands, labor shortages, a growing need for energy efficiency and demand for high-density warehousing.

We continuously develop our solutions and provide new offerings for our customers. This quarter we launched the FusionPort, a workstation with better ergonomics and increased productivity. In addition, we recently launched PickUpPort for retail customers, Unify Analytics and frozen capabilities, all of which increase our competitiveness and expand our addressable market. The consistent focus on innovation – for both hardware and software – is critical to maintaining our technological lead and delivering high ROI solutions for our customers.

On track to achieve target growth for 2023

AutoStore's order backlog of USD 488.8 million provides us with good visibility for 2023. Our geographic revenue diversification and broad exposure to various end-markets and warehouse types, reinforce our confidence in our growth opportunities. Margins are continuing to develop strongly for the second consecutive quarter, providing support for the path back to historical margin levels. We reiterate our 2023 revenue guidance of USD 700-750 million, indicating a growth rate of 20-30% for the year. Given our strong competitive position and market reach, we believe we are positioned to continue growing revenues at two to three times the rate of the broader warehouse automation market. Based on current market growth estimates, this implies a CAGR for AutoStore of approximately 40% over time.

Mats Hovland Vikse

Mats Hovland Vikse,
CEO

Financial developments[2,3]

Results for the period

AutoStore reported total revenue (including other operating income) of USD 149.2 million (123.1), representing YoY growth of 21.2%. The group's continued growth was attributable to increased demand for order-fulfillment solutions and cube storage automation, primarily driven by changing customer habits, labor shortages, a growing demand for sustainable solutions and high-density warehousing. The majority of total revenue was attributable to sales of AutoStore systems.

Cost of materials increased to USD 49.1 million (45.7) as a result of increased sales volume. The gross margin was 67.1% in the first quarter of 2023, compared to 62.8% in the corresponding period of 2022. The YoY improvement was primarily driven by the effects from the strategic pricing actions implemented at the end of 2021 and in 2022, as well as the positive development in grid costs. These effects are also the main drivers of the strong sequential growth in gross margin of 6.3 pp. from the fourth quarter of 2022.

Employee benefit expenses increased compared to the same period in 2022, from USD 11.8 million to USD 20.6 million. The development was primarily driven by a 35% increase in headcount, and the provision for social security tax on management options in response to developments in the company's share price (increased cost due to increase in the company's share price during the quarter). AutoStore treats option costs as an adjustment item, and the related adjustment for management option costs totaled USD 3.2 million in the first quarter of 2023, compared to USD -0.3 million in the same period in 2022. Please see the APM section on page 24 for further details.

Other operating expenses totaled USD 19.8 million, down from USD 22.2 million in the same period in 2022. The decrease was mainly attributable to a reduction in costs related to the Ocado IP infringement case. The company treats Ocado litigation costs as an adjustment item, and the related adjustment totaled USD 5.4 million in the first quarter of 2023, compared to USD 9.9 million in the same period in 2022. Please see the APM section on page 24 for further details. Excluding the adjustment items, other operating expenses increased to USD 14.4 million (11.1) in the first quarter of 2023. The development in other operating expenses was primarily driven by increased marketing activity and lease costs, which in turn are a result of continued operational expansion. While these expenses were incurred in the first quarter, they support the company's long-term development.

Reported EBITDA was USD 59.7 million (43.4), corresponding to an EBITDA margin of 40.0% (35.2%). Adjusted EBITDA[1] and the adjusted EBITDA margin[1] were USD 68.3 million (54.2) and 45.8% (44.0%), respectively. The increase in the adjusted EBITDA margin[1] was primarily a result of the improved gross margin.

AutoStore reported USD 2.2 million (1.5) in depreciation and USD 12.5 million (13.9) in amortization of intangible assets. Amortization of intangible assets relates primarily to the purchase price allocation made when Thomas H. Lee Partners (THL) acquired the group.

Reported EBIT ended the first quarter at USD 45.0 million (28.0), while adjusted EBIT[1] totaled USD 64.0 million (50.7).

Finance income was USD 3.8 million (5.2), while finance costs were USD 23.2 million (5.0). The increase in finance costs was mainly driven by foreign exchange losses, while USD 9.6 million (4.3) related to the group's long-term debt and interest on overdrafts. The increase in interest expenses was primarily caused by higher market interest rates related to the company's senior debt.

The profit before tax was USD 25.6 million (28.2), while the profit after tax was USD 19.9 million (21.9).

Profit for the period	First quarter	
USD million	**2023**	**2022**
Revenue and other operating income	149.2	123.1
Cost of materials	-49.1	-45.7
Employee benefit expenses	-20.6	-11.8
Other operating expenses	-19.8	-22.2
EBITDA	**59.7**	**43.4**
Adjusted EBITDA[1]	**68.3**	**54.2**
Depreciation	-2.2	-1.5
Amortization of intangible assets	-12.5	-13.9
EBIT	**45.0**	**28.0**
Adjusted EBIT[1]	**64.0**	**50.7**
Finance income	3.8	5.2
Finance costs	-23.2	-5.0
Profit before tax	**25.6**	**28.2**
Income tax expense	-5.7	-6.2
Profit for the period	**19.9**	**21.9**

[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.

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

Cash flow

AutoStore generated a positive cash flow of USD 43.8 million from operating activities in the first quarter of 2023, an increase from the corresponding period of 2022 (USD -45.9 million). The cash flow was attributable to the positive EBITDA contribution. The negative cash flow from operating activities in the first quarter of 2022 was primarily a result of 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.

Cash flow from investing activities was USD -6.9 million in the first quarter of 2023, compared to USD -12.8 million in the corresponding period of 2022. The cash outflows comprised of USD -3.9 (-4.6) from purchases of property, plant and equipment and intangible assets, and USD -6.8 million (-8.1) related to development expenditures. The decrease in development expenditures was related to currency exchange rate fluctuations and capitalization of significant one-off items in the comparative period. Overall, the R&D activity increased compared to the first quarter of 2022. These effects are offset by positive cash flows from interest on bank deposits of USD 3.7 million (-0.0).

Cash outflow from financing activities was USD -10.6 million (-6.3). Cash outflows primarily consisted of interest amounting to USD 9.6 million (4.3), related to the group's long-term debt and interest on overdrafts.

The cash flow statement was also affected by the translation into USD of cash held in other currencies.

The group held USD 204.5 million in cash as at 31 March 2023, up from USD 174.8 million at the end of 2022.

For a more detailed cash flow statement, please see page 13.

Cash flow	First quarter	
USD million	**2023**	**2022**
Cash flow from operating activities	43.8	-45.9
Cash flow from investing activities	-6.9	-12.8
Cash flow from financing activities	-10.6	-6.3
Net change in cash and cash equivalents	**26.3**	**-65.0**
Cash and cash equivalents, beginning of period	174.8	146.9
Effect of change in exchange rate	3.4	1.2
Cash and cash equivalents, end of period	**204.5**	**83.1**

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

Financial position

The group's total assets as at 31 March 2023 totaled USD 1,992.0 million, down from USD 2,041.0 million as at 31 December 2022. Intangible assets and goodwill amounted to USD 488.5 million (524.6) and USD 1,032.1 million (1,096.4), respectively. The reduction in goodwill was attributable to currency translation effects.

Current assets increased from 31 December 2022 to March 2023 – from USD 368.3 million to USD 416.9 million. The increase was mainly attributable to an increase in the cash reserves from USD 174.8 million to USD 204.5 million. Inventory decreased to USD 80.4 million (83.5), while trade receivables and other receivables ended at USD 107.4 million (90.0) and USD 24.6 million (20.0), respectively.

Equity decreased from USD 1,347.8 million as at 31 December 2022 to USD 1,289.6 million as at 31 March 2023. The reduction primarily reflects 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 141.7 million as at 31 March 2023, from USD 134.9 million as at year-end 2022. The increase was mainly a result of timing effects of payables.

Total non-current liabilities remained stable at USD 560.7 million at 31 March 2023, compared with USD 558.2 million at 31 December 2022. The majority of the non-current liabilities consist of the company's senior facilities.

USD million	31 March 2023	31 December 2022
Goodwill	1,032.1	1,096.4
Intangible assets	488.5	524.6
Other	54.5	51.7
Total non-current assets	**1,575.1**	**1,672.6**
Total current assets	**416.9**	**368.3**
Total assets	**1,992.0**	**2,041.0**
Total equity	**1,289.6**	**1,347.8**
Non-current interest-bearing liabilities	427.6	421.8
Other non-current liabilities	133.1	136.5
Current liabilities	141.7	134.9
Total liabilities	**702.4**	**693.2**
Total equity and liabilities	**1,992.0**	**2,041.0**

Corporate developments

Ocado litigation

The judgment of the UK trial was handed down on 30 March 2023. The UK High Court dismissed AutoStore's patent infringement case against Ocado, which was heard in March/April 2022. This decision has no impact on AutoStore's business or operations. For updated information on the Ocado IP infringement case, please see note 5.2 on page 22.

Operational highlights

Pay-per-pick commercial model

The company recently launched a new recurring revenue model with a pay-per-pick structure. In the first quarter of 2023 AutoStore signed a pay-per-pick partnership with a global partner, THG Ingenuity.

New enhanced workstations

AutoStore launched FusionPort and FusionPort Staging, two new workstations that prioritize operational efficiency, operator productivity, and ergonomics. Both workstations feature a compact exterior design for greater flexibility when integrating with additional automation technology, with FusionPort Staging offering up to four times more storage capacity for existing warehouse footprints.

Subsequent events

Pay-per-pick customer

In April, AutoStore signed its first pay-per-pick customer, European e-commerce grocer, Rohlik Group.

Rotation and appointment of board members

Board member Sam Merksamer rotated off from the company's Board of Directors with effect from 20 April 2023. Further, Softbank appointed Sumer Juneja and Vikas Parekh as new members of the Board of Directors with effect from 20 April 2023. Moreover, Thomas H. Lee Partners appointed Edzard Overbeek as a new member of the Board of Directors, with effect from 20 April 2023, replacing Magnus Tornling who stepped down in September 2022. The Board of Directors will continue to constitute a quorum.

Outlook

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

AutoStore’s innovative warehouse solutions facilitate spacesaving, boost performance and reduce labor and energy costs for customers. Global megatrends such as e-commerce and automation, changing consumer demand, the emergence of micro-fulfillment centers and a general need for more sustainable and energy-efficient solutions constitute a strong platform for accelerating growth.

While supply chain challenges and increased cost inflation impacted the business in 2022, the company adopted mitigating measures, including price increases and a temporary aluminum surcharge. These actions are expected to lift margins back towards historical levels in 2023, as projects with more favorable cost and pricing levels move from backlog to realized revenue. In the first quarter of 2023, the company continued to benefit from the implemented price increases and more favorable grid costs, as evidenced by higher margins for the second consecutive quarter.

Despite current macroeconomic challenges and an evolving e-commerce landscape, AutoStore anticipates further adoption of automation in response to changing customer demand, labor shortages, a growing need for energy efficiency and demand for high-density warehousing. The company continues to expand globally and gain share in the attractive micro-fulfillment center and high throughput markets, further highlighting AutoStore’s technological leadership.

AutoStore’s business has seen a limited direct impact of Russia’s invasion of Ukraine and subsequent sanctions. The direct impact of high energy prices is relatively muted for AutoStore. However, additional macro-level complexity and implications may have negative impacts going forward.

AutoStore reiterates its revenue guidance for 2023 of USD 700-750 million, indicating a growth rate of 20-30% for the year. Given its strong competitive position and market reach, AutoStore believes it is positioned to continue growing revenues at two to three times the rate of the broader warehouse automation market. Based on current market growth estimates, this implies a CAGR for AutoStore of approximately 40% over time.

Interim condensed consolidated financial information

Interim condensed consolidated statement of comprehensive income

USD million	Notes	First quarter 2023	First quarter 2022
Revenue	2.1	149.7	123.0
Other operating income		-0.5	0.0
Total revenue and other operating income		**149.2**	**123.1**
Cost of materials		-49.1	-45.7
Employee benefit expenses	5.1	-20.6	-11.8
Other operating expenses		-19.8	-22.2
Depreciation		-2.2	-1.5
Amortization of intangible assets	3.1	-12.5	-13.9
Operating profit		**45.0**	**28.0**
Finance income	4.2	3.8	5.2
Finance costs	4.2	-23.2	-5.0
Profit before tax		**25.6**	**28.2**
Income tax expense		-5.7	-6.2
Profit for the period		**19.9**	**21.9**
Other comprehensive income/loss			
Items that subsequently will not be reclassified to profit or loss:			
Exchange differences on translation of parent company	4.2	-16.2	2.8
Total items that will not be reclassified to profit or loss		**-16.2**	**2.8**
Items that subsequently may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	4.2	-63.5	7.6
Total items that may be reclassified to profit or loss		-63.5	7.6
Other comprehensive income/loss for the period		**-79.6**	**10.3**
Total comprehensive income/loss for the period		**-59.8**	**32.3**
Profit attributable to:			
Equity holders of the parent		19.9	21.9
Total comprehensive income/loss attributable to:			
Equity holders of the parent		-59.8	32.3
Earnings per share			
Basic earnings per share (USD)		0.006	0.006
Diluted earnings per share (USD)		0.006	0.006

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 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment		20.0	17.3
Right-of-use assets		31.6	31.3
Goodwill	3.1	1,032.1	1,096.4
Intangible assets	3.1	488.5	524.6
Deferred tax assets		1.5	1.6
Other non-current assets		1.3	1.6
Total non-current assets		**1,575.1**	**1,672.6**
Current assets			
Inventories		80.4	83.5
Trade receivables		107.4	90.0
Other receivables		24.6	20.0
Cash and cash equivalents		204.5	174.8
Total current assets		416.9	368.3
TOTAL ASSETS		**1,992.0**	**2,041.0**
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		101.6	160.0
Total equity		**1,289.6**	**1,347.8**
Non-current liabilities			
Non-current interest-bearing liabilities	4.2	427.6	421.8
Non-current lease liabilities		31.5	28.9
Deferred tax liabilities		98.7	101.6
Non-current provisions	5.1	2.9	6.0
Total non-current liabilities		**560.7**	**558.2**
Current liabilities			
Trade and other payables		40.2	51.5
Interest-bearing liabilities	4.2	2.2	1.0
Lease liabilities		7.0	6.8
Income tax payable		23.3	26.8
Provisions	5.1	69.0	48.9
Total current liabilities		**141.7**	**134.9**
Total liabilities		**702.4**	**693.2**
TOTAL EQUITY AND LIABILITIES		**1,992.0**	**2,041.0**

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 2023	**34.3**	**1,154.6**	**-0.9**	**7.9**	**-183.2**	**335.3**	**1,347.8**
Profit for the period	-	-	-	-	-	19.9	**19.9**
Other comprehensive loss for the period	-	-	-	-	-79.6	-	**-79.6**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-79.6**	**19.9**	**-59.8**
Share-based payments (note 5.1)	-	-	-	1.4	-	-	**1.4**
Purchase/sale of treasury shares	-	-	0.0	-	-	0.1	**0.1**
Balance at 31 March 2023	**34.3**	**1,154.6**	**-0.9**	**9.4**	**-263.1**	**355.3**	**1,289.6**

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**	**-36.7**	**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**

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 functional currency, the depreciation of NOK compared to USD has resulted in negative translation differences being recognized in Q1 2023 of USD -79.6 million (positive USD 10.3 million in 2022).

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.
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Interim condensed consolidated statement of cash flow

USD million	Notes	First quarter 2023	First quarter 2022
Cash flow from operating activities			
Profit before tax		25.6	28.2
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortization		14.7	15.4
Share-based payment expense	5.1	0.3	0.2
Finance income	4.2	-3.8	-5.2
Finance costs	4.2	23.2	5.0
Working capital adjustments:			
Changes in inventories		3.1	-1.9
Changes in trade and other receivables		-20.8	-27.3
Changes in trade and other payables		-10.8	-61.2
Changes in provisions and other liabilities		19.0	2.4
Other items			
Tax paid		-6.7	-1.4
Net cash flow from operating activities		**43.8**	**-45.9**
Cash flow from investing activities			
Purchase of property, plant and equipment		-3.0	-3.1
Purchase of intangible assets[1]		-0.9	-1.5
Development expenditures		-6.8	-8.1
Interest received		3.8	-0.0
Net cash flow from investing activities		**-6.9**	**-12.8**
Cash flow from financing activities			
Proceeds from sale of treasury shares	4.1	0.1	-
Payments of principal for lease liability		-0.6	-1.0
Payments of interest for lease liability		-0.5	-0.2
Interest paid	4.2	-9.6	-4.3
Other financial expenses	4.2	-	-0.7
Net cash flow from financing activities		**-10.6**	**-6.3**
Net change in cash and cash equivalents		26.3	-65.0
Effect of change in exchange rate		3.4	1.2
Cash and cash equivalents, beginning of period		174.8	146.9
Cash and cash equivalents, end of period		**204.5**	**83.1**

[1] Was earlier presented as development expenditures
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 2023 were authorized for issue by the Board of Directors on 26 April 2023. AutoStore Holdings Ltd. has shares traded on Oslo Børs 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 headquarter is located at Stokkastrandvegen 85, 5578 Nedre Vats, Norway.

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

1.2 Basis of preparation

The unaudited interim condensed consolidated financial statements for the three months ended 31 March 2023 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 2022 (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 ending 31 December 2022.

All figures are presented in millions (000,000), except when otherwise indicated. Information presented in the interim condensed consolidated financial statements and notes may thus not add due to rounding. The statement of comprehensive income/gains is presented as positive amounts while expenses/ costs are presented as negative amounts.

Climate change

The group has considered the potential impact of climate-related matters related to GHG emissions and more stringent regulations and standards in preparing its consolidated financial statements. Climate change and adaptation to climate change represent both risks and opportunities to AutoStore.

The group has identified climate-related risks in five key aspects of its operations and value chain. These were identified as physical, regulatory, market, technology and reputational risks, which were linked to AutoStore's operations, suppliers and partners.

The group considers the main regulatory risk to be the introduction of carbon pricing mechanisms, which in turn could lead to an increase in aluminum prices. The main market risks considered were energy scarcity and shifting customer behavior towards a preference for solutions with the best ESG performance. The main technology risk is linked to pressure to reduce the group's environmental footprint, both through the materials used by suppliers and transitioning to lower emissions technology in the group's products. The main reputational risk is connected to sector stigmatization linked to high emissions in the supply chain and lack of environmental focus in logistics and e-commerce.

Climate risks are assessed to have highest impact on the group's financial statements and related estimates in the event of 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 at March 31, 2023, 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 accounting standard, interpretation or amendment that has been issued but is not yet effective.

No amendments and interpretations that apply for the first time in 2023, are considered to have any material impact on the unaudited interim condensed consolidated financial statements of the group.

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)
- Determination of functional currency
- Determination of performance obligations (note 2.1)

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[2] from contracts with customers has been disaggregated and is presented in the tables below:

	First quarter	
USD million	**2023**	**2022**
Major products and services		
AutoStore system	149.0	122.5
Rendering of services	0.7	0.5
Total revenue[2]	**149.7**	**123.0**
Geographic information		
Norway	7.8	4.7
Rest of Nordics	19.0	30.5
Germany	19.8	25.8
Europe, excl. Nordics and Germany	43.6	23.0
USA	29.8	26.8
Asia	17.9	10.3
Other	11.8	2.0
Total revenue[2]	**149.7**	**123.0**
Timing of revenue recognition		
Goods transferred at a point in time	147.6	118.9
Goods and services transferred over time	2.1	4.3
Total revenue[2]	**149.7**	**123.0**

[2] Excluding 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 profit and EBITDA. Total revenue is measured consistently with total revenue and other operating income in the unaudited interim condensed consolidated statement of comprehensive income, while gross profit and EBITDA are defined below.

	First quarter	
USD million	**2023**	**2022**
Revenue	149.7	123.0
Other operating income	-0.5	0.0
Total revenue and other operating income	**149.2**	**123.1**
Cost of materials	-49.1	-45.7
Gross profit	**100.1**	**77.3**
Employee benefit expenses	-20.6	-11.8
Other operating expenses	-19.8	-22.2
EBITDA	**59.7**	**43.4**

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

	First quarter	
USD million	**2023**	**2022**
Profit for the period	**19.9**	**21.9**
Income tax expense	5.7	6.2
Finance income	-3.8	-5.2
Finance costs	23.2	5.0
Depreciation	2.2	1.5
Amortization	12.5	13.9
EBITDA	**59.7**	**43.4**

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).

No additional goodwill was recognized during the three months ended at March 2023.

The group has recognized additions to intangible assets of USD 7.7 million during the three months ended 31 March 2023. USD 3.2 million of internal development is ready for its intended use and have been reclassified to software and technology.

USD million	Goodwill	Trade-marks	Software and technology	Patent rights	Customer relation-ships	Internal develop-ment	Total
Acquisition cost 31 December 2022	**1,096.4**	**6.0**	**456.7**	**93.7**	**117.0**	**23.5**	**1,793.3**
Additions through acquisitions	-	-	-	-	-	-	**-**
Additions	-	-	-	0.9	-	6.8	**7.7**
Reclassification	-	-	3.2	-	-	-3.2	**-**
Currency translation effects	-64.2	-0.1	-24.8	-4.4	-1.9	-0.2	**-95.7**
Acquisition cost 31 March 2023	**1,032.2**	**5.9**	**435.1**	**90.2**	**115.1**	**26.8**	**1,705.3**
Accumulated amortization 31 December 2022	**-**	**-**	**71.9**	**18.3**	**82.1**	**-**	**172.4**
Amortization for the period	-	-	5.8	1.4	5.3	-	**12.5**
Currency translation effects	-	-	-0.0	-0.0	-0.0	-	**-0.1**
Accumulated amortization 31 March 2023	**-**	**-**	**77.6**	**19.7**	**87.4**	**-**	**184.7**
Carrying amount 31 December 2022	**1,096.4**	**6.0**	**384.8**	**75.4**	**34.9**	**23.5**	**1,621.0**
Carrying amount 31 March 2023	**1,032.2**	**5.9**	**357.5**	**70.5**	**27.7**	**26.8**	**1,520.7**
Economic life (years)	Indefinite		5-25	13-18	5	N/A	
Amortization plan	N/A			Straight-line			

The group performed its annual impairment test for goodwill and intangible assets with indefinite lives as of 31 December 2022 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 2022.

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 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 for the three months ended 31 March 2023. The group's shares traded at a Price-to-Book (P/B) level of 5.7 as at 31 March 2023.

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 million)
At 1 January 2022	3,428,540,429	0.01	34.29
At 31 December 2022	3,428,540,429	0.01	34.29
At 31 March 2023	3,428,540,429	0.01	34.29

The above presented shares are issued and fully paid, and include a total of 89,304,069 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	U.S.	Nominee	1,316,486,762	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	118,956,556	3.47 %	3.47 %
Alecta Tjanstepension Omsesidigt	Luxembourg	Ordinary	93,158,350	2.72 %	2.72 %
AutoStore Holdings Ltd.	Norway	Ordinary	89,304,069	2.60 %	2.60 %
JPMorgan Chase Bank, N.A., London	UK	Nominee	83,306,498	2.43 %	2.43 %
The Bank of New York Mellon	U.S.	Nominee	73,785,950	2.15 %	2.15 %
Folketrygdfondet	Norway	Ordinary	52,500,065	1.53 %	1.53 %
State Street Bank and Trust Comp	U.S.	Nominee	30,712,265	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 %
J.P. Morgan SE	Luxembourg	Nominee	16,023,010	0.47 %	0.47 %
The Northern Trust Comp, London Br	UK	Nominee	16,019,409	0.47 %	0.47 %
State Street Bank and Trust Comp	U.S.	Nominee	13,361,541	0.39 %	0.39 %
Brown Brothers Harriman & Co.	U.S.	Nominee	13,026,195	0.38 %	0.38 %
The Bank of New York Mellon	U.S.	Nominee	12,135,021	0.35 %	0.35 %
Citibank, N.A.	Ireland	Nominee	11,830,160	0.35 %	0.35 %
Jakob Hatteland Holding AS	Norway	Ordinary	10,950,000	0.32 %	0.32 %
Polysys AS	Norway	Ordinary	10,800,000	0.32 %	0.32 %
Brown Brothers Harriman & Co.	U.S.	Nominee	8,804,643	0.26 %	0.26 %
Other shareholders			280,339,899	8.18 %	8.18 %
At 31 March 2023			3,428,540,429	100.0 %	100.0%

The shareholder information is gathered from the VPS share register.

On 7 June 2022, the group introduced a new share purchase plan for all permanent employees. Through this program, a total of 1,816,191 shares in AutoStore were delivered to permanent employees for a purchase price of NOK 16.7. Shares purchased will be subject to a two-year lock-up period.

The first block of 1,402,060 shares was delivered to applicants on 9 September 2022 and the second block of 325,696 shares was delivered to applicants on 8 November 2022. The remaining 88,435 was delivered in the first quarter of 2023. The shares delivered were existing shares held in treasury by AutoStore.

Distribution to shareholders

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

Share price information as of 31 March 2023	
Share price at 31 March 2023 (NOK)	22.47
Number of shares	3,428,540,429
Market capitalization at 31 March 2023 (NOK)	**77,039,303,440**
USD/NOK exchange rate at 31 March 2023	10.48
Market capitalization at 31 March 2023 (USD)	**7,353,043,126**

	First quarter	
Weighted average number of shares	2023	2022
Weighted average number of ordinary shares for basic EPS	3,339,235,377	3,428,540,429
Weighted average number of ordinary shares adjusted for the effect of dilution	3,430,463,047	3,517,284,717

4.2 Interest-bearing liabilities

USD million	Interest rate	31 March 2023	31 December 2022
Senior Facilities: Facility B (EUR)[1]	EURIBOR+2.50%	265.3	260.2
Senior Facilities: Facility B (USD)[1]	LIBOR+3.25%	167.0	167.0
Capitalized fees - Facility B		-4.7	-5.4
Total non-current interest-bearing loans and borrowings		427.6	421.8

[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 2023	31 December 2022
Senior Facilities: Facility B (EUR)[1]	EURIBOR+2.50%	1.1	1.0
Senior Facilities: Facility B (USD)[1]	LIBOR+3.25%	1.1	-
Total current interest-bearing loans and borrowings		2.2	1.0

[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 2023.

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	2023	2022
Finance income	3.8	5.2
Finance costs	-23.2	-5.0
Net finance income/cost	-19.4	0.2
Foreign currency gain/loss included above	-12.7	5.2

Foreign currency income/cost for the three-month period ended 31 March 2023 are presented net as a part of finance cost (presented as a part of finance income in Q1 2022).

Note 5 Other disclosures

5.1 Share-based payments

USD million	First quarter 2023	First quarter 2022
Expense arising from equity-settled share-based payment transactions	-0.3	-0.2
Total expense arising from share-based payment transactions	**-0.3**	**-0.2**

The difference between the USD 0.3 million of equity-settled share-based payment expense disclosed above and the USD 1.4 million presented in the statement of equity relates to USD 1.1 million of employee bonus shares for 2022, recognized as a liability as of 31 December 2022, however reclassified to equity in 2023, as they will be subject to equity settlement during Q2 2023.

Changes in provisions for social security tax (SST) related to the group's share-based payments program were USD 2.9 million from 31 December 2022 to 31 March 2023 as a result of an increase in the underlying share price. For further information, including the weighted average remaining contractual life for the share options outstanding, please see note 7.4 in the group's consolidated financial statements for the year ended 31 December 2022.

Movements during the period

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

Number of and movements in share options	Year 2023	Year 2022
Outstanding at 1 January	**90,661,375**	**88,744,288**
Granted during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-196,421	-
Outstanding at 31 March	**90,464,959**	**88,744,288**
Exercisable at 31 March	77,183,587	60,969,585

196,421 instruments related to the 2022 LTI program were terminated during the first quarter of 2023 due to employees leaving the company.

For more information on the share option program, reference is made to the group's consolidated financial statements for the year ended 31 December 2022.

External members of the Board of Directors of AutoStore Holdings Ltd. are partly compensated through option instruments, RSU (restricted stock options), granted upon the parent company's IPO 20 October 2021 and in the fourth quarter of 2022. Vesting period is two years from grant date.

5.2 Commitments and contingencies

Ocado litigation

International Trade Commission (ITC)

On December 13, 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 March 10, 2022 the Commission affirmed the Initial Determination and terminated the investigation. AutoStore has appealed the Commission's decision. The Commission's decision does not impact AutoStore's ability to sell its products anywhere.

United States District Court for the District of New Hampshire

On January 17, 2021 Ocado Innovations Ltd. and Ocado Solutions Ltd. filed a complaint for patent infringement against AutoStore AS and AutoStore System Inc. in the United States District Court for the District of New Hampshire, claiming that the AutoStore entities infringe four Ocado patents. On October 6, 2021, Ocado filed another complaint in the United States District Court for the District of New Hampshire, alleging that AutoStore infringes a fifth Ocado patent. The two cases have been consolidated into one case. AutoStore maintains that it does not infringe any of the five patents and that all claims asserted against AutoStore are invalid. The trial is currently scheduled for December 2023.

US Patent Trial and Appeal Board (PTAB) proceedings

In June 2022, the U.S. Patent Trial and Appeal Board ("PTAB") issued Final Written Decisions in Inter Partes Review proceedings initiated by Ocado that challenged the validity of AutoStore's U.S. Patent Nos. 10,294,025 and 10,474,140. On June 1, the PTAB upheld the validity of one challenged claim of U.S. Patent No. 10,294,025 and found three claims invalid. On June 27, the PTAB upheld the validity of all challenged claims of U.S. Patent No. 10,474,140. There are no other pending PTAB proceedings challenging AutoStore patents. AutoStore filed petitions for Inter Partes Review against three of Ocado's patents asserted in the District of New Hampshire: United States Patent Nos. 9,796,080 ("'080"), 10,913,602 ("'602"), and 10,961,051 ("'051"). The PTAB declined to institute proceedings for the '080 patent on October 8, 2021, and declined to institute proceedings for the '602 patent on July 20, 2022. The PTAB began proceedings against Ocado's '051 patent on September 14, 2022, which remain ongoing.

German proceedings

As of February 2022, all of Ocado's claims against AutoStore in Germany have been 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. Three of those actions were stayed by orders of the German courts and Ocado agreed to a stay on the remaining action. AutoStore has consistently maintained that the Ocado utility models in Germany are invalid, and the company's proceedings in the German Patent Office to invalidate them are ongoing.

UK proceedings

AutoStore's patent infringement claim against Ocado in the UK High Court took place in March/April 2022. On 30 March 2023, the Court gave judgment in respect of this trial, dismissing AutoStore's patent infringement case. The decision does not have any impact on AutoStore's business or operations. AutoStore is evaluating its options in light of the judgment.

European Patent Office proceedings

There are ongoing proceedings at various stages in the European Patent Office ("EPO") concerning the respective validity of certain Ocado and AutoStore patents. On 27 and 28 February 2023, the Technical Boards of Appeal of the EPO affirmed the initial rulings of the EPO in relation to two of AutoStore's patents at issue in the UK trial heard in March/April 2022.

Appendices

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

Alternative Performance Measures (APMs)

Adjusted EBITDA[1]

USD million	First quarter 2023	First quarter 2022
Profit for the period	**19.9**	**21.9**
Income tax	5.7	6.2
Net financial items	19.4	-0.2
EBIT	**45.0**	**28.0**
Depreciation	2.2	1.5
Amortization of intangible assets	12.5	13.9
EBITDA	**59.7**	**43.4**
Ocado litigation costs	5.4	9.9
Transaction costs	-	1.2
Option costs	3.2	-0.3
Total adjustments	**8.7**	**10.8**
Adjusted EBITDA[1]	**68.3**	**54.2**
Total revenue and other operating income	149.2	123.1
EBITDA margin	**40.0 %**	**35.2 %**
Adjusted EBITDA margin[1]	**45.8 %**	**44.0 %**

Adjusted EBIT[1]

USD million	First quarter 2023	First quarter 2022
EBIT	**45.0**	**28.0**
Ocado litigation costs	5.4	9.9
Transaction costs	-	1.2
Option costs	3.2	-0.3
PPA amortizations	10.3	11.9
Total adjustments	**19.0**	**22.7**
Adjusted EBIT[1]	**64.0**	**50.7**
Total revenue and other operating income	149.2	123.1
EBIT margin	**30.1 %**	**22.7 %**
Adjusted EBIT margin[1]	**42.9 %**	**41.2 %**

[1] Please refer to page 26 for explanations on the APM definitions and page 28 for explanations and details on the adjustments.

Adjustments

Ocado litigation costs	These 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 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 accelerated vesting and increased social security tax as a consequence of the rise in value of the underlying shares. The company has deemed these costs to constitute a special item in terms of their nature and size.
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. 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 Latin America
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	Theoretical Addressable Market
WMS	Warehouse Management System

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