Quarterly report
Q2 2023

Highlights (1/2)

In the second quarter of 2023, AutoStore delivered all time high revenue of USD 176 million, strong profitability returning to our historical and industry leading adjusted EBITDA margin[2] of 50%, as well as solid cash flow conversion[2] of 85%.

Financial highlights for the second quarter of 2023

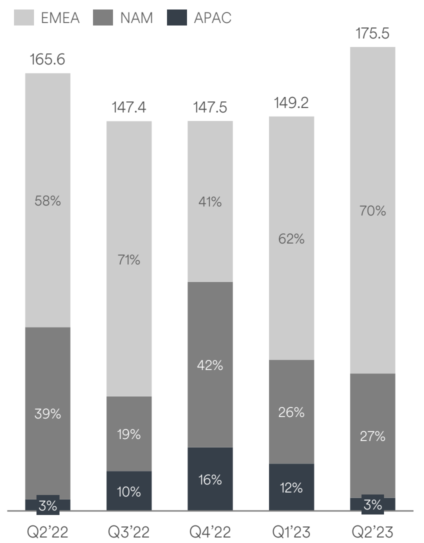
- Revenue[1] in the second quarter of 2023 totaled USD 175.5 million (165.6), representing YoY growth of 6.0%. The company continued to deliver growth in EMEA and APAC, with YoY revenue growth of 28.8% and 15.3%, respectively.
- Gross margin increased by 11.0 pp. YoY to 67.6% (56.6%). During the last nine months gross margin improved by a total of 13.2 pp., successfully returning back 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 -183.4 million (72.3), primarily explained by an expense of £200 million (USD 239.0 million) related to the settlement of all claims in the global patent dispute with Ocado Group. Please see note 5.2 and 5.3 for additional information.
- Adjusted EBITDA[2] was USD 87.1 million (69.5) while the corresponding adjusted EBITDA margin[2] was back at historical levels at 49.6% (42.0%), up 7.7 pp. YoY.
- Simplified free cash flow[2] was USD 73.8 million (59.4), resulting in a strong cash flow conversion[2] of 84.7% (85.5%).

Financial highlights for the first half of 2023

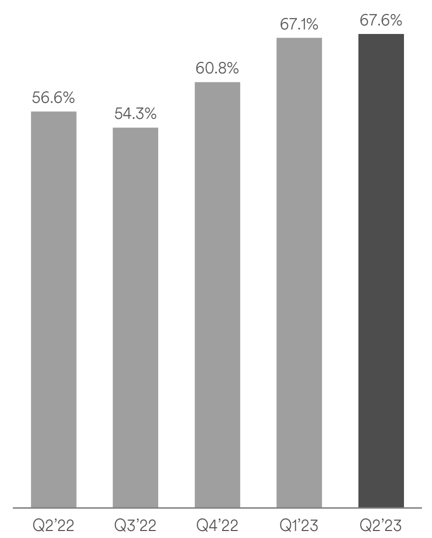
- Revenue[1] in the first half of 2023 amounted to USD 324.7 million (288.6), representing growth of 12.5% compared to the first half of 2022.
- Gross margin improved by 8.1 pp. to 67.4% (59.2%) in the first half of 2023.
- Reported EBIT for the first half of 2023 ended at USD -138.4 million (100.3), primarily explained by an expense of £200 million (USD 239.0 million) related to the settlement of all claims in the global patent dispute with Ocado Group. Please see note 5.2 and 5.3 for additional information.
- Adjusted EBITDA[2] ended at USD 155.5 million (123.7), representing an adjusted EBITDA margin[2] of 47.9% (42.8%). The YoY margin increase was primarily linked to improved gross margin.
- Simplified free cash flow[2] totaled USD 131.4 million (100.8) in the first half of 2023, resulting in a solid cash flow conversion[2] of 84.5% (81.5%).

	Second quarter			First half		
USD million	**2023**	2022	Δ in %	**2023**	2022	Δ in %
Revenue[1]	175.5	165.6	6.0 %	324.7	288.6	12.5 %
Gross profit	118.6	93.6	26.6 %	218.7	171.0	27.9 %
Gross margin	67.6%	56.6 %	11.0 pp.	67.4 %	59.2 %	8.1 pp.
EBIT	-183.4	72.3	-353.5 %	-138.4	100.3	-238.0 %
Adjusted EBITDA[2]	87.1	69.5	25.4 %	155.5	123.7	25.7 %
Adjusted EBITDA margin[2] (%)	49.6 %	42.0 %	7.7 pp.	47.9 %	42.8 %	5.0 pp.
Adjusted EBIT[2]	82.1	66.7	23.1 %	146.1	117.4	24.4 %
Adjusted EBIT margin[2] (%)	46.8 %	40.3 %	6.5 pp.	45.0 %	40.7 %	4.3 pp.
Simplified free cash flow[2]	73.8	59.4	24.2 %	131.4	100.8	30.4 %
Cash flow conversion[2] (%)	84.7 %	85.5 %	-0.8 pp.	84.5 %	81.5 %	3.0 pp.
Order intake[3]	136.8	161.3	-15.2 %	301.1	321.9	-6.5 %

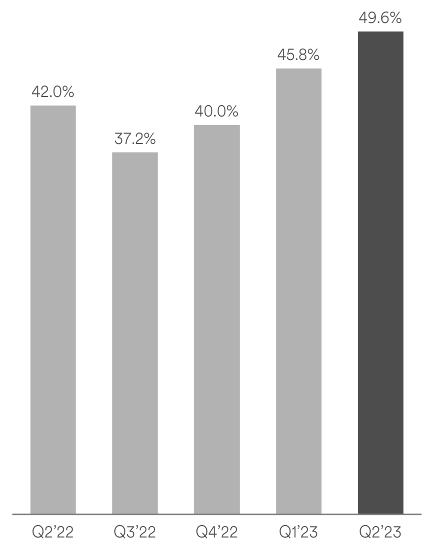
Revenue[1] by region
USD million



Gross margin



Adjusted EBITDA margin[2]



[1] Revenue and other operating income.
[2] Please see the APM section for further explanations and details on APM measures.
[3] 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.

Highlights (2/2)

Sales KPIs

● Order intake[3] was USD 136.8 million (161.3), representing a decline of 15.2% YoY, reflecting continued general macroeconomic uncertainty and longer decision-making cycles among end customers. This brought the order backlog[4] to USD 452.0 million (477.6). The order backlog aided by shorter lead times provides good revenue visibility for the 2023 guidance.

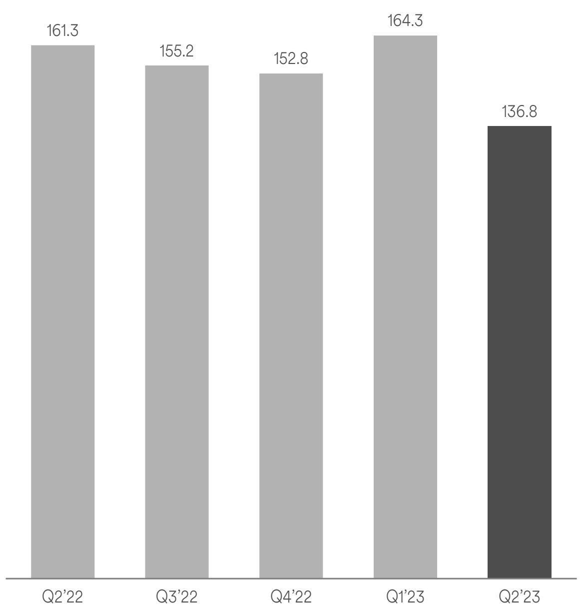
Operational highlights

● AutoStore opened a new office in Ulm, Germany. The new office location is another step to cater to the continued growth in Europe as well as a sign of the strategic importance of the DACH region.

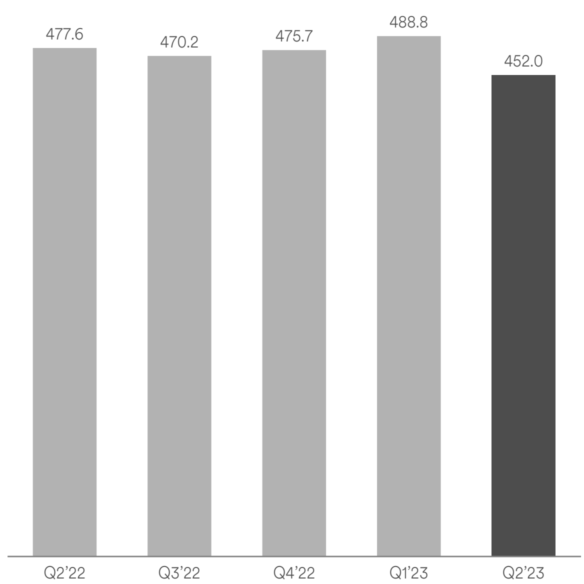
Subsequent events

● On 22 July, 2023 AutoStore and Ocado Group announced a complete settlement of all claims between the companies in their global patent dispute avoiding further litigation and associated costs. Please see note 5.2 and 5.3 for additional information.

Order intake[3]
USD million



Order backlog[4] development
USD million



[3] 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.

[4] 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 second quarter, AutoStore grew revenue to USD 175.5 million, up 6% and achieved a gross margin of 67.6%, an increase of 11 pp. year-over-year. Adjusted EBITDA margin increased to 49.6%, versus 42.0% in the prior year quarter. This represents the third consecutive quarter of margin improvement, which demonstrates the strength and profitability of AutoStore and a return to our historical and industry leading margin levels. Order intake of USD 136.8 million was down 15% versus the comparative period, reflecting longer decision-making cycles among end customers.

Proven high growth, high margin business model
Through decades of innovation and consistent execution of our growth strategy, we have established a position as a global leader in the warehouse automation market. Our technology and proprietary software provides best in class reliability and customer ROI, protected by an extensive patent portfolio. The standardization and modularity of our solution provides efficiency and scalability, and it's enabling us to serve a broad range of new and existing customers across a wide spectrum of end markets globally. The combination of these factors together with our unique go to market model, which allows for unparalleled market access and scalability, yield unique financial performance and a high margin business model.

Strong underlying activity level but slower order conversion as customers focus on near-term capital expenditure budgets
In the second quarter, we continued to see an overall high level of activity when measured in number of opportunities, pipeline and the amount of offers we issue across our network. There is strong interest in automated warehouse solutions amongst new and existing customers. We see zero churn across our customer base with continued high win rates. However, we are seeing an increased focus on near-term capital expenditure budgets driving extended decision-making cycles and slower order conversion.

Robust long-term fundamentals and continued focus on innovation
Autostore is the leading global player in the market with the only proven and scalable solution driving best in class financial profile. Longer term market outlook remains strong and AutoStore continues to benefit from a huge and fast expanding market with increasing automation penetration and high demand for the efficiencies offered by fast, automated cubic storage. We anticipate continued strong demand for our systems backed by undisputed secular growth tailwinds. Our team is continuously developing our innovative solutions and providing new offerings for our partners and customers. Over the course of the last 12 months we have released a number of new products, including new ports and analytics software which drive higher efficiency and productivity from the system.

AutoStore and Ocado Group have settled all patent litigations
Subsequent to the quarter end, we announced a complete settlement of all claims in the global patent dispute between AutoStore and Ocado Group. As a result of this agreement, all patent litigation claims between the two companies have been withdrawn globally. We are pleased with this settlement that resolves our differences and allows us to continue focusing on our respective business goals.

On track to achieve target growth for 2023
While the short term general market outlook remains uncertain, AutoStore's order backlog of USD 452.0 million provides us with good visibility for the remainder of 2023. Our geographic revenue diversification and broad exposure to various end-markets and warehouse types reinforce our confidence in our growth opportunities. We reaffirm 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 well-positioned to continue growing revenues at two to three times the rate of the broader warehouse automation market which is currently estimated to grow by ~15% in the medium term.

Mats Hovland Vikse
Mats Hovland Vikse,
CEO

Financial developments[1,3]

Results for the period

Second quarter of 2023

AutoStore reported total revenue (including other operating income) of USD 175.5 million (165.6), representing YoY growth of 6.0%.

Cost of materials was reduced from USD 71.9 million in the second quarter of 2022 to USD 56.9 million in the second quarter of 2023. The reduction was primarily a result of a more favorable product mix in addition to lower grid cost.

Employee benefit expenses increased compared to the same period in 2022, from USD -10.5 million to USD 20.3 million. The expense was unusually low in the comparative period as a consequence of a reduction in the provision for social security tax on management options in response to a reduction in the company's share price in Q2 2022. AutoStore treats option costs as an adjustment item, and the related adjustment for management option costs totaled USD 2.8 million in the second quarter of 2023, compared to USD -23.3 million in the same period in 2022. Please see the APM section on page 25 for further details. Excluding adjustment items, employee benefit expenses amounted to USD 17.6 million in the second quarter of 2023 compared to USD 12.8 million in the corresponding period in 2022. The increase was primarily driven by a 17% increase in headcount.

In the second quarter of 2023, other operating expenses increased to USD 266.7 million, up from USD 18.0 million in the same period in 2022. The increase was mainly attributable to the expense of USD 239.0 million related to the settlement of all claims in the global patent dispute between AutoStore and Ocado Group. Please see note 5.2 and 5.3 for further information. In addition, the company covered Ocado Group's legal fees related to the UK High Court hearing of USD 8.5 million. The group treats litigation costs as an adjustment item. Please see the APM section on page 25 for further details. Excluding the adjustment items, other operating expenses increased to USD 13.9 million (11.4) in the second quarter of 2023. The development in other operating expenses was primarily driven by increased marketing activity, which in turn was a result of continued operational expansion and will support the company's long-term development.

Reported EBITDA was USD -168.5 million (86.2), corresponding to an EBITDA margin of -96.0% (52.1%). Adjusted EBITDA[2] and the adjusted EBITDA margin[2] were USD 87.1 million (69.5) and 49.6% (42.0%), respectively. The decrease in reported EBITDA was primarily a consequence of expenses related to the settlement of the patent dispute with Ocado Group, whereas the increase in adjusted EBITDA margin[2] primarily was a result of improved gross margin.

AutoStore reported USD 2.6 million (1.8) in depreciation and USD 12.3 million (12.1) 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 second quarter at USD -183.4 million (72.3), while adjusted EBIT[2] totaled USD 82.1 million (66.7).

Finance income was USD 3.4 million (0.1), while finance cost was USD 13.0 million (24.4). The reduction in finance cost was mainly a result of reduction in foreign exchange losses in the second quarter of 2023, which amounted to USD 2.6 million compared to USD 22.3 million in the second quarter of 2022. This effect was offset by increased interest expenses related to the group's long-term debt and interest on overdrafts, which totaled USD 9.4 million (2.5) in the second quarter of 2023.

The loss before tax in the second quarter of 2023 was USD -193.0 million (48.0), which resulted in a tax income of USD 44.9 (-10.6). The loss after tax was USD -148.1 million (37.4) and earnings per share ended at USD -0.044 (0.011).

First half of 2023

Total revenue (including other operating income) was USD 324.7 million (288.6), representing YoY growth of 12.5%.

Cost of materials ended at USD 106.0 million (117.7). The reduction was primarily a result of a more favorable product mix in addition to lower grid cost.

AutoStore reported employee benefit expenses of USD 40.9 million (1.3). The YoY increase was attributable to two main factors: Firstly, the expense in the second quarter of 2022 was unusually low due to a reduction of the provision for social security tax on management options following the reduced share price for the company in Q2 2022. Secondly, an increase in the number of employees contributed to higher expenses during the first half of 2023.

Other operating expenses amounted to USD 286.5 million (40.1). The increase was mainly attributable to the expenses related to the Ocado Group settlement and legal fees recorded in the second quarter. The group treats litigation costs as an adjustment item. Please see the APM section on page 25 for further details. Excluding the adjustment items, other operating expenses amounted to USD 28.3 million (23.7) in the first half of 2023. The increase was primarily driven by increased marketing activity.

Reported EBITDA ended at USD -108.8 million (129.6) with an EBITDA margin of -33.5% (44.9%), while adjusted EBITDA[2] and the adjusted EBITDA margin[2] were USD 155.5 (123.7) and 47.9% (42.8%) respectively. The decrease in reported EBITDA was primarily a consequence of expenses related to the settlement of the patent dispute with Ocado Group, whereas the increase in adjusted EBITDA margin[2] primarily was a result of improved gross margin.

Depreciation amounted to USD 4.8 million (3.3), while amortization of intangible assets totaled USD 24.8 million (26.0).

Finance income was USD 7.1 million (0.1), while finance cost totaled USD 36.2 million (24.2). The YoY increase in finance income was related to increased interest earned on the group's financial deposits. The increase in finance cost was mainly driven by USD 18.9 million (6.9) related to interest on the groups long-term debt and USD 15.3 million (17.1) related to foreign exchange losses.

The loss before tax in the first half of 2023 was USD -167.5 million (76.2), which resulted in a tax income of USD 39.2 (-16.8). The loss after tax was USD -128.3 million (59.4) and earnings per share ended at USD -0.038 (0.017).

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

[2] Please see the APM section for further explanations and details on APM measures.

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

Profit for the period	Second quarter		First half	
USD million	**2023**	**2022**	**2023**	**2022**
Revenue and other operating income	175.5	165.6	324.7	288.6
Cost of materials	-56.9	-71.9	-106.0	-117.7
Employee benefit expenses	-20.3	10.5	-40.9	-1.3
Other operating expenses	-266.7	-18.0	-286.5	-40.1
EBITDA	**-168.5**	**86.2**	**-108.8**	**129.6**
Adjusted EBITDA[2]	**87.1**	**69.5**	**155.5**	**123.7**
Depreciation	-2.6	-1.8	-4.8	-3.3
Amortization of intangible assets	-12.3	-12.1	-24.8	-26.0
EBIT	**-183.4**	**72.3**	**-138.4**	**100.3**
Adjusted EBIT[2]	**82.1**	**66.7**	**146.1**	**117.4**
Finance income	3.4	0.1	7.1	0.1
Finance costs	-13.0	-24.4	-36.2	-24.2
Profit/loss before tax	**-193.0**	**48.0**	**-167.5**	**76.2**
Income tax expense	44.9	-10.6	39.2	-16.8
Profit/loss for the period	**-148.1**	**37.4**	**-128.3**	**59.4**

Cash flow

Second quarter of 2023

AutoStore generated a positive cash flow of USD 76.4 million (63.9) from operating activities in the second quarter of 2023. The first payout related to the settlement with Ocado Group was due in July 2023, and as a result, the cash flow will be impacted in the third quarter. Please see note 5.2 and 5.3 for additional information.

Cash outflow from investing activities amounted to USD -10.0 million (-10.0). The cash outflows comprised of USD -7.3 million (-2.2) from purchase of property, plant and equipment and intangible assets, and USD -6.1 million (-7.8) related to development expenditures. The increase in capital expenditures for property, plant and equipment was primarily due to the expansion of the assembly facility in Poland. The decrease in development expenditures was primarily related to currency exchange rate fluctuations and capitalization of significant one-off effects in the comparative period. Overall, the R&D activity increased compared to the second quarter of 2022. These effects were partly offset by positive cash flows from interest on bank deposits of USD 3.4 million (0.1).

Cash outflow from financing activities was USD -10.9 million (-3.8). Cash outflows primarily consisted of interest amounting to USD 9.2 million (2.5), 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 261.0 million in cash as at 30 June 2023, up from USD 119.2 million at June 2022.

First half of 2023

The cash flow from operating activities in the first half of 2023 was USD 119.9 million (18.1). The first payout related to the settlement with Ocado Group was due in July 2023, and as a result, the cash flow will be impacted in the third quarter. Please see note 5.2 and 5.3 for additional information.

Cash flow from investing activities was USD -16.9 million compared to USD -22.7 million in the corresponding period of 2022. The decrease was primarily a result of lower disbursements related to development expenditures, offset by an increase in interest received on bank deposits.

Cash flow from financing activities was USD -21.1 million in the first half of 2023 (-10.1). The increase from the corresponding first half of 2022 was primarily caused by higher market interest rates related to the company's senior debt.

For a more detailed cash flow statement, please see page 14.

Cash flow	Second quarter		First half	
USD million	**2023**	**2022**	**2023**	**2022**
Cash flow from operating activities	76.4	63.9	119.9	18.1
Cash flow from investing activities	-10.0	-10.0	-16.9	-22.7
Cash flow from financing activities	-10.9	-3.8	-21.1	-10.1
Net change in cash and cash equivalents	**55.6**	**50.1**	**81.9**	**-14.7**
Cash and cash equivalents, beginning of period	204.5	83.1	174.8	146.9
Effect of change in exchange rate	0.9	-14.0	4.2	-12.9
Cash and cash equivalents, end of period	**261.0**	**119.2**	**261.0**	**119.2**

[2] Please see the APM section for further explanations and details on APM measures.

Financial position

The group's total assets as at 30 June 2023 were USD 2,028.9 million, down from USD 2,041.0 million as at 31 December 2022. Intangible assets and goodwill amounted to USD 471.4 million (524.6) and USD 1,003.7 million (1,096.4), respectively. The reduction in goodwill was attributable to currency translation effects.

Current assets increased from USD 368.3 million as at 31 December 2022 to USD 477.4 million as at 30 June 2023. The increase was mainly attributable to an increase in the cash reserve from USD 174.8 million to USD 261.0 million. Inventory decreased to USD 79.7 million (83.5), while trade receivables and other receivables ended at USD 115.0 million (90.0) and USD 21.8 million (20.0), respectively. The increase in trade receivables was linked to revenue growth and timing effects of payments.

Equity decreased from USD 1,347.8 million as at 31 December 2022 to USD 1,110.0 million as at 30 June 2023. The reduction primarily reflects the effect of the expense related to the settlement of claims in the global patent dispute with Ocado Group and negative exchange rate differences linked to the translation of results and the financial position of subsidiaries and the parent company from other currencies into USD.

Current liabilities increased to USD 274.6 million as at 30 June 2023, from USD 134.9 million as at year-end 2022. The increase was primarily linked to recognition of a provision of USD 122.6 million related to the settlement of all claims in the patent dispute with Ocado Group.

Total non-current liabilities increased from 31 December 2022 to 30 June 2023, from USD 558.2 million to USD 644.3 million. The increase was mainly a result of the recognition of a non-current provision of USD 116.4 million related to the settlement of all claims in the patent dispute with Ocado Group. In addition, non-current lease liabilities increased to USD 47.0 million (28.9) as a result of additional lease facilities added during the year. These effects were offset by a USD 50.0 million reduction in the deferred tax liability, which mainly occurred as a consequence of the positive tax income.

USD million	30 June 2023	31 December 2022
Goodwill	1,003.7	1,096.4
Intangible assets	471.4	524.6
Other	76.5	51.7
Total non-current assets	**1,551.5**	**1,672.6**
Total current assets	**477.4**	**368.3**
Total assets	**2,028.9**	**2,041.0**
Total equity	**1,110.0**	**1,347.8**
Non-current interest-bearing liabilities	427.8	421.8
Other non-current liabilities	216.5	136.5
Current liabilities	274.6	134.9
Total liabilities	**918.9**	**693.2**
Total equity and liabilities	**2,028.9**	**2,041.0**

Operational highlights

AutoStore opened a new office in Ulm, Germany. The new office location is another step to cater to the continued growth in Europe as well as a sign of the strategic importance of the DACH region.

Subsequent events

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

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

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

The other terms of the agreement remain confidential.

Please see note 5.2 and 5.3 for additional information.

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 space saving, 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 successfully adopted mitigating measures, which has successfully improved the gross margin. In the second quarter of 2023, the adjusted EBITDA margin was back to our historical and industry leading levels of around 50%, driven by operational leverage. The company's ability to provide best-in-class reliability and customer ROI, coupled with its standardized, modular solutions provide efficiency and scalability. These attributes combined with the unique go-to-market model yield a high growth, high margin business model.

Despite slower order conversion as customers focus on near-term capital expenditure budgets, 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.

The global patent dispute between AutoStore and Ocado Group has been fully resolved. The recently announced settlement resolves the companies' differences and allows AutoStore to continue focusing on its business goals.

AutoStore's order backlog provides good visibility for the remainder of 2023. Hence, AutoStore reaffirms its revenue guidance for 2023 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 well-positioned to continue growing revenues at two to three times the rate of the broader warehouse automation market which is currently estimated to grow by ~15%[1] in the medium term.

Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of interim consolidated financial statements for the second quarter of 2023, 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 as specified in Section 5-6, first paragraph, of the Norwegian Securities Trading Act.

Oslo, 16 August 2023

The Board of Directors of AutoStore Holdings Ltd.

James C. Carlisle
Co-chair

Vikas J. Parekh
Co-chair

Viveka Ekberg
Board member

Andreas Hansson
Board member

Sumer Juneja
Board member

Michael K. Kaczmarek
Board member

Kristin Skogen Lund
Board member

Edzard Overbeek
Board member

Hege Skryseth
Board member

Mats Hovland Vikse
Chief Executive Officer

[1] Source: Interact Analysis

Interim condensed consolidated financial information

Interim condensed consolidated statement of comprehensive income

		Second quarter		First half	
USD million	Notes	2023	2022	2023	2022
Revenue	2.1	175.3	165.3	325.0	288.3
Other operating income		0.3	0.3	-0.3	0.3
Total revenue and other operating income		**175.5**	**165.6**	**324.7**	**288.6**
Cost of materials		-56.9	-71.9	-106.0	-117.7
Employee benefit expenses		-20.3	10.5	-40.9	-1.3
Other operating expenses	5.2	-266.7	-18.0	-286.5	-40.1
Depreciation		-2.6	-1.8	-4.8	-3.3
Amortization of intangible assets	3.1	-12.3	-12.1	-24.8	-26.0
Operating profit/loss		**-183.4**	**72.3**	**-138.4**	**100.3**
Finance income	4.2	3.4	0.1	7.1	0.1
Finance costs	4.2	-13.0	-24.4	-36.2	-24.2
Profit/loss before tax		**-193.0**	**48.0**	**-167.5**	**76.2**
Income tax expense		44.9	-10.6	39.2	-16.8
Profit/loss for the period		**-148.1**	**37.4**	**-128.3**	**59.4**
Other comprehensive income/loss					
Items that subsequently will not be reclassified to profit or loss:					
Exchange differences on translation of parent company		-7.3	-37.0	-23.5	-34.2
Total items that will not be reclassified to profit or loss		**-7.3**	**-37.0**	**-23.5**	**-34.2**
Items that subsequently may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		-24.2	-137.7	-87.7	-130.2
Total items that may be reclassified to profit or loss		-24.2	-137.7	-87.7	-130.2
Other comprehensive income/loss for the period		**-31.5**	**-174.7**	**-111.2**	**-164.4**
Total comprehensive income/loss for the period		**-179.6**	**-137.3**	**-239.4**	**-105.0**
Profit/loss attributable to:					
Equity holders of the parent		-148.1	37.4	-128.3	59.4
Total comprehensive income/loss attributable to:					
Equity holders of the parent		-179.6	-137.3	-239.4	-105.0
Earnings per share					
Basic earnings per share (USD)		-0.044	0.011	-0.038	0.017
Diluted earnings per share (USD)		-0.044	0.011	-0.038	0.017

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	30 June 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment		24.7	17.3
Right-of-use assets		48.6	31.3
Goodwill	3.1	1,003.7	1,096.4
Intangible assets	3.1	471.4	524.6
Deferred tax assets		1.5	1.6
Other non-current assets		1.6	1.6
Total non-current assets		**1,551.5**	**1,672.6**
Current assets			
Inventories		79.7	83.5
Trade receivables		115.0	90.0
Other receivables		21.8	20.0
Cash and cash equivalents		261.0	174.8
Total current assets		477.4	368.3
TOTAL ASSETS		**2,028.9**	**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	4.1	-0.8	-0.9
Other equity		-77.9	160.0
Total equity		**1,110.0**	**1,347.8**
Non-current liabilities			
Non-current interest-bearing liabilities	4.2	427.8	421.8
Non-current lease liabilities		47.0	28.9
Deferred tax liabilities		51.6	101.6
Non-current provisions	5.2	117.9	6.0
Total non-current liabilities		**644.3**	**558.2**
Current liabilities			
Trade and other payables		68.0	51.5
Interest-bearing liabilities	4.2	1.3	1.0
Lease liabilities		9.5	6.8
Income tax payable		17.3	26.8
Provisions	5.2	178.6	48.9
Total current liabilities		**274.6**	**134.9**
Total liabilities		**918.9**	**693.2**
TOTAL EQUITY AND LIABILITIES		**2,028.9**	**2,041.0**

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 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**
Loss for the period	-	-	-	-	-	-128.3	**-128.3**
Other comprehensive loss for the period	-	-	-	-	-111.2	-	**-111.2**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-111.2**	**-128.3**	**-239.4**
Share-based payments (note 5.1)	-	-	-	1.5	-	-	**1.5**
Purchase/sale of treasury shares (note 4.1)	-	-	0.1	-	-	0.0	**0.1**
Balance at 30 June 2023	**34.3**	**1,154.6**	**-0.8**	**9.5**	**-294.4**	**207.0**	**1,110.0**

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	-	-	-	-	-	59.4	**59.4**
Other comprehensive loss for the period	-	-	-	-	-164.4	-	**-164.4**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-164.4**	**59.4**	**-105.0**
Share-based payments (note 5.1)	-	-	-	0.4	-	-	**0.4**
Balance at 30 June 2022	**34.3**	**1,154.6**	**-0.9**	**7.3**	**-201.2**	**292.4**	**1,286.5**

The cumulative translation differences relate to the translation of results and financial position of subsidiaries as well as the parent company with functional currencies different than USD to the presentation currency. As the group has large net investments in subsidiaries with NOK as functional currency, the depreciation of NOK compared to USD has resulted in negative translation differences being recognized in the first half of 2023 of USD -111.2 million (USD -164.4 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.
The interim condensed consolidated financial statements have not been subject to audit or review.

Interim condensed consolidated statement of cash flow

USD million	Notes	Second quarter 2023	Second quarter 2022	First half 2023	First half 2022
Cash flow from operating activities					
Profit/loss before tax		-193.0	48.0	-167.5	76.2
Adjustments to reconcile profit/loss before tax to net cash flow:					
Depreciation and amortization		14.9	13.9	29.6	29.3
Share-based payment expense	5.1	0.3	0.2	0.6	0.4
Finance income	4.2	-3.4	-0.1	-7.1	-0.1
Finance costs	4.2	13.0	24.4	36.2	24.2
Working capital adjustments:					
Changes in inventories		0.7	-5.6	3.9	-7.5
Changes in trade and other receivables		-5.6	-19.2	-26.5	-46.5
Changes in trade and other payables		27.8	24.8	16.9	-36.4
Changes in provisions and other liabilities	5.2	224.0	-22.4	242.9	-20.0
Other items					
Tax paid		-2.3	-0.0	-9.0	-1.4
Net cash flow from operating activities		**76.4**	**63.9**	**119.9**	**18.1**
Cash flow from investing activities					
Purchase of property, plant and equipment		-5.7	-1.3	-8.7	-4.4
Purchase of intangible assets[1]	3.1	-1.6	-1.0	-2.5	-2.4
Development expenditures		-6.1	-7.8	-12.9	-16.1
Interest received		3.4	0.1	7.1	0.1
Net cash flow from investing activities		**-10.0**	**-10.0**	**-16.9**	**-22.7**
Cash flow from financing activities					
Proceeds from sale of treasury shares	4.1	-	-	0.1	-
Repayment of short-term debt		0.1	0.1	0.1	0.1
Payments of principal for the lease liability		-1.0	-1.1	-1.7	-2.1
Payments of interest for the lease liability		-0.7	-0.3	-1.2	-0.5
Interest paid	4.2	-9.2	-2.5	-18.4	-6.9
Other financial expenses	4.2	-	-	-	-0.7
Net cash flow from financing activities		**-10.9**	**-3.8**	**-21.1**	**-10.1**
Net change in cash and cash equivalents		55.6	50.1	81.9	-14.7
Effect of change in exchange rate		0.9	-14.0	4.2	-12.9
Cash and cash equivalents, beginning of period		204.5	83.1	174.8	146.9
Cash and cash equivalents, end of period		**261.0**	**119.2**	**261.0**	**119.2**

[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 six months ended 30 June 2023 were authorized for issue by the Board of Directors on 16 August 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.

Please see 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 six months ended 30 June 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 when assessing value in use amounts. However, as at June 30, 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 life of intangible assets (note 3.1)
- Valuation of share-based payments (note 5.1)

Accounting judgments:
- Determination of the accounting treatment related to the settlement of all claims in the global patent dispute between AutoStore and Ocado Group (note 5.2 and 5.3)
- Capitalization of development costs (note 3.1)
- Determination of functional currency
- Determination of performance obligations (note 2.1)

Please see 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 is presented in the tables below:

	Second quarter		First half	
USD million	**2023**	**2022**	**2023**	**2022**
Major products and services				
AutoStore system	175.1	165.2	324.0	287.7
Rendering of services	0.2	0.1	1.0	0.6
Total revenue[1]	**175.3**	**165.3**	**325.0**	**288.3**
Geographic information				
Norway	2.1	4.6	9.9	9.3
Rest of Nordics	17.9	29.3	36.9	59.8
Germany	42.6	25.2	62.4	50.9
Europe, excl. Nordics and Germany	58.7	35.1	102.3	58.1
USA	40.2	63.1	70.0	89.9
Asia	2.5	5.3	20.4	15.6
Other	11.3	2.7	23.1	4.7
Total revenue[1]	**175.3**	**165.3**	**325.0**	**288.3**
Timing of revenue recognition				
Goods transferred at a point in time	172.3	162.0	319.9	280.7
Goods and services transferred over time	3.0	3.3	5.1	7.6
Total revenue[1]	**175.3**	**165.3**	**325.0**	**288.3**

[1] 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.

	Second quarter		First half	
USD million	**2023**	**2022**	**2023**	**2022**
Revenue	175.3	165.3	325.0	288.3
Other operating income	0.3	0.3	-0.3	0.3
Total revenue and other operating income	**175.5**	**165.6**	**324.7**	**288.6**
Cost of materials	-56.9	-71.9	-106.0	-117.7
Gross profit	**118.6**	**93.6**	**218.7**	**171.0**
Employee benefit expenses	-20.3	10.5	-40.9	-1.3
Other operating expenses[1]	-266.7	-18.0	-286.5	-40.1
EBITDA	**-168.5**	**86.2**	**-108.8**	**129.6**

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

	Second quarter		First half	
USD million	**2023**	**2022**	**2023**	**2022**
Profit/loss for the period	**-148.1**	**37.4**	**-128.3**	**59.4**
Income tax expense[2]	-44.9	10.6	-39.2	16.8
Finance income	-3.4	-0.1	-7.1	-0.1
Finance costs	13.0	24.4	36.2	24.2
Depreciation	2.6	1.8	4.8	3.3
Amortization	12.3	12.1	24.8	26.0
EBITDA	**-168.5**	**86.2**	**-108.8**	**129.6**

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.

[1] Please see note 5.2 and 5.3 for additional information regarding other operating expenses.
[2] In the second quarter and first half of 2023 the income tax expense was a positive amount due to loss before tax, please see note 5.2 and 5.3 for additional information.

Note 3 Asset base

3.1 Intangible assets

Recognized goodwill of the group is derived from the business combination of AutoStore in 2019 (please see the group's consolidated financial statements for the year ended 31 December 2020 for additional information).

No additional goodwill was recognized during the first half of 2023.

The group recognized additions to other intangible assets of USD 15.4 million during the first half of 2023. Of this amount USD 12.9 million is related to internal development and the remaining USD 2.5 million is related to new patents. USD 4.7 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
Cost 31 December 2022	**1,096.4**	**6.0**	**456.7**	**93.7**	**117.0**	**23.5**	**1,793.3**
Additions	-	-	-	2.5	-	12.9	**15.4**
Reclassification	-	-	4.7	-	-	-4.7	**-**
Currency translation effects	-92.7	-0.0	-35.1	-6.1	-2.7	-0.1	**-136.6**
Cost 30 June 2023	**1,003.7**	**6.0**	**426.3**	**90.1**	**114.3**	**31.6**	**1,672.0**
Accumulated amortization 31 December 2022	**-**	**-**	**71.9**	**18.3**	**82.1**	**-**	**172.4**
Amortization for the period	-	-	11.6	2.8	10.4	-	**24.8**
Currency translation effects	-	-	-0.0	-0.0	-0.0	-	**-0.0**
Accumulated amortization 30 June 2023	**-**	**-**	**83.5**	**21.1**	**92.5**	**-**	**197.1**
Carrying amount 31 December 2022	**1,096.4**	**6.0**	**384.8**	**75.4**	**34.9**	**23.5**	**1,621.0**
Carrying amount 30 June 2023	**1,003.7**	**6.0**	**342.9**	**69.0**	**21.9**	**31.6**	**1,475.0**
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 six months ended 30 June 2023. The group's shares traded at a Price-to-Book (P/B) level of 6.7 as at 30 June 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)	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 30 June 2023	3,428,540,429	0.01	34.29

The above-presented shares are issued and fully paid, and include a total of 75,310,064 treasury shares as at 30 June 2023. The authorized share capital of AutoStore Holdings Ltd. is USD 42,500,000, consisting of 4,250,000,000 shares.

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

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	1,316,332,041	38.4 %	38.4 %
Citibank, N.A.	Ireland	Nominee	1,133,373,367	33.1 %	33.1 %
State Street Bank and Trust Comp	U.S.	Nominee	99,170,989	2.9 %	2.9 %
Alecta Tjanestepension Omsesidigt	Luxembourg	Ordinary	93,158,350	2.7 %	2.7 %
JPMorgan Chase Bank, N.A., London	UK	Nominee	82,427,815	2.4 %	2.4 %
The Bank of New York Mellon	U.S.	Nominee	79,223,543	2.3 %	2.3 %
AutoStore Holdings Ltd.	Norway	Ordinary	75,310,064	2.2 %	2.2 %
Folketrygdfondet	Norway	Ordinary	55,842,792	1.6 %	1.6 %
Brown Brothers Harriman & Co.	U.S.	Nominee	36,092,530	1.1 %	1.1 %
State Street Bank and Trust Comp	U.S.	Nominee	24,902,551	0.7 %	0.7 %
Lyngneset Invest AS	Norway	Ordinary	23,183,898	0.7 %	0.7 %
Sumitomo Mitsui Trust Bank (U.S.A)	U.S.	Nominee	20,474,684	0.6 %	0.6 %
The Northern Trust Comp, London Br	UK	Nominee	15,059,224	0.4 %	0.4 %
State Street Bank and Trust Comp	U.S.	Nominee	13,361,541	0.4 %	0.4 %
The Bank of New York Mellon	U.S.	Nominee	11,555,041	0.3 %	0.3 %
Polysys AS	Norway	Ordinary	10,800,000	0.3 %	0.3 %
Citibank, N.A.	Ireland	Nominee	10,744,704	0.3 %	0.3 %
JPMorgan Chase Bank, N.A., London	UK	Nominee	10,508,138	0.3 %	0.3 %
State Street Bank and Trust Comp	U.S.	Nominee	9,468,831	0.3 %	0.3 %
J.P. Morgan SE	Luxembourg	Nominee	8,588,333	0.3 %	0.3 %
Other shareholders			298,961,993	8.7 %	8.7 %
At 30 June 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 are 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.

In July 2022, the group introduced a share-bonus program for employees of AutoStore. In the second quarter of 2023, 362,099 shares were delivered to employees under this program. The shares delivered were existing shares held in treasury by AutoStore.

On 27 April 2023, 13,631,906 treasury shares held by AutoStore were delivered to option holders due to exercise of options under the 2019-2020 option incentive program. Please see note 5.1 for additional information.

On 14 June 2023, the group introduced a new share purchase plan for all permanent employees. Through this 2023 program, a total of 652,101 shares in AutoStore will be delivered to permanent employees for a purchase price of NOK 19.04. Shares purchased will be subject to a two-year lock-up period.

Distribution to shareholders

The group did not pay dividends to shareholders during 2022 or the first half of 2023. There are no proposed dividends as at the date of authorization of this interim report.

Share price information as of 30 June 2023	
Share price at 30 June 2023 (NOK)	23.43
Number of shares	3,428,540,429
Market capitalization at 30 June 2023 (NOK)	**80,330,702,251**
USD/NOK exchange rate at 30 June 2023	10.77
Market capitalization at 30 June 2023 (USD)	**7,457,915,762**

	Second quarter		First half	
Weighted average number of shares	2023	2022	2023	2022
Weighted average number of ordinary shares for basic EPS	3,349,292,259	3,428,540,429	3,344,236,042	3,428,540,429
Weighted average number of ordinary shares adjusted for the effect of dilution	3,349,292,259	3,517,284,717	3,344,236,042	3,517,284,717

4.2 Interest-bearing liabilities

USD million	Interest rate	30 June 2023	31 December 2022
Senior Facilities: Facility B (EUR)[1]	EURIBOR+2.50%	265.1	260.2
Senior Facilities: Facility B (USD)[1]	LIBOR+3.25%	167.0	167.0
Capitalized fees - Facility B		-4.2	-5.4
Total non-current interest-bearing loans and borrowings		**427.8**	**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	30 June 2023	31 December 2022
Senior Facilities: Facility B (EUR)[1]	EURIBOR+2.50%	1.3	1.0
Senior Facilities: Facility B (USD)[1]	LIBOR+3.25%	-	-
Total current interest-bearing loans and borrowings		**1.3**	**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 30 June 2023.

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

Finance income and costs

	Second quarter		First half	
USD million	2023	2022	2023	2022
Finance income	3.4	0.1	7.1	0.1
Finance costs	-13.0	-24.4	-36.2	-24.2
Net finance cost	**-9.7**	**-24.3**	**-29.1**	**-24.1**
Foreign currency loss included above	-2.6	-22.3	-15.3	-17.1

Foreign currency loss is presented net as a part of finance cost.

Note 5 Other disclosures

5.1 Share-based payments

	Second quarter		First half	
USD million	2023	2022	2023	2022
Expenses arising from equity-settled share-based payment transactions	-0.3	-0.2	-0.6	-0.4
Total expense arising from share-based payment transactions	**-0.3**	**-0.2**	**-0.6**	**-0.4**

The difference between the USD 0.6 million of equity-settled share-based payment expense disclosed above and the USD 1.5 million presented in the statement of equity relates to USD 0.9 million of employee bonus shares for 2022, recognized as a liability as of 31 December 2022, however, reclassified to equity in 2023, as they were subject to equity settlement during Q2 2023.

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	2023	2022
Outstanding at 1 January	**90,661,375**	**88,744,288**
Exercised during the period	-16,366,969	-
Expired during the period	-196,421	-
Outstanding at 30 June	**74,097,985**	**88,744,288**
Exercisable at 30 June	62,651,456	54,544,455

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

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

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.

5.2 Commitments and contingencies

Settlement of the Ocado Group litigation

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

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

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

To reflect the £200 million settlement payment to Ocado Group, AutoStore has recorded an other operating expense of USD 239.0 million with a corresponding provision in the second quarter of 2023. The amount recorded has been adjusted for the time value of money. Of the total amount, USD 122.6 million of the provision matures within the next 12 months and is presented under current provisions, while the remaining amount, USD 116.4 million is presented under other non-current provisions.

The accounting treatment reflects a preliminary assessment. The final assessment will be completed during the third quarter of 2023.

5.3 Subsequent events

Settlement of the Ocado Group Litigation

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

The settlement is classified as an adjusting event under paragraph 9 of IAS 10, thereby requiring the interim financial consolidated information for the second quarter of 2023 to be adjusted to reflect the settlement according to IAS 10 paragraph 8. Please see note 5.2 for additional information.

Long-term incentive plan 2023 grants

On 14 July 2023, the Remuneration Committee approved new grants under the long-term incentive plan for 2023 ("LTIP") for certain members of the company's management and other leading employees in line with the terms as adopted by the annual general meeting of the company held on 19 May 2022.

The total number of options that will be awarded under the LTIP for 2023 is 947,885, where each option will give the holder the right to acquire one AutoStore share from the company. The options under the LTIP for 2023 shall vest on 14 July 2026 and can be exercised within 36 months with a strike price of NOK 25.63 per share.

The total number of PSUs that will be awarded under the LTIP for 2023 is 416,610. Vesting of the PSUs are based on achievement of financial or other performance goals, and may only be vested by the holder upon approval of the Board of Directors in their sole discretion. Once vested, each PSU will award the holder with one AutoStore share (settled through treasury shares).

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

Transition from LIBOR to SOFR

As a result of the transition from Interbank Offered Rates (IBOR) to Alternative Risk-Free Rates (RFRs), LIBOR is being phased out as a reference rate.

For Facility B (USD) SOFR will be used as reference rate instead of LIBOR from 31 July 2023.

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 Group litigation proceedings which includes costs related to the company's use of external legal counsel and costs related to settlement of all claims between the parties, cost to external advisors associated with refinancing of the group's debt facilities, and amortization of assets recognized as part of the purchase price allocation ("PPA") made when 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 Group litigation proceedings which includes costs related to the company's use of external legal counsel and costs related to settlement of all claims between the parties, 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/period before net financial income (expenses) and income tax expense.
- EBITDA is defined as the profit/(loss) for the year/period before depreciation, amortization, net financial income (expenses) and income tax expense.
- EBIT margin is defined as EBIT as a percentage of revenues.
- EBITDA margin is defined as EBITDA as a percentage of revenues.
- Simplified free cash flow is defined as adjusted EBITDA less cash CAPEX. Cash CAPEX used herein is cash flow used in purchase of property, plant and equipment 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[2]

USD million	Second quarter 2023	Second quarter 2022	First half 2023	First half 2022
Profit/loss for the period	**-148.1**	**37.4**	**-128.3**	**59.4**
Income tax	-44.9	10.6	-39.2	16.8
Net financial items	9.7	24.3	29.1	24.1
EBIT	-183.4	72.3	-138.4	100.3
Depreciation	2.6	1.8	4.8	3.3
Amortization of intangible assets	12.3	12.1	24.8	26.0
EBITDA	-168.5	86.2	-108.8	129.6
Ocado Group litigation costs	252.8	6.5	258.3	16.4
Transaction costs	0.0	0.0	0.0	1.2
Option costs	2.8	-23.3	6.0	-23.5
Total adjustments	**255.6**	**-16.7**	**264.3**	**-5.9**
Adjusted EBITDA[2]	**87.1**	**69.5**	**155.5**	**123.7**
Total revenue and other operating income	175.5	165.6	324.7	288.6
EBITDA margin	**-96.0 %**	**52.1 %**	**-33.5 %**	**44.9 %**
Adjusted EBITDA margin[2]	**49.6 %**	**42.0 %**	**47.9 %**	**42.8 %**

Adjusted EBIT[2]

USD million	Second quarter 2023	Second quarter 2022	First half 2023	First half 2022
EBIT	-183.4	72.3	-138.4	100.3
Ocado Group litigation costs	252.8	6.5	258.3	16.4
Transaction costs	0.0	0.0	0.0	1.2
Option costs	2.8	-23.3	6.0	-23.5
PPA amortizations	9.9	11.1	20.2	23.0
Total adjustments	**265.5**	**-5.6**	**284.5**	**17.1**
Adjusted EBIT[2]	**82.1**	**66.7**	**146.1**	**117.4**
Total revenue and other operating income	175.5	165.6	324.7	288.6
EBIT margin	**-104.5 %**	**43.7 %**	**-42.6 %**	**34.7 %**
Adjusted EBIT margin[2]	**46.8 %**	**40.3 %**	**45.0 %**	**40.7 %**

[2] Please see page 25 for explanations on the APM definitions and page 27 for explanations and details on the adjustments.

Adjustments

Ocado Group litigation costs	These comprise costs incurred in connection with the Ocado Group litigation, i.e. costs linked to the company's use of external legal counsel and costs related to settlement of all claims between the parties. Adjustments only cover the litigation with Ocado Group. The company has assessed the adjustment item to be outside the normal course of the company's business, based on historical events.
Transaction costs	These comprise external costs incurred in connection with the sale and purchase of the group's shares, including the IPO. The company has deemed these costs to constitute a special item, as they fall outside the company's normal course of business.
Option costs	These comprise costs incurred in connection with the group's stock option schemes. The expenses are due to vesting and change in social security tax as a consequence of the development in the value of the underlying shares. The company has deemed these costs to constitute a special item in terms of their nature and size.
PPA amortizations	These represent amortization of assets recognized as part of the purchase price allocation made when Thomas H. Lee Partners acquired the group from EQT. 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.
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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Published: 17 August 2023

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